

DIRECTORS' STATEMENT

PERFORMANCE HIGHLIGHTS

Net Profit	J\$613.4 million, up 3%
Earnings per Stock Unit	J\$0.38, up by J\$0.02
Net Operating Revenue	J\$4.05 billion, grew by 19%
Net Interest Income	J\$1.91 billion, up 24%

The Directors are pleased to announce that the JMMB Group posted net profit of J\$613.4 million and earnings per share of J\$0.38 for the three months ended 30 June 2017.

THE JMMB GROUP CEO'S COMMENTARY

The Group had a solid start to the financial year with credible performance across all three countries.

A critical enabler of our integrated financial services model, the Group focused on executing the final leg of our commercial banking transition in Jamaica. In rolling out a full suite of products and services consistent with traditional commercial banking operations, the team's core focus was on the implementation of a sound operational framework for the Bank. Subsequent to the review period, we secured final approval from the BOJ for transactional Moneyline for the Bank as well as Mandeville and Portmore branches which underwent extensive renovations to be able to offer full banking services and solutions. We continue to improve upon other locations in Jamaica responding to our clients need for full solutions and an excellent client experience.

We were also focused in preparing for the opening of our pensions fund management company in the Dominican Republic as we take further steps in our regionally integrated financial services model.

As we enter the commercial banking arena in Jamaica and pensions fund administration in the Dominican Republic, we are acutely aware of the needs, expectations and pain points of our Clients as well as the service and experience gaps currently in the market. *We therefore will be offering a differentiated experience by leveraging the strength of JMMB's brand values of **Love and Your Best Interest**.* We anticipate a successful launch date for both in the second quarter.

GROUP FINANCIAL PERFORMANCE

Net Operating Revenue

For the first quarter of the 2017/18 financial year, the JMMB Group reported net operating revenue of J\$4.05 billion which represented a 19% increase relative to the prior period. This was on account of increases in all business lines with the exception of net foreign exchange trading.

Notably, all the other lines – net interest income, net gains on securities trading and fees and commissions income - recorded double digit growth. Net interest income was J\$1.91 billion, reflecting a 24% or J\$367.6 million growth. There was strong growth in the earning portfolios especially the loan portfolios across the Group. As such, yields were higher than the prior period and cost of funding was lower given the spread management strategy in place.

Net gains on securities trading amounted to J\$1.54 billion, which was 36% or J\$407.1 million higher. The portfolio trading strategies were very profitable and were supported by the maturities of GOJ debts, redemption of BOJ CDs as well as higher external demands for GOJ global bonds due to lower treasury yields in the US.

There was significant growth in managed funds and collective investment schemes across the Group which contributed to the growth in fees and commission income. Fees and commission income grew by 22% or J\$66.1 million to J\$363.8 million when compared to the prior period.

Net foreign exchange trading declined by 46% or J\$205.3 million to J\$237.5 million as in the prior period the Group benefitted from a one-off market opportunity.

Country Contribution

Consistent with the Group's strategy to diversify revenue across the region, the table below shows the contribution to net operating revenue from each jurisdiction.

Net Operating Revenue (in J\$'000)	30-Jun-17	30-Jun-16	Growth	Growth (%)
Jamaica	3,108,991	2,529,459	579,531	23%
Trinidad & Tobago	620,411	614,598	5,814	1%
Dominican Republic	324,968	274,782	50,186	18%
Total	4,054,370	3,418,839	635,531	19%

Net operating revenue across the regions improved, with the exception of Trinidad and Tobago which was flat at J\$620.4 million as in the prior period, there was one-off FX trading gains which was absent in the reporting period. Net operating revenue contributed by the Dominican Republic was J\$325 million which represented an increase of J\$50.2 million or 18%. This was mainly on account of growth in the banking business.

Operating Efficiency

For the three months ended June 30, 2017, the efficiency ratio was 77% compared to 75% in the prior period. Operating expenses for the reporting period amounted to J\$3.11 billion and was 21% higher than the prior period. This was attributed primarily to costs associated with the transition of JMMB Merchant Bank to a commercial bank. Additionally, costs associated with the enhancement of our integrated Group sales and support framework was added during the course of the prior financial year, and the current reporting period would reflect the first full year of cost.

