JMMB GROUP LIMITED

Financial Statements
31 March 2016

JMMB GROUP LIMITED

Index

31 March 2016

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INDEPENDENT AUDITORS' REPORT

To the Members of
JMMB GROUP LIMITED

Report on the Financial Statements

We have audited the financial statements of JMMB Group Limited ("the Company") comprising the separate financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries ("the Group"), set out on pages 3 to 83, which comprise the consolidated and separate statements of financial position as at 31 March 2016, and the consolidated and separate profit and loss accounts, statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including our assessment of the risks of material misstatement of financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JMMB GROUP LIMITED

Report on the Financial Statements, (continued)

Opinion

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

Report on additional matters as required by the Jamaican Companies Act

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

In our opinion, proper accounting records have been maintained and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act in the manner required.

KPMG

Chartered Accountants
Kingston, Jamaica

May 30, 2016

JMMB GROUP LIMITED

Consolidated Profit and loss Account

Year ended 31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

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

The notes on pages 14 to 83 are an integral part of these financial statements

JMMB GROUP LIMITED

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2016 $'000	2015 $'000
Profit for the Year		**2,299,231**	**2,047,282**
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Unrealised (losses)/gains on available-for-sale securities		(1,126,650)	2,002,155
Related tax	21	223,667	(382,424)
Foreign exchange differences on translation of foreign subsidiaries		167,462	(94,847)
Total other comprehensive (loss)/income, net of tax		(735,521)	1,524,884
Total comprehensive income for year		**1,563,710**	**3,572,166**
Total comprehensive income attributable to:			
Equity holders of the parent		1,529,795	3,167,368
Non-controlling interest		33,915	404,798
		1,563,710	**3,572,166**

JMMB GROUP LIMITED

Consolidated Statement of Financial Position

31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

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

JMMB GROUP LIMITED

Consolidated Statement of Financial Position (Continued)

31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2016 $'000	2015 $'000
STOCKHOLDERS' EQUITY			
Share capital	22	1,864,554	1,864,054
Retained earnings reserve	23(a)	9,605,055	9,605,055
Investment revaluation reserve	23(b)	1,152,069	2,037,032
Cumulative translation reserve	23(c)	41,155	(109,014)
Retained earnings		9,261,483	7,567,587
		21,924,316	20,964,714
Non-controlling interest		792,265	758,350
		22,716,581	21,723,064
LIABILITIES			
Customer deposits		41,296,373	38,463,504
Due to other banks		499,166	435,032
Securities sold under agreements to repurchase	24	149,262,369	144,501,658
Notes payable	25	4,414,355	3,644,384
Redeemable preference shares	22	8,556,784	4,228,705
Deferred income tax liabilities	21	677,531	682,307
Interest payable		1,170,402	1,185,595
Income tax payable		117,795	397,758
Other payables		1,772,308	2,362,486
Liabilities under acceptances, guarantees and letters of credit as per contra		123,622	90,809
		207,890,705	195,992,238
		230,607,286	217,715,302

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

Noel A. Lyon — Chairman

Keith P. Duncan — Group Chief Executive Officer

JMMB GROUP LIMITED

Consolidated Statement of Changes in Stockholders' Equity

Year ended 31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital $'000	Retained Earnings Reserve $'000	Investment Revaluation Reserve $'000	Cumulative Translation Reserve $'000	Retained Earnings $'000	Total Attributable to Equity holders of the Parent $'000	Non-Controlling Interest $'000	Total $'000
Balances at 31 March 2014		**1,864,054**	**9,605,055**	**636,397**	**56,233**	**6,173,689**	**18,335,428**	**353,552**	**18,688,980**
Profit for the year		-	-	-	-	1,931,980	1,931,980	115,302	2,047,282
Other comprehensive income for 2015:									
Unrealised gains on available-for-sale securities, net of tax		-	-	1,400,635	-	-	1,400,635	219,096	1,619,731
Foreign exchange differences on translation of foreign subsidiaries' balances		-	-	-	(165,247)	-	(165,247)	70,400	(94,847)
Total other comprehensive income		-	-	1,400,635	(165,247)	-	1,235,388	289,496	1,524,884
Total comprehensive income		-	-	1,400,635	(165,247)	1,931,980	3,167,368	404,798	3,572,166
Transactions with owners of the company									
Dividends	11	-	-	-	-	(538,082)	(538,082)	-	(538,082)
Balances at 31 March 2015		**1,864,054**	**9,605,055**	**2,037,032**	**(109,014)**	**7,567,587**	**20,964,714**	**758,350**	**21,723,064**
Profit for the year		-	-	-	-	2,264,589	2,264,589	34,642	2,299,231
Other comprehensive income for 2016:									
Unrealised losses on available-for-sale securities, net of tax		-	-	(884,963)	-	-	(884,963)	(18,020)	(902,983)
Foreign exchange differences on translation of foreign subsidiaries' balances		-	-	-	150,169	-	150,169	17,293	167,462
Total other comprehensive income		-	-	(884,963)	150,169	-	(734,794)	(727)	(735,521)
Total comprehensive income		-	-	(884,963)	150,169	2,264,589	1,529,795	33,915	1,563,710
Transactions with owners of the company									
Issue of shares	22	500	-	-	-	-	500	-	500
Dividends	11	-	-	-	-	(570,693)	(570,693)	-	(570,693)
Balances at 31 March 2016		**1,864,554**	**9,605,055**	**1,152,069**	**41,155**	**9,261,483**	**21,924,316**	**792,265**	**22,716,581**

JMMB GROUP LIMITED

Consolidated Statement of Cash Flows

Year ended 31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2016 $'000	2015 $'000
Cash Flows from Operating Activities			
Profit for the year		2,299,231	2,047,282
Adjustments for:			
Interest income	5	(13,337,436)	(13,337,816)
Interest expense	5	7,834,033	8,076,145
Dividend income		(24,023)	(14,255)
Income tax charge	9	296,326	306,757
Gain on acquisition of subsidiaries	27	-	(19,263)
Impairment loss on intangible assets	19	13,392	-
Impairment loss on financial assets	7	61,810	259,262
Amortisation of intangible assets	19	162,873	156,700
Depreciation of property, plant and equipment	20	316,278	285,636
Loss/(gain) on sale of property, plant and equipment		5,655	(22,018)
Unrealised (gains)/losses on trading securities		(191,375)	56,057
Foreign currency translation gains		(164,539)	(273,162)
		(2,727,775)	(2,478,675)
Changes in operating assets and liabilities -			
Income tax recoverable, net		684,437	(87,306)
Notes receivable		(4,768,066)	(5,373,368)
Other receivables		(508,152)	715,831
Securities purchased under agreements to resell		51,090	477,789
Customer deposits		1,798,837	2,575,754
Due to other banks		63,353	151,646
Other payables		(612,163)	167,056
Securities sold under agreements to repurchase		4,760,711	1,199,233
		(1,257,728)	(2,652,040)
Interest received		13,221,444	13,396,178
Interest paid		(7,849,226)	(8,073,524)
Taxation paid		(484,357)	(208,696)
Net cash provided by operating activities (Page 9)		**3,630,133**	**2,461,918**

JMMB GROUP LIMITED

Consolidated Statement of Cash Flows (Continued)

Year ended 31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2016 $'000	2015 $'000
Cash Flows from Operating Activities (Page 8)		**3,630,133**	**2,461,918**
Cash Flows from Investing Activities			
Dividends received		24,023	14,255
Investment securities, net		(727,088)	(9,727,379)
Purchase of intangible assets	19	(355,600)	(167,380)
Purchase of property, plant and equipment	20	(711,530)	(465,017)
Proceeds from disposal of property, plant and equipment		1,142	39,242
Acquisition of subsidiaries, net of cash acquired	27	138,994	(12,191)
Net cash used in investing activities		**(1,630,059)**	**(10,318,470)**
Cash Flows from Financing Activities			
Proceeds from issue of redeemable preference shares		7,087,425	-
Repayment of redeemable preference shares		(2,759,346)	-
Issue of ordinary shares	22	500	-
Notes payable		769,971	3,644,384
Dividends paid	11	(570,693)	(538,082)
Net cash provided by financing activities		**4,527,857**	**3,106,302**
Effect of exchange rate changes on cash and cash equivalents		309,402	96,218
Net increase/(decrease) in cash and cash equivalents		6,837,333	(4,654,032)
Cash and cash equivalents at beginning of year		18,672,388	23,326,420
CASH AND CASH EQUIVALENTS AT END OF YEAR	12	**25,509,721**	**18,672,388**

JMMB GROUP LIMITED

Statement of Profit or loss Account and Other Comprehensive Income

Year ended 31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2016 $'000
Net Interest Income and Other Revenue		
Interest income from securities	5	96,785
Interest expense	5	(96,750)
Net interest income		**35**
Other income		
Dividends		570,693
		570,728
Operating Expenses	8	(17,448)
Profit for the year, being total other comprehensive income		**553,280**

JMMB GROUP LIMITED

Statement of Financial Position

31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

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

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

Noel A. Lyon — Chairman

Keith P. Duncan — Group Chief Executive Officer

JMMB GROUP LIMITED

Statement of Changes in Stockholders' Equity

Year ended 31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital $'000	Retained Earnings $'000	Total $'000
Profit, being total comprehensive income for period		-	553,280	553,280
Transaction with owners of the company:				
Issue of share capital	22	1,864,554	-	1,864,554
Dividends	11	-	(570,693)	(570,693)
		1,864,554	(570,693)	1,293,861
Change in ownership interest:				
Reserve arising on group restructuring	27	-	232,170	232,170
Balances at 31 March 2016		**1,864,554**	**214,757**	**2,079,311**

JMMB GROUP LIMITED

Statement of Cash Flows

Year ended 31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

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

JMMB GROUP LIMITED

Notes to the Financial Statements

31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification

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

(b) Group reorganisation

On 13 April 2015, Jamaica Money Market Brokers Limited (JMMB) under an approved Scheme of Arrangement was delisted from the Jamaica Stock Exchange (JSE), Barbados Stock Exchange (BSE) and Trinidad and Tobago Stock Exchange (TTSE). Simultaneously, the ordinary shares of the new ultimate parent company, JMMB Group Limited were listed on those exchanges. The mechanics of the scheme involved the following:

(i) The 1,630,552,530 existing JMMB ordinary shares held by members of the public being cancelled and simultaneously 1,630,552,530 new ordinary shares issued to JMMB Group Limited, making JMMB a wholly owned subsidiary of JMMB Group Limited (JMMB Group).

(ii) In consideration of the cancellation of the existing JMMB ordinary shares, JMMB Group Limited issued ordinary shares for the benefit of each eligible person (credited and fully paid up) distributed at a rate of one new JMMB Group ordinary share for each cancelled JMMB ordinary share.

(iii) JMMB Group subsequently applied and listed its ordinary shares on the JSE, TTSE and BSE.

(iv) JMMB transferred direct ownership of Capital & Credit Financial Group Limited (CCFG) to JMMB Group Limited. All of CCFG's assets and liabilities were merged with the parent company as at 31 March 2016.

(v) Consequently, JMMB Merchant Bank Limited and JMMB Money Transfer Limited became wholly owned subsidiaries of JMMB Group Limited. Capital & Credit Holdings Inc and Capital & Credit Financial Group are being wound up.

As the reorganisation is a transaction among entities under common control, the Group has applied predecessor value method of accounting. Under the predecessor method:

- The Group does not restate assets and liabilities to their fair values. Instead the Group incorporates the assets and liabilities at the amounts recorded in the books of the combined companies, adjusted to achieve harmonisation of accounting policies.
- No goodwill arises.
- The consolidated financial statements incorporate the combined companies' results as if the companies had always been combined.
- The corresponding amounts in the consolidated financial statements for the previous year reflect the results of the combined companies, as though the restructuring occurred at the beginning of the prior year.

JMMB GROUP LIMITED

Notes to the Financial Statements

31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification (Continued)

(c) Acquisition of Banco Rio De Ahorro Y Credito

On 1 July 2015, JMMB Holding Company Limited, SRL, a 100% owned subsidiary of Jamaica Money Market Brokers Limited, acquired 90% equity and obtained management control of Banco Rio De Ahorro Y Credito JMMB Bank S.A., a savings and loan bank in the Dominican Republic, for US$2,150,000 (J$252.7 million) (see note 27).

(d) JMMB Group Limited has interest in several subsidiaries which are listed below. The Company and its subsidiaries are collectively referred to as "Group".

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

2. Summary of Significant Accounting Policies

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

(a) Basis of preparation

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

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

New, revised and amended standards and interpretations that became effective during the year

Certain new, revised and amended standards and interpretations came into effect during the current financial year. The Group has adopted the following which are relevant to its operations, none of which resulted in any changes to amounts recognised or disclosed in these financial statements.

Improvements to IFRS, 2010-2012 and 2011-2013 cycles, which contain amendments to certain standards and interpretations and are effective for annual reporting periods beginning on or after July 1, 2014. The main amendments applicable to the Company are as follows:

- IFRS 3, *Business Combinations*, has been amended to clarify the classification and measurement of contingent consideration in a business combination. When contingent consideration is a financial instrument, its classification as a liability or equity is determined by reference to IAS 32, *Financial Instruments: Presentation*, rather than to any other IFRSs. Contingent consideration that is classified as an asset or a liability is always subsequently measured at fair value, with changes in fair value recognised in profit or loss. Consequential amendments are also made to IAS 39, *Financial Instruments: Recognition and Measurement* and IFRS 9, *Financial Instruments* to prohibit contingent consideration from subsequently being measured at amortised cost. In addition, IAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* has been amended to exclude provisions related to contingent consideration of an acquirer. IFRS 3 has also been amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements in IFRS 11, *Joint Arrangements* - i.e. including joint operations in the financial statements of the joint arrangements themselves.

