

service excellence

teamwork

service

faith



**2012**  
**ANNUAL**  
**REPORT**



An independent Jamaica was the passionate dream of a few who wanted to see a nation capable of being led by its own people – free to chart its own course and control its own destiny. Many noble Jamaicans sacrificed greatly to achieve this dream.

At midnight on August 5, 1962, the Union Jack was lowered for the final time and the new black, green and gold flag of independent Jamaica was raised, heralding new hope and possibility for all Jamaicans. Fifty years later we continue to work towards the realization of another shared vision, **Vision 2030**,

where Jamaica is ‘the place of choice to live, work, raise families and do business’.

In 1992, two Jamaicans had a dream to help others achieve financial independence. Two decades and thousands of goals achieved later, JMMB shines as a testament to strength, courage and the power of love. As an indigenous Caribbean company headquartered in Jamaica, JMMB continues to be guided by the principle: ***Vision + Values = Phenomenal Success***’.

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# Passion

*No great goal was achieved without passion*

*And that's why Passion guides our vision*

*And motivates our values*

*At the heart of who we are, is the passionate interest in achieving the best*

*Vision + values = phenomenal success.*

# Your Best Interest at Heart

# Corporate Profile

Since its inception, the JMMB Group has established itself as one of the leading brokerage houses in the Caribbean, now offering a wide range of investment solutions, banking and insurance services in Jamaica, Trinidad & Tobago and the Dominican Republic. Known for its pioneering spirit, the Company has consistently introduced new products and services to its extensive client base of over 190,000 – individual, corporate and institutional.

## JAMAICA: THE BEGINNING

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

Since then, the Company has become one of Jamaica's largest, most successful financial institutions, with two subsidiaries in Jamaica – JMMB Securities Ltd. and JMMB Insurance Brokers Ltd. JMMB, inclusive of its subsidiaries, has over 320 team members, nine branches and nine Electronic Transaction Machines (ETMs), most offering dual currency options island-wide to ensure convenient access to a wide client base. Today, it is Jamaica's third largest financial institution.

## REGIONAL FOOTPRINT

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

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

JMMB Dominicana opened its doors in 2006 and in October 2007 our newly-formed company was officially called JMMB Puesto de Bolsa with a mandate to actively develop the Money Market in one of the largest Spanish-speaking Caribbean islands.

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

## BUSINESS LINE DIVERSIFICATION

In November 2007, in Jamaica, JMMB launched a new suite of credit services which included home equity, motor vehicle, general purpose and commercial loans. That year, JMMB saw the largest oversubscription in Jamaica's financial history with its first Preference Share offering.

In continuously applying strategic decision-making to maximize on opportunities, in 2008 JMMB realized a significant return on investment from the sale of its minority equity holding in CMMB and exited Barbados. In 2009, our operations in the Dominican Republic successfully completed negotiations to acquire majority shareholding in a Savings and Loans bank. And are awaiting final regulatory approval to complete the acquisition and expand its offerings. **JMMB's formula: Vision + Values + Expertise = Phenomenal Success.**

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

## FULFILLING OUR CLIENTS' NEEDS

The main activities of our Group of Companies are:

- Investments: J\$, TT\$, Peso, US\$, Pounds, Euro, and CAD\$
- Portfolio Management
- Financial Advisory Services
- Savings: J\$, TT\$, Peso, US\$
- Commercial and Retail Loans
- Corporate Finance
- Equities
- Cambio
- Pensions Management
- Insurance Brokerage (for individuals and companies)

## SUMMARY OF KEY PERFORMANCE HIGHLIGHTS FOR THE GROUP (2011-12):

- Net Profit of J\$2.24 billion (US\$25.7 million) – highest profits generated by Group in its 20 year history
- Net Interest Income up 40.5%
- Other Operating Revenue up 55.6%
- Efficiency Ratio improved to 53.6% from 63.1%

On June 29, 2012, JMMB successfully completed the transaction to acquire the Capital and Credit Financial Group (CCFG) in Jamaica. This enables the expansion of the Group to include the provision of Banking, Remittances and Unit

Trust products to its extensive client base. This transaction will result in tremendous benefits for shareholders of both companies as well as clients. It will give the expanded entity the opportunity to deliver stronger financial performance and increase efficiencies by extracting synergies in products, technology platforms and operations. This will increase the overall growth prospects and shareholder value.

## CORPORATE CITIZENSHIP

JMMB takes its role as a socially responsible corporate citizen very seriously and guiding principle which has been in our DNA since inception. Hence, our structured programmes of Corporate Social Responsibility are delivered primarily through the Joan Duncan (JD) Foundation and localized community initiatives in the countries within which we operate.

## LOCALIZED COMMUNITY INITIATIVES

*Throughout the years, our branches have extended our Vision of Love* to communities across Jamaica and in particular the communities in which we operate, through their support of various initiatives in the areas of sports, health, education and general outreach. That same commitment to corporate social responsibility is key to JMMB's operations in the DR and Trinidad and Tobago in supporting local community initiatives.

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

# Equality



*We're all different  
Short and tall black and white  
With dreams big and small  
Every dream matters just the same  
No treasure is more precious to each of us...  
than the one that bears our name.  
Equal opportunity to every pursuit  
Is our mission and the service you're due.*



Long-Term  
Results  
for Our  
Shareholders

# Chairman's and Group CEO's Statement

## PERFORMANCE

We are pleased to submit to you the Annual Report for the JMMB Group for the year ended March 31, 2012. We had a good year and are delighted to report a Group operating profit of J\$2.78 billion and net profit of J\$2.24 billion for the year and a 96% increase compared to the previous year's result.



**KEITH DUNCAN**  
GROUP CHIEF  
EXECUTIVE OFFICER

**DR. NOEL LYON**  
CHAIRMAN

Shareholders' equity increased from J\$9.4 billion in the previous year to J\$10.87 billion.

Our achievements have been the direct result of a strategy focused on business line diversification, expanded regional growth, operational excellence and exceptional client service delivery.

All our business lines reported higher contributions to profits. The operations in the Dominican Republic continue to grow with a client portfolio of US\$80.71 million and a strong base of retail and institutional clients, including Banks, Savings & Loans Associations, Securities Dealers and Pension Funds. In Trinidad and Tobago, our operations also posted satisfactory results.

“ We are delighted to report a Group operating profit of J\$2.78 billion and net profit of J\$2.24 billion and a 96% increase compared to the previous year's result. ”

Intercommercial Bank Limited and its wholly owned subsidiary, Intercommercial Bank Trust and Merchant Bank Limited, taken together as IBL Group, had total assets of TT\$1.2 billion, an increase of 24.8% from prior year whilst Profit before Tax (PBT) closed at TT\$6.09 million a 47.9% increase over the comparative period. This signal of positive growth demonstrates the continued fortitude of the entities in the face of challenging economic times, the commitment of the teams and the support of stakeholders.

A more in-depth analysis of our results is presented in Management's Discussion and Analysis.

### KEY HIGHLIGHTS OF THE FY 2011/12

Our client base continues to grow and exceeds 190,000. This is a testament to the trust and confidence that the Jamaican people and wider regional clients have placed in the JMMB brand.

In 2011 the JMMB Group continued its strategic expansion initiatives in its quest to acquire the Capital & Credit Financial Group in Jamaica. During the year, we also deepened our presence in the Dominican Republic with the addition of the Santiago Branch. As JMMB expands throughout the region, we continue to dedicate ourselves to the company's core values of honesty, integrity, openness and love, and we recognize their prominent role in sustaining our success.

In May 2011, we launched the Joan Duncan School of Entrepreneurship, Ethics and Leadership (JDSEEL) at the University of Technology (UTECH), in memory of our founder Joan Duncan.

The Company continued to diversify its offerings by launching several new products, including the **JMMB Car Solution**, **JMMB Education Solution** and **JMMB Debt Consolidation Loan**. JMMB Insurance Brokers (JMMB IB) launched the **Smart Choice Home Insurance** product and continued with its **JMMB Motor Smart Pak** through partnerships with select insurance companies.

### CLIENT INTIMACY – THE HEART OF JMMB

We recognize that our clients are the cornerstone of our success and as such we continue to deepen our client intimacy initiatives and implement new ones to ensure that you are provided with holistic financial solutions. We recognize that only by maintaining genuine relationships with you and applying our financial expertise to the solution

of your financial problems will we reap a win-win solution for all. Thank you wholeheartedly for the opportunity to serve you.

### COMMITMENT TO COMMUNITY DEVELOPMENT AND JAMAICA

During the year JMMB provided continued support to organizations and groups in the areas of social transformation, sports, health, education and cultural events.

In Jamaica, we continued to support the Committee for the Upliftment of the Mentally Ill (CUMI), which

enhances standards of living for the mentally ill and the homeless. Our support for the Youth Upliftment Through Employment (Y.U.T.E.) programme continues not only with funding but by providing leadership in specific areas. JMMB is proud of its contribution in the renovation of Jamaica's National Stadium Pool Control Booth through

a partnership with the Amateur Swimming Association of Jamaica, and of its continued support to the national football programme with the 'JMMB/JFF/UTECH' Coaching School.

JMMB believes in the spirit and fortitude of our Caribbean people. As such, we will continue to work in partnership with different groups to create the future we all desire.

### ACKNOWLEDGEMENT

Throughout the year, we maintained the focus, the commitment and the determination of our executives and key decision makers, our Board and the leadership, whose main goal is to ensure that JMMB excels as an outstanding financial services company. On this note, we would like to extend our sincere gratitude to the Board and leadership team for their continuous hard work in this demanding market environment. JMMB recognizes that its real strength is its team members and so we salute our team members for their unwavering commitment to serve.

“ Our client base continues to grow and exceeds 190,000. This is a testament to the trust and confidence that the Jamaican people and wider regional clients have placed in the JMMB brand.

”

## WELL-POSITIONED FOR THE FUTURE

For 20 years, JMMB has been setting standards of achievement. Throughout this time, we have been building for the future, a future which in our view has never held a greater measure of promise for those with a stake in our success.

JMMB Group's future will encompass growth, broader financial services offerings and professional and exceptional service delivery to the thousands of clients we serve. We are committed to meeting

and embracing the challenges ahead, as our team continues to work together to maximize returns for all our shareholders, stakeholders and investors.



**Dr. Noel A. Lyon**  
Group Chairman



**Keith P. Duncan**  
Group Chief Executive Officer



**RE-BRANDING:** The School of Entrepreneurship, now called the Joan Duncan School of Entrepreneurship, Ethics and Leadership (JDSEEL), College of Business and Management, UTech was renamed to promote ethical standards in business, reduce corruption in Jamaica and foster socio-economic development, as well as to honour JMMB's co-founder, Joan Duncan. An \$81.7 million Endowment Fund is expected to help to advance teaching and research. From left are: Hon. Audley Shaw, former Minister of Finance; Professor Errol Morrison, President of the University of Technology; Dr. Noel Lyon, JMMB's Chairman; Mrs. Donna Duncan-Scott, Group Executive Director, Culture & Leadership Development and Mrs. Patricia Sutherland, former Executive Director, Business Operations. Partially hidden is Keith Duncan, Group CEO. The latter three stood proudly representing Joan Duncan's children.



# Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at The Jamaica Pegasus Hotel, Grand Jamaican Suite 81 Knutsford Boulevard, Kingston 5, Jamaica on Wednesday September 26, 2012 at 10.00 a.m. for the purpose of transacting the following business, namely:

## 1. To receive the audited accounts for the twelve (12) months ended March 31, 2012.

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

"THAT the audited accounts for the twelve (12) months ended March 31 2012, and the reports of the directors and auditors circulated with the notice convening the meeting, be adopted.

## 2. To approve and ratify dividend payments. To consider and (if thought fit) pass the following resolution:

"THAT the interim dividends of Twelve (12) Cents paid on November 30 2011, a special dividend of Eight (08) Cents paid on November 30 2011 and Eleven (11) Cents paid on June 28 2012 making a total of Thirty One (31) Cents for the year, be and are hereby ratified and declared as final and that no further dividend be paid in respect of the year under review."

## 3. Retirement of Directors

The directors retiring from office by rotation pursuant to Article 105 of the company's Articles of Association are Dr. Anne Crick, Mr. Rodger Braham and Mr.V. Andrew Whyte who being eligible offer themselves for re-election.

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

### (a) THAT Dr. Anne Crick be and is hereby re-elected a Director of the company;

### (b) THAT Mr. Rodger Braham be and is hereby re-elected a Director of the company; and

### (c) THAT Mr. V. Andrew Whyte be and is hereby re-elected a Director of the company.

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

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

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

Dated this 29 day of June 2012

By Order of the Board



## Carolyn DaCosta

Secretary

REGISTERED OFFICE

6 Houghton Terrace

Kingston 10

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

# Ten-Year Statistical Review

	Year ended 31-Mar-12 (J\$'000)	Year ended 31-Mar-11 (J\$'000)	Year ended 31-Mar-10 (J\$'000)	Year ended 31-Mar-09 (J\$'000)
<b>GROUP FINANCIAL DATA</b>				
Total assets	124,736,554	113,019,058	122,975,370	111,193,465
Securities purchased under agreements to resell	2,553,739	679,234	2,473,540	1,455,155
Investment Securities	108,153,801	98,233,393	104,887,535	96,260,862
Other earning assets	7,532,861	6,762,857	7,283,426	5,879,387
Property, plant and equipment	1,102,968	991,427	1,007,805	1,075,741
Repurchase agreements	107,591,924	97,068,266	102,844,985	90,110,998
Stockholders' equity	10,872,131	9,402,331	6,890,736	5,326,814
Funds under management	121,683,458	111,423,910	122,876,617	110,184,670
<b>PROFITS AND DIVIDENDS</b>				
Operating revenue net of interest expense	5,987,479	4,073,084	3,095,678	4,849,213
Operating expenses	3,214,703	2,585,949	2,109,128	2,455,567
Profit before tax	2,814,017	1,509,635	1,028,312	1,544,528
Net profit	2,240,456	1,142,930	986,378	1,102,622
Dividends paid and proposed	453,650	234,142	204,874	175,606
Profit retained (in respect of the financial year)	1,786,806	908,788	781,504	927,016
<b>FINANCIAL RATIOS</b>				
Earnings per stock unit (cents)	151	76	67	75
Dividends per stock unit (cents)	31	16	14	12
Dividend payout ratio	20.2%	20.5%	20.8%	15.9%
Price earnings ratio	6	6	6	8
Return on average equity	22.10%	14.03%	16.15%	18.42%
Return on average assets	1.88%	0.97%	0.84%	1.03%
Book value per stock unit (J\$)	7.42	6.43	4.71	3.64
Net interest margin	2.99%	2.38%	1.66%	1.31%
Efficiency ratio (Admin. exp/ Revenue)	53.59%	63.08%	67.80%	49.70%
Capital Adequacy Ratio (Company only)	22.61%	39.88%	44.60%	47.40%
<b>OTHER DATA</b>				
Exchange rate J\$ per US\$1.00	87.10	85.63	89.39	88.35
Inflation rate (year over year) (%)	7.30%	7.80%	13.31%	12.40%
Market Price per share (JSE closing price-J\$)	9.81	4.61	4.00	6.00
Number of stock units at year end	1,463,386,752	1,463,386,752	1,463,386,752	1,463,386,752
Market capitalisation (J\$)	14,355,824,037	6,746,212,927	5,853,547,008	8,780,320,512

Year ended 31-Mar-08 (J\$'000)	Year ended 31-Mar-07 (J\$'000)	Year ended 31-Mar-06 (J\$'000)	Year ended 31-Mar-05 (J\$'000)	13 months ended 31-Mar-04 (J\$'000)	Year ended 28-Feb-03 (J\$'000)
102,415,766	89,618,957	81,880,170	63,889,888	61,215,631	48,945,993
5,487,875	4,116,240	9,376,949	8,839,025	18,059,384	8,247,468
85,570,383	76,362,152	63,285,620	48,481,878	37,828,581	36,027,531
5,586,956	5,451,464	5,276,891	3,021,790	3,400,938	2,164,638
966,017	747,940	685,153	432,193	326,996	298,216
88,246,690	77,353,059	70,761,258	54,791,793	55,102,420	46,184,956
6,644,413	7,166,896	7,198,449	5,800,961	4,012,109	1,861,536
111,757,466	88,631,247	79,414,404	63,982,494	63,833,807	52,268,700
3,324,949	3,384,483	2,845,131	2,566,810	1,990,529	1,521,068
2,177,396	1,708,729	1,496,190	1,206,293	1,001,663	834,320
1,254,902	1,526,459	1,844,422	1,765,177	1,518,604	934,575
1,061,610	1,098,603	1,590,430	1,648,481	1,547,155	1,038,252
336,579	292,677	263,411	263,411	234,142	180,093
725,031	805,926	1,327,019	1,385,070	1,313,013	858,159
73	75	109	113	106	71
23	20	18	18	16	12
31.7%	30.6%	16.6%	15.9%	15.13%	17.35%
16	14	12	15	16	10
15.37%	15.30%	24.47%	33.60%	52.68%	55.77%
1.11%	1.28%	2.18%	2.64%	2.81%	2.12%
4.55	4.90	4.92	3.96	2.74	1.27
1.59%	1.62%	1.71%	3.17%	2.43%	1.68%
65.49%	50.52%	52.60%	47.00%	50.32%	54.85%
N/a	N/a	N/a	N/a	N/a	N/a
71.02	68.14	65.50	61.54	60.90	53.74
19.90%	6.60%	11.10%	12.40%	17.30%	5.70%
11.75	10.50	12.62	17.00	16.65	7.42
1,463,386,752	1,463,386,752	1,463,386,752	1,463,386,752	1,463,386,752	1,463,386,752
17,194,794,336	15,365,560,896	18,467,940,810	24,877,574,784	24,365,389,421	10,858,329,700

# Corporate Information

## CLIENT CARE

Client Care: 1 (876) 998-JMMB (5662)  
From the USA and Canada: 1-877-533-5662  
From the UK: 0 800 404 9616  
Mondays – Fridays 8:00 a.m. – 7:00 p.m.  
Saturdays: 9:00 a.m. – 7:00 p.m.  
Email: [info@jmmb.com](mailto:info@jmmb.com)  
Website: [www.jmmb.com](http://www.jmmb.com)

## JMMB HEADQUARTERS

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

## JMMB BRANCH LOCATIONS

### Haughton Avenue Branch

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

### Knutsford Boulevard Branch

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

### Junction Agency

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

### Ocho Rios Branch

2 Milford Road,  
Ocho Rios, St. Ann  
Tel: 876 795-3651 or 876 795-3627  
Fax: 876 795-3886  
Mondays – Fridays 9:00 a.m. – 4:00 p.m.

### Portmore Branch

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

### Mandeville Branch

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

### Montego Bay Branch

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

### May Pen Branch

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



**Santa Cruz Branch**

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

**JMMB INSURANCE BROKERS LIMITED**

3rd Floor  
 11 Knutsford  
 New Kingston  
 Kingston 5  
 Tel: 876 920-5040-1  
 Fax: 876 960-3927 or 876-998-9380  
 Mondays – Fridays 8:30 a.m. – 4:00 p.m.

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

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

**ETM SERVICE (J\$)**

May Pen

**SUBSIDIARIES****JMMB Securities Limited**

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

**BOARD OF DIRECTORS**

Dr. Noel A. Lyon – Chairman  
 Archibald A. Campbell  
 Donna K. Duncan-Scott  
 Julian Mair  
 Keith P. Duncan  
 Patricia Sutherland  
 Carolyn Dacosta, Company Secretary

**JMMB Insurance Brokers Limited**

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

**BOARD OF DIRECTORS**

Dr. Noel A. Lyon – Chairman  
 Archibald A. Campbell  
 Donna K. Duncan-Scott  
 Cecile Cooper  
 Keith P. Duncan  
 Kisha Anderson  
 Paul Gray  
 Carolyn Dacosta, Company Secretary

**JMMB Puesto De Bolsa**

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

**BOARD OF DIRECTORS**

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

**ASSOCIATED COMPANIES****Intercommercial Bank Limited**

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

**Intercommercial Trust And  
Merchant Bank Limited  
Furness Building**

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

*For the convenience of our expanded shareholder family, please see information below on the Capital and Credit Financial Group*

**CAPITAL AND CREDIT MERCHANT BANK**

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

**Montego Bay Branch**

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

**Ocho Rios Branch**

8 Main Street,  
Ocho Rios St. Ann,  
Jamaica, W.I.  
Telephone: (876) 974-8507  
Fax (876) 974-8631

**CAPITAL & CREDIT SECURITIES LTD.  
& CAPITAL & CREDIT FUND  
MANAGEMENT LTD.**

**Kingston**

10-16 Grenada Way  
Kingston 5  
Jamaica, W.I.  
Telephone: (876) 946-1770  
Fax: (876) 906-9885

**Montego Bay**

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

**Ocho Rios**

8 Main Street  
Ocho Rios, St. Ann  
Jamaica W.I.  
Telephone: (876) 974-8507; Fax: (876) 974-8631

**CAPITAL & CREDIT REMITTANCE LTD.**

10 - 16 Grenada Way  
Kingston 5,  
Jamaica, W.I.  
Telephone: (876) 929-1660  
Toll Free 1-888-991-2062/7  
Fax: (876) 960-2833  
E-mail: [ccrl-transfers@capital-credit.com](mailto:ccrl-transfers@capital-credit.com)

# Directors' Report

The Directors are pleased to present their report for the year ended March 31, 2012. The report presents the results for Jamaica Money Market Brokers Limited and its subsidiaries (collectively referred to as "the Group") and its interest in associated companies.