- IFRS 13, *Fair Value Measurement*, has been amended to clarify that issuing of the standard and consequential amendments to IAS 39 and IFRS 9 did not intend to prevent entities from measuring short-term receivables and payables that have no stated interest rate at their invoiced amounts without discounting, if the effect of not discounting is immaterial.

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

New, revised and amended standards and interpretations that became effective during the year (continued):

Improvements to IFRS *2010-2012 and 2011-2013* cycles (continued)

- IAS 16, *Property, Plant and Equipment,* and IAS 38*, Intangible Assets,* have been amended to clarify that, at the date of revaluation:
  - the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation (amortisation) is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking account of accumulated impairment losses or;
  - the accumulated depreciation (amortisation) is eliminated against the gross carrying amount of the asset.
- IAS 24, *Related Party Disclosures,* has been amended to extend the definition of 'related party' to include a management entity that provides key management personnel services to the reporting entity, either directly or through a management entity. For related party transactions that arise when key management personnel services are provided to a reporting entity, the reporting entity is required to separately disclose the amounts that it has recognized as an expense for those services that are provided by a management entity; however, it is not required to 'look through' the management entity and disclose compensation paid by the management entity to the individuals providing the key management personnel services.
- IAS 40, *Investment Property* has been amended to clarify that an entity should assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.

New, revised and amended standards and interpretations not yet effective:

Certain new, revised and amended standards and interpretations have been issued which are not yet effective for the current year and which the Group has not early adopted. Management considers that the following may be relevant to the Group's operations when they become effective:

(i) IFRS 9*, Financial Instruments,* which is effective for annual reporting periods beginning on or after January 1, 2018, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement.* IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL) - are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 also replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognised.

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

New, revised and amended standards and interpretations not yet effective (continued):

(ii) IFRS 15, *Revenue From Contracts With Customers*, effective for annual reporting periods beginning on or after January 1, 2018, replaces IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfer of Assets from Customers,* and SIC-31, *Revenue – Barter Transactions Involving Advertising Services.* It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties.

The Group will apply a five-step model to determine when to recognise revenue, and at what amount. The model specifies that revenue should be recognised when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognised at a point in time, when control of goods or services is transferred to the customer; or over time, in a manner that best reflects the entity's performance.

There will be new qualitative and quantitative disclosure requirements to describe the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

(iii) IAS 16, *Property, Plant and Equipment*, and IAS 38, *Intangible Assets*, have been amended by the issue of "Amendments to IAS 16 and IAS 38, *Clarification of Acceptable Methods of Depreciation and Amortisation",* which are effective for annual reporting periods beginning on or after January 1, 2016, as follows:

- The amendment to IAS 16 explicitly states that revenue-based methods of depreciation cannot be used. This is because such methods reflect factors other than the consumption of economic benefits embodied in the assets.
- The amendment to IAS 38 introduces a rebuttable presumption that the use of revenue-based amortisation methods is inappropriate for intangible assets.

(iv) *Improvements to IFRS, 2012-2014 cycle*, contain amendments to certain standards and interpretations and are effective for annual reporting periods beginning on or after January 1, 2016. The main amendments applicable to the Group are as follows:

- IFRS 7, *Financial Instruments: Disclosures,* has been amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred assets in cases when they are derecognised in their entirety. A servicer is deemed to have continuing involvement if it has an interest in the future performance of the transferred asset -e.g. if the servicing fee is dependent on the amount or timing of the cash flows collected from the transferred financial asset; however, the collection and remittance of cash flows from the transferred asset to the transferee is not, in itself, sufficient to be considered 'continuing involvement'.

JMMB GROUP LIMITED

Notes to the Financial Statements
31 March 2016
(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

New, revised and amended standards and interpretations not yet effective (continued):

(v) IAS *1 Presentation of Financial Statements*, effective for annual reporting periods beginning on or after January 1, 2016, has been amended to clarify or state the following:

- specific single disclosures that are not material do not have to be presented even if they are minimum requirements of a standard;
- the order of notes to the financial statements is not prescribed;
- line items on the statement of financial position and the statement of profit or loss and other comprehensive income (OCI) should be disaggregated if this provides helpful information to users. Line items can be aggregated if they are not material;
- specific criteria are provided for presenting subtotals on the statement of financial position and in the statement of profit or loss and OCI, with additional reconciliation requirements for the statement of profit or loss and OCI; and
- the presentation in the statement of OCI of items of OCI arising from joint ventures and associates accounted for using the equity method follows the IAS 1 approach of splitting items that may, or that will never, be reclassified to profit or loss.

(vi) *IAS 27, Separate Financial Statements*, has been amended, with the issue of "*Equity Method in Separate Financial Statements"*, effective for annual reporting periods beginning on or after January 1, 2016, to allow the use of the equity method in separate financial statements, and applies to the accounting for subsidiaries, associates, and joint ventures.

(vii) IFRS 10, *Consolidated Financial Statements,* and IAS 28, *Investments in Associates and Joint Ventures,* have been amended, in respect of *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*, effective for annual reporting periods beginning on or after January 1, 2016. The amendments require that when a parent loses control of a subsidiary in a transaction with an associate or joint venture, the full gain be recognised when the assets transferred meet the definition of a 'business' under IFRS 3, *Business Combinations*.

(viii) IFRS 16, *Leases*, which is effective for annual reporting periods beginning on or after January 1, 2019, eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Entities will be required to bring all major leases on-balance sheet, recognising new assets and liabilities. The on-balance sheet liability will attract interest; the total lease expense will be higher in the early years of a lease even if a lease has fixed regular cash rentals. Optional lessee exemption will apply to short-term leases and for low-value items with value of US$5,000 or less. Lessor accounting remains similar to current practice as the lessor will continue to classify leases as finance and operating leases. Early adoption is permitted if IFRS 15, *Revenue from Contracts with Customers* is also adopted.

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

New, revised and amended standards and interpretations not yet effective (continued):

(ix) Amendments to IAS 7, *Statement of Cash Flows*, effective for accounting periods beginning on or after January 1, 2017, requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash flows.

(x) Amendments to IAS 12, *Income Taxes*, effective for accounting periods beginning on or after January 1, 2017, clarifies the following:

- the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset.

- a deferred tax asset can be recognised if the future bottom line of the tax return is expected to be a loss, if certain conditions are met.

- Future taxable profits used to establish whether a deferred tax can be recognised should be the amount calculated before the effect of reversing temporary differences.
- An entity can assume that it will recover an asset for more than its carrying amount if there is sufficient evidence that it is probable that the entity will achieve this.

- Deductible temporary differences related to unrealised losses should be assessed on a combined basis for recognition unless a tax law restricts the use of losses to deductions against income of a specific type.

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

(b) Basis of consolidation

The consolidated financial statements include the assets, liabilities and results of operations of the Company and its subsidiaries presented as a single economic entity.

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights of an investee, where there is exposure to variability of returns and the company can use its power to influence the returns. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are no longer consolidated from the date that control ceases.

Intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. Accounting policies of the subsidiaries are consistent with those of the Group.

2. Summary of Significant Accounting Policies (Continued)

(b) Basis of consolidation (continued)

The Group uses the acquisition method of accounting for business combinations. The cost of acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated statement of profit or loss.

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

(i) Non-controlling interests

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

(ii) Loss of control

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

(c) Financial instruments

General

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

(i) Classification of financial instruments

Financial instruments are classified, recognised and measured in accordance with the substance of the terms of the contracts as set out herein.

Management determines the appropriate classification of investments at the time of purchase, taking account of the purpose for which the investments were purchased. The Group classifies non-derivative financial assets into the following categories:

2. Summary of Significant Accounting Policies (Continued)

(c) Financial instruments (continued)

(i) Classification of financial instruments (continued)

Loans and receivables: This comprises securities acquired, loans granted with fixed or determinable payments and which are not quoted in an active market.

Held-to-maturity: This comprises securities with fixed or determinable payments and fixed maturities that the Group has the positive intent and ability to hold to maturity.

Fair value through profit or loss: This comprises securities that the Group acquires for the purpose of selling or repurchasing in the near term, or that it holds as part of a portfolio that is managed together for short-term profit or position taking, or that it designates as such at the time of acquisition.

Available-for-sale: The Group's financial instruments included in this classification are securities with prices quoted in an active market or for which the fair values are otherwise determinable, and which are designated as such upon acquisition or not classified in any of the other categories.

(ii) Recognition and derecognition - non-derivative financial assets and financial liabilities –

The Group recognises a financial instrument when it becomes a party to the contractual terms of the instrument.

The Group initially recognises loans and receivables and debt securities on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers not retains all or substantially all the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations expire or are discharged or cancelled.

(iii) Measurement and gains and losses - Non-derivative financial assets

Loans and receivables: On initial recognition these are measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost, using the effective interest method, less impairment losses. Where securities classified as loans and receivables become quoted in an active market, such securities will not be reclassified as available-for-sale securities. An active market is one where quoted prices are readily and regularly available from an exchange, dealer, broker or other agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

2. Summary of Significant Accounting Policies (Continued)

(c) Financial instruments (continued)

(iii) Measurement and gains and losses - Non-derivative financial assets (continued)

Held-to-maturity: On initial recognition these are measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost, using the effective interest method, less impairment losses. Any sale or reclassification of a significant amount of held-to-maturity investments that are not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Group from classifying investment securities as held-to-maturity for the financial year in which sale or reclassification occurs and the following two financial years.

Financial assets at fair value through profit or loss: On initial recognition these are measured at fair value, with directly attributable transaction costs recognised in profit or loss as incurred. Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value and changes therein, as well as any interest or dividend income, are recognised in profit or loss.

Available-for-sale: On initial recognition, these are measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value, with unrealised gains and losses arising from changes in fair value treated as follows:

- Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences are recognised in profit or loss. Changes in the fair value of securities classified as available-for-sale are recognised in other comprehensive income.
- When securities classified as available-for-sale are sold or impaired, and therefore derecognised, the fair value adjustments accumulated in other comprehensive income are reclassified to profit or loss.

(i) Cash and cash equivalents

Cash comprises cash in hand, demand and call deposits with banks and very short-term balances with other brokers/dealers. Cash equivalents are highly liquid financial assets that are readily convertible to known amounts of cash (that is, with original maturities of less than three months), which are subject to insignificant risk of changes in value, and are used for the purpose of meeting short-term commitments. Cash and cash equivalents are measured at cost.

Bank overdrafts that are repayable on demand and form an integral part of the Group’s cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

2. Summary of Significant Accounting Policies (Continued)

(c) Financial instruments (continued)

(ii) Investment securities

Investment securities are classified, recognised/derecognised and measured in the manner set out for financial assets under "General" in this note 2(c) above.

(iii) Resale and repurchase agreements

Transactions involving purchases of securities under resale agreements ('resale agreements' or reverse repos') or sales of securities under repurchase agreements ('repurchase agreements' or 'repos) are accounted for as short-term collateralised lending and borrowing, respectively. Accordingly, securities sold under repurchase agreements remain on the statement of financial position and are measured in accordance with their original measurement principles. The proceeds of sale are reported as liabilities and are carried at amortised cost. Securities purchased under resale agreements are reported not as purchases of the securities, but as receivables and are carried in the statement of financial position at amortised cost. It is the policy of the Group to obtain possession of collateral with a market value in excess of the principal amount loaned under resale agreements.

Interest earned on resale agreements and interest incurred on repurchase agreements is recognised as interest income and interest expense, respectively, over the life of each agreement using the effective interest method.

(iv) Loans and notes receivable and other receivables

Loans and notes receivable and other receivables are measured at amortised cost less allowance for impairment.

(v) Account payable

Accounts payable are measured at their amortised cost.

(vi) Interest-bearing borrowings

Interest-bearing borrowings [other than repos, which are described in Note 2(c) (iii)] are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are measured at amortised cost, with any difference between cost and redemption recognised in the profit or loss over the period of the borrowings on an effective yield basis.

(vii) Embedded derivatives

Derivatives may be embedded in another contractual arrangement (a host contract). The Group accounts for an embedded derivative separately from the host contract when the host contract is not itself carried at fair value through profit or loss. Separated embedded derivatives are measured at fair value, with all changes in fair value recognised in profit or loss. Separated embedded derivatives are presented in the statement of financial position together with the host contract.

2. Summary of Significant Accounting Policies (Continued)

(d) Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that future economic benefits embodied within the part flow to the Group and its cost can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are recognised in profit or loss.

Property, plant and equipment, with the exception of freehold land and paintings, on which no depreciation is provided, are depreciated on the straight-line basis at annual rates estimated to write down the assets to their residual values over their expected useful lives. The depreciation rates are as follows:

Freehold buildings	2½% - 5%
Leasehold improvements	The shorter of the estimated useful life and the period of the lease
Motor vehicles	20%
Computer equipment	20% - 25%
Other equipment, furniture and fittings	10% - 20%

The depreciation method, useful lives and residual values are reassessed at each reporting date.

(e) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets acquired in a business combination are recognised at fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs meeting the criteria of IAS 38, are not capitalised and the expenditure is charged against profits in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period for an intangible asset with a finite useful life is reviewed at a minimum at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss. Intangible assets with infinite useful lives are measured at cost less impairment losses. They are assessed for impairment at least annually.