## GROUP RESULTS

Operating revenue net of interest expense was J\$5.99 billion (2011: J\$4.07 billion).

The profit before income tax was J\$2.81 billion (2011: J\$1.51 billion).

The profit attributable to equity holders of the parent after income tax was J\$2.22 billion (2011: J\$1.12 billion) .

Shareholders' equity was J\$10.87 billion (2010: J\$9.40 billion).

The Directors recommend that the interim dividends paid on November 30, 2011 and June 28, 2011 be ratified and declared as final and that no further dividend be paid in respect of the year under review.

In accordance with Article 105 of the Company's Articles of Association, the Directors retiring from office by rotation are Dr. Anne Crick, Mr. Rodger Braham and Mr. V Andrew Whyte who, being eligible, offer themselves for re-election.

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

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

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

By Order of the Board

Dated this June 29, 2012



**Carolyn DaCosta**

Secretary

REGISTERED OFFICE  
6 Haughton Terrace  
Kingston 10



# Courage

*There is a moment when resolution triumphs over fear  
When we chase our dreams against the blustering wind*

*This is our moment of courage*

*And as we move forward, guided by the lessons of those who journeyed before us,*

*Taking on new challenges in new cities,*

*May courageousness endure and multiply.*

A young man being mentored as part of Youth Upliftment Through Employment (Y.U.T.E.), a programme aimed at empowering 'unattached' young people in troubled communities in Kingston, Jamaica – one of the signature Corporate Social Responsibility initiatives that JMMB supports.



Proven  
Expertise

Effective  
Corporate  
Governance

# Board of Directors



**DR. NOEL  
LYON**  
CHAIRMAN

**KEITH  
DUNCAN**  
GROUP CHIEF  
EXECUTIVE  
OFFICER

**DONNA K.  
DUNCAN-SCOTT**  
GROUP EXECUTIVE  
DIRECTOR, CULTURE  
& LEADERSHIP  
DEVELOPMENT



**ARCHIBALD A. CAMPBELL**  
DEPUTY CHAIRMAN

**DR. ANNE CRICK**

**RODGER BRAHAM**

**DENNIS L. HARRIS**



**CAROLYN DACOSTA**  
COMPANY SECRETARY

**HUGH DUNCAN**

**V. ANDREW WHYTE**

**WAYNE SUTHERLAND**

# Profiles of the Board of Directors

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

Dr. Noel Lyon was appointed Chairman of the Board in 1992 and also currently chairs subsidiaries and associated companies including JMMB Insurance Brokers Ltd., JMMB Securities Ltd. JMMB Puesto de Bolsa, S.A. , JMMB Dominicana, S.A., Intercommercial Bank Ltd., and Intercommercial Trust and Merchant Bank Ltd.

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

Dr. Lyon attended Kingston College, the University of Guelph (B.S.A., M.Sc.), Harvard University (Ph.D. Economics) and Harvard Business School.

## **ARCHIBALD A. CAMPBELL, F.C.A., MSc. DEPUTY CHAIRMAN**

Archibald was appointed Deputy Chairman of JMMB in 2004 and is Chairman of the Board of Trustees of the JMMB Pension Fund and the Risk, Acquisition, Audit and Finance sub-committees of JMMB.

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

He is the immediate past President of the Institute of Chartered Accountants and has served as an accounting expert in arbitration as well as a Director of several companies

## **KEITH DUNCAN, CFA GROUP CHIEF EXECUTIVE OFFICER**

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

As a strategic thinker and visionary leader, he has built one of the strongest trading teams in Jamaica. His financial expertise has not only benefited the JMMB Group, but also the Jamaican financial sector. He is a former President of the Jamaica Securities Dealers' Association and was involved in the partnership with the Financial Services Commission (FSC) in designing and implementing new structures and models to enhance the effectiveness of Jamaica's market players.

Known for his commitment to youth development, Keith served as Chairman of the National Youth Service from 2003 to 2009 and worked closely with the respective boards and teams to fulfil the mission of creating and reforming Jamaica's youth to become purposeful citizens. In continuing this service, he joined efforts to design and implement the Youth Upliftment Through Employment programme (Y.U.T.E), a private sector-led initiative, and is a board member of the Y.U.T.E. Project.

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



### **DONNA K. DUNCAN-SCOTT, CFA, MBA GROUP EXECUTIVE DIRECTOR, CULTURE & LEADERSHIP DEVELOPMENT**

A true visionary and possibility thinker, Donna is guided by the philosophy that: "We were born to manifest the glory of God. It is not just in some of us; it is in every one of us". She is committed to sharing this fundamental truth in all aspects of her life.

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

She then assumed the position of Group Executive Director with responsibilities for Culture and Leadership Development. Currently she leads the design and development of programmes and practices to deepen JMMB's unique culture of being in the world of team members and clients and having their best interest at heart. In addition, her team has overall responsibility for the welfare and development of JMMB team members – understanding their strengths, goals and dreams and providing the relevant support to realise their full potential.

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

### **HUGH DUNCAN, MBA**

Hugh has over 20 years experience in the energy and financial services sectors.

He brings to the Group a wealth of knowledge, financial management expertise and valuable experience, having held senior positions at Citibank (Trinidad) from 1989 to 1998. His international postings include Manila, Philippines, where he served for five years as a senior executive member of Citibank's international staff. Hugh also held the position of Director, Capital Markets at FirstCaribbean International Bank for the North Caribbean region and

subsequently was Managing Director of Intercommercial Bank Group Limited from 2006 to 2011. His career includes tenure in the energy sector, having worked with the Jamaica Bauxite Mining Company and subsequently Trinidad & Tobago Oil Company.

Hugh holds an MBA from Concordia University and a Bachelor of Commerce degree from Montreal's George Williams University.

### **DENNIS L. HARRIS, FCCA**

Dennis was appointed to the JMMB Board in January 2000 and sits on both the Human Resource, Risk and Audit and Finance sub-committees.

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

### **WAYNE SUTHERLAND, MBA**

Wayne is Managing Director of Jamaica Venture Fund Ltd., a company that makes venture capital investments. He was appointed to the Board in 2003 and also serves as a Director of Intercommercial Bank Limited.

He was the Managing Director of Butterkist Limited and under his leadership that company won several major industry awards including the Jamaica Exporters Association Champion Exporter in 1992. Wayne also sat on boards of the ICD Group. A former Director of Jamaica's Securities Commission, (now the Financial Services Commission), Wayne is currently Chairman of Kencasa Construction & Project Management Limited and St. Hugh's Preparatory School Board and sits on several other boards including Mapco Printers Limited. He is a former Captain of the Kingston Cricket Club Senior Cup Team and member of Jamaica's Under 19 national cricket team. He holds a Bachelor of Science degree from UWI and an MBA from the Columbia University Graduate School of Business.



### V. ANDREW WHYTE, MBA

Andrew sits on the Audit, Finance, Risk Committees and chairs the Credit Committee of the JMMB Board. He is the Finance Manager at the Jamaica Producers Group (JPG), where his responsibilities include treasury management. Previously, he held senior management positions in the financial services industry. He is the Chairman of the Board of Trustees of the JPG Pension Plan.

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

### ANNE CRICK, PhD.

Appointed to the JMMB Board in 2006, Anne chairs the Human Resource, Nominations and Corporate Governance sub-committees.

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

She holds a Ph.D. in Organizational Management from Rutgers State University (2000), a Master of Science degree (Hons.) from Pennsylvania State University, and a B.Sc. in Hotel Management (UWI).

### RODGER BRAHAM, ACIB, BBA, PMD

With over 30 years experience in commercial and development banking, with specialised experience in debt and organizational restructuring, Rodger was appointed to the JMMB Board in July 2008. He sits on JMMB's Credit and Risk sub-committees, having assisted the Company in developing and operationalising its credit policy and procedures in 2007.

Rodger is also a former Director of the National Housing Trust and sits on the Finance Committee of Spectrum Management Authority. He is an approved mentor for companies listing on the Junior Stock Exchange.

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

### CAROLYN DACOSTA, MBA, J.P. COMPANY SECRETARY

Carolyn joined the Company in 1995 as a Supervisor in the branch network. She has subsequently held several managerial positions including Manager for JMMB's flagship branch, Settlement Manager, Technical Operations and Compliance Manager.

In 2008, she was appointed the Group's Company Secretary with responsibility for the establishment, implementation and monitoring of the company's compliance framework. In keeping with JMMB's commitment to effective corporate governance, she ensures the compliance of all relevant statutory and regulatory requirements, as well as the management of the internal audit process. She also oversees the proper appointment, induction and training of Directors and executive management.

Carolyn holds an undergraduate degree from UWI and an MBA in Finance from Manchester Business School. She is also a Fellow member of the International Compliance Association, and a Justice of the Peace for St. Catherine.

# Disclosure of Shareholdings

## SHAREHOLDINGS OF DIRECTORS AND CONNECTED PARTIES

Directors	Shareholding- Ordinary	Connected Parties
Noel A. Lyon	NIL	
	44,775,196	Gracelyn O.E. Ltd.
	46,261,146	JVF O.E. Ltd.
	10,000	Nicole Lyon
Donna Duncan-Scott	7,678,110 (ESOP)	
	28,548	Alwyn Scott
	50,245,884	JVF O.N. Ltd.
	51,892,839	Concise O.N. Ltd.
Archibald Campbell	18,400	
	344,827	Odette Campbell
Keith P. Duncan	19,454	
	2,246,745 (ESOP)	
	59,965,366	Concise E.I. Ltd.
	48,681,216	JVF E.I. Ltd.
V. Andrew Whyte	NIL	
Wayne Sutherland	NIL	
	52,512,640	Concise R.I. Ltd.
	37,912,700	JVF R.I. Ltd.
Dennis Harris	NIL	
Dr. Anne Crick	5,000	
Hugh Duncan	4,828	
Rodger Braham	NIL	

## SHAREHOLDINGS OF DIRECTORS AND CONNECTED PARTIES

Executive Team Leaders	Shareholding- Ordinary	Connected Parties
Donna Duncan-Scott	7,678,110 (ESOP)	
	28,548	Alwyn Scott
	50,245,884	JVF O.N. Ltd.
	51,892,839	Concise O.N. Ltd.
Keith Duncan	2,246,745 (ESOP)	
	19,454	
	59,965,366	Concise E.I. Ltd.
	48,681,216	JVF E.I. Ltd.
Sheldon Powe	2,022,857 (ESOP)	
	23,000	
Carolyn DaCosta	57,921 (ESOP)	
	1,039,809	
Kisha Anderson	57,921 (ESOP)	
	660,395	
Paul Gray	55,854 (ESOP)	
	658,507	
Julian Mair	239,711 (ESOP)	
	212,500	
Patrick Ellis	966,872(ESOP)	
Patricia Sutherland	52,512,640	Concise R.I. Ltd.
	37,912,700	JVF R.I. Ltd.
Janet Patrick	808,823 (ESOP)	
	18,000	
Imani Duncan- Price	1,043,767 (ESOP)	
	4,900	Stephen Price

## SHAREHOLDERS AND SHAREHOLDINGS

SHAREHOLDERS	NCB CAPITAL MARKETS (IN ESCROW)	TRUSTEES JMMB ESOP	COLONIAL LIFE INSURANCE CO LTD.	CONCISE A.V. LTD.	CONCISE E.I. LTD.	CONCISE R.I. LTD.	CONCISE O.N. LTD.	JVF O.N. LTD.	JVF E.I. LTD.	JVF O.E. LTD.
SHAREHOLDINGS	428,777,325	171,342,702	103,453,776	60,469,342	59,965,366	52,512,640	51,892,839	50,245,884	48,681,216	46,261,146
%	29.300	11.709	7.069	4.132	4.098	4.098	3.546	3.434	3.327	3.161

# Power



*Power is not measured by brute muscle.  
Power is the strength to stand beside others  
and encourage them to be their best  
Power, not dominance over our fellow men.  
Power is treating others with the kind  
of respect that inspires  
them to treat everyone with the dignity we all deserve.  
Power is passion in action  
Let us all live truly empowered.*

Applied  
Knowledge  
Expertise

# Regional Macroeconomic Landscape:

## Jamaica, Dominican Republic and Trinidad & Tobago



**JERMAINE  
BURRELL**  
JMMB's  
Senior Economist  
and Sovereign  
Research Manager.

### JAMAICA

The 2011/12 fiscal year was one of mixed fortunes for the Jamaican economy. The positives for the year included historically low interest rates, a stable currency, lower mortgage rates and an initial IMF agreement. These positives however, were offset by the ongoing challenges in Greece and the Eurozone; the normal concerns associated with a general election and no IMF test result for at least four quarters. The United States, our major global partner, also experienced unemployment, minimal growth and general economic challenges.

The absence of an IMF agreement and indications that there will not be an actual signing by mid to late 2012, could see the economy experiencing bouts of volatility. However, the latest set of revenue measures put forward by the government gives the international markets a clear signal that Jamaica is aware of its fiscal challenges and is aiming to stem the tide of debt and fiscal deficits going forward. We acknowledge that the deficit target of 3.8% of GDP and the primary balance target of 6% of GDP are ambitious but if political will is strong we could near the targets.

### INTERNATIONAL MARKET IMPACT

On the international arena, geopolitical risk, weather related shocks and ongoing concerns about the Eurozone affected

overall global growth. The US economy for the first time in its history received a downgrade from international rating agency Standard & Poor's (S&P) because of its projected debt profile and the United States Congress' inability to reach consensus on how to address the issue. Greece finally reached an IMF agreement in the first quarter of 2012 but by May, the new Prime Minister faced general elections which saw the people registering their discontent by voting for "far left" parties who were against austerity measures. New elections are currently scheduled and consequently the uncertainty lingers.

On the positive side, the recent uptick in the US economy and upward revision (0.2 percentage points) of IMF global growth forecast is worthy of note. Unemployment in the world's largest economy and Jamaica's major trading and global economic partner has come down from its post-Lehman high of 10% to hover in the 8.3% range. This has positive implications for unemployment among African-Americans in the US and consequently remittance inflows to Jamaica. There are also positive implications for tourism which continues its resilience despite the global concerns. The sector continues to show strong arrivals through diversity, strategies targeting virgin markets and hotel room discounting. Bauxite alumina has also shown moderate recovery as demand for cars and aluminum based products



slowly improve. The financial year was also characterized by improved activity in the local financial markets via the buzz from the JSE Junior market, strategic initiatives from some large players and the aggressive management of non-performing loan delinquencies.

## MAJOR ECONOMIC INDICATORS

### Inflation

Twelve month inflation closed fiscal year 2011/12 at 7.3%, maintaining the consistent single digit levels which characterized the year. In the previous fiscal year, the 12-month rate of inflation was consistently in double digits averaging approximately 11.4%. The softer inflation outturn came within the context of a relatively stable currency performance, moderate non-oil commodity price momentum and relatively tepid demand conditions locally. Supply shocks were also minimal as weather conditions remained favourable for the most part.

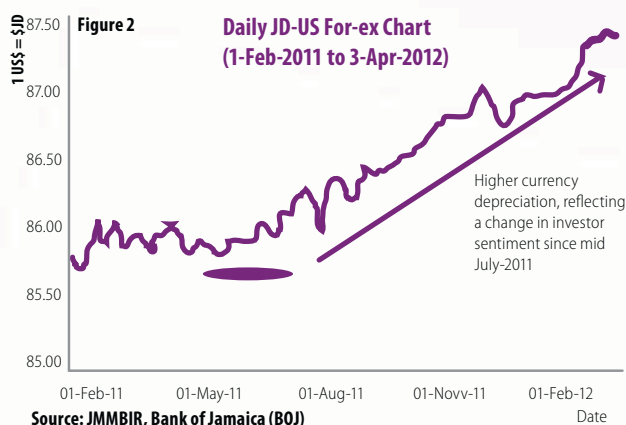
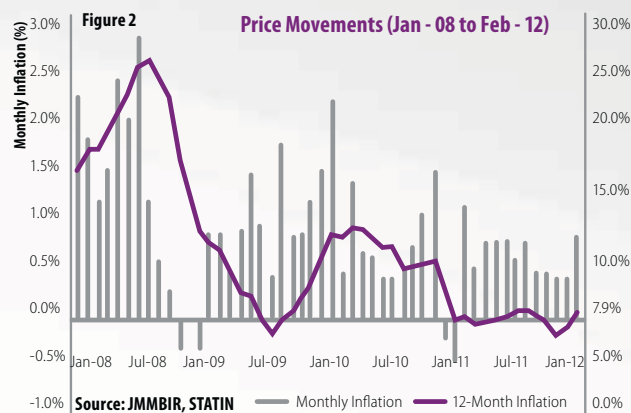
The outlook suggests that weak domestic demand will remain a feature of the Jamaican economy in the upcoming fiscal year. Austerity measures including tax increases, a possible public sector wage freeze and a renewed attempt to catch tax dodgers are fiscal policy initiatives which suggest that demand pull inflation will be weak. We are mindful that the risk to the forecast stems from global commodity prices shocks (oil) as well as weather related issues. However, the projected response from consumers to the possible shocks is a reduced appetite for spending and where possible increased savings.

### The Exchange Rate

The JD-US exchange rate gradually reverted to a depreciating position during the course of fiscal year 2011/12. In spite of the Bank of Jamaica's (BOJ's) presence in the foreign exchange market, negative investor sentiments and increases in global oil prices towards the latter end of the year were too much to be absorbed comfortably by the Net International Reserves (NIR). The negative market sentiment was fuelled mainly by a tenuous IMF-Jamaica relationship, a deteriorating fiscal profile, continued weak multilateral loan support and a lowered outlook by S&P.

The NIR at US\$1.77 billion currently stands below the market sensitive US\$2 billion mark, but

is above the internationally accepted level of reserve adequacy (12-weeks). The Global 2012's mature at the end of July and is a relatively large issue (€200 million). This bond will either have to be rolled over, in a worse case scenario, paid out from the NIR or likely a combination of both.

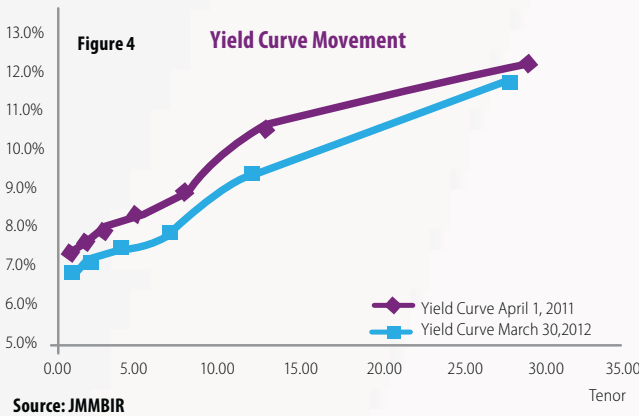
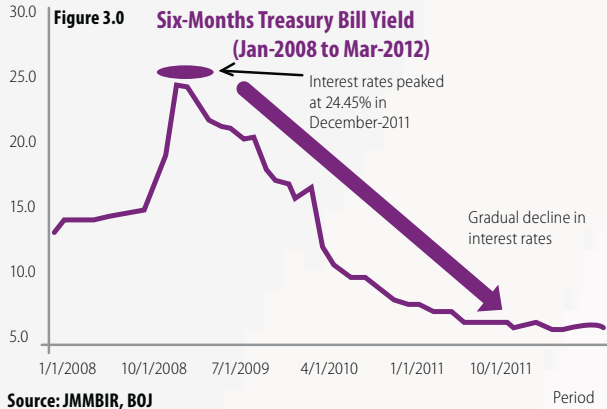


Depending on how receptive the global markets are to a sovereign that has recently experienced a default and is currently rated at "B-" with a negative outlook, Jamaica could face challenges in raising financing at reasonable costs. Consequently there are downside risks to the NIR and the central bank's capacity to defend the currency.