(i) Computer software

Computer software is measured at cost, less accumulated amortisation and impairment losses. Amortisation is charged on the straight-line basis over the useful lives of the assets ranging from 20% to 25% per annum, from the date it is available for use.

2. Summary of Significant Accounting Policies (Continued)

(e) Intangible assets (continued)

(ii) Goodwill

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the cost is less than the fair value (negative goodwill), it is recognised immediately in profit or loss. Goodwill is measured at cost less accumulated impairment losses and is assessed for impairment at least annually.

(iii) Customer list

Acquired customer lists are measured initially at historical cost. Customer lists have a finite useful life and are measured at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over the expected retention period with the Group, which ranges from 8 to 15 years.

(iv) Licences

These assets represents the value of JMMB Securities Limited's seat on the Jamaica Stock Exchange and the banking licence and securities licence acquired for Intercommercial Bank Limited and AIC Securities Limited, which have indefinite useful lives. These assets are tested for impairment annually, and whenever there is an indication that the asset may be impaired, the carrying amount is reduced to the recoverable amount.

(v) Other intangibles

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses

(f) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

The consolidated financial statements are presented in Jamaican dollars, which is the company's functional and presentation currency.

2. Summary of Significant Accounting Policies (Continued)

(f) Foreign currency translation (continued)

(ii) Transactions and balances

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. At the date of the statement of financial position, monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rates.

Exchange differences resulting from the settlement of transactions at rates different from those at the dates of the transactions, and unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognised in profit or loss.

Exchange differences on non-monetary financial assets are a component of the change in their fair value. Depending on the classification of a non-monetary financial asset, exchange differences are either recognised in profit or loss (applicable for trading securities), or within other comprehensive income if non-monetary financial assets are classified as available-for-sale. In the case of changes in the fair value of monetary assets denominated in foreign currency classified as available-for-sale, a distinction is made between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount, except impairment, are recognised in other comprehensive income.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rates at the date of that statement;
- Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income and accumulated as a separate component of equity.

(g) Share capital

The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument. Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the issuer’s option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity. Preference share capital is classified as liability if it is redeemable on a specific date or at the option of the stockholders, or if dividends are not discretionary. Dividends thereon are recognised as interest in profit or loss.

The Group’s redeemable preference shares are redeemable on specific dates, and bear entitlements to distributions that are cumulative, and not at the discretion of the directors. Accordingly, they are presented as financial liability.

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

2. Summary of Significant Accounting Policies (Continued)

(h) Taxation

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

(i) Current income tax

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to income tax payable in respect of previous years.

(ii) Deferred income tax

Deferred income tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(i) Impairment

The carrying amounts of the Group’s assets, except for deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists for any asset, the asset’s recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

When a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised in other comprehensive income is reclassified to profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value less any impairment loss on that financial asset previously recognised in profit or loss.

(i) Calculation of recoverable amount

The recoverable amount of the Group’s receivables is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

2. Summary of Significant Accounting Policies (Continued)

(i) Impairment (continued)

(ii) Reversals of impairment

An impairment loss in respect of a receivable is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss, but through other comprehensive income. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognised in profit or loss.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Revenue recognition

Revenue is income that arises from the ordinary activities of the Group. The principal types of revenue and the manner in which they are recognised are as follows:

(i) Interest income

Interest income is recorded on the accrual basis. Interest income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of an interest-earning instrument and its amount at maturity calculated on the effective interest rate basis. When financial assets become doubtful of collection, they are written down to their recoverable amounts and interest income is thereafter recognised based on the rate of interest that was used to discount the future cash flows for the purpose of measuring the recoverable amount, which is the original effective interest rate of the instrument calculated at the acquisition or origination date.

(ii) Fees and commissions

Fee and commission income are recognised on the accrual basis when the service has been provided. Fees and commissions arising from negotiating or participating in the negotiation of a transaction for a third party are recognised on completion of the underlying transaction. Portfolio and other management advisory and service fees are recognised based on the applicable service contracts, usually on a time-apportionate basis. Asset management fees related to investment funds are recognised over the period in which the service is provided. Performance-linked fees or fee components are recognised when the performance criteria are fulfilled.

(iii) Dividends

Dividend income is recognised when the right to receive payment is irrevocably established.

2. Summary of Significant Accounting Policies (Continued)

(k) Employee benefits

Employee benefits are all forms of consideration given by the Group in exchange for service rendered by employees. These include current or short-term benefits such as salaries, bonuses, NIS contributions, vacation leave; non-monetary benefits such as medical care; post-employments benefits such as pensions; and other long-term employee benefits such as termination benefits.

Employee benefits that are earned as a result of past or current service are recognised in the following manner: Short-term employee benefits are recognised as a liability, net of payments made, and charged as expense. The expected cost of vacation leave that accumulates is recognised when the employee becomes entitled to the leave. Post-employment benefits are accounted for as described below. Other long-term benefits are not considered material and are charged off when incurred.

Pensions are the Group's only post-employment benefit. Pension fund costs included in Group profit or loss represent contributions to the defined-contribution funds which the Group operates to provide retirement pensions for the Group's employees (Note 30). Contributions to the fund, made on the basis provided for in the rules, are accrued and charged off when due.

(l) Operating leases

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

(m) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the Board of Directors.

(n) Interest expense

Interest expense is recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments through the expected life of the financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial liability.

(o) Borrowings

Borrowings are recognised initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between net proceeds and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(p) Investment properties

Investment properties are held for rental yields and fair value gains. Investment properties are treated as a long-term investment and are carried at fair value. Fair value is determined every third year by an independent professional valuer, and in each of the two intervening years by the directors. Changes in fair values are recognised in profit or loss. Rental income from investment properties is recognised in profit or loss on the straight line basis over the tenor of the lease.

3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

The preparation of the financial statements in conformity with IFRS requires management to make estimates, based on assumptions and judgements. Management also makes judgements other than those involving estimations, in the process of applying the accounting policies. The estimates and judgements affect (1) the reported amounts of assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the year then ended, and (2) the carrying amounts of assets and liabilities in the next financial year.

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

The estimates, and the assumptions underlying them, as well as the judgements are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Estimates that can cause a significant adjustment to the carrying amounts of assets and liabilities in the next financial year and judgements that have a significant effect on the amounts recognised in the financial statements, include the following:

(a) Key sources of estimation uncertainty

(i) Allowance for losses

In determining amounts recorded for allowance for losses in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that there may be a measurable decrease in the estimated future cash flows from investments, notes receivable and other financial assets, for example, repayment default and adverse economic conditions. The specific counterparty of the total allowances for impairment applies to financial assets evaluated individually for impairment and is based on management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes assumptions about a counterparty's financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits, and the work out strategy and estimate of cash flows considered recoverable are independently approved by the Credit and Market Risk functions.

(ii) Fair value of financial instruments

There are no quoted market prices for a significant portion of the Group's financial assets and liabilities. Accordingly, fair values of several financial assets are estimated using prices obtained from a yield curve. The yield curve is, in turn, obtained from a pricing source which uses indicative prices submitted to it by licensed banks and other financial institutions in Jamaica. There is significant uncertainty inherent in this approach. The fair values determined in this way are classified as Level 2 fair values. Some other fair values are estimated based on quotes published by broker/dealers, and these are also classified as Level 2. The estimates of fair value arrived at from these sources may be significantly different from the actual price of the instrument in an actual arm's length transaction (see notes 16 and 29).

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

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

The Group's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances:

- In classifying financial assets or liabilities as "trading'', the Group has determined that they meet the description of trading assets and liabilities set out in accounting policy 2 (c).
- In designating financial assets and liabilities at fair value through profit or loss, the Group has determined that they have met the criteria for this designation set out in accounting policy 2(c).

4. Segment Reporting

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

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

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

	The Group				
	Year ended 31 March 2016				
	Financial & Related Services	Banking & Related Services	Other	Eliminations	Group
	$'000	$'000	$'000	$'000	$'000
External revenues	14,541,815	4,623,257	126,640	-	19,291,712
Inter-segment revenue	469,995	151,762	12,568	(634,325)	-
Total segment revenue	15,011,810	4,775,019	139,208	(634,325)	19,291,712
Segment results	2,007,149	670,711	(1,446)	-	2,676,414
Impairment loss on intangible asset					(13,392)
Impairment loss on financial asset					(61,810)
Loss on disposal of property plant and equipment					(5,655)
Profit before tax					2,595,557
Income tax expense					(296,326)
Profit for the year					2,299,231
Total segment assets	210,023,583	64,113,568	1,115,714	(44,645,579)	230,607,286
Total segment liabilities	187,555,289	54,426,927	1,056,633	(35,148,144)	207,890,705
Interest income	9,801,325	3,532,676	3,435	-	13,337,436
Interest expense	6,483,038	1,350,995	-	-	7,834,033
Operating expenses	5,668,329	2,971,395	141,541	-	8,781,265
Depreciation and amortisation	295,046	172,824	11,281	-	479,151
Capital expenditure	635,249	272,407	159,474	-	1,067,130

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4. Segment Reporting (Continued)

	The Group				
	Year ended 31 March 2015				
	Financial & Related Services	Banking & Related Services	Other	Eliminations	Group
	$'000	$'000	$'000	$'000	$'000
External revenues	14,084,351	4,248,340	103,171	-	18,435,862
Inter-segment revenue	616,670	43,188	9,253	(669,111)	-
Total segment revenue	14,701,021	4,291,528	112,424	(669,111)	18,435,862
Segment results	2,096,479	469,846	5,695	-	2,572,020
Impairment loss on financial asset					(259,262)
Gain on disposal of property, plant and equipment					22,018
Gain on acquisition of subsidiaries					19,263
Profit before tax					2,354,039
Income tax expense					(306,757)
Profit for the year					2,047,282
Total segment assets	188,714,368	61,105,189	975,945	(33,080,200)	217,715,302
Total segment liabilities	165,552,460	52,348,316	913,020	(22,821,558)	195,992,238
Interest income	10,039,267	3,297,471	1,078	-	13,337,816
Interest expense	6,758,071	1,318,074	-	-	8,076,145
Operating expenses	5,171,943	2,502,174	113,580	-	7,787,697
Depreciation and amortisation	318,008	118,239	6,089	-	442,336
Capital expenditure	501,338	105,770	25,289	-	632,397

5. Net Interest Income

	The Group		The Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Interest income				
Cash and cash equivalents	34,815	46,162	34	-
Loans and notes receivable	2,925,282	2,510,568	86,943	-
Resale agreements	48,500	812,789	6,479	-
Investment securities	10,328,839	9,968,297	3,329	-
Total interest income	13,337,436	13,337,816	96,785	-
Interest expense				
Repurchase agreements	5,037,753	6,220,013	-	-
Notes payable	1,685,163	806,809	-	-
Customer deposits	795,908	695,893	-	-
Redeemable preference shares	315,209	353,430	96,750	-
Total interest expense	7,834,033	8,076,145	96,750	-
Net interest income	**5,503,403**	**5,261,671**	**35**	**-**

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6. Staff Costs

	The Group	
	2016	**2015**
	$'000	**$'000**
Salaries and benefits, including profit-related pay	3,493,156	3,112,102
Statutory payroll contributions	278,496	249,497
Pension costs (Note 30)	144,145	128,062
Training and development	175,423	67,702
Other staff benefits	276,587	353,769
	4,367,807	**3,911,132**

7. Impairment Loss on Financial Assets

The impairment charge relates to certain of the Group's investments in its equity and corporate bond portfolio.

8. Operating Expenses

	The Group		The Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Marketing, corporate affairs and donation	424,636	353,168	-	-
Bad debts, net of recoveries	-	56,044	-	-
Depreciation and amortisation	479,151	442,336	-	-
Directors' fees	102,473	107,466	-	-
Irrecoverable - GCT	216,872	179,255	-	-
Insurance	157,900	124,561	-	-
Auditors' remuneration	78,870	57,544	2,500	-
Asset tax	393,334	374,241	-	-
Information technology	407,814	320,668	-	-
Legal and professional fees	587,403	437,208	14,948	-
Repairs and maintenance	142,623	115,607	-	-
Travel and entertainment	101,577	71,115	-	-
Office rental	244,979	220,925	-	-
Loan loss	195,820	181,151	-	-
Security	236,916	215,623	-	-
Stationery, printing and postage	130,397	93,797	-	-
Utilities	195,528	204,681	-	-
Bank charges and interest	175,674	198,841	-	-
Other	141,491	122,334	-	-
	4,413,458	**3,876,565**	**17,448**	**-**

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9. Taxation

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

	The Group	
	2016	**2015**
	$'000	**$'000**
1% tax on assets	405	2,035
Green fund levy	3,438	2,148
Current income tax	203,381	518,600
Prior year overprovision	(2,830)	
	204,394	522,783
Deferred income tax (Note 21)		
Origination and reversal of temporary differences	(253,754)	(481,957
Tax benefit of losses carried forward	345,686	265,93
	91,932	(216,020
	296,326	306,757

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

	The Group		The Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Profit before taxation	2,595,557	2,354,039	553,280	-
Tax calculated at 25% (2015: 33⅓%)	648,889	784,680	138,320	-
Adjusted for the effects of:				
Income not subject to tax	(577,233)	(635,859)	(144,124)	-
Disallowed expenses	194,955	338,854	-	-
Tax losses not recognised	35,560	70,461	5,804	-
Effect of taxation under different tax regime	(13,766)	(275,076)	-	-
Green fund levy	3,438	2,077	-	-
Other	7,313	21,620	-	-
Under provision prior year	(2,830)	-	-	-
	296,326	306,757	-	-

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9. Taxation (Continued)

(c) At the reporting date, taxation losses, subject to agreement with the relevant Tax Authorities, available for set off against future taxable profits, amounted to approximately $3,866,484,000 (2015: $1,177,945,000) for the Group and $17,413,000 (2015: $Nil) for the company.