On the positive side, Jamaican investors buy what they know and historically GOJ globals have received excellent domestic support. However on the "know" side, Jamaican investors are aware of the government's challenges and the risks which exist. We caution however, that the fiscal dynamics cannot support excessive currency pressures and for all concerned moral suasion and an orderly depreciation of the currency is the most feasible outcome.

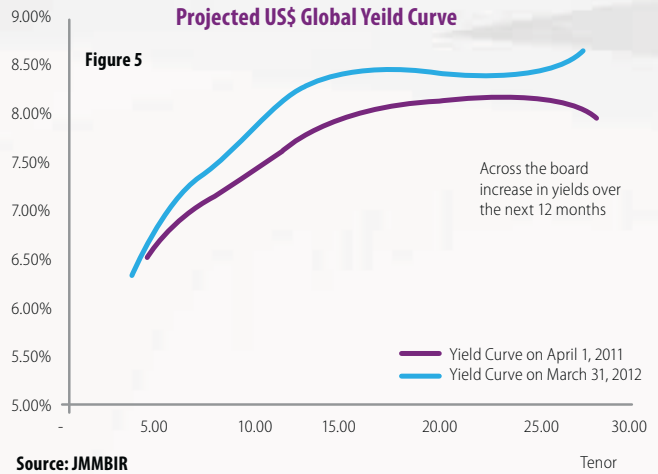
## Interest Rate Review

Domestic interest rates in Jamaica are the lowest that they have been since at least the 1980s. The impact of the JDX has been the setting of a hypothetical ceiling above which losses to domestic bond holders begin to accrue at a burdening rate. This fact combined with moral suasion and the maturity of the domestic financial market has ensured an unprecedented level of stability (Figure 3). Yields on the 6 month t-bill has fluctuated within the range of  $\pm 39$  basis points for the major portion of the fiscal year.



Throughout the year, the BOJ significantly reduced the rate applicable to its 30-day Certificates of Deposit (CDs). The rate applicable to BOJ 30-day CDs was reduced from 6.75% to 6.25% through two rounds of cuts at 25bps each. The BOJ has also maintained the rate applicable to its 30-day CD at 6.25%, following the last reduction in September 2011.

The downward shift of the J\$ yield curve is shown in Figure 4 with all tenors showing declines, especially the middle of the curve. The early stages of the fiscal year was characterized by strong fiscal data, managed government borrowing, relative currency



stability and an IMF programme that was in the early stages of delay. This created the enabling environment for lower Jamaican dollar yields.

We must highlight the fact that low interest rates have to be maintained. An uncontrolled upward movement in interest rates would deteriorate the balance sheets of clients, financial institutions as well as the government’s fiscal targets.

The movement in global bond yields has been quite the opposite of what occurred on J\$ yields. Global yields across all tenors have increased over the previous 11 months (Figure 5). This movement is quite understandable given the downgrade to SD following JDX and the subsequent upgrade after to “B-”. The rating upgrade after JDX was below what the markets have come to accept for Jamaica, i.e. a rating of “B”.

The forecast suggests that economic fundamentals are weak and a downgrade is possible without an IMF agreement. The IMF agreement will depend heavily on implementation.

The view is that Jamaica has a credibility issue with the Fund which can only be overcome by tough fiscal decisions in totality and not in a “piece meal” fashion. The recent revenue measures represent a good start.

## The Fiscal Situation

The recent preliminary budget tabled by the Minister of Finance in June 2012 shows a marginal increase in expenditure (2.7%), an aggressive revenue growth target (which includes a tax package of approximately J\$23 billion) and an aggressive fiscal (3.8% of GDP) and primary balance target (6% of GDP).

The revenue measures are expected to see at least slight to moderate deviations given the outcry from many avenues. However, based on the need to send a clear signal to the capital markets that Jamaica intends to stem the tide of its debt and fiscal deficits as well as to increase credibility in the eyes of the IMF; the agreement for the most part could stand.

In our opinion, the revenue measures are aggressive and many businesses and households could experience hardships. The ability to expand the labour force should also be constrained with a contraction possible. However, Jamaicans must understand that they have to pay their taxes. For too long persons have evaded taxation and the country's infrastructure has paid the price. The government must also shoulder some of the blame with poor management of resources with waste being a major contributing factor. Our roads, schools, hospitals, nursing homes and countless other social amenities have long been neglected. This budget will not address these problems but it could guide us in the right direction over the medium term.

From a medium term perspective, again the targets are ambitious and we must note that we have seen medium term targets before. Often the targets have been derailed by either exogenous (weather related etc.) shocks, weak economic performance, wage increases but more often than not, a lack of political will.

The medium term fiscal profile also reflects a trend reduction in the Wages/

Line Items	Actual FY2011/12	Preliminary Budget 2012/13	Nominal Deviation	%-age Increase Y-O-Y
Revenue and Grants	322,457.2	337,900.0	15,442.8	4.79%
Tax Revenue	289,882.1	313,800.0	23,917.9	8.25%
Non Tax Revenue	17,017.0	17,100.0	83.0	0.49%
Bauxite Levy	1,524.7	1,700.0	175.3	11.50%
Capital Revenue	10,585.1	1,000.0	-9,585.1	-90.55%
Grants	3,448.6	4,200.0	751.4	21.79%
Expenditure	403,191.7	414,258.0	11,066.3	2.74%
Recurrent Expenditure	349,960.7	375,003.9	25,043.2	7.16%
Programs	89,699.5	90,660.3	960.8	1.07%
Wages and Salaries	139,557.0	147,810.1	8,253.1	5.91%
Interest	120,704.5	136,533.5	15,829.0	13.11%
Domestic	81,617.4	90,080.9	8,463.5	10.37%
External	39,087.1	46,452.7	7,365.6	18.84%
Capital Expenditure	53,230.9	39,254.1	-13,976.8	-26.26%
<b>Fiscal Balance</b>	<b>-80,734.4</b>	<b>-64,558.6</b>	<b>16,175.8</b>	
<b>Primary Balance</b>	<b>39,970.0</b>	<b>56,167.0</b>	<b>16,197.0</b>	

Benchmarks	Outturn	New Targets
Fiscal Deficit/GDP	-6.2	-3.8
Primary Balance/GDP	3.1	6.0

Source: JMMBIR, MOF

GDP ratio to the 9% ceiling by FY 2015/16. The government has further hinted that there will likely be (I) no increase in Central Government employment levels; (II) the payment of annual performance increments of 2.5%; and (III) a phased implementation of the health sector reclassification programme.

What the budget lacks however, is a clear growth agenda. We acknowledge that there will have to be spending cuts and increased taxation but with the little that remains we can allocate towards greater efficiency. Creating a "one stop shop" for businesses will mean the elimination of red tape and which will allow entrepreneurs faster access to low cost funding, and potential growth of the economy.

## GROWTH OUTLOOK

For the 2012/13 fiscal year, the domestic growth outlook is benign. Projections suggest growth in the region of 1%. While this number represents the long run trend growth over the last 20 years, it is still anaemic according to the IMF and way below what is necessary to pull Jamaica out of the current slump. From an FDI (Foreign Direct Investment) perspective, investors have shied away from risky assets in general, including Emerging Markets. Jamaica's low rating ("B-") is a concern and further its negative outlook. Recall that a "one notch" downgrade places Jamaica in the category of "CCC+" or imminent default.

Jamaica's Medium Term Fiscal Targets						
Fiscal Balance (%GDP)	2010/11(Act)	2011/12(Prov)	2012/13	2013/14	2014/15	2015/16
Target Fiscal Balance	-6.50%	-4.60%	-3.80%	-2.70%	-1.50%	0.00%
Est. Fiscal Balance	-6.20%	-6.20%	-5.90%	-5.00%	-4.00%	-2.90%
Fiscal Balance Gap	-0.30%	1.60%	2.10%	2.30%	2.50%	2.90%

Source: MOF

The nation's high energy and security costs as well as bureaucratic red tape do not augur well for investment. A key pillar of any strategy towards the 2030 targets must be the elimination of these challenges. The IMF's latest World Economic Outlook (WEO) report has identified weak tourism and remittance inflows as the Caribbean's major challenges as a region. While Jamaica has shown strength in tourism arrivals, the impact of room discounting and a reduction in the spend per tourist are note-worthy key matrices.

Undoubtedly the impact of improved growth in the US and reduced unemployment are positives for Jamaica. However, challenges in terms of the housing market, fluctuations in consumer demand and the ongoing challenges in Europe are constraints to the forecast.

Finally, this year should see a continuation of weak growth; austerity measures in the form of increased taxation, a public sector salary freeze, pension and taxation reform which should reduce disposable income are a challenge. High oil prices and its impact on cost of living could further constrain growth.

## DOMINICAN REPUBLIC

Economic activity in the Dominican Republic (DR) for 2011 declined relative to 2010 but economic growth still came in at a creditable 4.5%. The calendar year 2010 saw robust growth of 7.8% as investments drove the economy. The slowdown

in 2011 was consistent with the objective of the monetary authorities, to avert a potential overheating of the economy in the face of rising inflationary pressures. Nevertheless, the 4.5% growth was supported by strong performances in the mining and manufacturing industries that recorded double digit expansions.

Over the financial year, the Central Bank's key monetary policy rate was adjusted to keep inflation in check. Early in the calendar year, the Central Bank of DR raised interest rates for three consecutive months by a cumulative 1.75 percentage points. Interest rates have remained unchanged since the last interest rate adjustment in April-2011. Peso denominated yields fluctuated over the course of the calendar year with no strong movement in either direction. Currency and balance of payments (BOP) concerns early in the calendar year precipitated an increase in yields at short end. Following a strengthening of foreign reserves in the latter part of the year and the gradual dissipation of noise around elections, yields reflecting improved confidence achieved some stability.

Inflation remained outside of the Central Bank's target range for a substantial portion of the calendar year, at one point moving towards the double range. Later in the year, monetary authorities were able to manage inflationary impulses and consequently inflation now sits well within the monetary program's range at 4.04%. Core inflation (Inflation excluding volatile components such as

### Central Bank of Dominican Republic National Accounts and Economic Statistics Department

#### GROSS DOMESTIC PRODUCT (GDP)

1991-2011

(Millions of DOP\$, chained values, reference 1991)

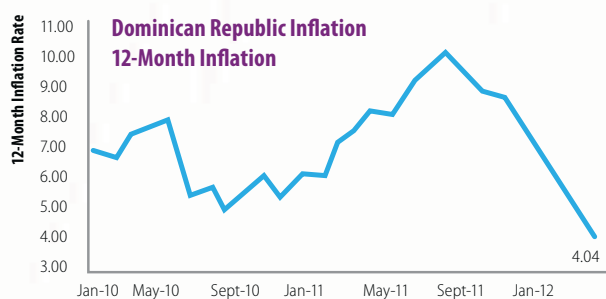
Detail	Growth rates (%)				
	07/06	08/07	09/08	10/09	11/10
Agricultural	1.2	-3.4	12.5	5.5	5.5
Industries	2.4	1.3	-2.5	7.8	6.0
Mining	-1.4	-30.3	-51.9	2.9	79.7
Local Manufacture	4.8	3.2	1.0	7.7	5.1
Free Trade Zone Manufacture	-10.0	-1.1	-14.6	3.4	14.1
Construction	3.2	-0.4	-3.9	11.0	1.4
Services	9.3	8.2	4.9	7.3	2.4
Value Added	6.2	4.9	3.2	7.3	3.7
Taxes less Subsidies on products	28.3	7.6	5.4	11.0	9.8
Gross Domestic Product	8.5	5.3	3.5	7.8	4.5

Source: JMMBIR, CBDR



food and energy) also remained stable. Along with the anticipated slowdown in domestic economic activity, more stable inflation rates were facilitated by tepid world demand and weak non-fuel based commodity price pressures. Nevertheless, the recent increase in oil price volatility and currency depreciation remains a main area of concern.

The implementation of new tax initiatives helped to boost the Central Government's tax receipts to RD\$280.5 billion in 2011, which is approximately 10% higher than a year earlier. The new tax initiatives were mainly on sales, imports, and fuels. Central Government total expenditure amounted to RD\$340.9 billion in 2011, which is an increase of 9.3% over 2010 levels. The general direction of government policy was towards reducing expenditure, but the impact of the spending cuts was offset by greater than expected increases in fuel prices, which led to significantly larger transfers to the electricity sector. The net result of the budget execution, on an accrual basis, was a deficit of RD\$54.4 billion, equivalent to 2.6% of GDP.



Source: JMMBIR, CBDR

The overall outturn of the balance of payments (BOP) was a positive US\$154 million in 2011. Given higher oil prices and the high weight of the oil bill as a proportion of total imports, the balance of payment came under pressure early in the calendar year and the current account deficit widened. Nevertheless the DR economy received a boost from foreign direct investment

FDI inflows which grew by 25% (US\$478 million) over the previous year. Consequently, the Net International Reserves (NIR) closed the year at record levels.

The Dominican Republic has managed to maintain a B+/Stable rating from Standard & Poor's Ratings Services. Credit Rating agencies have pointed to the nation's improving debt dynamics and its stable growth and export prospects as reasons for their current rating. Additionally, its advancements in structural and policy reforms contributed to its rating. Nevertheless, the rating agencies pointed out institutional impediments that remain unaddressed, such as the usual political interference in the decision-making process.

After the May 2012 elections, the ruling party of the Dominican Republic retained power. President elect Danilo Medina of the ruling party obtained approximately 51% of the vote, and the ruling party now has a strong position in congress. In this context, the ruling party should have less resistance in carrying forward policy initiatives. Though there may be challenges, the IMF program should get back on track more speedily. (See select economic indicators from Standard & Poor's (S&P) on **Page 36**).

## TRINIDAD

The FY-2011/12 was challenging for Trinidad. Provisional data indicates that economic activity declined by 1.4% for calendar year 2011. However, despite the challenging period Trinidad remains the standard bearer for general economic development in the English speaking Caribbean. The economy's weak performance was attributed to lower domestic crude oil production due to the maturity of oil fields and the stoppage of methanol and natural gas production due to maintenance and improvement activities. Trinidad also suffered from the negative effects

“The 4.5% growth in the Dominican Republic's economy was supported by strong performances in the mining and manufacturing industries that recorded double digit expansions.”



Selected Economic Indicators-2011	Dominican Republic
Long-term foreign currency rating	B+
Nominal GDP (US\$ bns)	55.9
Real GDP (% change)	4
Gross Debt/GDP Ratio	35.8
Fiscal performance/GDP	-3.3
Primary Balance/GDP	-0.4
Revenue/GDP	15
Expenditure/GDP	18.3
Interest/GDP	2.9
CAR/GDP	29.6
Current account balance/GDP	-8.4
Reserves/CAP (months)	1.5
Net FDI/GDP	3.9

Source: [www.ratingsdirect.com](http://www.ratingsdirect.com), Standard & Poors

of reduced returns on investments globally and the impact of curfews in the latter part of the year as the growing crime rate became an issue.

For 2011 the fiscal deficit was 3.5%; we note however that because of Trinidad's modest debt/GDP ratio of approximately 20%, the country has significant room to run deficits without causing major concern from the rating agencies. Inflation for 2011 was also well contained, at approximately 5%, compared to 13.4% in 2010. The spike in inflation for 2010 was driven primarily by weather-related shocks and the impact on domestic food prices. The year 2011 represented a normalization of weather activity and consequently inflation.

The slowdown in economic activity had negative implications for unemployment. Unemployment up to the 3rd quarter of 2011 increased to 5.2% and is estimated at 6.5% for the close of 2011. Unemployment rose due to the delayed start-up of several government projects and a severe retraction in private sector construction projects. The decline in construction activity led to a 10.5% decline in cement sales for the first half of 2011. Approximately 15,500 jobs were also lost in the construction sector for the fourth quarter of 2010 (y-o-y).

For 2011, the TT economy maintained its healthy current account surplus (approximately 10%) due to massive oil and natural gas exports. Consequently, the currency maintained its relative stability of TT\$6.40 to US\$1 which it has maintained for at least the last 10 years. The current account surplus has also served to maintain the twin island republic's NIR at the US\$9 billion mark.

On the monetary policy side, the central bank's repo rate was cut several times throughout the year to 3% in an attempt to jump start economic activity. Lending rates also declined but loan growth to both private businesses and consumers remained relatively benign despite the attempted monetary stimulus.

	TT Economic Fundamentals (Annual Percentage Change)				
	2007	2008	2009	2010	2011
<b>Real GDP Growth</b>	4.8	2.7	-3.3	0.0	-1.4
<b>Energy Sector</b>	1.7	-0.3	2.5	2.0	0.0
<b>Non-Energy Sector:</b>	7.6	4.9	-6.7	-3.8	-1.0
Agriculture	21.8	7.6	-32.4	60.2	-4.1
Manufacturing	16.3	4.1	1.4	1.6	1.0
Construction	7.1	4.5	-7.1	-28.4	-7.9
Financial Services	10.4	3.1	-4.5	8.1	4.3
Inflation (%)	7.6	14.5	1.3	13.4	5.3
Unemployment (%)	5.5	4.6	5.3	5.9	5.8
Fiscal Balance (%-of GDP)	1.7	7.3	-4.9	0.1	-0.7

Source: Central Bank of Trinidad & Tobago

The central bank is projecting growth for Trinidad in the region of 1.5% for 2012. The driving force behind the growth projections includes a number of government initiatives to increase investment and improvement in youth employment. The energy sector is expected to show improvement as the stoppages which affected 2011 should dissipate and maintenance and improvements should lead to increased output.

The non-energy sector is expected to improve due to government projects such as the construction of the Point Fortin highway and the refurbishment

of public sector housing. The general economic environment should also be boosted by the aggressive policies geared at controlling crime. A separate budget for the Ministry of National Security, anti-gang legislation and a no non-sense approach to crime fighting should also bear fruit. The forecast from the CBTT (Central Bank of Trinidad and Tobago) also suggests that improvement in Caribbean economies should drive export growth and further diversification of exports to non-traditional markets which may prove beneficial.

	<b>Economic Indicator</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010E</b>	<b>2011E</b>	<b>2012F</b>	<b>2013F</b>
<b>Trinidad and Tobago</b>	<i>GDP (%-age Change)</i>	4.754	2.737	-3.279	-0.024	-1.311	1.731	2.368
	<i>GDP (Per Capita-US\$)</i>	16,607.11	21,297.87	15,007.76	15,844.90	17,158.42	18,527.82	20,056.24
	<i>Inflation (%-Change)</i>	7.62	14.453	1.339	13.405	5.272	4	4
	<i>Unemployment rate</i>	5.552	4.6	5.3	5.9	5.8	5.5	5.5
	<i>Debt/GDP (Gross)</i>	28.858	24.871	30.818	35.891	32.35	37.317	38.64
	<i>C/A Balance (%-GDP)</i>	24.786	30.563	8.209	19.857	20.724	19.996	18.178
<b>Jamaica</b>	<i>GDP (%-age Change)</i>	1.434	-0.792	-3.082	-1.438	1.528	0.998	1.049
	<i>GDP (Per Capita-US\$)</i>	4,776.20	5,115.50	4,514.73	4,942.19	5,402.10	5,657.24	5,745.29
	<i>Inflation (%-Change)</i>	16.846	16.821	10.183	11.773	6.008	6.922	6.498
	<i>Unemployment rate</i>	9.85	10.575	11.4	12.375	12.8	13	13
	<i>Debt/GDP (Gross)</i>	114.619	126.377	139.478	141.35	138.981	145.89	148.202
	<i>C/A Balance (%-GDP)</i>	-16.897	-18.112	-10.891	-8.097	-9.909	-12.534	-12.432

*Source: www.IMF.org, WEO Database-April-2012*

# Excellence



*There is excellence in all people  
Deep within us there lies brilliant promise  
and shining possibility.  
With planning, practice and perseverance  
Excellence comes alive.  
And its spirit dashes across the world  
Lighting the way for others  
Live illuminated.*

Winning  
Solutions  
Know-How  
Growth

# Management's Discussion and Analysis

As we embark on the year of our 20th anniversary, the JMMB Group is pleased to report net profits of J\$2.24 billion for the 2011/12 financial year. This represents a 96% improvement over the previous year's result and is the highest level of profitability recorded in the Group's history. As indicated last year, key strategic objectives of the Group, both locally and regionally, would contribute to this result and would provide a platform for future ongoing sustained growth and results.

“ This represents a 96% improvement over the previous year's result and is the highest level of profitability recorded in the Group's history. ”

**KEITH  
DUNCAN**  
GROUP  
CHIEF  
EXECUTIVE  
OFFICER







## JAMAICA

1. We continued the build-out of our client portfolio management services resulting in diversification of client portfolios managed by JMMB and an increase in core revenues from on and off balance sheet client investment activities. This represents a win for clients, who as a result were able to realize increased overall portfolio returns, despite a reduction in short-term interest rates. It was also a win for JMMB as we are able to move towards reducing balance sheet risk.

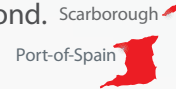
2. With attractive value propositions we increased our market share across newer business lines such as Insurance and Pensions and this resulted in increases in other fees and commissions.

3. We demonstrated expertise and growth in the Capital Market area by being the lead Broker in issuing uniquely structured international notes.

4. Whilst ensuring that expenses were managed within our earning potential, we took longer term steps towards improving operational efficiency, including centralization of key processes, the review of key enablers such as our online portal, a new PBX system and the expansion of the Electronic Transaction Machine (ETM) network. All these changes will result in increased efficiencies in the short term as we continue to cost-effectively build out our delivery channels whilst aligning our locations to client segments and needs.

Focused efforts towards the expansion of the Group through acquisition of the Capital and Credit Financial Group (which includes a banking entity, a Unit

Trust, an International Brokerage and Remittance services) were pursued. This expansion will enable us to broaden the holistic financial solutions offered to clients and further diversify our earning streams. The impact of the acquisition will be felt in 2012/2013 and beyond.



## REGIONALLY

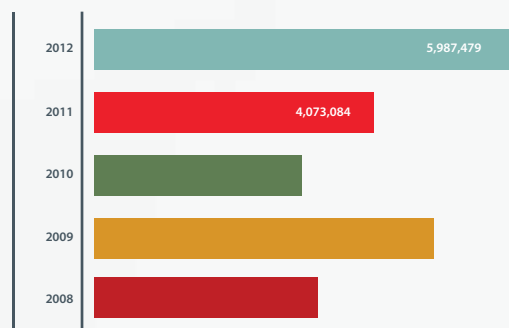
1. There is growth in client base and funds under management in the Dominican Republic, through the flagship Sure Investor, repo product and the strategic expansion of the branch network.
2. The business line expansion of our presence in the Dominican Republic is far advanced with due diligence near completion for the acquisition of an additional small Savings & Loan Bank.
3. There has been growth in assets and profitability in Trinidad, whose domestic economic environment was characterized by declining GDP.



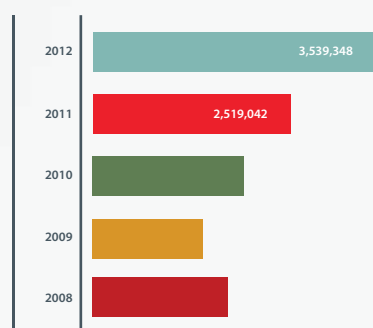
Carolyn DaCosta, Group Compliance Manager & Company Secretary, JMMB proudly accepts the trophy from Jamaica's former Prime Minister, Rt. Hon. Edward Seaga for the Jamaica Stock Exchange's Best Practices Awards Annual Report in December 2011. JMMB's 2011 Annual Report placed second overall in this category. The Best Practices awards were established in 2004 to recognize Listed Companies and Brokerages who have consistently upheld Best Practices standards within their organizations.

4. Our application for re-entry into the securities business in Trinidad & Tobago has been favourably viewed by the Regulators and we intend to see the establishment of that entity before the end of 2012/2013.

#### Operating Revenues | J\$'000



#### Net Interest Income | J\$'000



For 2012/2013, we will execute as seamless an integration process as possible as we ensure the strategic acquisitions and expansions in the various geographies work effectively for the Group. It will be important for us to define how the JMMB Group will maximize its investments in these new initiatives as we re-position our offerings into *an integrated financial services entity that delivers relevant and compelling value propositions to each of our target client segments*. Throughout this process the Group remains committed to our core values including love and care, with continued focus on client intimacy recognizing that these are very important differentiators in our operations and service delivery.

### FINANCIAL PERFORMANCE

**TOTAL OPERATING REVENUE** increased by J\$1.91 billion to J\$5.99 billion, a 46.3% increase compared to the prior year. This achievement represents the highest level of operating revenue in the Group's history. This outstanding performance were mainly



The JMMB Group officially opened its new-look branch in Montego Bay, St. James. The opening of the Montego Bay branch in March of 1994 signaled the start of the Group's branch network. At nearly twice the size of the previous location, JMMB Montego Bay's new home encompasses 4032 sq ft. It is designed with a warm feel and outfitted with a host of unique client features.

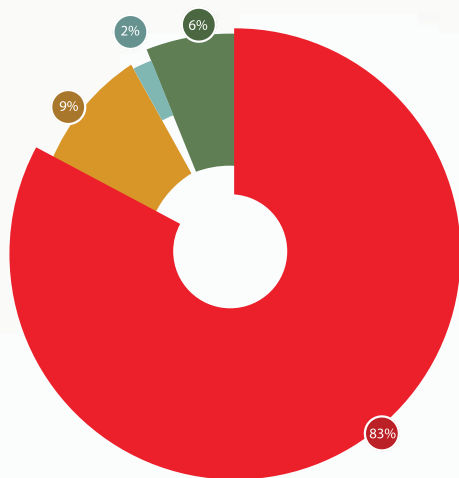
driven by continued growth in core revenues, namely, interest income and gains on securities trading, coupled with select capital market transactions which were a part of the Group's strategic focus.

**NET INTEREST INCOME (NII)** showed a significant increase year-on-year, moving from J\$2.52 billion to J\$3.54 billion, an increase of 40.5%.

Management continued with a focused strategy of effectively managing the Group's investment portfolio and cost of funds, given the environment of declining interest rates. As a consequence, we were able to achieve a J\$351 million increase in interest income, moving from J\$8.8 billion to J\$9.2, billion coupled with positive results for our interest expenses, which saw a J10.6% decline from the previous financial year. In light of the forecasted interest rate environment, the Group will continue its prudent approach in managing its investment portfolio and cost of funds to maximize its net interest margins.

**OTHER OPERATING INCOME** other than NII contributed J\$2.45 billion to total operating revenues, a 57.5% increase over the previous financial year. Gain on securities trading was the main contributor and accounted for 83.4% or J\$2.04 billion of total other income. With the decline in interest rates, the JMMB Group sought to provide

investors with higher returns from the bond market and being the largest broker dealer, we were strategically positioned to fulfill their needs. This resulted in an increase of over US\$108.98 million in bond volumes traded by our retail and corporate clients. Additionally throughout the year, we took advantage of market opportunities which resulted in the Group realizing significant gains. There were also increased contributions from other fees and commission which added J\$225.29 million to total revenues.

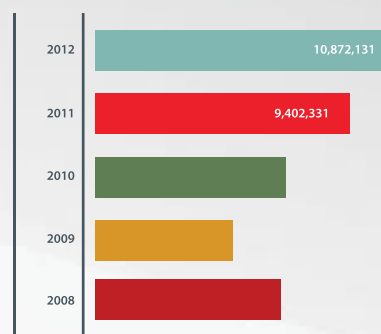


- 83%** - Gains on Securities Trading
- 6%** - Foreign Exchange Margin from Cambio to Trading
- 9%** - Fees and Commission Income
- 2%** - Fees Earned on Managing Funds

## EFFICIENCY

Despite the impressive profit performance over the period, we remain cognizant of the need to manage operating expenses. For the financial year, Administrative Expense increased by 24.3% from J\$2.59 billion to J\$3.21 billion. This increase was mainly attributable to an incentive paid to staff for the strong Group performance, one-off costs relating to professional fees from capital market transactions and acquisitions, as well as growth in subsidiaries in the regional markets. Notwithstanding the increase in expenses, our efficiency ratio (administrative costs as a percentage of operating revenue) improved from 63.1% to 53.6% when compared to previous financial year 2010/11 and shows management's commitment to tightly controlling the Group's efficiency and growing revenue faster than expenses.

## Stockholders' Equity | J\$'000



## REGULATORY REQUIREMENTS

The company continues to exceed its regulatory capital requirements. The company's capital to risk weighted assets ratio stood at 22.6% whereas the Financial Services Commission (FSC) benchmark stipulates a minimum of 14%. The company's capital to total assets ratio was 12.5% whereas the FSC's benchmark is 6%.

The **JMMB Group Asset** base increased by 10.4% to J\$124.74 billion. This increase is driven mainly by a J\$9.92 billion or 10.1% increase in our investment portfolio. Additionally, the Group's return on assets (ROA) increased from 0.97% to 1.89% reflecting an efficient use of resources.

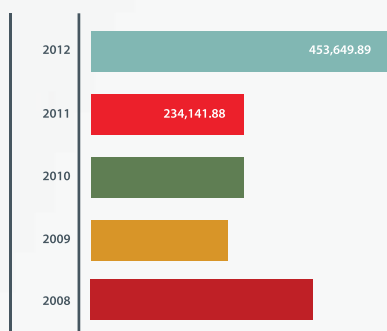
The **Group's Book Value per stock unit** showed a significant increase over the previous financial year and is at its highest since the company listed on the Jamaica Stock Exchange (JSE). Book value per share of common stock came in at J\$7.42 up from J\$6.43 in 2010/11. The stock's closing price on the JSE as at the end of financial year stood at is J\$9.81, indicating significant value for shareholders.

**Shareholders' Equity** stood at J\$10.87 billion as at the end of the financial year. This is the highest in the Group's history and shows a J\$1.47 billion or 15.6% growth over previous year's results. This growth was driven mainly by the increase in retained earnings from reinvestment of profits while providing increased dividend distribution to shareholders. This solid capital base reflects the Group's strength which is critical to future and sustainable growth.

## SHAREHOLDERS' RETURNS

Our policy is to increase dividends in line with the trend in earnings, while ensuring that adequate capital is available to meet regulatory requirements and to strategically expand our businesses locally and regionally. In keeping with this policy, total dividend payments (proposed and actual) for the financial year increased by 114.3% to J\$439.02 million compared to J\$204.87 million in the previous financial year. Our solid performance continues to drive positive shareholder returns and we remain committed to achieving long-term earnings growth and increased returns to our shareholders.

Dividends Paid and Proposed | J\$'000



## PERFORMANCE BY COUNTRY AND STRATEGIC DIRECTION FOR 2012/2013

### Jamaica Operations

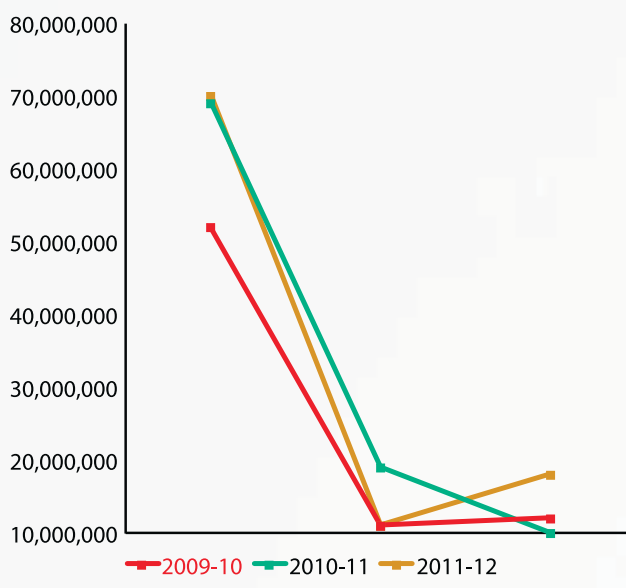
#### FIXED INCOME BUSINESS LINE

For the FY 2011/12, the domestic financial markets continued to benefit from the Jamaica Debt Exchange (JDX) initiative. The benchmark 180-day Treasury Bill yields continued its downward trajectory for much of the financial year, but the pace of decline was significantly slower than for the previous financial year. This we attribute mostly, to the market's concern regarding the status of the Government's IMF program as well as the then impending election held in December 2011.

Despite the foregoing, JMMB continues to reflect growth in our Funds Under Management (FUM) with the growth in 2011/12 versus 2010/11 being

approximately 10%. This growth was driven mainly by our institutional (43%) and corporate (13%) segments. The below par performance in our retail segment (1.7%) is a function of our clients continued desire to build portfolios outside of repurchase agreements. In this regard, our portfolio management services continue to create significant win-win opportunities for JMMB and our clients. The revenue impact from these portfolio initiatives continues to be positive and is reflected in our fee income and trading gains.

Year-Over-Year Growth in Client FUM by Segment



Imani Duncan-Price, Group Marketing Manager, JMMB (third left) makes a point at the 2011 JMMB-Private Sector Organization of Jamaica (PSOJ) Economic Forum. Looking on from left are: Mrs. Sandra Glasgow, Chief Executive Officer of the PSOJ; Mrs. Beverly Manley-Duncan, Transformational Consultant and Nicholas Scott, Vice President, PSOJ.



**For the 2012/13 financial year we will:-**

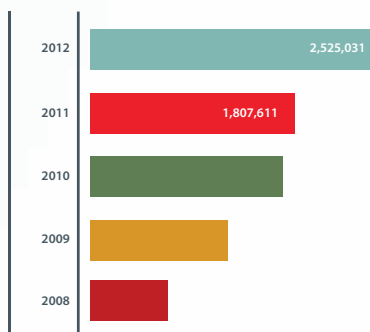
- Refine packaging and offering of portfolio management services to all client segments using collective investment schemes (including the Unit Trust from the CCFG acquisition)
- Continue to grow market share through on-going marketing campaigns and on the ground sales efforts, and
- Continue to grow fees and commissions from brokering services.

**PENSIONS**

We continue to emphasize JMMB Retirement Scheme (JMMB RS) as the product of choice for retirement planning. For Trustees of pension plans, we continue to demonstrate our value proposition as providers of Pension Administration and Investment Management services. The Pensions business line, given its primary focus on long term value creation, is positioned to be mutually beneficial to clients and shareholders.

However, the major hurdle for this business line and the industry remains the reticence of many individuals to become a part of a formal pension plan. Whilst official data indicates that pension membership is increasing, when evaluated as a percentage of the total employed workforce, growth based on our estimates remained flat over the last three years, that is, between 7-8%. There is therefore a great opportunity to tap into this underserved market.

Pensions FUM | J\$'000



Clients continue to find value in our pension product offering, with JMMB RS membership and Superannuation clients increasing by 52%

and 16% respectively. This has translated into growth in FUM of 65% for JMMB RS and 37% for the Superannuation Funds. Revenues have also increased over the period with direct fees from pension services increasing by 71%.

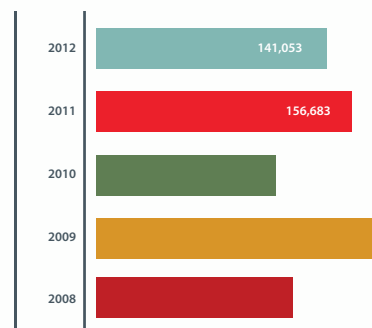
**For the 2012/13 financial year, we will:-**

Continue our efforts to target companies and individuals who are without a pension plan. The JMMB RS product, given the choice in fund strategies, is well designed to support the creation of a retirement plan for the diverse needs of our clients. For superannuation funds, our aim is to continue targeting Trustees of current pension plan, highlighting the superiority of our pension administration services while demonstrating our proven track record in portfolio management.

**CAMBIO**

There was strong competition amongst the major players in the foreign exchange market for the 2011/12 financial year. This further intensified given the lack of demand in the local economy. This coupled with the relative stability of the currency (0.5% depreciation during the first half of the financial year and 1.85% for latter part) created increased challenges for market players seeking to maximize earnings, as spreads narrowed leading to decreased levels of revenue. Despite these challenging market conditions, JMMB was able to increase its market share. Our trading volume grew by 12.4%, whilst the overall market volumes grew by 10%, thereby increasing our market share from 5.4% to 6.2%. We continue to grow our market share as a result of the multi faceted approach adopted across our delivery channels. This has enabled us to maintain our dominance and secure our place as the second largest cambio in Jamaica.

Foreign Exchange Margins from Cambio | J\$'000





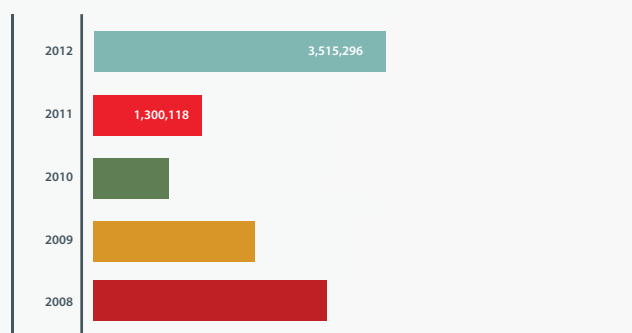
### For the 2012/13 financial year, we will:

- Strengthen our position in the market by aggressively creating new relationships both locally and regionally to capitalize on currency trading opportunities.
- Offer even more competitive rates and provide more efficient transaction settlement to our clients, and
- Improve the visibility and awareness of the Cambio business line by continuing and strengthening as appropriate marketing campaigns in the media and across distribution channels; reinforcing JMMB's position as the premier provider of Cambio services.

### EQUITIES

The regional markets showed mixed results for the year with the Barbados Stock Exchange (BSE) Index being the sole decliner. The Trinidad and Tobago Securities Exchange (TTSE) which was the fifth best performing market for 2011, realized a year-over-year increase of 15.99% as at 31 March 2012. This performance was mainly driven by the demand for high yielding dividend income stocks in a low interest rate environment. In Jamaica, the low interest rate environment coupled with a stable currency helped to fuel the performance of the JSE and Junior Market indices with the JSE Composite and Junior Markets advancing by over 17% and 79%, respectively. By financial year end, macroeconomic conditions changed, which resulted in a decline in the momentum experienced over the year.

Total Equity Volumes | J\$'000



The past year was very successful for the equity business line which saw just over J\$3.5 billion in trade value and J\$39.8 million in commission income; representing a 169% and 100% year over year increase respectively. This result was driven in part by a significant institutional trade as well

as results from client-focused initiatives that we embarked on to educate and pique the interest of clients to the benefits of diversifying their portfolios to include stocks. One such initiative is our Equity Game which models market activities and tests the savvy of clients in investing and understanding the correlation between events and market moves. As anticipated this exposure resulted in increased client confidence resulting in increased trading activity throughout the year.

We also note that our timely market research and advice provided information which investors found very useful in making decisions with respect to the Initial Public Offerings (IPO's) that came to market in 2011/2012.

**For 2012/2013** though we anticipate soft market conditions, we believe that as clients continue to seek portfolio diversification and choose to commit to our model portfolios in investing towards their financial objectives, we will see a continued increase in equity trading. For clients looking for a broker of choice our online platform remains very competitively priced and user friendly.

### CREDIT

During the 2011/12 financial year, whilst adopting a conservative approach to lending given the current economic climate we focused on building market awareness of our lending solutions. During the year we launched our debt consolidation and "switch for free" home equity loan solutions. We also debuted our "cash back" motor vehicle loan campaign, a strategic partnership with one of the islands largest used car dealers, which resulted in our customers benefiting from cash back of J\$30,000 on each motor vehicle purchased. These strategies resulted in increased loan volumes year-over-year in the retail segment. In the commercial SME segment, loan demand remained flat and we concentrated our efforts on creating a value proposition tailored for this segment. This strategy resulted in significant new business subsequent to year end.

**For 2012/2013** With the acquisition of the Capital and Credit Merchant Bank we intend to expand our suite of loan products and services. In the upcoming year we will therefore build a profitable, quality loan book by focusing our offerings in the retail and SME segment of the market ensuring that our value propositions are clearly defined.

## Capital Markets

In 2011/12 we took a major step towards fulfilling two of the objectives stated in our Vision 2025. This was achieved as a result of our successful co-structuring and execution of two significant Global Bond Issuances distributed internationally – a first for an indigenous financial services company. In addition, during the year we were also appointed as Local Broker of Variable Price Re-Offer of US\$174 million JPSCO Global Bonds. These now trade without restriction within the market as a Public Issuance.

## INSURANCE BROKERING



**CECILE COOPER**

Managing Director JMMB  
Insurance Brokers Limited

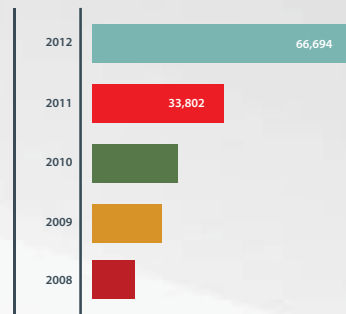
The year 2011/12 was marked by significant wins for most stakeholders of our Insurance Operations, and we ended the year with net profits of J\$15.37 million.

Commission income generated over the year increased significantly moving from J\$33.8 million in 2010/11 to J\$66.69 million in 2011/12. This performance has strengthened the resolve of the collective team to redouble our efforts as we not only seek to meet and exceed clients expectations, in keeping with the promise of the wider JMMB Brand, but also to continue to add value to shareholders by sustaining the positive outcomes and growing our contribution to the overall Group results.