10. Earnings per Stock Unit

Earning per stock unit (‘’ EPS’’) is computed by dividing the profit attributable to stockholders of the parent of $2,264,589,000 (2015: $1,931,980,000) by the weighted average number of ordinary stock units in issue during the year, numbering 1,630,552,532 (2015: 1,630,552,530).

11. Dividends

	The Group	
	2016	**2015**
	$’000	**$’000**
Final dividend in respect of 2014 @17.0 cents per stock unit	-	277,194
Interim dividend in respect of 2015 @ 16.0 cents per stock unit	-	260,888
Final dividend in respect of 2015 @ 16.0 cents per stock unit	260,888	-
Interim dividend in respect of 2016 @ 19.0 cents per stock unit	309,805	-
	570,693	538,082

12. Cash and Cash Equivalents

	The Group		The Company	
	2016	**2015**	**2016**	**2015**
	$’000	**$’000**	**$’000**	**$’000**
Cash	17,296,398	7,507,954	-	-
Cash equivalents	8,213,323	11,164,434	7,623	-
	25,509,721	18,672,388	7,623	-

Cash equivalents of the Group include $814,505,000 (2015: $543,240,000) held by an investment broker as security for funding provided on certain investment securities which is not available for immediate use. In addition, the Group also has a restricted amount of $7,744,734 (2015: $7,685,160) deposited at an interest rate of 2.0% (2015: 2.5%) under an agreement with a building society which co-ordinates and administers a home ownership assistance programme on behalf of the Group’s Jamaican employees.

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13. Loans and Notes Receivable

	The Group		The Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Corporate	21,807,112	17,642,910	-	-
Financial institutions	368,180	6,344,748	5,680,469	-
Individuals	16,402,755	8,977,175	-	-
	38,578,047	32,964,833	5,680,469	-
Less: provision for impairment	(1,127,790)	(1,040,290)	-	-
	37,450,257	31,924,543	5,680,469	-

Provision for impairment:

	The Group	
	2016	**2015**
	$'000	**$'000**
Balance at 1 April	1,040,290	894,459
Provision acquired	27,897	3,666
Charge for year	197,906	181,151
Write-offs	(84,485)	(46,541)
Translation gains	(53,818)	7,555
Balance at 31 March	1,127,790	1,040,290

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

Notes receivable include the balance on an interest-free revolving advance of $324,036,605 (2015: $324,036,605) to the trustees of the Group's Employee Share Ownership Plan (ESOP), the repayment date for which has not yet been fixed. The number of stock units held by the ESOP at 31 March 2016 was 152,023,136 (2015: 159,436,875).

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14. Other Receivables

	The Group		The Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Other receivables	1,315,152	937,645	9,537	-
Staff loans	476,678	308,905	-	-
	1,791,830	1,246,550	9,537	-
Less: allowance for impairment	(592)	(1,390)	-	-
	1,791,238	1,245,160	9,537	-

Allowance for impairment

	The Group		The Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Balance at 1 April	1,390	7,552	-	-
Charge for year	125	43	-	-
Recoveries/write-off	(923)	(6,205)	-	-
Balance at 31 March	592	1,390	-	-

15. Securities Purchased Under Agreements to Resell

	The Group		The Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Denominated in Jamaica dollars	220,000	72,162	506,956	-
Denominated in United States dollars	1,506	200,434	-	-
	221,506	272,596	506,956	-

Resale agreements include balances with related parties as set out in Note 26. All resale agreements mature within twelve months after the reporting date.

The securities that the Group obtains as collateral under resale agreements may be used as collateral under repurchase agreements. Certain of these securities and interest accrued thereon are pledged as security for repurchase agreements (Note 24).

At the reporting date, the fair value of the securities obtained and held under resale agreements was $231,117,000 (2015: $294,036,000) and $513,436,000 (2015: Nil) for the Group and company respectively.

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16. Investment Securities

	The Group		The Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Loans and receivables:				
Certificates of deposit	345,297	-	-	-
Government of Jamaica securities	18,535,833	22,433,743	-	-
Other sovereign bonds	94,946	213,053	-	-
Corporate:				
Government of Jamaica guaranteed	3,308,415	6,048,483	-	-
Other	13,642	133,248	-	-
	22,298,133	28,828,527	-	-
Available-for-sale securities:				
Government of Jamaica securities	76,086,900	73,345,970	-	-
Certificates of deposit	11,405,864	12,292,110	900,648	-
Government of Jamaica Treasury Bills	-	33,421	-	-
Government of Jamaica guaranteed	5,908,979	4,951,841	-	-
Corporate bonds	4,444,311	5,134,840	-	-
Other sovereign bonds	24,046,259	20,943,097	-	-
Quoted securities	378,383	310,937	-	-
Units in unit trusts	186,038	75,268	-	-
Money market funds	584,079	440,819	-	-
Other	170,765	16,419	18,908	-
	123,211,578	117,544,722	919,556	-
Fair value through profit or loss:				
Government of Jamaica securities	-	1,614	-	-
Credit default swap	150,971	469,145	-	-
Corporate bonds	1,652,182	144,238	-	-
Other sovereign bonds	45,672	1,576,640	-	-
Quoted securities	265,426	50,362	-	-
Unquoted equities	-	12,956	-	-
	2,114,251	2,254,955	-	-
Held-to-maturity:				
Credit linked note	9,538,595	8,803,785	-	-
Sovereign bonds	97,897	54,030	-	-
	9,636,492	8,857,815	-	-
	157,260,454	157,486,019	919,556	-
Less: allowance for impairment losses	(284,364)	(259,262)	-	-
	156,976,090	157,226,757	919,556	-

16. Investment Securities (Continued)

Allowance for impairment:

	The Group		The Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Balance as 1 April	259,262	-	-	-
Recoveries	(36,708)	-	-	-
Charge for the year	61,810	259,262	-	-
Balance as 31 March	284,364	259,262	-	-

Investments mature, from the reporting date, as follows:

	The Group		The Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Government of Jamaica securities:				
Within 3 months	70,351	1,465,232	-	-
From 3 months to 1 year	-	5,586,835	-	-
From 1 year to 5 years	30,903,853	29,487,193	-	-
Over 5 years	63,896,268	59,275,488	-	-
	94,870,472	95,814,748	-	-
Certificates of deposit:				
Within 3 months	11,028,440	11,571,295	900,648	-
From 3 months to 1 year	443,733	124,011	-	-
From 1 year to 5 years	278,989	596,804	-	-
	11,751,162	12,292,110	900,648	-
Sovereign and corporate bonds:				
Within 3 months	246,571	1,550,301	-	-
From 3 months to 1 year	11,244,110	5,966,116	-	-
From 1 year to 5 years	5,753,603	12,794,383	-	-
Over 5 years	31,532,281	27,729,691	-	-
	48,776,565	48,040,491	-	-
Other [see (c) below]	1,577,891	1,079,408	18,908	-
	156,976,090	157,226,757	919,556	-

(a) Government of Jamaica securities and certain other bonds are pledged as security for repurchase agreements (Note 24).

(b) Government of Jamaica securities having an aggregate face value of $196,750,000 (2015: $165,000,000) have been pledged as collateral against possible overdrafts at the Central Bank and against uncleared effects at one of the company's bankers.

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

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17. Interest in Subsidiaries

	Company
	2016
	$'000
Shares at cost:	
Jamaica Money Market Brokers Limited	1,864,054
JMMB Merchant Bank Limited	4,885,176
JMMB Money Transfer Limited	42,789
	6,792,019

18. Investment Properties

The properties are measured at fair market value, as appraised by professional, independent valuers every three years and in the intervening years by the directors. The valuation model considers the present value of the net cash flows that can be generated from the property, the condition of the buildings and its location (prime vs secondary), in addition to recent market transactions in the same proximity.

Investment properties generated revenue of $1,928,000 (2015: $1,938,590) and incurred expenses of $9,466,000 (2015: $6,663,000) for the year.

The fair value of the Group's investment properties is categorised as Level 3 in the fair value hierarchy as described in Note 29.

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

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Market approach. This model takes into account: • The fact that the intention is to dispose of the property in an open market transaction • The expected sale would take place on the basis of a willing seller and willing buyer; • A reasonable period in which to negotiate a sale, taking into account the nature of the property and state of the market; • Values are expected to remain stable throughout the period of market exposure and disposal by of sale (hypothetical); • The property will be freely exposed to the market; and • The potential rental value of the property in the current investment climate.	• Judgements about whether the property can be sold, exchanged, transferred, let, mortgaged or used for any other economic activity, within its use class. • The strength of demand for the property, given its condition, location and range of potential uses. • The potential rental value of the property in the current investment climate.	The estimated fair value would increase/(decrease) if: • The strength of the demand is greater less than judged. • The potential rental income from the property is greater/ (less) than judged.

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19. Intangible Assets

	The Group					
	License $'000	Other $'000	Customer List $'000	Computer Software $'000	Goodwill $'000	Total $'000
Cost						
31 March 2014	205,602	308,142	534,498	554,101	17,363	1,619,706
Acquired in business combination (Note 27)	10,707	208	8,348	-	-	19,263
Additions	-	-	10,710	156,670	-	167,380
Exchange adjustment	11,686	8,146	13,638	(4,573)	-	28,897
31 March 2015	227,995	316,496	567,194	706,198	17,363	1,835,246
Acquired in business combination (Note 27)	51,216	35,112	-	-	10,615	96,943
Additions	-	-	-	355,600	-	355,600
Exchange rate adjustment	3,381	4,837	5,620	2,835	-	16,673
31 March 2016	282,592	356,445	572,814	1,064,633	27,978	2,304,462
Accumulated Amortisation						
31 March 2014	-	140,536	69,976	403,880	-	614,392
Charge for the year	-	70,308	54,303	32,089	-	156,700
Exchange adjustment	-	3,064	813	-	-	3,877
31 March 2015	-	213,908	125,092	435,969	-	774,969
Charge for the year	-	39,009	55,162	68,702	-	162,873
Impairment	-	13,392	-	-	-	13,392
Exchange rate adjustment	-	2,260	820	990	-	4,070
31 March 2016	-	268,569	181,074	505,661	-	955,304
Net Book Value						
31 March 2016	**282,592**	**87,876**	**391,740**	**558,972**	**27,978**	**1,349,158**
31 March 2015	**227,995**	**102,588**	**442,102**	**270,229**	**17,363**	**1,060,277**
31 March 2014	**205,602**	**167,606**	**464,522**	**150,221**	**17,363**	**1,005,314**

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20. Property, Plant and Equipment

	The Group					
	Freehold Land and Buildings	**Leasehold Improvement**	**Motor Vehicles**	**Computer Equipment**	**Equipment, Furniture and Fittings**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cost						
31 March 2014	1,070,013	525,252	58,189	558,736	1,324,941	3,537,131
Acquisition of subsidiaries (Note 27)	-	-	-	10,776	11,675	22,451
Additions	181,300	53,764	8,732	111,735	109,486	465,017
Transfer	(32,724)	-	-	-	32,724	-
Disposals	(6,775)	(17,283)	(8,688)	(8,897)	(11,220)	(52,863)
Exchange adjustment	1,286	14,182	(616)	(8,913)	49,188	55,127
31 March 2015	**1,213,100**	**575,915**	**57,617**	**663,437**	**1,516,794**	**4,026,863**
Acquisition of subsidiaries (Note 27)	-	-	-	4,079	1,343	5,422
Additions	315,969	166,009	1,659	76,845	151,048	711,530
Disposals	-	(17,125)	-	-	(5,967)	(23,092)
Exchange adjustment	690	12,017	141	(570)	21,556	33,834
31 March 2016	**1,529,759**	**736,816**	**59,417**	**743,791**	**1,684,774**	**4,754,557**
Accumulated Depreciation						
31 March 2014	103,398	323,045	19,665	407,419	842,107	1,695,634
Acquisition of subsidiaries (Note 27)	-	-	-	8,600	6,062	14,662
Charge for the year	18,504	47,583	11,912	76,073	131,564	285,636
Disposals	-	(17,283)	(4,146)	(9,149)	(5,061)	(35,639)
Exchange adjustment	-	13,408	(283)	(11,951)	31,708	32,882
31 March 2015	**121,902**	**366,753**	**27,148**	**470,992**	**1,006,380**	**1,993,175**
Acquisition of subsidiaries (Note 27)	-	-	-	1,548	1,197	2,745
Charge for the year	23,634	51,625	10,377	96,909	133,733	316,278
Disposals	-	(11,353)	-	-	(4,942)	(16,295)
Exchange adjustment	-	5,502	-	(965)	16,021	20,558
31 March 2016	**145,536**	**412,527**	**37,525**	**568,484**	**1,152,389**	**2,316,461**
Net Book Value						
31 March 2016	**1,384,223**	**324,289**	**21,892**	**175,307**	**532,385**	**2,438,096**
31 March 2015	**1,091,198**	**209,162**	**30,469**	**192,445**	**510,414**	**2,033,688**
31 March 2014	**966,615**	**202,207**	**38,524**	**151,317**	**482,834**	**1,841,497**

20. Property, Plant and Equipment (Continued)

	The Company			
	Leasehold Improvements	Furniture, Fixtures and Equipment	Motor Vehicles	Total
	$'000	$'000	$'000	$'000
Cost				
Acquired on group reorganisation and balance at 31 March 2016	10,271	3,493	45	13,809
Depreciation				
Acquired on group reorganisation and balance at 31 March 2016	9,958	3,493	45	13,496
Net Book Value				
31 March 2016	313	-	-	313

21. Deferred Income Taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income tax assets and liabilities relate to income tax levied by the same fiscal authority on either the taxable entity or a different taxable entity where there is an intention to settle the balances on the net basis.