During the year, we grew our market share faster than market, whilst improving our efficiency ratios. This, against the backdrop of increasing local premium rates in the general market, hardening of the property insurance market, and the fallout of some underwriters from commercial business. Despite a contracting broker market, we have solidified our market position, achieving growth in revenues of some 84% with a corresponding increase in our client base of some 47% over baseline.

Further to the acquisition of the City Insurance Brokers Ltd. corporate portfolio, we are also pleased to report that we have successfully retained and integrated our recently acquired clients.

### Commission Income JMMB Insurance | J\$'000



Having established a distinct value proposition as a leading player in the Home and Motor insurance broking segment, through our flagship offerings, **“Smart Choice Home Insurance”** and **“Motor Smart Pak Insurance”**, it is necessary to diversify our portfolio mix by positioning ourselves as a contender for Corporate and Government business. To date, we have achieved moderate success in this area by establishing some valuable relationships which we are confident will yield the desired results.

Our overarching objectives for the **upcoming year 2012/13** will be to sustain profitability whilst moving to a new level of operational excellence by:-

1. Leveraging group synergies to achieve sustainable growth
  - a. Building critical mass by brokering bundled products to the large and growing client base of our Group.
  - b. Developing insurance solutions through established relationships across the insuring market and partnering with our extensive delivery channel network to deliver these solutions to our Group clients.
2. Strengthening our operational efficiencies through the use of technology and centralization of key processes as appropriate. This investment in the use of technology has enabled us to take advantage of the interface capabilities with our leading suppliers resulting in improved efficiency in our operations. We are now able to automate several key processes which will improve service standards for our clients and suppliers.



## Dominican Republic Operations

The team in the Dominican Republic remained focused on market penetration strategies, targeting corporate and high net worth client segments. Over the year this strategy gained traction resulting in a 14.3% increase in the funds under management. Through the flagship Sure Investor offering, we were able to establish ourselves as market leaders in the securities business. With this result we are mindful of the need to continue to innovate and develop new solutions to remain appealing to our clients there, even as other players try to replicate our solutions.

As a result of increased activity, the DR Group continues to enhance its contribution to the overall Group results registering net earnings of over US\$1.25 million. The total asset base of the Group increased by 14.7% or US\$11.85 million to US\$92.56 million; with the growth in its investment portfolio accounting for the significant increase. The Group recorded a return on average equity of 25.4% and return on average assets of 1.4%

Consistent with the JMMB Group approach to client intimacy we have maintained our edge in delivering enhanced customer service in this market. Despite the growing competitiveness of other financial institutions offering similar investment alternatives, we sought to deliver value to our clients by customizing solutions to meet their needs.



Finance-Fashion-Art: JMMB Puesto de Bolsa, S.A. celebrated the launch of its new branch under the concept of Finance-Fashion-Art. Guests enjoyed the attractive symbiosis between fashion, art and finance and endorsed many of the talented local artists and designers. In photo from left to right are: Rafael de Lemos, Susy Guzman, Guillermo Arancibia, Amanda Ferreira and Carlos Frank.



**Guillermo Arancibia**  
Country Manager



**José Ramón Martínez**  
Corporate Sales Manager



**Carmen Rodríguez**  
Sales Manager



Scarborough  
Port-of-Spain

As the JMMB Jamaica operations develops the platform for portfolio management services we will adopt in the DR market; customizing for any uniqueness in our client base.

During the year, we expanded our presence in the DR with the opening of a new branch in Santo Domingo under the concept Fashion, Art and Finance. The new branch will alternately function as an art gallery, where clients and the general public will be able to appreciate the creative genius of local artists whilst offering our clients a unique financial experience. We also expanded our branch network with a new branch in Santiago, an area where we see optimal opportunities for new client acquisition. The team in DR remains committed to efforts to better understand their market and client segments in order to deliver relevant value propositions thereby increasing market share.



**Juan Jose Melo**  
Investment Banking  
Head



**Veronika Ariza Baber**  
Marketing Manager and  
Relationship Officer



**Curtis McDowell**  
Technology and  
Operations Head



**Laura Aybar**  
Office Manager &  
Relationship Officer



**Patria Rivera**  
Financial Controller



**Roberto Cabanas**  
Treasury and Client  
Relations Head



**Roxanna Vazquez**  
Santiago Branch  
Manager



**Lilianne Morina**  
Human Resources  
Manager





## Trinidad and Tobago Operations

### INTERCOMMERCIAL BANK GROUP (IBL)

During the year 2011/12, the IBL Group exhibited clear organizational growth. The Group was able to achieve considerable asset growth and profitability in a domestic economic environment characterized by declining GDP (economic activity in Trinidad and Tobago declined by 1.5% for calendar year 2011). The impact of this domestic downturn was reflected in downward adjustment in the basic prime lending rate, somewhat depressed bank credit, reduced domestic demand (largely attributable to escalating crime and the resultant state of emergency) and increased unemployment.

In spite of this sluggish local economy over the period, total assets of the IBL Group closed at TT\$1.2 billion, an increase of 24.8% from prior year. Net

Interest Income showed moderate growth for the financial year of \$TT6.2 million or 17% compared to the 4% growth achieved in the last financial year. This reflects the Group's effort to continue managing its balance sheet and asset mix to maximize margins. Operating profits stood at TT\$6.09 million compared to TT\$4.12 million in 2011/12, a 47.9% increase over the comparative period. Contributing to this improvement was a 13.7% increase in the loan portfolio of the Bank towards year end. The increase from TT\$428 million to TT\$487 million is primarily due to the Bank's focus on growing its core business with high quality assets. The initiatives over the year included the expansion of the retail banking business and the re-positioning of the IBL Brand; strengthening its corporate identity and increasing relevance of value proposition to clients on a national scale. The IBL team has renewed its commitment to serving the relationship banking needs of all clients and focussing on the technological transformation of their banking offering.



**Krishna Boodhai**  
Managing Director &  
Chief Executive Officer

**Elangadu S. Mohan**  
Executive Director  
Group Risk

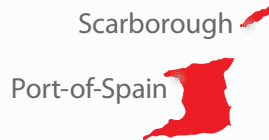
**Gary Awai**  
Deputy Chief  
Executive Officer

**James Mendes**  
Head of Risk

**Devati Mooleehar**  
General Manager  
Corporate Banking



During the year IBL Group's growth was positively impacted by a number of qualitative management initiatives that were undertaken during the 2011/2012 period. The strengthening of the risk structure, the building of deeper client and stakeholder relationships, and the focus of IBL in the media were all contributors to the Group's favorable performance. In the last quarter of 2011/2012, IBL introduced a new leadership team. They are: Group CEO & Managing Director – Mr Krishna Boodhai and Mr. Gary Awai as Deputy CEO. Mr. Hugh Duncan – former Group CEO & Managing Director, continues his contribution to the IBL Group as a member of the Board of Directors and at JMMB at JMMB playing a lead role in the development of the Integrated Financial Services Entity strategic development team.



**For 2012/13 financial year**, the IBL Group will pursue the following initiative to increase shareholder value:-

- Identify and target specific niche areas to increase our wallet share;
- Expand our product range and suite, while cross-selling existing Group products across our client base
- Expand service delivery to offer greater access to our clients, across all delivery channels, while exploring opportunities to reduce our cost of delivery
- Enhance the IBL Client experience through targeted client initiatives which we believe will improve client satisfaction and brand loyalty, and
- Increase marketing efforts to strengthen and build brand awareness.



**Ingrid Sampson**  
Group Head  
Operations

**Terrance Rampersad**  
Group Manager  
Internal Audit

**Anil Ramdhanie**  
Senior Manager  
Group Technology

**Lisa Maria Alexander**  
Head Marketing

**Avyann Ferguson**  
Legal Counsel and  
Corporate Secretary

## INCREASING SHAREHOLDER VALUE: 2011-14

The leadership of the JMMB Group remains committed to harnessing opportunities that provide increased earnings potential for the Group. Over the years, we have made several strategic investments in building out various business lines locally and regionally to augment revenues from our core brokerage activities and provide the opportunity to deliver sustainable and strong financial performance.

The acquisition of Capital & Credit Financial Group Limited (CCFG) in Jamaica is a strategic fit given that CCFG includes a merchant bank – Capital & Credit Merchant Bank Limited (CCMB), unit trust operations – Capital & Credit Fund Managers Limited (CCFM), a Remittance company – Capital & Credit Remittance Limited (CCRL) which is currently branded as Reggae Money Express and interest in an International Brokerage – Capital & Credit International Inc.) This acquisition would therefore provide JMMB with additional vehicles for diversification of its income streams and facilitate migration of specific client segments off-balance sheet. JMMB will leverage its strengths and utilize the opportunities of this transaction to provide the following:

- A wider set of financial products and services with a view to providing more comprehensive solutions to JMMB's extensive client base in Jamaica of over 190,000
- Increased market share as a result of effective cross-selling to its client base, and growth through new clients with a compelling value proposition based on price and reinforced by service
- Delivery of products and services through physical (branches and call centres) and electronic (including telephone banking, internet and mobile) banking channels. These delivery channels will be supported by centralized operations which would enable a lower cost delivery model
- Genuine and caring client service – proactive and responsive that allows for the continued development of a loyal client base.

Given the significant investment of capital across the Group in the upcoming 2012/ 13 financial year, the development of a clear value proposition and growth strategy for the expanded financial services

JMMB Group is critical. The leadership team in each territory will support the development of this strategic vision and growth strategy, as well as an implementation plan that will impact results for 2013/14 and onwards. As a Group this will;

- o Result in an expansion and/or entry strategy that is differentiated relative to local and foreign competitors.
- o Allow us to leverage our existing core product and service offering as well as back and middle office capabilities, defining a well articulated value proposition for existing and new clients, and
- o Support us in creating new capabilities to compete successfully.

Whilst this road map is being developed, for 2012 to 2013, the team at JMMB will focus on:

- Integration of new entities into the JMMB Group across all territories
- Continued cross-selling efforts across the expanded entity; guided by the development of a Group product portfolio by Country and a 'one client view'
- Realization of synergies from integration and centralization of certain functions, and
- Further diversification of our business model by building out our capital markets offerings.

Our focus for the financial year is therefore to integrate the operations of all entities by extracting synergies in products, technology platforms and operations, thereby increasing overall growth prospects and shareholder value.

## CONCLUSION

The year ahead promises to be an exciting one for the Group, as we expand our universe of offerings to meet the changing financial needs of our clients!

We remain committed to our culture of delivering exceptional client care, in an environment fostered by love; which remains at the heart of our core values. We continue to believe that an even greater focus on client intimacy will allow us to maintain brand loyalty and achieve the competitive edge necessary for long-term sustained success and value for all stakeholders: clients, shareholders, team, members.

# The Financial Lifecycle

JMMB Solutions for Each Stage of Your Journey



Every individual has a financial lifecycle and it is important to understand where in the cycle you are, especially if you are serious about saving, improving your financial well being and achieving your goals.

We call these steps 'Lifecycle Planning' because each step can be tied to the attainment of certain life-defining events that almost everyone goes through.

At JMMB we are committed to empowering our clients through effective financial planning, applying the most relevant solutions so that they will realise their life goals.



Your Best Interest at Heart. Full Stop.



# Teamwork



*A team with which to share an endeavour  
To achieve our hope and dreams  
Cooperation, communication, co-ordination  
Is what teamwork really means  
That's why win-win is our motivator.  
Let's find your finish line together.*

# Diversification Deepens



# Executive Team Leaders



**PATRICK  
ELLIS**  
GROUP CHIEF  
FINANCIAL  
OFFICER

**JANET  
PATRICK**  
FINANCIAL  
CONTROLLER,  
GROUP  
STRATEGIC  
PLANNING

**JULIAN MAIR**  
CHIEF  
INVESTMENT  
STRATEGIST

**CAROLYN  
DaCOSTA**  
GROUP  
COMPLIANCE  
MANAGER  
& COMPANY  
SECRETARY

**PAUL GRAY**  
CHIEF  
INVESTMENT  
OFFICER

**KISHA  
ANDERSON**  
MANAGER,  
CLIENT SALES  
AND SERVICE  
DELIVERY



**IMANI  
DUNCAN-  
PRICE**  
MANAGER,  
GROUP  
MARKETING

**SHELDON  
POWE**  
GROUP CHIEF  
INFORMATION  
OFFICER

**KEITH  
DUNCAN**  
GROUP CHIEF  
EXECUTIVE  
OFFICER

**DONNA DUNCAN-  
SCOTT**  
GROUP EXECUTIVE  
DIRECTOR, CULTURE  
& LEADERSHIP  
DEVELOPMENT

**KARL  
TOWNSEND**  
GENERAL  
MANAGER,  
CREDIT

**MARGARET  
McPHERSON**  
GROUP  
OPERATIONS  
MANAGER

joined JMMB team  
May 2012.

# Profiles of Executive Team Leaders

## **KEITH DUNCAN** **GROUP CHIEF EXECUTIVE OFFICER**

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

As a strategic thinker and visionary leader, he has built one of the strongest trading teams in Jamaica. His financial expertise has not only benefited the JMMB Group, but also the Jamaican financial sector. He is a former president of the Jamaica Securities Dealers' Association and was involved in the partnership with the Financial Services Commission (FSC) in designing and implementing new structures and models to enhance the effectiveness of Jamaica's market players.

Known for his commitment to youth development, Keith served as chairman of the National Youth Service from 2003 to 2009 and worked closely with the respective boards and teams to fulfil the mission of creating and reforming Jamaica's youth to become purposeful citizens.

In continuing his service to Jamaica's youth, he joined efforts to design and implement the Youth Upliftment Through Employment programme (Y.U.T.E), a private sector-led initiative, and now serves as a board member of the project. Keith is also chairman of YUTE's Programmes Development and Implementation Committee. Keith holds a B.A. (Economics) from the University of Western Ontario in Canada and is a Chartered Financial Analyst.

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

As a visionary and possibility thinker, Donna upholds the powerful principle; 'We were born to

manifest the glory of God. It is not just in some of us, it is in every one of us." This is a fundamental truth she shares with everyone with whom she comes in contact.

For the past seven years, Donna has successfully maintained the position of Group Executive Director of Culture and Human Development. Her team has the overall responsibility for nurturing the interests and growth of the JMMB Team – understanding their strengths, goals and dreams and providing the necessary support to ensure team members manifest their power to the benefit of all. Through her enthusiasm and genuine desire to empower and inspire JMMB team members, she has led the creation of valuable programmes, practices and policies which have proved instrumental in upholding JMMB's core ideals of Love, Equity and having the Best Interest of all at heart.

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

## **IMANI DUNCAN-PRICE** **MANAGER, GROUP MARKETING**

Imani Duncan-Price joined the JMMB team in 2007 as Group Strategy Manager and assumed the role of Group Marketing Manager in April 2009. In this capacity she is responsible for the design and execution of the marketing strategy for JMMB Jamaica and the Dominican Republic. She guides the development of customised product offerings, as well the consistent and dynamic messaging and sponsorships that reinforce the Company's value proposition: "We have our clients and our communities' best interest at heart".



As a former Director of the Development Bank of Jamaica (DBJ), Jamaica's leading financial government institution for economic development, and its Investment and Credit Board Committee, Imani garnered further knowledge of financing options, deal structuring, and regulatory bodies to facilitate business development and expansion. Imani is also a founding member of the Caribbean Policy Research Institute (CaPRI), the Caribbean's first independent think tank. She is currently a Board Director of the Kingston-YMCA Jamaica as well as a Core Executive Member of Y.U.T.E. (Youth Upliftment Through Employment).

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

In January 2012, Imani was presented with an opportunity to serve Jamaica as a Government Senator. As this is in line with her long-term goal to enable the development and growth of Jamaica via a healthy and vibrant political system, she is currently pursuing this opportunity and has resigned from this position at JMMB. As JMMB continues its expansion in the region, Imani's international experience in strategy development and extensive knowledge of the brand will be engaged in a consulting capacity, on specific projects.

### **CAROLYN DaCOSTA J.P. GROUP COMPLIANCE MANAGER & COMPANY SECRETARY**

Carolyn DaCosta joined the Company in 1995 as a Supervisor in the branch network. She has subsequently held managerial positions including Manager for JMMB's flagship branch, Settlement Manager, Technical Operations and Compliance Manager.

In 2008, she was appointed the Group's Company Secretary with responsibility for the establishment, implementation and monitoring of the Company's compliance and regulatory framework. In keeping

with JMMB's commitment to effective corporate governance, she ensures the compliance of all relevant statutory and regulatory requirements, as well as the management of the internal audit process. She also oversees the proper appointment, induction and training of directors and executive management.

Carolyn holds an undergraduate degree from UWI and an MBA in Finance from the Manchester Business School. She is also a Fellow Member of the International Compliance Association and a Justice of the Peace for the parish of St. Catherine.

### **KISHA ANDERSON J.P. MANAGER, CLIENT SALES AND SERVICE DELIVERY**

Kisha Anderson began her tenure with JMMB in 1996, and has since worked in several areas of the company's operations, including client service delivery, product administration, branch management and strategy development. With her innovative ideas, solution-oriented work ethic and drive for excellence in performance, she has overall responsibility for the company's retail, corporate and electronic delivery channels. In addition, Kisha oversees administration for the Office of the Group CEO and co-ordinates the Group's strategic planning process.

In her substantive role as head of JMMB's Frontline Services, Kisha is directly responsible for developing and guiding the implementation of sales strategies, supported by marketing, to ensure that revenue, market share and profit targets are met. In keeping with the Company's commitment to building genuine relationships and creating value for clients, Kisha oversees the delivery of JMMB's trademark exceptional client care and supports the ongoing development and management of client value propositions.

With a Bachelor of Science from UWI and several professional certifications in talent and process management, Kisha is now pursuing the CFA designation.

She serves as a director on the Board of JMMB Insurance Limited and is a Justice of the Peace for Kingston.

## **PATRICK ELLIS**

### **GROUP CHIEF FINANCIAL OFFICER**

Patrick Ellis began his tenure as Group Chief Financial Officer in 2008. In this role he has responsibility for the oversight and execution of the Company's strategic and financial operations. This includes the preparation of financial statements, regulatory reporting, assessing the viability of possible acquisitions, as well as risk management for JMMB's operations in Jamaica and the Dominican Republic.

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

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

## **PAUL GRAY**

### **CHIEF INVESTMENT OFFICER**

Paul Gray was appointed Chief Investment Officer in 2008 with responsibility for Asset Management, Trading, Equities, Research and Pensions. As Chief Investment Officer, he provides direction and management of liquidity, investment portfolios, foreign exchange trading, equities trading, pension fund management and research delivery. With over a decade of experience in the financial industry, Paul brings a wealth of knowledge to the role having built a solid track record in Asset Management and Trading during his tenure as Trading Manager in 2005.

He was appointed to the Board of Directors of JMMB Insurance Brokers Limited in October 2006 and currently chairs the company's Management Investment and Revenue Committees. He holds a Masters degree in Finance from the Manchester Business School and has received professional training in derivatives, asset, liability and risk management.

## **JULIAN MAIR**

### **CHIEF INVESTMENT STRATEGIST**

With over 19 years of experience in the financial services sector, Julian Mair currently operates as JMMB's Chief Investment Strategist. In addition to his position at JMMB, Julian has played a significant role in the development of Jamaica's capital market.

His experience includes holding positions at foremost Jamaican financial institutions, including Head of Treasury and Investment services at Dehring, Bunting and Golding (now Scotia DBG Investments) and Senior Trader and Cambio Manager at JMMB. In addition, he has partnered and consulted with various international financial institutions and the Government of Jamaica, in structuring Global Bond Issues. A former Managing Director of Letts Investment Ltd., his leadership resulted in the boutique operation becoming a global player in the trading of internationally-issued securities.

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

## **MARGARET McPHERSON**

### **GROUP OPERATIONS MANAGER**

Margaret became a member of the JMMB team in May 2012, bringing with her over two decades of growth and development within the financial sector, as a result of the experience and exposure she obtained from a multi-faceted banking career. In her current capacity as Group Operations Manager, she is responsible for ensuring the efficient execution of the middle and back office operations, which include Information Technology, Securities & Settlement, Facilities, Business Process Management and Operations departments. She will participate in the Group's strategic formulation, execution and management.

Margaret amassed her experience serving in various capacities in premier organizations within the sector, including CIBC Jamaica Limited, where she operated in several managerial positions, achieving critical milestones such as the successful implementation of the bank's first major financial automated systems. Following this, she had a stint with National Commercial Bank (NCB), serving as Business Project Manager to Manager, Process Reengineering. Her



tenure at NCB saw her participating in major transformation projects and processes, including the implementation of the Back Office, as well as the automated statement processing and the implementation of signature verification for frontline and backend processing. Margaret also led the successful creation of PanCaribbean Bank, and had responsibility for its daily operations in her capacity as Vice President, Operations.

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

### **JANET PATRICK** **FINANCIAL CONTROLLER, GROUP** **STRATEGIC PLANNING**

Janet Patrick was Chief Accountant from 1998, and in 2007, she was appointed Financial Controller, having had extensive experience in accounting and auditing.

Prior to joining JMMB, she was a member of the senior audit staff of KPMG Chartered Accountants, working on major audit assignments and several special projects, including being seconded to a leading securities firm in Jamaica where she established the accounting functions.

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

### **SHELDON POWE** **GROUP CHIEF INFORMATION OFFICER**

A member of the team since 1997, Sheldon Powe is the head of the technology unit for the JMMB Group of Companies. As Group Chief Information Officer, he ensures that the company has robust and reliable systems to satisfy the ever-growing demand for information processing. In addition, he manages JMMB's technology platform both locally and regionally, ensuring network security and reliability. He oversees the Data Centers, frontline applications including online services, Electronic Transaction Machines (ETMs), Client Care Centre and other in-branch transaction processing systems, Information Security and IT Disaster Recovery.

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

### **KARL TOWNSEND** **GENERAL MANAGER, CREDIT**

Karl joined the JMMB team as General Manager for the Credit department in August 2011. In this capacity, he has overall responsibility for portfolio management of the credit business line. He brings to the post over seventeen years of commercial banking experience, garnered from foremost financial institutions in Jamaica and overseas. His wealth of experience includes Business Development and Portfolio Growth and Delinquency Management, Credit Risk Management and Loan Loss Control Strategies.

This experience has led to his expertise in various areas including the effective management of client relationships in SME and corporate sectors, as well as outstanding negotiation, business development and client management skills.

Karl has an MBA in Finance (Merit) from the Manchester Business School and a Bachelor of Science degree in Economics and Management from the University of the West Indies. He has attended several professional training programmes including the Commercial Bankers Development Programme, Commercial Sales Skills, Fundamentals of Coaching Excellence and the Intensive Credit Risk Training Programme and SME Ratings Workshop hosted by CariCris.

# Senior Team Leaders

## - Heads of Departments



**NERENE  
BROWN**  
OPERATIONS  
MANAGER,  
RETAIL  
SERVICE  
DELIVERY

**PETER  
THOMPSON**  
SENIOR  
INVESTMENT  
MANAGER,  
PENSIONS  
AND CLIENT  
PORTFOLIO

**DENSIE  
ROBINSON**  
GROUP MIDDLE  
OFFICE  
MANAGER

**GIFFORD  
RANKINE**  
MIS AND  
APPLICATION  
AND SUPPORT  
MANAGER

**DALE  
JAMES**  
MARKET  
RISK  
MANAGER



**DAMION  
HYLTON**  
CORPORATE  
SOLUTIONS  
MANAGER

**DAWNEL  
THOMPSON**  
PROCESS  
DEVELOPMENT  
MANAGER

**IKE  
JOHNSON**  
SENIOR  
STRATEGIC  
MANAGEMENT  
OFFICER

**KEISHA  
FORBES**  
TRADING  
MANAGER

**KASHWAYNE  
BRYSON**  
CHIEF  
ACCOUNTANT –  
GROUP REPORTING  
AND FINANCIAL  
PRODUCTS

# Senior Team Leaders - Branch Managers



**JOAN EDWARDS**  
MANAGER,  
PERSONAL  
PORTFOLIO  
MANAGEMENT  
CENTRE

**ROCKANN LEE  
CLARKE-CRAWLE**  
MANAGER,  
HAUGHTON  
BRANCH

**LORNA HALL**  
MANAGER,  
MONTEGO  
BAY BRANCH





**FORNIA  
YOUNG**  
MANAGER,  
KNUTSFORD  
BOULEVARD  
BRANCH

**HORACE  
WILDES**  
MANAGER,  
OCHO RIOS  
BRANCH

**SIMONE  
THOMAS**  
MANAGER,  
MANDEVILLE  
AND SANTA CRUZ

**TEVERLY  
GRAY**  
MANAGER,  
PORTMORE BRANCH  
AND CLIENT CARE  
CENTRE



# Love

*Love is generous, love is empowering*

*Love is extraordinary, love is enduring*

*Love is having Your Best Interest at Heart*

*Love is who we are*

*What a joy it is to celebrate the love that connects us and makes all of us great.*

# It's All About You: Client Intimacy



Personal Portfolio Management Mixer at Mona Visitor's Lodge in February. From left to right are: Allison Peart; Audrey Hinchcliffe, Keith Duncan, Joan Edwards, Manager, Personal Portfolio Management Centre and Mrs. Scarlette Gillings.

# “It’s all about you!”

## Key Values: Equality and Creativity

During the financial year 2011-12 JMMB’s Culture And Human Development Team further developed on Client Intimacy strategies aimed at deepening client relationships. Our team is aware that central to human nature is the desire for **equality and respect in how we are treated. We all desire to enjoy a sense of belonging and meaningful relationships.**

JMMB’s Client Intimacy Project, which started in F/Y 2010, is geared towards achieving these outcomes for all our clients. In providing service we cater to our clients’ functional and emotional needs and dreams. We want to provide each client with a plan to realize their goals and dreams and support them wherever they are in their financial lifecycle.

### CLIENT INTIMACY DAY WORKSHOP

Accordingly, JMMB’s Client Intimacy Day Workshop, November 2011, continued to be centred around further building the client intimacy competence of the organization, so that our clients can consistently experience JMMB’s superior client care. Our 316 team members, agreed on six “Desired Client Outcomes” for our clients to enjoy

and identified one that they would concentrate on achieving for the next financial year. The “Desired Client Outcome” chosen was: “Our clients would be delighted fans who trust and have confidence in JMMB.”



Team Members participate in JMMB’s Client Intimacy Day Workshop held in November 2011. The workshop was aimed at ensuring that, through team members, JMMB’s clients experience our motto: “Your best interest at heart. Full Stop.” From left are: Janet Patrick, Financial Controller; Shauna Wood, Personal Portfolio Advisor and Donnette Johnson, Senior Equities Trader.



We at JMMB are committed to being “Unstoppable” in ensuring that all our clients, internal and external, are delighted fans, as we become “The Undisputed Leader in Client Care through Love, Integrity, Fun and Togetherness. Full Stop.” Once again, the workshop was considered a resounding success with 96% of team members agreeing that “the content was clear and relevant, and will impact the results they produce.” Our team further agreed that once they have mastered the desired behaviours for the year, in each successive year, they will master others as required for the next “Desired Client Outcome.”



CLIENT INTIMACY DAY: Team members (l-r): Nicole Watson; Kimarley Thomas (standing); Kiffra Solomon; Vanessa Lewis and Sheryl Brown, giving feedback on strategy development.

To support this, our team began the process of developing Service Standards and Service Level Agreements between departments. This was to enable them to better hold each other accountable for breakdowns in systems, processes and service delivery and celebrate each other when they met or exceeded each others’ expectations.

In crafting our Service Standards, services, processes and business lines were matched to JMMB’s Customer Value Propositions. This was to ensure that we are equipped to meet the promises made to our clients. The rationale being that whatever JMMB desires for our clients must first be created within the team and this would exponentially impact the experiences our clients receive. These Service Standards and Service Level Agreements will become the anchor for our already established Client Care Standards, providing a sound tool to help us continually improve our standard of service.

To ensure that team members are equipped to address breakdowns between expectations and performance, the Culture & Human Development Team also introduced a developmental workshop to build competency levels in handling and resolving internal issues in a positive and loving way. In doing so, this creates an environment where team members become adept at holding each other accountable to higher and higher standards, so that we continue to be leaders in client care.

### CLIENT SATISFACTION AND ENGAGEMENT SURVEY RESULTS

Overall survey scores increased from an average of 83.3% to 85% year over year and there were also increases in the number of new clients as well as those who indicated a desire to expand their portfolios, including other options in products and services offered by JMMB.

Period	Customer Satisfaction	Customer Engagement	Client Confidence	Client Pride	Client Passion	Overall
Q4 2011	87.7%	87.5%	43.7%	28.2%	15.7%	87.6%

For the quarter ending 2011, JMMB achieved 87.7% Client Satisfaction and 87.5% Client Engagement. Of particular note, client scores indicative of engagement were as follows:

97%	stated that they actively encouraged others to become clients of JMMB
95%	are delighted with their experience with JMMB.
90%	believe that Client Care at JMMB is better than that of any other financial institution.
88%	stated that they feel they are a part of the JMMB Family.

### ACTIVITIES

Client Mixers, designed to enhance client relationships, were held in settings with cultural and exotic themes, in Kingston, Montego Bay and Ocho Rios.

“WOW” Treatments in Branches were in keeping with our desire to delight our clients with not only exceptional service but also creatively adding value to their lives.

## CLIENT TESTIMONIALS

**A. King, Haughton Branch client**, said she was totally wowed by the way in which JMMB handled her concerns. Ms. King said she was blown away from the point of contact with Kaydia Tomlinson of our Client Care Centre, to the visit to her aunt's home), and finally her visit to the branch.

She said at one point she had to think long and hard if she was talking with a financial institution as it felt more like family. In her own words: "JMMB was definitely in my world".

She also expressed that the urgency with which everything was processed made her feel much fulfilled and very happy and that Shauna Wood's service was exceptional, very personalized and made her feel as if she had known her for a long time.

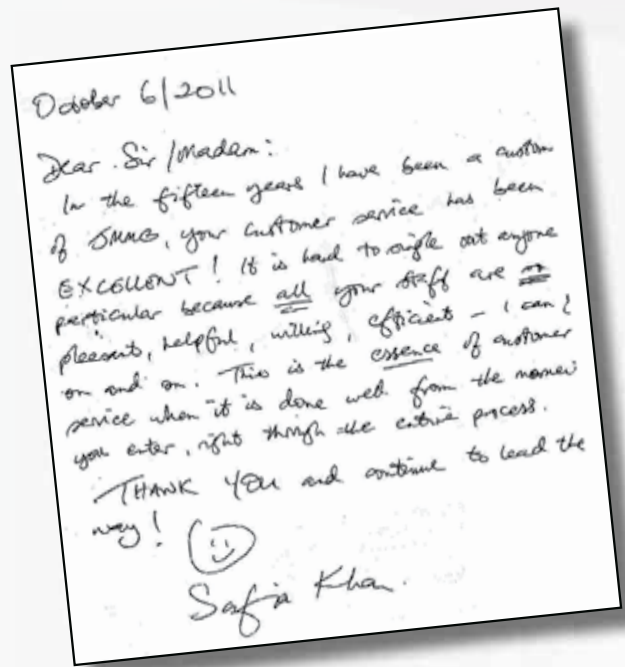
**Anatol Clark Allwood, Knutsford Branch client**, continues to be "so completely WOWED by the service she gets from Dave" that she felt compelled to get him a trophy which she insisted on presenting to him herself. It read:-"Dave Ffrench, For Excellent And Committed Service!"

**Johnny McFarlane, Ocho Rios Branch client**, said he values the level of client care that Rosalie Cooper provides. He couldn't stop talking about the excellent service that he receives from her. He said that as a former banker, he could not ask for better service. "She fulfills every transaction request with efficiency and accuracy. She anticipates my needs beyond expectations. She is a pleasure to interact with."



CORPORATE SOLUTIONS MIXER held at the Sunken Gardens, Hope Gardens in December. Keith Duncan (left) makes a point to a client while Winston Skeen, Sales Manager JMMB, IB (centre) looks on.

Safia Khan, Mo-Bay client wrote:



Operationally, in response to client feedback, we improved on our telephone system for greater efficiency while exploring new PBX options as a permanent solution. The pilot of the selected PBX solution was rolled out for testing in the third quarter of 2011.

Moneyline, JMMB's online transaction service, was also enhanced for greater ease and efficiency in negotiating online transaction requests, pending the completion of their new and expanded Moneyline product.



PPM Client Mixer, Karlene Jarrett, Personal Portfolio Manager entertains.

## OFFERING DEVELOPMENT

Developing the right products/offerings and customizing the offerings to fit an increasingly fine definition of the client will be our focus in 2012-13. The expansion of offerings will include banking, unit trust and wider portfolio management services.

Plans for the new financial year 2012 include the launch of the new PBX system with increased reliability, call capacity and call monitoring capabilities, along with other features such as increased memory storage for call histories and better reporting facilities. This system will be compatible with the CRM, which is also to come on stream later in FY 2012-13.

Additionally, JMMB's newest **Moneyline, Version 5**, will boast several advanced features including our new **Mobile Moneyline**, which will provide our clients with superior service at their fingertips. There will be a **Personal Moneyline Desktop, Corporate Moneyline** and **Personal Moneyline Mobile**.

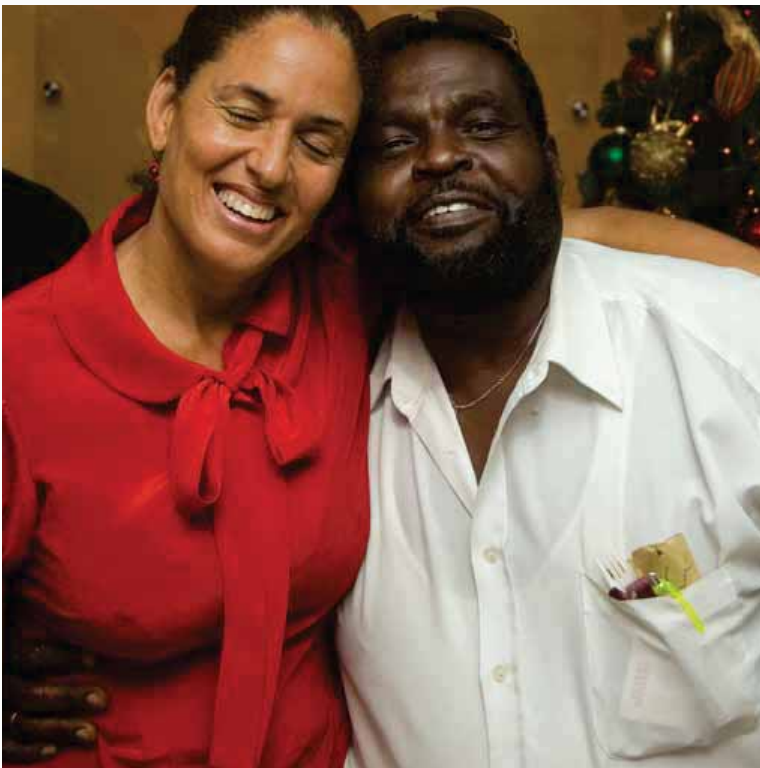
In its continued efforts to drive service delivery to higher levels of excellence, our Culture & Human Development Team will be guiding the

implementation of Service Level Agreements between departments. The team's documented Service Standards are to be refined and approved and a Complaint and Redress Mechanism is to be developed to support the process of continuous improvement in all areas.

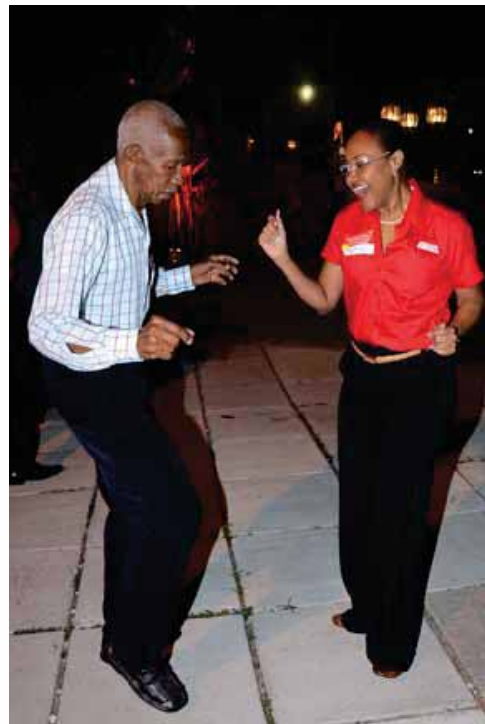
Strategies to further enrich JMMB's clients' experiences at every touch point will also become a major focus. The feeling of family, warmth, fun and delight will be the new hallmark of the JMMB Client Experience, as the entire JMMB team goes live in "Taking Service to a Higher Level. Full - Stop."



Mandeville Client Mixer.



Donna Duncan-Scott connects with a client.



Fornia Young, Branch Manager of JMMB Knutsford Blvd. dances up a storm with client Alvin Murray.



# Service



*Ever so often the right thing happens, in the right place, at the right time.*

*These events are not simply happenstance,*

*They are the result of the right person taking a chance.*

*For everything you've done and all that you do.*

*Those who've served our great nation,*

*JMMB salutes you.*



Strong  
Sustainable  
Community  
Partnerships

Standing in Love

# Our Solid Commitment

to **Y.U.T.E.**

Strong Sustainable Actions That Serve Our Country



Y.U.T.E.  
working at  
JMMB

As an organization with a strong sense of its corporate social responsibility, JMMB was one of the companies that stepped up and contributed to nation building in this way. The company has put its money and its resources where its mouth is and has employed twelve persons from the programme.

Y.U.T.E. was borne of an initiative of the Private Sector Organization of Jamaica (PSOJ), in the aftermath of the upheavals in west Kingston in May 2010. The main objective of the Y.U.T.E. programme is to empower unattached youth in eight depressed communities by improving their employability through mentorship and skills upgrade; and give them opportunities for gainful and lawful employment through work experience and start-up entrepreneurial ventures. In a few short months, the PSOJ received widespread support from member and non-member entities and cash commitment of J\$130 million.

The Y.U.T.E. Programme is different from other social intervention programmes in its multifaceted approach, integrally involving the private sector from the ground up: from planning, resourcing and executing. It also hones in on the root causes of violence and unemployment among young people through an aggressive two-year programme.

Phase One, January 2011-June 2013, of the programme is being implemented in eight Kingston communities. It is focussed on youth unemployment aiming to create about 1,295 jobs impacting communities in Denham Town, Mountain View, Parade Gardens, Rockfort, Olympic Gardens, Tivoli Gardens, Jones Town and Trench Town.

Apart from its financial contribution of J\$20 million, JMMB itself has played a strong leadership role in the programme's implementation. We have continued to provide leadership and guidance through the participation of our Group CEO, Keith Duncan,



Left:  
Clitha Nelson,  
Y.U.T.E participant with  
Mrs. Sandra Glasgow



Right:  
Ricardo Bailey, Y.U.T.E  
participant, with  
Mrs. Glasgow.

who chairs the Programme Development and Execution team and Imani Duncan-Price, our Group Marketing Manager, who adds her expertise to the project steering the Communications and Creative Engagement process. A proud Maureen Webber, Head of the Project Management team for Y.U.T.E. explained that the programme accommodates young people who are new to work as well as those who have already had work experience, and many of them have grown in their approach to work and general confidence in themselves. The programme has also trained several hundred persons as mentors.

“We are so impressed with the way the Y.U.T.E. participants have conducted themselves that, even though initially they came on a one-year contract, based on their performance and our manpower needs, we have extended some of the contracts,” says Charmaine Brooks, JMMB’s Training Manager. We have even taken on one person as a permanent employee, she stated. The Y.U.T.E participants demonstrated growth in their ability to adapt to their work environment and assume additional responsibilities. They were also actively involved in social activities at

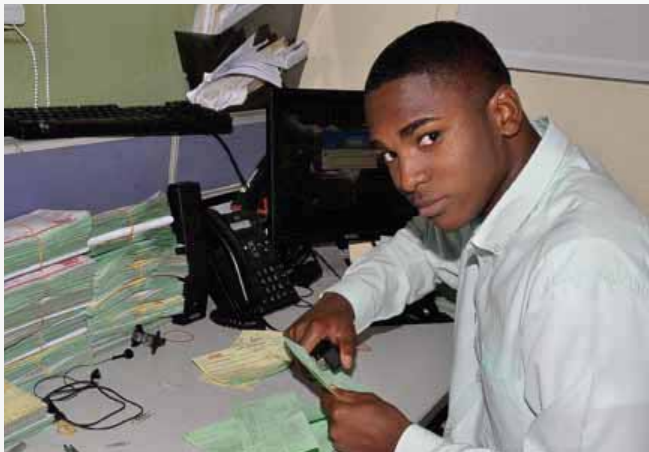
“ It has been eighteen months since the birth of the Youth Upliftment Through Employment (Y.U.T.E.) programme and JMMB’s active commitment and support is unwavering. ”

JMMB. “Consistent with JMMB’s Vision of Love, showing mutual respect to all and sharing love unconditionally, our team members rose to the challenge and have been participating in the programme enthusiastically as mentors, a critical component of the programme, and workshop facilitators,” says Brooks.