Deferred income tax is calculated in full on temporary differences under the liability method using a principal tax rate of 33⅓% as deferred tax is currently applicable only to the jurisdiction that apply this rate.

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

	The Group	
	2016	2015
	$'000	$'000
Deferred income tax assets	165,892	38,933
Deferred income tax liabilities	(677,531)	(682,307)
Net deferred income tax liabilities	(511,639)	(643,374)

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21. Deferred Income Taxes (Continued)

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

	The Group		The Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Deferred income tax assets -				
Investments	884,841	680,406	-	-
Other payables	24,535	9,893	-	-
Property, plant and equipment	4,501	102	-	-
Interest payable	342,828	372,369	-	-
Tax losses carried forward	472,203	125,517	-	-
	1,728,908	1,188,287	-	-
Deferred income tax liabilities -				
Investments	135,914	121,852	-	-
Unrealised foreign exchange gains	1,606,552	1,151,681	-	-
Property, plant and equipment	5,723	14,332	-	-
Accounts receivable	1,846	-	-	-
Interest receivable	490,512	543,796	-	-
	2,240,547	1,831,661	-	-
Net deferred income tax liabilities	**(511,639)**	**(643,374)**	**-**	**-**

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

	2016			
	Balance at Beginning of Year	**Recognised in Income**	**Recognised in Other Comprehensive Income**	**Balance at End of Year**
	$'000	**$'000**	**$'000**	**$'000**
Tax losses carried forward	125,517	346,686	-	472,203
Investments	558,554	(33,294)	223,667	748,927
Accounts payable	9,893	14,642	-	24,535
Property plant and equipment	(14,230)	13,008	-	(1,222)
Interest payable	372,369	(29,541)	-	342,828
Unrealised gains	(1,151,681)	(454,871)	-	(1,606,552)
Accounts receivable	-	(1,846)	-	(1,846)
Interest receivable	(543,796)	53,284	-	(490,512)
	(643,374)	(91,932)	223,667	(511,639)

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21. Deferred Income Taxes (Continued)

	2015			
	Balance at Beginning of Year	Recognised in Income	Recognised in Other Comprehensive Income	Balance at End of Year
	$'000	$'000	$'000	$'000
Tax losses carried forward	391,448	(265,931)	-	125,517
Investments	781,377	159,601	(382,424)	558,554
Accounts payable	12,894	(3,001)	-	9,893
Property plant and equipment	(14,945)	715	-	(14,230)
Interest payable	348,436	23,933	-	372,369
Unrealised gains	(1,412,989)	261,308	-	(1,151,681)
Interest receivable	(583,197)	39,401	-	(543,796)
	(476,976)	216,026	(382,424)	(643,374)

22. Share Capital

	2016 Number of Shares
Authorised:	
Ordinary stock units of no par value	1,816,400
Fixed rate cumulative redeemable preference shares of no par	6,000,000
	7,816,400

	2016 Number of Shares
Issued ordinary share capital:	
Ordinary stock units in issue	1,630,552

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22. Share Capital (Continued)

	The Group		The Company
	2016	**2015**	**2016**
	$'000	**$'000**	**$'000**
Stated capital:			
1,630,552,532 (2015: 1,630,552,530) ordinary stock units	1,864,554	1,864,054	1,864,054
889,073,000 8.75% cumulative redeemable preference stock units	-	2,667,219	-
26,322,000 8.5% cumulative redeemable preference stock units	-	92,127	-
715,482,000 7.50% cumulative redeemable preference stock units	1,430,964	1,430,964	-
15,358,000 7.25% cumulative redeemable preference stock units	38,395	38,395	-
14,151,000 7.25% cumulative redeemable preference stock units	14,151	-	
1,827,548,000 7.50% cumulative redeemable preference stock units	1,827,548	-	1,841,699
320,250 5.75% cumulative redeemable preference stock units	38,974		
42,783,500,000 US$ 6.00% cumulative redeemable preference stock units	5,206,752	-	5,245,726
	10,421,338	6,092,759	8,951,479
Less: redeemable preference stock units classified as liability	(8,556,784)	(4,228,705)	(7,087,425)
	1,864,554	**1,864,054**	**1,864,054**

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

As part of the Group's reorganisation, two (2) ordinary shares at $250,000 each were issued in establishing the Company.

On 7 January 2016, the 8.75% and 8.5% cumulative redeemable preference stock units matured and were fully repaid.

On 14 January 2016, the company issued, 14,151,000 and 1,841,699,000 7.25% and 7.50% fixed rate cumulative redeemable preference shares and 320,250 and 42,783,500 5.75% and 6.00% fixed rate cumulative redeemable preference shares at a price of J$1.00 and US$1.00 per share, respectively, by public offering.

The significant terms and conditions of the preference stock units are as follows:

(i) The right to a cumulative preferential dividend payable monthly at the rate agreed for each class;

(ii) The right, on winding up, to receive all arrears of dividend and repayment of the capital in priority to the ordinary shareholders;

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

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22. Share Capital (continued)

The rights attaching to the ordinary shares include the following:

(i) Entitlement of dividends as declared from time to time (Note 11).

(ii) Entitlement to one vote per share at meetings of the Company.

23. Reserves

(c) Retained Earnings Reserve

In previous years, in accordance with a board resolution, a subsidiary transferred a portion of its profit after tax to a non-distributable retained earnings reserve. This reserve constitutes a part of the subsidiary's capital base in determining the capital adequacy ratio.

(b) Investment Revaluation Reserve

The investment revaluation reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the assets are derecognized or impaired.

(c) Cumulative Translation Reserve

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

24. Securities Sold Under Agreements to Repurchase

	The Group		The Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Denominated in Jamaica dollars	48,162,021	44,034,480	-	-
Denominated in United States dollars	84,101,086	89,252,857	-	-
Denominated in Pound Sterling	3,412,372	3,094,179	-	-
Denominated in Euro	118,740	129,492	-	-
Denominated in Dominican Republic Peso	12,985,415	7,032,692	-	-
Denominated in Canadian dollars	482,735	579,226	-	-
Denominated in Trinidad and Tobago dollars	-	378,732	-	-
	149,262,369	144,501,658	-	-

Repurchase agreements are collateralised by certain securities and other instruments held by the Group with a carrying value of $160,067,969,000 (2015: $153,455,379,000) (Notes 12, 15 and 16).

25. Notes Payable

	The Group	
	2016	2015
	$'000	$'000
(i) Senior Unsecured US$ Fixed Note	2,434,000	2,295,400
(ii) Subordinated debt	1,474,400	1,348,984
(iii) Subordinated debt	505,955	-
	4,414,355	3,644,384

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25. Notes Payable (continued)

(i) This note bears interest at 6.75% per annum, with interest payable on a quarterly basis. The note matures July 18, 2016; however, noteholders have an option to either redeem their notes on the maturity date or extend the maturity to July 18, 2019 at an interest rate of 7.75% per annum.

(ii) This represents subordinated debt of TT$80 million issued by a subsidiary for a term of eight (8) years, maturing on 28 March 2022, at a fixed rate of 4.5% per annum.

(iii) This represents subordinated debt of US$4,151,000 issued by a subsidiary during the year for a term of (5) years, maturing on 29 June 2020, at a fixed rate of 7.0% per annum.

26. Related Party Transactions and Balances

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operational decisions.

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

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

	The Group		The Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Directors-				
Notes receivable	539,163	109,277	-	-
Interest payable	(155)	(439)	-	-
Customer deposits	(100,981)	(126,159)	-	-
Repurchase agreements	(79,927)	(105,422)	-	-
Major shareholders -				-
Notes receivable	324,037	324,037	-	-
Interest payable	-	(190)	-	-
Repurchase agreements	-	(33,612)	-	-
Subsidiaries -				
Resale agreements	-	-	506,956	-
Notes receivable	-	-	5,680,469	-
Interest receivable	-	-	23,906	-
Payables	-	-	(4,709,588)	-

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26. Related Party Transactions and Balances (Continued)

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

	The Group		The Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Directors:				
Interest income	12,004	9,761	-	-
Interest expense	(3,051)	(7,862)	-	-
Major Shareholders:				
Interest income	46,828	1,829	-	-
Interest expense	(5,045)	(15,197)	-	-
Subsidiaries:				
Interest income	-	-	96,785	-
Managed funds:				
Gain on sale of securities	1,122,590	451,400	-	-
Interest expense	(62,489)	(299,048)	-	-

(iii) Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. Such persons comprise the directors and senior management of the Group. The compensation paid or payable to key management for employee services is as shown below:

	The Group	
	2016	2015
	$'000	$'000
Directors emoluments:		
Fees (note 8)	102,473	107,466
Management remuneration	53,842	52,216
Other key management compensation:		
Short-term employee benefits	303,051	250,657
Post-employment benefits	13,645	12,051
	473,011	422,390

27. Business Combinations

(a) *Acquisition of Banco Rio De Ahorro Y Credito*

On 1 July 2015, JMMB Holding Company Limited, SRL, a 100% owned subsidiary, acquired 90% equity and obtained management control of Banco Rio De Ahorro Y Credito JMMB Bank S.A., a savings and loan bank in the Dominican Republic for US$2,150,000 (J$252.7 million).

Valuations of acquired tangible and intangible assets are not finalised. Management has utilised provisions under IFRS 3 which allows the acquirer reasonable time to obtain information necessary to identify and measure identifiable assets acquired and liabilities assumed. Management expects that this assessment will be concluded by the next financial year end. Details of the provisional purchase price allocation among net assets acquired and goodwill are as follows:

	2016
	$'000
Purchase consideration – cash paid	252,734
Fair value of net assets acquired	(242,119)
Goodwill	10,615

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

	Fair Value
	$'000
Cash and cash equivalents	391,729
Investment securities	39,919
Loans and notes receivable	757,648
Property, plant and equipment and intangible assets	2,677
Intangible assets	86,328
Accounts receivable	37,926
Customer deposits	(1,034,032)
Due to financial institutions	(781)
Accounts payable	(21,985)
Net assets	259,429
Net assets acquired 90%	242,119
	(252,735)
Cash and cash equivalents acquired	391,729
Net cash inflow on acquisition	138,994

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27. Business Combinations (Continued)

(a) Acquisition of Banco Rio De Ahorro Y Credito (continued)

Since the acquisition, the acquired business has contributed J$143,100,000 in revenues and incurred operating expenses of J$174,663,000 for the Group. If the acquisition had occurred on the 1 April 2015, management estimates that revenue contributed by the subsidiary would have been J$182,356,000, and net loss for the year would have been J$33,540,000. In determining these amounts management has assumed that the fair value adjustments, determined previously, that arose on the acquisition date would have been the same if the acquisition had occurred on the 1 April 2015.

(b) ***Acquisition of JMMB Securities (Trinidad and Tobago) limited (formerly, AIC Securities Limited (AIC))***

On 30 April 2014, JMMB Investments (Trinidad and Tobago) Limited, a 100% owned subsidiary, acquired 100% equity of JMMB Securities (Trinidad and Tobago) Limited for TT$5.21 million (J$89.97 million).

Valuations of acquired tangible and intangible assets are now finalised. Details of the purchase price allocation among net assets acquired and goodwill are as follows:

	2015
	$'000
Purchase consideration	89,977
Fair value of net assets acquired	(109,240)
Negative goodwill	(19,263)

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

	Fair Value
	$'000
Cash and cash equivalents	77,786
Investment and resale agreements	97,399
Intangible assets	19,263
Property, plant and equipment and intangible assets	7,790
Income tax recoverable	23
Accounts receivable	33,785
Taxation payable	(17)
Accounts payable	(126,789)
Net assets	109,240
	(89,977)
Cash and cash equivalents acquired	77,786
Net cash outflow on acquisition	(12,191)

27. Business Combinations (Continued)

(b) Acquisition of JMMB Securities (Trinidad and Tobago) limited (formerly, AIC Securities Limited (AIC)) (continued)

In the eleven months ended 31 March 2015, JMMB Securities (Trinidad and Tobago) Limited contributed revenue of J$37,999,000 and net profit of J$4,206,000 to the Group's results. If the acquisition had occurred on the 1 April 2014, management estimates that revenue would have been J$40,520,000, and net profit for the year would have been J$1,681,000. In determining these amounts management has assumed that the fair value adjustments, determined previously, that arose on the acquisition date would have been the same if the acquisition had occurred on the 1 April 2014.

(c) Merger of Capital & Credit Financial Group with JMMB Group Limited

On 31 March 2016, Jamaica Money Market Brokers Limited, transferred direct ownership of Capital & Credit Financial Group Limited (CCFG) to JMMB Group Limited. All of CCFG's assets and liabilities were merged with the parent company. Consequently, JMMB Merchant Bank Limited and JMMB Money Transfer Limited became wholly owned subsidiaries of JMMB Group Limited. Capital & Credit Holdings Inc and Capital & Credit Financial Group are being wound up.