Brooks excitedly explained the upcoming launch of Y.U.T.E I.D.E.A.S. (Individual Development Enhancement and Support) where through the Y.U.T.E programme team members will receive official training in mentorship, to transition to the next phase of life’s journey. Among other things, the programme will assist in matching the synergies between employers (mentors) and their mentees. I.D.E.A.S. is a JMMB initiative meant to bolster the existing Y.U.T.E. programme at JMMB in order to be more deliberate in preparing the Y.U.T.E. employees for the next step in them achieving their ultimate career goals/objectives. JMMB team members will receive official training in becoming mentors and there will be specific workshops focused on personal and professional development of the Y.U.T.E. employees.

# Y.U.T.E. IN ACTION

“ Ashani and LaSania are two of JMMB’s star Y.U.T.E. performers. ”



Nineteen year old **Ashani Webb**, a graduate of Excelsior High School who has been employed to JMMB for over a year, describes himself as a team player and someone who loves to be a role model to others.

“My ambition is to be the best HR manager you could ever find,” says Ashani who has been the Utilities Officer for the Financial Analyst Control Team (FACT). His daily duties includes clearing the bag with the branches’ official documents; filing lodgement slips and other documentation to facilitate research. He has thoroughly enjoyed his work experiences at JMMB and the interaction with his colleagues.

Ashani, who grew up in the Rockfort community says he was referred by a friend to the programme and explains that it has given him a sense of stability. He has plan to go back to school and complete a degree in business administration minoring in banking and finance. “Working at JMMB through the Y.U.T.E. programme has brought me to a great place in my life and I have no regrets.”

**LaSania Coley** is 20 years old and heard about the programme from the leader of her youth club at Denham Town while a sixth former at St. Andrew Technical High School.

“As an employment initiative, Y.U.T.E. was not the typical one. The difference was that during the waiting period they offered you mentorship. I was happy to be on board with this. “I have been at JMMB since October last year and was assigned to the Business Process Management Office. As an artistic person my ambition is to become a marketing manager or become involved in the fashion designing business.

“The Y.U.T.E. programme has opened a door for me and allowed me to keep myself open to opportunities. What I like about it is that the programme teaches you that if something is not working for you one way,



LaSania Coley, seeks advice from Marsha Gaye Hibbert – Project Manager, (seated).

you can find another way to succeed. It definitely teaches you how to fish and to focus on your goals.”



# Standing in Love:

## Strong, Sustainable Community Partnerships Corporate Social Responsibility: Continued Engagement

*"JMMB is committed to life in all its abundance. Accordingly, team players recognize the links between the organization and the wider society and the inter-relatedness of all life..."*

*Excerpt from JMMB's Vision of Love*

As a corporate citizen, JMMB's commitment is to create and inspire positive change through nation building and the empowerment of people with outreach and development initiatives. This commitment is grounded in the JMMB values of love, openness, honesty, integrity and care with the corporate social responsibility areas of focus being social transformation, sports, health, education and cultural events.

### JOAN DUNCAN SCHOOL OF ENTREPRENEURSHIP, ETHICS & LEADERSHIP

On May 18, 2011, the University of Technology, Jamaica (UTech), in partnership with the JMMB Group, held a special ceremony to re-brand the School of Entrepreneurship, now called the Joan Duncan School of Entrepreneurship, Ethics and Leadership (JDSEEL), College of Business and Management, UTech. The school was renamed in a move to promote ethical standards in business, reduce corruption in Jamaica and foster socio-economic development, as well as to honour JMMB's co-founder, Joan Duncan. The JMMB family had cause for celebration, as the launch took place on Joan Duncan's birthday.

The J\$81.7 million endowment fund will help to advance teaching and research in entrepreneurship, economic growth, moral considerations in business decision-making, human rights and globally conscious leaders. The Endowment Fund will cover: the award of scholarships; intellectually rigorous and practical research and course development on leadership, ethics and financing economic growth; an annual public lecture on disciplines that will advance Jamaica's direction towards the values expounded in the National Vision 2030 Plan and short professional courses and seminars, conferences and publications focussing on ethics and leadership.



UTECH AND PARTNERSHIP: Former Minister of Finance, Audley Shaw (left) shares a few words with UTech President, Professor, the Hon. Errol Morrison, OJ (centre) and Keith Duncan, JMMB's Group CEO at the presentation of the Endowment Cheque for the Joan Duncan School of Entrepreneurship, Ethics and Leadership (JD SEEL).

## CUMI

The Committee for the Upliftment of the Mentally Ill (CUMI) provides a comprehensive rehabilitation programme including activities which are designed to improve the lives of those who face mental challenges as well as homelessness. Participants in the programme are empowered to live normal, productive lives within their families and society, through the imparting of the necessary knowledge and coping skills.

In August 2011, the CUMI Rehabilitation Day Centre, Brandon Hill celebrated its twentieth year. JMMB joined CUMI in celebrating this significant milestone for the Board of Directors, as well as city of Montego Bay, as they can stand proudly for making continued contributions to the development of community mental health care in the second city.

The CUMI fundraising committee, organizers and sponsors of the annual CUMI 'Come Run' event, report that the event contributed significantly to the growth of the CUMI Trust Fund, which is now under the management of JMMB.

JMMB's contributions include monthly cash donations as well as donated time.

The CUMI Day Centre facilitated 3,641 client visits.

During the period under review, 10 new patients were admitted, with the organisation serving 5,164 meals (breakfast and lunch). In addition, six clients were employed in full or part-time positions. Many other clients who achieved long periods of stability and wellness were employed as day workers, utilizing their earning powers.

### CUMI CHILDREN'S PROGRAMME: OUR SPECIAL FOCUS

The Children's programme provides support for the children of the mentally ill, who themselves struggle with emotional and psychological issues. The CUMI organizers work along with various schools, the children's coordinator and the psychologist, to find the appropriate supportive mechanism along with the best learning tools, so that each child is afforded the opportunity to realize his or her full potential.

JMMB undertakes all the financial costs associated with raising the children, as well as for interventions. During the period, CUMI has had successes with



JMMB Team support of CUMI 'Come Run'

the children, several of whom have passed their examinations and have graduated with distinction. Of significant note is the story of Ottoa Wilson (See Page 81).

### JMMB/JFF/UTECH Coaching School

When the JMMB/JFF/UTech Coaching School was established in 2009, the Jamaica Football Federation (JFF) declared its commitment to raising the standard of local coaching and the development of a uniform coaching philosophy. We are pleased to have maintained our partnership with both the JFF and UTech, as we ultimately move towards the advancement of the national football programme. To date, 400 coaches across the island have responded positively, taking on the challenge of equipping themselves to adequately train the talented youngsters who represent Jamaica in the sport on different levels; to turn talent and inspiration into results, and ultimately to continue to inspire positive change in our society, through the very important avenue of sports. The coaching school partnered with experienced professionals from Jamaica and overseas to administer the various modules, which included Sports Psychology, Ethics of Football Coaching, Coaching Methods and Styles and Technique Development, Technical/Tactical Development and Communication, among others.

The following were achieved from March 2011 - April 2012:

- 4 Advanced Level I courses and 2 Advanced Level II courses were taught, translating to a total of 11 Advanced Level I courses and 4 Advanced Level II courses since the inception of the programme.
- There were 167 participants – 113 in Advanced Level I and 54 Advanced Level II.
- 150 coaches graduated – 109 Advanced Level I and 41 Advanced Level II. A total of 373 coaches have graduated to date.
- The top six graduates in the Advanced Level I programme averaged between 88%-93% in both the Science and Technical modules.
- Mr. Warren Simpson, who is attached to the Glenmuir High School, was listed as one of the most outstanding participants in the Advanced Level II programme, finishing with an overall average of 85%, the highest of both Advanced Level II cohorts.

#### **Andrew Edwards – St Elizabeth Technical (2009 DaCosta Cup Champions)**

“Was the coaching school beneficial to me? The answer is a resounding yes. It exposed me to the scientific aspect of coaching – biomechanics, the whole muscular skeletal system, nutrition, the value of it, foods that will enhance performance and food preparation. Because of the course I was

better able to plan and execute training sessions. The overall understanding and deployment of tactics have become better as a result of the course. Finally, the course broadened my networking with fellow coaches and especially the instructors who are a constant source of advice and mentorship.”

## **OTHER INITIATIVES**

### **Sports**

JMMB is also proud to have invested in the renovation of the Jamaica National Stadium Pool’s Control Booth through a partnership with the Amateur Swimming Association of Jamaica. The original booth had deteriorated significantly and was even considered unsafe. The modern, expanded booth, now called the JMMB Control Booth, will be the information centre for all competitive swim meets, approximately 16 per year, and will contribute to the development of the athletic potential of Jamaican swimmers.

### **Sigma Corporate Run**

The team continued its unwavering support of the PanCaribbean Sigma Corporate Run, which saw participation from more than 70 corporate companies, totalling over 16,000 runners, including approximately 200 JMMB team members and their relatives. At the 14th staging of the event, participants completed a 5.6 k run, with the organisers raising over J\$33 million. These funds will go towards assisting the cardiac programme at the Bustamante Hospital



JMMB/JFF/  
UTECH  
Coaching  
School: 150  
coaches have  
graduated –  
109 Advanced  
Level I and  
41 Advanced  
Level II. A  
total of 373  
coaches have  
graduated.



for Children, outfitting the cardiac unit with beds, monitors and ventilators as well as other vital equipment.

### Relay for Life

The JMMB Group remains committed to helping the Jamaica Cancer Society in its fight against cancer. Through a JMMB Sports Club initiative, team members embarked on a collection drive aimed at raising funds for the Jamaica Cancer Society through its Relay for Life project. The team was proud to subsequently present a cheque totalling J\$550,000 to the Jamaica Cancer Society, with several team members going a step further and participating in the annual Relay for Life event, which is described as 'a unique, fun way to raise money for the Jamaica Cancer Society while increasing cancer awareness and celebrating survivorship'.

### Reggae Marathon

Our team members and their relatives and friends journeyed to the north coast to participate in what has become one of the premier events on Jamaica's racing calendar.

Participants enjoyed the marathon, half-marathon and 10k run, in a fun, healthful exercise which also contributed to team building.

### Branch Activities

Our branch network identifies need within their respective communities and extends a hand of hope. The teams devote their time, efforts and financial assistance towards various activities, as they seek to empower individuals within their communities.

During the course of the year, the main initiatives which our branch network supported were in the areas of community development, partnering with individuals and organizations to foster social/civic and family improvement; education through monetary contributions to undertake costs associated with efforts such as a School Feeding Programme and supporting with much-needed infrastructural changes to provide greater comfort for teachers and students, as well as assisting with administrative costs; and health, assisting individuals and communities with medical costs associated with health challenges.



Team Members enjoying the Reggae marathon, half-marathon and 10k run victory.





Jamaica Business Council on HIV/AIDS (JABCHA) held a dinner where Group Marketing Manager, Imani Duncan-Price was the guest Speaker. Here, JMMB ladies strike an elegant pose.



Team Members paint up the Sandy Park Basic School for Labour Day.



Ottoa Wilson, CUMI beneficiary

## OTTOA WILSON

*-the art of living*

Promoting the visual arts for the betterment of society is Ottoa Wilson's dream. A recent graduate of the Edna Manley College of the Visual and Performing Arts, Ottoa's appreciation of the aesthetic value of art is trumped by what she sees as its positive socio-political spin-offs and she is intent on making this her life's mission.

"CUMI assisted me through difficult times with encouragement and upliftment," Ottoa reminisces. "They were my rock and believed in me. I am immensely grateful for their support. JMMB was also a major help. They funded my education and ensured that my health expenses were taken care of so that I could pursue my education."

Otooa is the epitome of the art of living fully and positively and it is her own story that has been the major inspiration for a lifetime of artistic exploration and expressions. Having endured a less than perfect childhood, the determined and passionate 23-year-old is now bent on using those negative experiences to positively impact others through her art, which most recently got rave reviews during the College's graduation exhibition.

As a child, Otooa entered the Montego Bay-based, JMMB-supported CUMI programme with a history of mental and physical abuse as well as a learning disorder. Despite the challenges she faced at home, the CUMI Children's Programme provided her with the necessary physical, emotional and psychological support to nurture her natural affinity for art and to pursue her dream of attending the Edna Manley College of the Visual and Performing Arts. Today, she is the proud holder of a Bachelor of Fine Arts degree from that institution and thanks art for saving her.

"Art is a great healer. When I was going through my childhood challenges, art was the place I could turn to, to constructively let go of the hurts. I could articulate my emotions through art and that was a good thing for me. It was therefore an easy decision for me to pursue art as a career."

After her first year of college, she was exposed to areas of Visual Arts, however she focused on Painting with a minor in Ceramics. She has a great respect for local artists but is particularly fond of those artists whose art reflect a revolutionary stance and helps persons to understand society's deeper issues.

"I want to position art – the practice of it and the accessibility of it – as the voice through which the disadvantaged and vulnerable in society can find a positive place to express

themselves. I want to connect art to social development and it is my dream to own a gallery which will impact community development and help others. For me, a career in the arts is not just about making money; it's about bringing about change to the socio-political landscape and creating a better standard of living for all."

To enable this process, the Montegonian believes that corporate Jamaica and the government need to play more proactive roles in fully promoting art. "I don't think businesses or the government are investing in this area as much as they should, certainly not as much as in other 'traditional' career choices. There are such amazing physical, emotional and mental benefits of art and we need to ensure the general public has access to it."

Despite what she sees as this lack of full public and government support, she is quick to encourage young students who may be drawn to the arts but who are discouraged by the thought of becoming 'struggling artists'.

"Don't give up on your dream. You're probably being told there's no future in becoming an artist. Yes, the options are limited in Jamaica for artists, but always pursue your passions."

Joy Crooks, a member of the CUMI administration, remembers Otooa well and speaks highly of her. "I met Otooa in 2006 when she attended Mount Alvernia High School. She was having some problems and her counsellor recommended us give her the social, mental and spiritual support she needed. With the help of her psychologist and her own will, she overcame personal issues and was able to focus on visualising her goals in life. She has always been driven by art and her illustrations of the world were often strong and symbolic."





NATIONAL STADIUM CONTROL BOOTH: Keith Duncan (L) cutting the ribbon to officially open the new National Stadium Control booth which was refurbished by JMMB. To the right is Martin Lyn from the Amateur Swimming Association of Jamaica and Lauri-Ann Ainsworth, Marketing Communications Manager at JMMB.

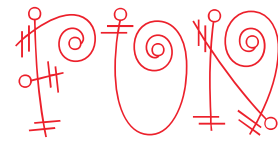


Launch of the FIFA-led Advanced Level II Coaching Course on Wednesday, August 17, 2011 at the UTech, Papine Campus, with Lauri-Ann Ainsworth, Marketing Communications Manager at JMMB.

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**Left page**

**Top left:** Susan Whyte and Charmaine Dyche have a grand time at the Christmas party.

**Top right:** Getting ready for Fun Run.

**Bottom:** TIME OUT FOR THANKS: JMMB's annual Thanksgiving Service was held at the Mona Visitors Lodge in January 2012. Team members took time out to give thanks for their accomplishments and look towards the coming year.

**Right page**

Top photos: Fun Day held at Shaw Park Beach, Ocho Rios

Bottom Photos: Time out for thanks





# A Vision of Love



## **Each Team Member's Declaration:**

I believe so strongly in myself that I will not get defensive by criticism as I know that every experience is an opportunity for growth. I will nurture and build my fellow team players. I will use every opportunity to praise and give thanks.

I embrace the uncertainty that forms part of my vision. I have a strong enough faith to know that everything that happens along my path happens for a reason, and that all things work together for my good.

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

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

This is the central ethos/philosophy of JMMB and becomes increasingly challenging as the organization increases in size. This innovative approach to life represents a new way of looking at the world, where equality and equity are dominant. Hence, this represents a paradigm shift. JMMB is therefore actively and publicly involved in charitable and voluntary activities within the society and recognizes and accepts its social responsibility; understanding that it has everything to do with JMMB which is part of the link in the wider chain. With

this perspective, the JMMB team recognizes diversity, while celebrating differences among team members, realizing that there are commonalities that bind members together. When this 'One-Ness' is accepted, nurtured and developed, this enhances the ongoing implementation of the shared vision. The intention is to ensure that wherever conflict exists, we achieve to a positive outcome. JMMB is committed to life in all its abundance. Accordingly, team players recognize the links between the organization and the wider society and the inter-relatedness of all life. In keeping with this, JMMB is committed to being actively concerned with the conservation, preservation and sustenance of the natural

environment in order to ensure sustainable development. That atmosphere that JMMB is in the process of developing may be defined as an energy field where overlapping circles of creativity, passion, excitement, fun and laughter coexist in a dynamic process that ultimately leads to higher and higher levels of self-actualization; hence, the achievement of the organizational mission. This is a loving, caring, and honest atmosphere where ideas are valued and shared openly; where a balance is created between aspirations and

practical aspects of work and life, between actualization and potential. There is no fear, no limitations, no boundaries.

Team members are, therefore, expected and encouraged to be genuine, taking responsibility to express anything they feel, knowing that it is safe to do so. To ensure this, JMMB is committed to provide an open forum for ideas to be discussed, tested and implemented in order to help each other grow. Team members, therefore, envision JMMB as the premier financial institution of its kind: successful, professionally managed with team members giving exceptional client care and striving to achieve excellence in all areas of life. Team members see JMMB continuing to expand beyond Jamaica, retaining its spiritual characteristics and therefore developing all the disciplines required for its continued success.

“The organization is based on unconditional love and mutual respect. This love is expressed in ongoing day to day working relationships and performance.”







# Trust

*Never underestimate the power of faith in people*

*Of belief in yourself, of hope for tomorrow. Because it takes trust to make changes,  
To foster responsibility and grow a family. We are a family because our roots go deep  
Into the unique history of trust in company cultivated out of love.*



Accountability  
Transparency  
Integrity

# Corporate Governance Principles and Guidelines

Financial institutions play a pivotal role in the development and stability of a country's economy as they:

- Facilitate the efficient movement of funds between savers and investors
- Provide financial services and access to a wide cross-section of the population
- Facilitate access to the payment systems

With the advent of globalization, innovations in financial products and channels of delivery, technological advances, growing competitiveness and complexity of financial operations, the risks to which these entities are exposed have significantly increased and as such have heightened the need for good governance. The primary risks associated with securities dealing are:

- Liquidity
- Market
- Credit
- Interest rate
- Operational

In response to the need for good governance, the Jamaica Money Market Brokers Group Limited ("the Group"), has designed and implemented a Corporate Governance Structure, as set out in this policy, to manage the primary risks identified above.

## BOARD OF DIRECTORS

The primary role of the Board of Directors is to provide effective leadership and oversight of the

Group's affairs for the benefit of its shareholders and its other stakeholders, including its customers, team members, suppliers, local communities and regulators. In this context, the Board is to provide guidance and support to a competent Executive Team Leaders (ETL), ultimately ensuring the safe and sound operation of the organization. The Board therefore ensures that the ETL is suitably qualified and properly structured to carry out its responsibilities.

The Board also has the responsibility to oversee the Group's businesses and affairs, and to exercise reasonable business judgment on behalf of the Group, ensuring optimization of shareholder value whilst being mindful of its fiduciary obligations to its regulators and investors. In discharging this obligation, the Board relies on the honesty, integrity, business acumen and experience of the Group's management, its outside advisors and the Group's independent registered public accounting firm. Other primary responsibilities of the Board include strategic planning and risk management.

## COMPOSITION OF THE BOARD:

The composition and structure of the Group Board should be consistent with local and statutory and regulatory requirements and best practices. The size and complexity of the Group shall also be considered in determining the composition and structure of the Board.

- a. The Board should be composed of at least seven (7) members to eleven (11) members.
- b. A quorum is formed by a minimum of four (4) members of which two (2) shall be Independent Directors.



## BOARD EXPERTISE

NAMES	GENERAL MANAGEMENT	FINANCIAL	Strategic Management	BANKING	CORPORATE FINANCE	ASSET MANAGEMENT	INSURANCE	PROPERTY	OTHER (STATE)
Noel Lyon PhD	✓	✓	✓	✓	✓	✓		✓	
Keith Duncan	✓	✓	✓		✓	✓			
Donna Duncan	✓	✓	✓	✓					Leadership Development
Archibald Campbell		✓		✓	✓	✓	✓		
Ann Crick PhD	✓		✓						Human Resources and Client Experience
V. Andrew Whyte		✓	✓	✓	✓	✓			
Wayne Sutherland	✓	✓	✓		✓			✓	
Dennis Harris	✓	✓	✓		✓	✓			
Rodger Braham	✓	✓	✓	✓	✓	✓			

### AUDIT

The areas of operations that were audited for the financial year ending March 31, 2012 included, accounting function, securities and settlement, retail operations, compliance, information technology, risk, pensions, credit and human resources. No significant issues were identified.