The assets and liabilities of CCFG Group transferred to JMMB Group Limited are as follows:

	$'000
Cash and cash equivalents	337
Investment and resale agreements	648
Investment in subsidiary	2,279,222
Property, plant and equipment and intangible assets	313
Income tax recoverable	13,096
Accounts receivable	52
Due to subsidiary	(64,999)
Accounts payable	(655)
Net assets	2,228,014
Purchase consideration	1,995,844
Net assets acquired	(2,228,014)
Reserve arising on acquisition	232,170
Cash consideration	-
Cash and cash equivalents acquired	337
	337

28. Financial Risk Management

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

(a) Introduction and overview

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

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

Risk management framework

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

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

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

(i) Risk Management Committee

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

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28. Financial Risk Management (Continued)

(a) Introduction and overview (continued)

Risk management framework (continued)

(ii) **Board Credit Committee**

The respective Bank Board Credit Committees are responsible for approving all credit requests above a specified threshold and ensuring that all lending facilities conform to standards agreed by the Board and embodied in Credit Risk Policy. The committee is ultimately responsible for determining the composition and management of the credit portfolio and has available a number of measures it can employ in this respect including making specific and general allowances against actual or potential bad debts. The committee is supported in its work by the Management Credit Committee.

(iii) **Audit Committees**

The Audit Committees monitor the quality of the Group's internal controls and compliance with regulatory requirements. The Audit Committee is assisted in its oversight role by the Internal Audit Function and the Risk Management Unit and Compliance Unit. Internal Audit undertakes both regular and ad hoc reviews of the risk management controls and procedures, the results of which are reported quarterly to the Audit Committee.

The management of certain specific aspects of operational risk, such as fraud, is also within the purview of the Audit Committee.

(iv) **Investment Committees**

The Investment Committees are responsible for the management of market risks. The committee monitors the composition of assets and liabilities, evaluates potential market risk involved in launching new products, reviews and articulates funding policy and decides optimal ways of managing the Group's liquidity.

(b) Credit risk

The Group assumes credit risk, which is the risk that its customers or counterparties will cause a financial loss for the Group by failing to discharge their contractual obligations. Credit exposures arise principally in lending and investment activities. The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty, or groups of related counterparties and to geographical and industry segments.

Credit review process

The Group has established a credit quality review process involving regular analysis of the ability of borrowers and other counterparties to meet interest and capital repayment obligations.

28. Financial Risk Management (Continued)

(b) Credit risk (continued)

Credit review process (continued)

(i) Loans and notes receivable

The Group assesses the probability of default of individual counterparties using internal ratings. Clients of the Group are segmented into rating classes. The Group's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class.

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

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

Loan and notes receivable that are cash secured are not included in a credit classification, based on the Group's rating grades.

(ii) Investments and resale agreements

The Group limits its exposure to credit risk by investing in liquid securities with counterparties that have high credit quality. As a consequence, management's expectation of default is low.

The Group has documented investment policies which facilitate the management of credit risk on investment securities and resale agreements. The Group's exposure and the credit ratings of its counterparties are continually monitored.

(iii) Cash and cash equivalents

Cash and cash equivalents are held in financial institutions which management regards as strong and there is no significant concentration. The strength of these financial institutions is constantly reviewed by the Risk Management Committee.

28. Financial Risk Management (Continued)

(b) Credit risk (continued)

Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of different types of collateral.

The main types of collateral obtained are as follows:

Loans and notes receivable – Cash and other near cash securities, mortgages over commercial and residential properties, charges over general business assets such as premises, equipment, inventory, accounts receivable, marketable securities and motor vehicles.

Resale agreements – Government of Jamaica and Bank of Jamaica securities. The collateral obtained (including accrued interest) is at least 100% of the sum of the principal value of the resale agreement plus interest to be earned.

Management monitors the market value of collateral held and where necessary, requests additional collateral in accordance with the underlying agreement.

Exposure to credit risk

Impairment

The main considerations for the loans and notes receivable impairment assessments include arrears of principal, or interest overdue by more than 90 days, or whether there are any known difficulties in the cash flows of counterparties, credit rating downgrades, or infringement of the original terms of the contract.

The Group addresses impairment assessment by reviewing all loans and notes receivable with risk ratings of 5 and above.

Individually assessed allowances are provided for financial assets based on a review conducted at least quarterly, or more regularly, when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at the reporting date on a case-by-case basis, and are applied to all accounts. The assessment normally encompasses collateral held and the anticipated receipts for that individual account.

The internal rating tool assists management to determine whether objective evidence of impairment exists, based on the following criteria set out by the Group:

- Delinquency in contractual payments of principal or interest;
- Cash flow difficulties experienced by the borrower (e.g. equity ratio, net income percentage of sales);
- Breach of loan covenants or conditions;
- Initiation of bankruptcy proceedings;
- Deterioration of the borrower’s competitive position; and
- Deterioration in the value of collateral.

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28. Financial Risk Management (Continued)

(b) Credit risk (continued)

Exposure to credit risk (continued)

Credit quality

The credit quality of the Group's loan portfolio is stated below:

	The Group		The Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Neither past due nor impaired - standard	30,016,608	27,567,242	5,680,469	-
Past due but not impaired	5,258,333	1,923,582	-	-
Past due and impaired	3,303,106	3,474,009	-	-
Gross	38,578,047	32,964,833	5,680,469	-
Less: allowance for impairment	(1,127,790)	(1,040,290)	-	-
Net	37,450,257	31,924,543	5,680,469	-

The aging of the Group's past due loans at the reporting date was as follows:

	The Group	
	2016	**2015**
	$'000	**$'000**
Past due 1 – 30 days	3,481,705	1,111,640
Past due 31 – 60 days	1,112,281	418,028
Past due 61 – 90 days	652,148	379,649
More than 90 days	3,315,305	3,488,274
	8,561,439	5,397,591

Loans become past due when payments are not received on contractual repayment dates. The majority of past due loans are not considered impaired.

28. Financial Risk Management (Continued)

(b) Credit risk (continued)

Maximum exposure to credit risk before collateral held or other credit enhancements

The maximum credit exposure, that is, the amount of loss that would be suffered if every counter-party to the Group's financial assets were to default at once, is represented as follows:

(1) For financial assets recognised at the reporting date:

The carrying amounts of financial assets as shown on the statement of financial position.

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

	The Group	
	2016	**2015**
	$'000	**$'000**
Loan commitments	2,072,600	2,267,955
Guarantees and letters of credit	44,948	77,274
	2,117,548	2,345,229

(i) Repossessed properties are sold as soon as practicable with the proceeds used to reduce the outstanding indebtedness. The Group does not occupy repossessed properties for business or other use.

The carrying value of the loans on which the collateral was repossessed during the year was $35,710,000 (2015: $10,380,000).

(ii) Renegotiated loans and leases

Restructuring activities include extended payment arrangements, approved external management plans, modification and deferral of payments. Following restructuring, a previously overdue customer account is reset to a normal status and managed together with other similar accounts. Restructuring policies and practices are based on indicators or criteria which, in the judgment of management, indicate that payment will most likely continue. These policies are kept under continual review.

There are no loans, that would otherwise be past due or impaired, whose terms have been negotiated.

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28. Financial Risk Management (Continued)

(a) Credit risk (continued)

Exposure to credit risk (continued)

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

	The Group				
	2016				
	Cash and cash equivalents	Loans and notes receivable	Resale agreements	Investment securities	Total
	$'000	$'000	$'000	$'000	$'000
Concentration by sector					
Government of Jamaica	-	-	-	103,840,128	103,840,128
Other sovereign bonds	-	-	-	24,072,687	24,072,687
Bank of Jamaica	3,340,700	-	-	11,194,795	14,535,495
Corporate	-	21,182,300	-	16,541,998	37,724,298
Financial institutions	22,169,021	276,514	221,506	1,326,482	23,993,523
Retail	-	15,991,443	-	-	15,991,443
	25,509,721	37,450,257	221,506	156,976,090	220,157,574
Concentration by location					
Jamaica	14,371,143	17,600,050	221,506	117,013,023	149,205,722
North America	2,837,233	121,283	-	19,773	2,978,289
Trinidad and Tobago	7,891,049	18,651,925	-	9,075,666	35,618,638
Dominican Republic	99,184	1,064,756	-	20,268,376	21,432,316
Other	311,112	12,243	-	10,599,252	10,922,609
	25,509,721	37,450,257	221,506	156,976,090	220,157,574

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28. Financial Risk Management (Continued)

(b) Credit risk (continued)

Exposure to credit risk

	The Group				
	2015				
	Cash and cash equivalents	Loans and notes receivable	Resale agreements	Investment securities	Total
	$'000	$'000	$'000	$'000	$'000
Concentration by sector					
Government of Jamaica	-	-	-	107,022,013	107,022,013
Other sovereign bonds	-	-	-	4,821,519	4,821,519
Bank of Jamaica	2,384,354	-	-	11,627,701	14,012,055
Corporate	-	10,356,563	-	14,494,644	24,851,207
Financial institutions	16,288,034	9,067,248	272,596	19,260,880	44,888,758
Retail	-	12,500,732	-	-	12,500,732
	18,672,388	31,924,543	272,596	157,226,757	208,096,284
Concentration by location					
Jamaica	6,114,941	15,040,060	272,596	129,339,138	150,766,735
North America	2,593,080	-	-	943	2,594,023
Trinidad and Tobago	9,964,367	16,884,483	-	6,758,438	33,607,288
Other	-	-	-	21,128,238	21,128,238
	18,672,388	31,924,543	272,596	157,226,757	208,096,284

	The Company				
	2016				
	Cash and cash equivalents	Loans and notes receivable	Resale agreements	Investment securities	Total
	$'000	$'000	$'000	$'000	$'000
Concentration by sector					
Financial institutions	7,623	5,680,469	506,956	919,556	7,114,604
Concentration by location					
Jamaica	7,623	5,071,969	506,956	919,556	6,506,104
Trinidad and Tobago	-	608,500	-	-	608,500
	7,623	5,680,469	506,956	919,556	7,114,604

28. Financial Risk Management (Continued)

(b) Credit risk (continued)

Collateral and other credit enhancements held against financial assets

The Group holds collateral against loans and advances to customers and others in the form of mortgage interests over property, other registered securities over other assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired. Collateral generally is not held over balances with banks or broker/dealers, except when securities are held under resale agreements. Collateral is generally not held against investment securities, and no such collateral was held at the reporting date (2015: no collateral held).

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28. Financial Risk Management (Continued)

(b) Credit risk (continued)

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

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

	The Group				The Company			
	Loans and notes receivable		Resale agreements		Loans and notes receivable		Resale agreements	
	2016	2015	2016	2015	2016	2015	2016	2015
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Against neither past due nor impaired financial assets:								
Cash secured	3,397,258	3,577,518	-	-	5,680,469	-	513,436	-
Property	19,788,212	19,300,979	-	-	-	-	-	-
Debt securities	3,935,588	2,614,018	231,117	294,036	-	-	-	-
Liens on motor vehicles	3,120,319	2,206,460	-	-	-	-	-	-
Equities	203,025	188,889	-	-	-	-	-	-
Other	6,944,074	8,051,983	-	-	-	-	-	-
Subtotal	**37,388,476**	**35,939,847**	**231,117**	**294,036**	**5,680,469**	**-**	**513,436**	**-**
Against past due but not impaired financial assets:								
Cash secured	239,768	32,703	-	-	-	-	-	-
Property	4,432,887	1,931,468	-	-	-	-	-	-
Liens on motor vehicles	706,229	373,040	-	-	-	-	-	-
Debt securities	633,636	-	-	-	-	-	-	-
Other	1,321,726	305,504	-	-	-	-	-	-
Subtotal	**7,334,246**	**2,642,715**	**-**	**-**	**-**	**-**	**-**	**-**
Against past due and impaired financial assets:								
Property	1,119,103	784,312	-	-	-	-	-	-
Liens on motor vehicles	201,382	40,754	-	-	-	-	-	-
Other	-	342,118	-	-	-	-	-	-
Subtotal	**1,320,485**	**1,167,184**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**46,043,207**	**39,749,746**	**231,117**	**294,036**	**5,680,469**	**-**	**513,436**	**-**

28. Financial Risk Management (Continued)

(c) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfil commitments to lend.

The Group is exposed to daily calls on its available cash resources from overnight placement of funds, maturing placement of funds and loan draw-downs. The Group does not maintain cash resources to meet all of these needs as experience shows that a minimum level of investment of maturing funds can be predicted with a high level of certainty.

The Group's approach to managing liquidity is to ensure, as far as possible, that it has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damages to the Group's reputation.

Liquidity risk management process

The Group's liquidity management process includes:

(i) Monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure funding if required;

(ii) Maintaining a portfolio of highly marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;

(iii) Optimising cash returns on investments;

(iv) Managing the concentration and profile of debt maturities.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month, respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Group and its exposure to changes in interest rates and exchange rates.

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28. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

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

	2016				
	The Group				
	Within 3 Months	3 to 12 Months	1 to 5 Years	Contractual Cash Flow	Carrying Amount
	$'000	$'000	$'000	$'000	$'000
Financial Liabilities					
Customer deposits	24,915,138	4,679,161	12,218,962	41,813,260	41,296,373
Due to other banks	-	-	652,622	652,622	499,166
Securities sold under agreements to repurchase	106,023,154	28,329,639	17,525,010	151,877,803	149,262,369
Notes payable	2,388,652	91,907	2,004,976	4,485,535	4,414,355
Redeemable preference shares	-	-	8,676,645	8,676,645	8,556,784
Payables	1,772,308	-	-	1,772,308	1,772,308
	135,099,252	33,100,707	41,078,215	209,278,174	205,801,355

	2015				
	The Group				
	Within 3 Months	3 to 12 Months	1 to 5 Years	Contractual Cash Flow	Carrying Amount
	$'000	$'000	$'000	$'000	$'000
Financial Liabilities					
Customer deposits	10,845,973	15,115,275	14,682,905	40,644,153	38,463,504
Due to other banks	82,569	-	477,195	559,764	435,032
Securities sold under agreements to repurchase	114,051,059	27,427,167	5,309,502	146,787,728	144,501,658
Notes payable	145,312	421,705	3,117,170	3,684,187	3,644,384
Redeemable preference shares	-	-	4,256,259	4,256,259	4,228,705
Payables	2,362,486	-	-	2,362,486	2,362,486
	127,487,399	42,964,147	27,843,031	198,294,577	193,635,769

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28. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

	2016				
	The Company				
	Within 3 Months	3 to 12 Months	1 to 5 Years	Contractual Cash Flow	Carrying Amount
	$'000	$'000	$'000	$'000	$'000
Financial Liabilities					
Redeemable preference shares	-	-	7,177,600	7,177,600	7,087,425
Due to subsidiary	4,709,588	-	-	4,709,588	4,709,588
Payables	3,154	-	-	3,154	3,154
	4,712,742	-	7,177,600	11,890,342	11,800,167

(d) Market risk

The Group assumes market risks, which are the changes in market prices, such as interest rates, equity prices, foreign exchange rates and commodity prices, that will affect the Group's income or fair value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return on risk.

The overall responsibility for market risk management is vested in the Board Risk Management Committee. The Risk Department is responsible for the development of detailed risk management policies (subject to review and approval by the Board Risk Management Committee) and for the day-to-day review of their implementation.

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

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

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

The Group uses VaR limits for its overall portfolio and for sub-portfolios. The overall structure of VaR limits is subject to review and approval by the Board Risk Management Committee. VaR is measured at least once daily. Daily reports of utilization of VaR limits are prepared by the Risk department and regular summaries submitted to the Board Risk Management Committee.

28. Financial Risk Management (Continued)

(d) Market risk (continued)

A summary of the VaR position of the Group's overall portfolio as at 31 March 2016 and during the year then ended is as follows:

	31 March	Average for Year	Maximum during Year	Minimum during Year
	$'000	$'000	$'000	$'000
2016 Overall VaR	1,636,510	2,194,863	4,688,218	739,638
2015 Overall VaR	2,125,891	3,137,163	8,839,834	1,259,592

The limitations of the VaR methodology are recognised by supplementing VaR limits with other position and sensitivity limit structures, including limits to address potential concentration of risks within the portfolio.

(i) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk on transactions that it undertakes in foreign currencies that give rise to the net currency gains and losses recognised during the year. Such exposures comprise the assets and liabilities of the Group that are not denominated in its functional currency. The Group ensures that the risk is kept to an acceptable level by monitoring its value at risk exposure.

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

	The Group	
	2016	2015
	$'000	$'000
United States dollars	10,870,326	(3,088,699)
Great Britain pounds	(38,827)	202,528
Euros	64,676	64,781
Trinidad and Tobago dollars	425,560	281,300
Canadian dollars	46,390	(89,161)

28. Financial Risk Management (Continued)

(d) Market risk (continued)

(i) Currency risk (continued)

Foreign currency sensitivity

The following tables indicate the currencies to which the Group and company had significant exposure on their monetary assets and liabilities and the estimated effect of changes in rates on profit for the year. The change in currency rates below represents management's assessment of a reasonably possible change in foreign exchange rates at the reporting date:

	The Group			
	Change in Currency Rate 2016 %	Effect on Profit 2016 $'000	Change in Currency Rate 2015 %	Effect on Profit 2015 $'000
Currency:				
USD	6	646,820	5	(154,435)
GBP	6	(2,330)	5	10,126
EUR	6	3,881	5	3,239
CAD	6	25,534	5	(4,458)
TT$	6	2,783	5	14,065
		676,688		(131,463)

(ii) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Floating rate instruments expose the Group to cash flow interest risk, whereas fixed interest rate instruments expose the Group to fair value interest risk.

The following tables summarise the Group's and the company's exposure to interest rate risk and the possible effect to earnings. It includes the Group's and company's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

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28. Financial Risk Management (Continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

	2016 The Group					
	Within 3 Months	**3 to 6 Months**	**6 to 12 Months**	**1 to 5 Years**	**Non Interest Bearing**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial Assets						
Cash and cash equivalents	25,489,991	2,405	-	-	17,325	25,509,721
Loans and notes receivable	21,692,419	832,176	2,187,686	11,223,824	1,514,152	37,450,257
Securities purchased under agreements to resell	120,494	101,012	-	-	-	221,506
Investment securities	11,214,524	10,216,912	3,295,947	130,670,816	1,577,891	156,976,090
Total financial assets	58,517,428	11,152,505	5,483,633	141,894,640	3,109,368	220,157,573
Financial Liabilities						
Deposits	31,507,962	-	4,499,142	887,913	4,401,356	41,296,373
Due to other financial institutions	-	-	-	499,166	-	499,166
Redeemable preference shares	1,469,359	-	-	7,087,425	-	8,556,784
Notes payable	-	2,434,000	-	1,980,355	-	4,414,355
Securities sold under agreements to repurchase	106,210,247	26,867,288	14,285,434	1,899,400	-	149,262,369
Other payables	-	-	-	-	1,772,308	1,772,308
Total financial liabilities	139,187,568	29,301,288	18,784,576	12,354,259	6,173,664	205,801,355
Total interest sensitivity gap	(80,670,140)	(18,148,783)	(13,300,943)	129,540,381	(3,064,296)	14,356,219
Cumulative interest sensitivity gap	(80,670,140)	(98,818,923)	(112,119,866)	17,420,515	14,356,219	

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28. Financial Risk Management (Continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

	2015 The Group					
	Within 3 Months	**3 to 6 Months**	**6 to 12 Months**	**1 to 5 Years**	**Non Interest Bearing**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial Assets						
Cash and cash equivalents	18,672,388	-	-	-	-	18,672,388
Loans and notes receivable	3,904,342	17,291,371	1,557,683	7,080,862	2,090,285	31,924,543
Securities purchased under agreements to resell	272,596	-	-	-	-	272,596
Investment securities	23,427,116	7,891,509	9,463,489	115,804,256	640,387	157,226,757
Total financial assets	46,276,442	25,182,880	11,021,172	122,885,118	2,730,672	208,096,284
Financial Liabilities						
Deposits	30,617,388	2,411,024	871,810	211,021	4,352,261	38,463,504
Due to other financial institutions	-	-	80,511	354,521	-	435,032
Securities sold under agreements to repurchase	108,181,890	16,393,302	15,228,360	4,698,106	-	144,501,658
Notes payable	-	-	-	3,644,384	-	3,644,384
Redeemable preference shares	4,228,705	-	-	-	-	4,228,705
Other payables	-	-	-	-	2,362,486	2,362,486
Total financial liabilities	143,027,983	18,804,326	16,180,681	8,908,032	6,714,747	193,635,769
Total interest sensitivity gap	(96,751,541)	6,378,554	(5,159,509)	113,977,086	(3,984,075)	14,460,515
Cumulative interest sensitivity gap	(96,751,541)	(90,372,987)	(95,532,496)	18,444,590	14,460,515	

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28. Financial Risk Management (Continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

	2016 The Company					
	Within 3 Months	**3 to 6 Months**	**6 to 12 Months**	**1 to 5 Years**	**Non Interest Bearing**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
At 31 March 2015:						
Financial Assets						
Cash and cash equivalents	7,623	-	-	-	-	7,623
Loans and notes receivable	-	5,680,469	-	-	-	5,680,469
Securities purchased under agreements to resell	506,956	-	-	-	-	506,956
Investment securities	-	900,648	-	-	18,908	919,556
Total financial assets	514,579	6,581,117	-	-	18,908	7,114,604
Financial Liabilities						
Redeemable preference shares	-	-	-	7,087,425	-	7,087,425
Other payables	-	-	-	-	3,154	3,154
Due to subsidiary	-	-	-	-	4,709,588	4,709,588
Total financial liabilities	-	-	-	7,087,425	4,712,742	11,800,167
Total interest sensitivity gap	514,579	6,581,117	-	(7,087,425)	(4,693,834)	(4,685,563)
Cumulative interest sensitivity gap	514,579	7,095,696	7,095,696	8,271	(4,685,563)	

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28. Financial Risk Management (Continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

Interest rate sensitivity

The following table indicates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, on the Group's interest income in the profit or loss account and gains recognised in other comprehensive income.

The sensitivity of the profit or loss is the effect of the assumed changes in interest rates on net profit based on the floating rate financial assets and financial liabilities. The sensitivity of stockholders' equity is calculated by revaluing fixed rate available-for-sale financial assets for the gross effects of the assumed changes in interest rates. The correlation of a number of variables will have an impact on market risk. It should be noted that movements in these variables are non-linear and are assessed individually.

	The Group			
	2016		2015	
	Effect on Profit 2016 $'000	Effect on Equity 2016 $'000	Effect on Profit 2015 $'000	Effect on Equity 2015 $'000
Change in basis points				
JMD/USD				
-100/-50	(313,393)	4,128,923	(245,879)	3,669,97
+ 250/+200	362,669	(5,972,124)	613,751	(10,386,86

Equity price risk

Equity price risk arises on equity securities held by the Group as part of its investment portfolio. Management monitors the mix of debt and equity securities in its investment portfolio based on market expectations. The primary goal of the Group's investment strategy is to maximize investment returns while managing risk so as to minimize potential adverse effects on the Group's financial performance.

The Group's equity securities are listed on the Jamaica and Trinidad and Tobago Stock Exchanges. A 5% increase or decrease in quoted bid prices at the reporting date would result in an increase or decrease, respectively, in equity of $52,979,541 (2015: $15,565,736) for the Group.

28. Financial Risk Management (Continued)

(e) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risks so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall standards for the management of operational risk in the following areas:

- requirement for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of control and procedures;
- requirement for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks indentified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of a contingency plan;
- risk mitigation, including insurance where this is effective.

Compliance with the Group's standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of internal audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to senior management and the Audit Committee.

28. Financial Risk Management (Continued)

(f) Capital management

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

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

(i) To comply with the capital requirements set by the regulators of the financial markets where the entities within the Group operate;

(ii) To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for stockholders and benefits for other stakeholders; and

(iii) To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored monthly by the Group's management based on the guidelines developed by the Financial Services Commission (FSC), Jamaica Stock Exchange (JSE) and the Risk Management Unit. The required information is filed with the respective Regulatory Authorities at stipulated intervals.

The regulated authorities requires each regulated entity to:

(i) Hold the minimum level of the regulatory capital; and

(ii) Maintain a minimum ratio of total regulatory capital to the risk-weighted assets.

Certain subsidiaries regulatory capital is divided into two tiers:

(i) Tier 1 capital: share capital, share premium, retained earnings, investment revaluation reserve and cumulative translation reserve.

(ii) Tier 2 capital: redeemable preference shares and investment revaluation reserve.

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

The regulated companies within the Group with prescribed capital requirements are Jamaica Money Market Brokers Limited (JMMB), JMMB Securities Limited (JMMBSL), JMMB Fund Managers (JMMBFM), JMMB Insurance Brokers Limited (JMMBIB), JMMB Money Transfer Limited (JMMBMT), JMMB Puesto de Bolsa, Banco Rio De Ahorro Y Credito JMMB Bank S.A (JMMBBR), JMMB Sociedad Administradora De Fondos De Inversion, S.A. (SAFI), JMMB Merchant Bank Limited (JMMBMB), Intercommercial Bank Limited (IBL), Intercommercial Trust and Merchant Bank Limited (ITMBL), JMMB Investment (Trinidad and Tobago) Limited (JMMBTT) and JMMB Securities (Trinidad and Tobago) (JMMBITT).

The table below summarises the composition of regulatory capital and the ratios of the regulated companies within the Group for the years ended 31 March 2016 and 31 March 2015.