The Board is satisfied that PriceWaterHouseCoopers (PWC) has performed their duties in an objective and transparent manner.

### FINANCE

During the financial year the Committee reviewed the audited and the un-audited financials of the Company and the Group.

KPMG was re-appointed as the external auditors as the Board is satisfied that the un-audited and audited financials are complete and consistent and conform to accounting principles.

### RISK

This is a standing committee that supports the Board in its oversight of the Company's risk management policies and procedures. The Committee has the

authority to view all books and records of the company, and has full access to JMMB's facilities and personnel. It may engage independent counsel and other advisers as it deems necessary. This Committee also has the authority to approve risk policies, subject to Board ratification and is also responsible for ensuring that appropriate policies, procedures and practices are in place for handling the risks to which the company is exposed.

### HR AND COMPENSATION

- The purpose of the Human Resources and Compensation Committee (the "Committee") is to assist the Board of Directors (the "Board") in discharging its duties with regards to the Company's Human Resource Management, ensuring that the activities are consistent with policies and directives of the Board; and to formulate and review the compensation programmes for senior executive officers and board members, ensuring compensation is consistent with the objectives, strategy and control environment across the Group to ensure truth, fairness and compliance with the legal requirements of the country and the



company's mission and values.

- The Committee will assist the Board in discharging the foregoing duties with respect to any business of the Group as may be assigned by the Board.
- The Committee whilst not relinquishing the full Board of its responsibilities can enable directors to more effectively discharge their responsibilities.

### CREDIT

This is a standing committee appointed to review the performance of the company's credit business lines and develop strategies for meeting its return objectives. The Committee has the authority to view the books and records of the company required to carry out its duties. Its main responsibilities include:

Reviewing and approving credit management policies and procedures;

Evaluating requests for loans and advances and renewals of facilities submitted by the Management Credit Committee and where the aggregate exposure to any one customer or group exceeded J\$50M;

Reviewing the performance and composition of JMMB's Loan and Advances portfolio by sector, maturity term, large individual exposures or any other measure deemed by the Committee as appropriate.

### ACQUISITION

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

### NOMINATION

- The role of the Nomination Committee is to assist the Board to:
- Identify individuals qualified to become Board members.
- Ensure that the Board composition enables successful management of the Group.
- Select, or recommend that the Board select, Director nominees meeting fit and proper requirements stipulated by the Bank of Jamaica and Financial Services Commission.
- Provide the Board with self-assessments of Board effectiveness on an annual basis.

### CORPORATE GOVERNANCE

- The role of the Corporate Governance Committee is to assist with oversight of:
- General matters related to Corporate Governance and conduct
- Establish policy framework and procedures to deal with matters of conflict of interest

## ATTENDANCE AT MEETINGS

The Board of Directors meets monthly except for August and December when the Board is in recess. Management reports are circulated to the Board each month, inclusive of the recess months.

BOARD OF DIRECTORS AND BOARD COMMITTEE MEETINGS								
Number of meetings held for the year		13	4	2	7	4	7	4
Names	Position	Board	Audit	Risk	HR & Compensation	Credit	Finance	Acquisition
Noel Lyon PhD	Non-Executive	100%						
Keith Duncan	Executive	100%						
Donna Duncan	Executive	92%			100%			
Archibald Campbell	Non-Executive	90%	100%	100%		100%	100%	100%
Ann Crick PhD	""	91%			100%			
V. Andrew Whyte	""	92%	100%	100%		100%	100%	50%
Wayne Sutherland	""	85%				100%		100%
Dennis Harris	""	75%			86%		86%	50%
Rodger Braham	""	85%		50%		75%		100%
Hugh Duncan	Executive	64%						

## CORPORATE CITIZENSHIP

The Board shall ensure that the Group, through its management, maintains high ethical standards and effective policies and practices designed to protect the Group's reputation, assets and businesses. In order to do so, the following shall be considered.

- The Board has developed and adopted a Business Code of Conduct and a Code of Ethics to establish standards of business conduct and ethical behaviour for Directors, ETL and other personnel of the Group.
- The Board shall ensure that they set the appropriate "tone at the top" and adhere to the Group's values and principles.

## REGULATORY COMPLIANCE

The Group Compliance Manager provides a monthly regulatory report to the Board of Directors. The Compliance Department ensures that the Group is in compliance with all laws and regulations, policies and procedures and standards of good practice in the various territories in which the Group operates. The Board is also satisfied that the compliance issues raised in the financial year have been properly addressed and resolved and

that there are no material issues remaining.

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

1. Maintain open communication with the regulators on all material issues pertaining to the company ,
2. Comply promptly and fully with requests for information as required by law,
3. Are aware of the findings of the on-site examination process and direct senior management to determine whether similar problems exist elsewhere in the Company and take corrective action.

## THE WAY FORWARD

The JMMB Group is committed to the principles of Corporate Governance and will review at least annually to ensure that the policy and practices are in keeping with best practice and applicable to the environment in which we operate

# Risk Management

## INSTITUTIONALIZED AND INTEGRATED RISK MANAGEMENT

As the JMMB Group pursues its growth and expansion strategies across business lines and geographical locations, it recognizes that it has to manage a broader suite of interrelated risks with unique challenges and complexities. JMMB understands that having a comprehensive risk management process is a key component in running a successful organization. This ensures that at the strategic, business unit and business process levels, all risks are accounted for and managed and that there is a process in place to identify risks on an ongoing basis.

The Board and senior management of JMMB have given greater strategic focus to the Group's risk management activities. This ensures greater proactivity and responsiveness to the challenges of our operating environment and the risks inherent in our business activities. In addition, improved understanding of and focus around emerging risks allows management to exploit emerging risks and seize specific opportunities to the benefit of JMMB's clients and shareholders.

Thus, throughout FY 2011/12, we sought to further institutionalize our risk management practices and increase our risk management capabilities to meet our expanding demands. The strategy has been to build a more integrated framework, where risks are managed as a portfolio at the enterprise level. This provides management with a broader, more accurate view of the institution's risks and improves our ability to make strategic decisions.

## RISK MANAGEMENT PRINCIPLES

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

- i. The practice of risk management is deeply rooted in the culture of the organization and that the Board, Senior Management, Team Leaders and all team members are aware of and aligned on their role and

responsibility in risk management.

- ii. Best practice risk management techniques are employed in managing the various risks to which the company is exposed and adequate resources are allocated to the management of risk.
- iii. Effective and adaptive processes are implemented for the ongoing identification, measurement and management of all risk exposures.
- iv. The enterprise is adequately capitalized to protect against the effects of major shocks to the company.

## Risk Appetite

In providing value to its stakeholders, JMMB of necessity faces some uncertainty which may represent a risk or opportunity. The Board of Directors must then determine the level of uncertainty (or risk) that it is prepared to accept as it seeks to grow stakeholder value and meet its stated objectives; that is its risk appetite.

This risk appetite serves as a guide for more detailed considerations of various risk exposures and the determination of more specific risk tolerances. Thus, in addition to an overall risk appetite that gives a broad picture of the risk we are willing to take, risk tolerances are specified for each risk exposure and are captured in their respective risk policies (for example, Maximum allowable liquidity gap, Minimum Capital to Total Assets).

## The Risk Landscape FY 2011/12

The worsening Euro-zone crisis negatively affected the risk landscape during the financial year under review. With Greece's nearing default, significant concerns arose about the solvency of European banks that were significantly exposed to that credit. In addition, there was renewed apprehension about the fiscal condition of other European sovereigns such as Portugal, Italy and Spain. Despite the aid packages agreed for Greece

and the European banks, the underlying unease still persisted. The result was increased global risk aversion which saw investors generally remaining in safe assets and holding unto considerable liquidity. Financial markets remained very liquid and the relative stability which characterized local and global financial markets in the previous financial year, continued into financial year 2011/2012.

Locally, there was increased risk aversion. Investor confidence waned due to an uncertain political landscape which arose from the deterioration and eventual lapse of Jamaica's IMF programme. General elections in December 2011 and the uncertainties of a change of government also impacted market confidence. As a result, there was some pressure on and depreciation of the Jamaican dollar. Demand for GOJ Global bonds was also very weak and prices have declined year over year. On the other hand, interest rates in the local market remained at historic lows or edged lower, primarily on the basis of single digit inflation and significant market liquidity. Risks remain biased towards increases in interest rates as the fiscal outlook remains weak and confidence continues to wane.

As market concerns have increased JMMB has pursued a moderately conservative investment strategy, minimizing its exposure to market risks. Further, we have focused on building sufficient liquidity reserves to respond to any unforeseen challenges in the market.

### **Strong Risk Governance Framework**

The practice of risk management remains deeply rooted in the JMMB culture – the Board, Executive Management, Team Leaders and team members alike are aware of, and are fully aligned in their role and responsibility in risk management. JMMB has also sought to further entrench risk management in the fibre of the organization by better integrating risk management into all business activities, moving the organization further along in the application of enterprise risk management.

JMMB's Board of directors, assisted by the Board's Risk Committee, actively oversees the company's risk exposures. The Risk Committee provides strategic direction on the framework for risk management within the organization and broadly outlines the desired level of risk tolerance. At the management level, the Risk Management, Credit Management and Audit Committees convene at

least once monthly, and more closely monitor the company's risk exposures against approved policies and predetermined limits.

### **RISK MEASUREMENT AND CONTROL**

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

#### **Market Risk**

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

Value-at-Risk (VaR) estimates, scenario analysis and stress tests are the primary methods used by the JMMB Group to monitor and manage exposure to market risk.

#### **Value at Risk (VaR)**

VaR provides an aggregate measure of the possible loss on investments over a specific time period and for a given probability. It is a widely accepted risk metric used to manage market risk and is utilized by major financial firms throughout the world. However, VaR calculations are based on historical return data and VaR is therefore limited in its ability to predict possible market risk exposures. Therefore, stress tests and scenario analyses are employed to help identify risks which VaR analysis may not adequately capture.

JMMB performs daily calculations of a 10-day VaR at a 99% confidence level. The 10-day VaR is used on the basis that the Company should be able to hedge or dispose of its positions within that period. Stress tests are applied to the portfolio on at least a monthly basis. These values are reported to the management team and Board as a percentage of Economic Capital; an indication of the Company's ability to absorb losses based on adverse market movements.

#### **Interest Rate Risk**

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



With the general increase in market uncertainty during FY 2011/12, JMMB's perspective is that interest rates are biased upwards going forward. In this context, JMMB focused its investments in the mid-section of the yield curve. This allows the Company to take advantage of higher yields while mitigating the potential duration risk.

JMMB has also continued to hold a significant portion of its J\$ fixed income portfolio in variable rate securities which are less sensitive to interest rate movements. This strategy mitigates the price risk from rising interest rates due to the fact that the coupon on these securities is reset at least every six months at a spread above current Treasury bill yields and thus are not usually valued at significant discounts. At the close of FY2011/12, 39% of our J\$ portfolio was held in variable rate securities.

### Currency Risk

JMMB's currency risk policy dictates the risk tolerance of the Company to foreign currency risk and sets limits around which our exposures are managed. These limits are maintained by effecting hedge mechanisms in situations where our next exposure to specific currencies would put us in breach of policy.

### Credit Risk

Credit risk represents potential loss in value that may be incurred should a counterparty fail to honour its contractual obligations.

Credit risk emanates from JMMB's lending, investment and funding activities, where counterparties have contractual obligations to make payments or facilitate transactions. The Board indicates a tolerance level for credit risk, which is actively managed by the credit risk team.

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

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

### Liquidity Risk

Liquidity risk is the potential effect of a firm being unable to meet its financial obligations as they become due and at a practical cost, because of inadequate availability of funding. The inability to dispose of assets at a reasonable price, possibly due to disturbances in financial markets, also generates liquidity risk.

Based on JMMB's liability profile and business model, the Company's liquidity risk policy specifies minimum liquidity requirements for the business as well as other guidelines and limits which provide stronger assurance that all obligations can be met even under very stressful market conditions. Key liquidity metrics such as liquidity gap adjusted for modeled re-investment rates, total available liquidity, liquid assets to total assets and available liquidity by currency are monitored on a frequent basis to ensure that liquidity objectives are achieved.

During FY 2011/12, JMMB maintained significant levels of liquidity (cash and marketable securities) amid concerns about the fragility of global and local markets. Cash and cash equivalents as at year end amounted to J\$3.9 billion; 18% higher than the J\$3.3 billion at the end of the previous year. This ensured that JMMB remained in a position to meet its obligations in the event that stressed liquidity conditions materialized.

### Operational Risk

The possibility of failed internal processes, system error, human error and dislocation due to external events, give rise to operational risk.

In order to mitigate such risks the Board and Senior Management Team have overseen the implementation of suitable controls for internal processes and systems, mandated the segregation of certain duties and established comprehensive business continuity plans to safeguard against disasters. A rigorous and

independent internal auditing framework exists to ensure that significant risks are properly identified and adequately managed. JMMB's internal auditors, PricewaterhouseCoopers, conduct regular audits and provide quarterly reports to the Board Audit Subcommittee. JMMB's Compliance Unit ensures consistency with regulatory and other legal requirements and ensures that relevant company policy is consistent with JMMB's values of honesty, integrity and transparency.

### **DELIVERING SUSTAINABLE RESULTS**

JMMB remains firmly committed to its strategic goal of business line and geographic diversification. The benefits are twofold: JMMB is better able to meet the needs of its clients as a full-service financial institution and the company reduces its business risk through additional revenue streams and a further diversification of risk exposures.

With current and future planned expansions, JMMB will continue to ensure that its investment and focus on risk management are commensurate with its size and business activities to ensure that it continues to deliver sustainable results for all its stakeholders.



# MILESTONES

# JMMB's Milestones: November 1992 – March 2012

The JMMB Group has established itself as one of the leading brokerage houses in the Caribbean, now offering a wide range of investment solutions, banking and insurance services in Jamaica, Trinidad & Tobago and the Dominican Republic. Known for its pioneering spirit, the Group has consistently introduced new services to its extensive client-base of over 190,000 - individual, corporate and institutional.

1992



The brainchild of the late Joan Duncan, JMMB opened in November as the first Money Market Broker and dealer in Jamaica. With the support of Dr. Noel Lyon of Jamaica Venture Fund Ltd., Mrs. Duncan established JMMB with J\$16.5 million from four major institutions. Operating from a small office in downtown Kingston, the Company consisted of Mrs. Duncan and her daughter, Donna.

1994

In March, the branch network was established with the opening of an office in Montego Bay. JMMB was appointed an authorised primary dealer by the Bank of Jamaica and launched the island's first US\$ Dollar denominated Money Market Fund.



The expanded new Montego Bay Branch, opened in April 2011.

## 1992

1993



In January, JMMB traded its first Corporate Paper and on May 13, the Jamaican Dollar Money Market Fund was established. In the same year, the Company moved to the Island Life Centre in New Kingston.

1995

In September, JMMB opened its Portmore Branch.





1996



With client operations at the Island Life Centre, JMMB relocated to its new headquarters at 6 Haighton Terrace to accommodate its rapid growth.

1998

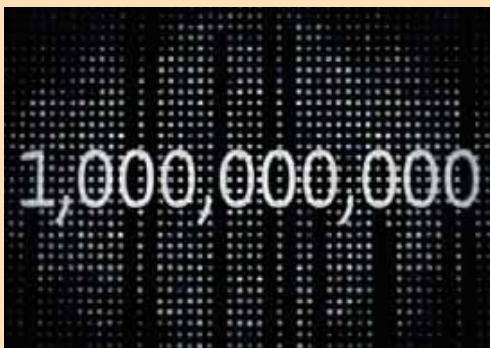
Under the leadership of Mrs. Joan Duncan, JMMB received the 'Entrepreneur of the Year' award from the Jamaica Chamber of Commerce (JCC) in March.

On July 5, JMMB's founder and Managing Director, Joan Duncan passed away. Her daughter, Donna Duncan-Scott, who she had been grooming as the company grew and expanded, was appointed by the Board of Directors as the new Managing Director. Her son, Keith Duncan, who led the critical Trading Department, was appointed as Deputy Managing Director.



# 1999

1997



On March 7, the Company traded J\$1 billion in debt securities in a single trading day.

1999

In June, JMMB opened the doors to its branch in Mandeville.

In line with its 2025 Vision, overseas expansion began, through a joint venture which established the Money Market in Trinidad and Tobago and Barbados.



2000

JMMB, under Donna Duncan-Scott's leadership, received the JCC top award, the 'Best of the Chamber'.

A Pound Sterling Money Market Fund was launched.



In February, the new stock brokerage subsidiary, JMMB Securities Limited (JMMB SL), was launched offering equities.

Managing Director, Donna Duncan-Scott, was named the Jamaica Observer's 'Business Leader of the Year'.

JMMB was honoured as the JCC's 'Entrepreneur of the Year'.

2002

# 2000

2001

In November, Caribbean Money Market Brokers (CMMB) Limited, a company owned by JMMB (45%) and CL Financial Limited (55%) was incorporated in the Republic of Trinidad and Tobago (T&T). On March 7, 2002 the Company was registered as a Securities Company by the T&T Securities and Exchange Commission and approved for membership on the T&T Stock Exchange on April 9, 2002. CMMB Securities Limited began actively trading on the Stock Exchange on April 12, 2002.

Two branches were opened: in Ocho Rios at the Ocean Village Shopping Centre and in Tropical Plaza, Kingston.



JMMB became a publicly listed company in January 2003 on the Jamaica Stock Exchange (JSE).

In February, the Company surpassed the billion dollar profitability mark.

2003

2004

Jamaica Select Index Fund (JSIF) was launched in February.

CMMB Barbados was officially opened in June.

In October, JMMB's Financial Planning Services was rolled out and JMMB Insurance Brokers (JMMB IB) Limited opened its doors.

The May Pen branch opened in November 2004.



Santa Cruz Branch opened in April 2006.

The Trinidad Select Index Fund began trading in Jamaica in July.

2006

# 2007

2005

Keith Duncan took on the mantle of leadership as Group CEO in 2005 and continued to execute and refine the strategic vision for the JMMB Group.

In January 2005, JMMB was added to the JSE Select Index (15 most liquid blue- chip stocks).

In July, CMMB St. Lucia was opened.

Listing on the Barbados Stock Exchange occurred in November.

A joint venture with Intercommercial Bank Ltd. (IBL Group) was established in Trinidad and Tobago.



In October our brokerage house in the Dominican Republic, JMMB Puesto de Bolsa SA, opened as part of a strategic decision to develop the Money Market in that thriving economy.

In November, a new suite of credit services was launched in Jamaica spanning home equity, motor car, general purpose and commercial loans.

In December, the first JMMB Preference Share offer was the largest oversubscription in Jamaica's financial history, 600% oversubscribed, raising J\$2.52 Billion. These funds assisted in achieving critical growth initiatives.

2007

2008

JMMB realized a significant return on investment from the sale of its minority equity holding in CMMB and exited Barbados.



2010

In January, JMMB played a pivotal leadership role in the most far-reaching economic initiative, the Jamaica Debt Exchange (JDX) Programme.

# 2008

2009

In April, the newly-expanded Corporate Solutions Team in Jamaica was introduced.

JMMB RS, an individual retirement solution ideal for SMEs and individuals in the Jamaican marketplace, was launched in September.





2011

A new Preference Share issued in January was oversubscribed with total investments of J\$2.76 Billion. Funds raised will be used to further strengthen the Company's local and regional presence.

In February, JMMB Insurance Brokers (JMMB IB) acquired the portfolio of City Insurance Brokers Limited.

In March, JMMB was honoured with the JCC's 'Best of the Chamber Award in the Large Category'.

In April, the Company launched the 'Car Solution' as our first 'Comprehensive Solution', a combination of bundling the right products, the right plan and the right partner, indicating further commitment to helping Serious Savers achieve their goals faster.

On May 18th, the birthday of our co-founder Joan Duncan, the Group was delighted to honour her memory and legacy by committing J\$80 million to the University of Technology (UTECH) in support of the Joan Duncan School of Entrepreneurship, Ethics and Leadership (JDSEEL).

On May 25th, JMMB IB launched the Smart Choice Home Insurance product – a unique package of covers including \$1million in free contents coverage, underwritten by American Home Assurance, specifically for the extensive JMMB client base.



2012

2012

In March, JMMB Puesto de Bolsa, S.A. celebrated the launch of its new branch as part of a strategic alliance with prominent Art Gallery Arte San Ramon. The new branch will alternately function as an art gallery, in which clients and the public in general will be able to appreciate the creative genius of local artists and simultaneously have the opportunity to invest in the sector.

At the end of the 2011/12 Financial Year, the Company reported Net Profit of J\$2.24 billion (US\$25.7 million), the highest profits generated in our 20-year history.