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

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28. Financial Risk Management (Continued)

(f) Capital management (continued)

	JMMB		JMMBSL		JMMBIB	
	2016	2015	2016	2015	2016	2015
	J$'000	J$'000	J$'000	J$'000	J$'000	J$'000
Tier 1 capital	14,764,928	14,604,539	595,088	281,230	89,716	85,672
Tier 2 capital	5,659,712	1,175,487	-	-	-	-
Total regulatory capital	20,424,640	15,780,026	595,088	281,230	89,716	85,672
Risk-weighted assets:						
On-balance sheet	112,754,966	107,386,100	563,165	281,954	-	-
Foreign exchange exposure	8,893,446	4,427,356	144,084	151,304	-	-
Total risk-weighted assets	121,648,412	111,813,456	707,249	433,258	-	-
Actual regulatory capital to risk weighted assets	17%	14%	84%	65%	-	-
Required regulatory capital to risk weighted assets	10%	10%	10%	10%	-	-

	ITMBL		IBL		JMMBMB	
	2016	2015	2016	2015	2016	2015
	TT$'000	TT$'000	TT$'000	TT$'000	J$'000	J$'000
Regulatory capital –						
Tier 1 capital	23,474	23,036	119,706	109,125	5,042,706	4,581,869
Tier 2 capital	130	304	73,401	72,358	116,256	81,256
Total regulatory capital	23,604	23,340	193,107	181,483	5,158,962	4,663,125
Total required capital	-	-	-	-	2,727,020	2,687,184
Risk-weighted assets –						
On balance sheet	26,142	39,698	1,036,792	915,240	24,542,968	24,629,073
Off balance sheet	-	-	-	-	2,163,428	1,403,279
Foreign exchange exposure	-	-	-	-	563,802	839,489
	26,142	39,698	1,036,792	915,240	27,270,198	26,871,841
Actual regulatory capital to risk weighted assets	90%	59%	19%	20%	19%	17%
Required regulatory capital to risk weighted assets	10%	10%	10%	10%	10%	10%

28. Financial Risk Management (Continued)

(f) Capital management (continued)

	JMMBFM	
	2016	**2015**
	$'000	**$'000**
Tier 1 capital	320,357	241,378
Tier 2 capital	-	-
Actual regulatory capital	320,357	241,378
Required level of regulatory capital	39,512	23,392
Total risk-weighted assets	282,225	167,085
Tier one capital ratio to risk-weighted assets	114%	145%

The increase of the regulatory capital in 2016 for JMMBFM is mainly due to the contribution of the current period profit.

(i) The capital requirement for JMMBIB is to maintain a minimum capital base of $10 million.

(ii) The capital requirement for JMMB Puesto de Bolsa is RD$5 million plus other reserve which is 5% of liquid profits.

(iii) The capital requirement of JMMB Investments (Trinidad and Tobago) Limited and JMMB Securities (Trinidad and Tobago) Limited is to maintain a minimum capital base of TT$15 million and TT$5 million respectively.

(iv) JMMB Money Transfer Limited is required to maintain a minimum net worth of US$10,000 or its equivalent in Jamaican dollars in addition to satisfying certain liquidity ratios.

(v) The capital requirement for JMMB Sociedad Administradora De Fondos De Inversion, S.A. (SAFI) is to maintain a minimum capital base of RD$15 million or at least 1% ratio of total asset to funds under management (AUM/Capital).

(vi) The capital requirement for AFP JMMB BDI S.A.is to maintain a minimum capital base of RD$10 million.

(vii) The capital requirement for Banco Rio De Ahorro Y Credito JMMB Bank S.A is to maintain a minimum capital to risk weighted asset (CAR) in excess of 10%. The company's CAR at 31 March was 13.3%.

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

29. Financial Instruments – Fair Value

(a) Definition and measurement of fair values

The Group's accounting policies on measurement and disclosure require the measurement of fair values for financial assets and financial liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring fair value of an asset or liability, where a quoted market price is available, fair value is computed by the Group using the quoted bid price at the reporting date, without any deduction for transaction costs or other adjustments. Where a quoted market price is not available, fair value is computed using alternative techniques, making use of available input data; the Group uses observable data as far as possible. Fair values are categorised into different levels in a three-level fair value hierarchy, based on the degree to which the inputs used in the valuation techniques are observable. The different levels in the hierarchy have been defined as follows:

Level 1 refers to financial assets and financial liabilities that are measured by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2 refers to financial assets and financial liabilities that are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions, and for which pricing is obtained via pricing services, but where prices have not been determined in an active market. This includes financial assets with fair values based on broker quotes, investments in funds with fair values obtained via fund managers, and assets that are valued using a model whereby the majority of assumptions are market observable.

Level 3 refers to financial assets and financial liabilities that are measured using non-market observable inputs. This means that fair values are determined in whole or in part using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

There were no transfers between levels during the year.

29. Financial Instruments - Fair Value (Continued)

(b) Techniques for measuring fair value of investment securities classified as Level 2

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

(c) Accounting classifications and fair values

The following table shows the classification of financial assets and financial liabilities and their carrying amounts.

Where the carrying amounts of financial assets and financial liabilities are measured at fair value, their levels in the fair value hierarchy are also shown. Where the carrying amounts of financial assets and financial liabilities are not measured at fair value, and those carrying amounts are a reasonable approximation of fair value, fair value information (including amounts, and levels in the fair value hierarchy) is not disclosed.

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29. Financial Instruments - Fair Value (Continued)

The Group

	2016								
	Carrying amount						**Fair value**		
	Loan and receivables $'000	**Available-for-sale $'000**	**At fair value through profit & loss account $'000**	**Held to maturity $'000**	**Other financial liabilities $'000**	**Total $'000**	**Level 1 $'000**	**Level 2 $'000**	**Total $'000**
Financial assets measured as fair value									
Ordinary shares quoted	-	378,383	265,426	-	-	643,809	643,809	-	643,809
Certificates of Deposit	-	11,405,864	-	-	-	11,405,864	-	11,405,864	11,405,864
Government of Jamaica Securities	-	76,086,900	150,971	-	-	76,237,871	-	76,237,871	76,237,871
Government of Jamaica guaranteed	-	5,908,979	-	-	-	5,908,979	-	5,908,979	5,908,979
Credit default swap	-	-	1,652,182		-	1,652,182	-	1,652,182	1,652,182
Corporate bonds	-	4,382,501	45,672	-	-	4,428,173	-	4,428,173	4,428,173
Foreign Government Securities	-	23,823,705	-	-	-	23,823,705	-	23,823,705	23,823,705
Money market funds	-	584,079	-	-	-	584,079	-	584,079	584,079
Units in Unit Trust	-	186,038	-	-	-	186,038	-	186,038	186,038
Other	-	170,765	-	-	-	170,765	-	170,765	170,765
	-	**122,927,214**	**2,114,251**	**-**	**-**	**125,041,465**	**643,809**	**124,397,656**	**125,041,465**
Financial assets not measured at fair value									
Cash and cash equivalents	25,509,721	-	-	-	-	25,509,721			
Security purchased under agreement to resell	221,506	-	-	-	-	221,506			
Certificates of Deposit	345,297	-	-	-	-	345,297			
Credit link note				9,538,595		9,538,595			
Government of Jamaica Securities	18,535,833	-	-	-	-	18,535,833			
Sovereign bonds	94,946	-	-	97,897	-	192,843			
Government of Jamaica guaranteed	3,308,415	-	-	-	-	3,308,415			
Other corporate bonds	13,642					13,642			
Loans receivable	37,450,257	-	-	-	-	37,450,257			
Other receivable	1,791,238	-	-	-	-	1,791,238			
	87,270,855	**-**	**-**	**9,636,492**	**-**	**96,907,347**			
Financial liabilities not measured at fair value									
Customer deposits		-	-	-	41,296,373	41,296,373			
Due to other banks		-	-	-	499,166	499,166			
Redeemable preference shares		-	-	-	8,556,784	8,556,784			
Other liabilities		-	-	-	1,772,308	1,772,308			
Securities sold under agreements to repurchase		-	-	-	149,262,369	149,262,369			
		-	-	-	**201,387,000**	**201,387,000**			

JMMB GROUP LIMITED

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31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

29. Financial Instruments - Fair Value (Continued)

The Group

	2015								
	Carrying amount						Fair value		
	Loan and receivables $'000	Available-for-sale $'000	At fair value through profit & loss account $'000	Held-to-maturity $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Total $'000
Financial assets measured as fair value									
Ordinary shares quoted	-	310,937	50,362	-	-	361,299	361,299	-	361,299
Ordinary share unquoted	-	-	12,956	-	-	12,956	-	12,956	12,956
Certificate of Deposit	-	12,292,110	-	-	-	12,292,110	-	12,292,110	12,292,110
Government of Jamaica Securities	-	73,379,391	1,614	-	-	73,381,005	-	73,381,005	73,381,005
Government of Jamaica guaranteed	-	4,951,841	-	-	-	4,951,841	-	4,951,841	4,951,841
Credit default swap	-	-	469,145	-	-	469,145	-	469,145	469,145
Corporate Bonds	-	8,504,821	144,238	-	-	8,649,059	-	8,649,059	8,649,059
Foreign Government Securities	-	16,750,687	1,576,640	-	-	18,327,327	-	18,327,327	18,327,327
Money Market Funds	-	440,819	-	-	-	440,819	-	440,819	440,819
Units in Unit Trust	-	75,268	-	-	-	75,268	-	75,268	75,268
Other	-	579,586	-	-	-	579,586	-	579,586	579,586
	-	**117,285,460**	**2,254,955**	**-**	**-**	**119,540,415**	**361,299**	**119,179,116**	**119,540,415**
Financial assets not measured at fair value									
Cash and cash equivalent	18,672,388	-	-	-	-	18,672,388			
Security purchased under agreement to resell	272,596	-	-	-	-	272,596		272,596	
Government of Jamaica Securities	22,433,743	-	-	-	-	22,433,743		24,357,087	
Credit link note	-	-	-	8,803,785		8,803,785			
Other sovereign bonds	213,053	-	-	54,030	-	267,083		83,357	
Corporate bonds	6,181,731		-	-	-	6,181,731		6,272,813	
Loans receivable	31,924,543	-	-	-	-	31,924,543			
Other receivable	1,245,160	-	-	-	-	1,245,160			
	80,943,214	**-**	**-**	**8,857,815**	**-**	**89,801,029**			
Financial liabilities not measured at fair value									
Customer deposits	-	-	-	-	38,463,504	38,463,504			
Due to other banks	-	-	-	-	435,032	435,032			
Redeemable preference shares	-	-	-	-	4,228,705	4,228,705			
Other liabilities	-	-	-	-	2,362,486	2,362,486			
Securities sold under agreements to repurchase	-	-	-	-	144,501,658	144,501,658			
	-	**-**	**-**	**-**	**189,991,385**	**189,991,385**			

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29. Financial Instruments - Fair Value (Continued)

	The Company					
	2016					
	Carrying amount				Fair value	
	Loan and receivables $'000	Available-for-sale $'000	Other financial liabilities $'000	Total $'000	Level 2 $'000	Total $'000
Financial assets measured as fair value						
Certificates of deposit	-	900,648	-	900,648	900,648	900,648
Ordinary share unquoted	-	18,908	-	18,908	18,908	18,908
	-	**919,556**	**-**	**919,556**	**919,556**	**919,556**
Financial assets not measured at fair value						
Cash and equivalents	7,623	-	-	7,623		
Security purchased under agreement to resell	506,956	-	-	506,956		
Loans receivable	5,680,469	-	-	5,680,469		
Other receivable	9,537	-	-	9,537		
	6,204,585	**-**	-	**6,204,585**		
Financial liabilities not measured at fair value						
Redeemable preference shares	-	-	7,087,425	7,087,425		
Other liabilities	-	-	3,154	3,154		
Due to fellow subsidiaries	-	-	4,709,588	4,709,588		
	-	**-**	**11,800,167**	**11,800,167**		

30. Post-employment Benefits

Pensions are the only post-employment benefits to which the Group is committed. To better secure the payment of promised benefits, a subsidiary company operates a defined-contribution pension fund for the Group's Jamaican employees who have satisfied certain minimum service requirements. The fund is financed by equal contributions of employer and employees of 5% of pensionable salaries with an option for employees to contribute up to an additional 10% of pensionable salaries.

The fund is administered by trustees and the assets are held separately from those of the Group. Under the rules of the Fund, an actuarial valuation should be carried out by the appointed actuaries every three years. An actuarial valuation of the fund was done as at 31 December 2014 by ACTMAN International Limited, independent actuaries. The valuation report revealed a funding surplus.

The pension benefit is the annuity that can be purchased by the amount standing to the credit of the member's account at the date of retirement.

The Trinidadian subsidiaries operates a two tiered defined contribution plan which is in compliance with the provisions of the Income Tax Act of Trinidad & Tobago section 134(6). Under the terms of employment, the entities are obligated to contribute on behalf of all eligible employees an amount of 10% of the employees' pensionable salary directly to the plan. In addition, all eligible employees contribute an amount of 5% of their pensionable salary to individual annuities.

The contributions for the year amounted to $144,145,000 (2015: $128,062,000) for the Group.

31. Managed Funds

The Group acts as agent and earns fees for managing clients' funds on a non-recourse basis under a management agreement. This includes some of the assets of the Group's pension fund (Note 30). Although the Group is the custodian of the securities in which the clients participate, it has no legal or equitable right or interest in these securities. Accordingly, the securities in which the client's funds are invested have been excluded from these financial statements.

At 31 March 2016, funds managed in this way by the Group amounted to $85,577,544,000 (2015:$58,664,469,000) which includes assets of the Group's pension fund (Note 30), amounting to $1,907,779,000 (2015: $1,540,631,000) for the Group. The financial statements included the following assets held in (liabilities payable to) the managed funds:

	The Group	
	2016	2015
	$'000	$'000
Investments	584,079	440,819
Interest payable	(2,963)	(57,018)
Securities sold under agreements to repurchase	(36,458,195)	(25,578,798)
Customer deposits	(2,163,420)	(1,597,611)

32. Contingencies and Commitments

Operating leases

The Group has entered into several lease agreements for rental of offices. The amount charged to profit or loss during the year is $244,979,000 (2015: $220,925,000).

The total annual commitment to be paid is as follows:

	The Group	
	2016	**2015**
	$'000	**$'000**
2015	180,529	253,345
2016	164,087	158,542
2017	151,154	150,932
2018	150,083	117,339
2019	132,179	117,077
Over 5 years	492,649	634,997