GROUP FINANCIAL POSITION

Total Assets

At the end of June 30, 2017, the JMMB Group's asset base totalled J\$268.05 billion, up J\$16.49 billion or 7% relative to end-March 2017. This was mainly on account of higher cash holdings arising from timing difference for deployment into investment securities and loans. Consequently, the investment portfolio increased by J\$1.31 billion or 1% to J\$173.80 billion, while net loans and advances totalled J\$48.25 billion, up 2% or J\$1.11 billion. The credit quality of the portfolio continues to perform well against international standards.

The growth in the asset base was funded by customer deposit and repurchase agreements. Customer deposits increased by J\$1.79 billion or 4% to J\$50.87 billion, while repurchase agreements were 8% higher at J\$169.50 billion.

Capital

The Group continued to be adequately capitalized as it stood at J\$26.80 billion. The individually regulated companies within the Group continued to exceed the regulatory capital requirements. The regulatory ratios for major subsidiaries in the Group are shown in the table below.

Company	Regulatory Measure	Minimum Requirement	30-Jun-17
Jamaica Money Market Brokers Limited	Regulatory capital to risk weighted assets ratio	10%	16.24%
JMMB Merchant Bank Limited	Regulatory capital to risk weighted assets ratio	10%	16.13%
JMMB Bank (T&T) Limited	Regulatory capital to risk weighted assets ratio	10%	14.45%
JMMB Securities Limited	Net free capital	J\$39.6 million	J\$589.9 million
JMMB Puesto de Bolsa, S.A.	Minimum capital	RD\$5 million	RD\$1,160 million

Off-Balance Sheet Funds under Management

In alignment with the Group's strategy to provide complete customized financial solutions for each client, we experienced growth in our off-balance sheet products which include pension funds, unit trusts and money market funds. Consequently, the total invested in off-balance sheet products as at June 2017 stood at J\$114.75 billion compared to J\$89.53 billion as at end of June 2016.

Corporate Social Responsibility

JMMB Group is actively and publicly involved in charitable and voluntary activities within the society in keeping with its Vision of Love, as it recognizes and accepts its social responsibility. This is demonstrated in initiatives focused primarily on: education, transformational leadership, capacity building and community development.

In **Jamaica**, the JMMB Joan Duncan Foundation led the charge, on behalf of the Group. Conversations for Greatness (CFG), the national project coordinated under the Foundation, continues to make a tangible and positive impact by transforming the schools in which it has been implemented; as evidenced by a decline in absenteeism and disruptive behavior by students, at Donald Quarrie High, Holy Family and Maxfield Park Primary. During the period, CFG has been rolled out in approximately 23 schools, with the intention to expand the project in over 100 more schools by the end of the year; through bolstered administrative and technical capacity. Additionally, the Foundation provided financial support for community-based transformation training of participants in Youth Upliftment Through Employment (YUTE). Plans are afoot to expand the training to other inner city communities. The Foundation has also continued to lend financial support to several initiatives including: the Jamaica Football Federation (JFF) Coaching School; the Child Resiliency Programme and the University Hospital of the West Indies (UHWI) among others.

The annual Joan Duncan Memorial Lecture, designed to honour the life and legacy of JMMB's late co-founder, was staged with the University of Technology (UTech), Jamaica on May 17, under the theme, "Mining Gold! How Do We Monetize Brand Jamaica's Sporting Success?" Don Lockerbie, Managing Director, Sports and Events, The Parker Company, Miami, Florida, and former Chief Operating Officer and Venue Development Director of the ICC Cricket World Cup 2007 in the West Indies, delivered the main address on the occasion.

The stellar contribution of the Foundation and the JMMB Mandeville branch has been recognized with accolades from Manchester Chamber of Commerce, for corporate social responsibility. Additionally, the Foundation was named 2017 Champions for Youth Pillar Award, for its contribution in building student capacity in entrepreneurship, financial literacy and workforce readiness by Junior Achievement.

Over the period, the team in **Trinidad and Tobago** focused its efforts on educational initiatives, including commencement of discussions towards a long-term partnership to be forged with a literacy programme dubbed, Leading for Literacy, led by the Madras Government School. Additionally, JMMB donated books to the emergent, average and competent readers involved in the programme during a special awards event. The Leading for Literacy initiative aims at promoting literacy in schools, located in especially at-risk communities, and facilitates the training of principals, teachers and parents, to support the holistic learning process and encourages parental involvement. The corporate social responsibility policy has been approved at the committee level; and will going forward further streamline and allocate funding to support national initiatives with a more strategic approach, in Trinidad and Tobago.

In the **Dominican Republic**, the team remains committed to partnering with UNPHU Emprende, the Entrepreneur division of the Universidad Nacional Pedro Henriquez Ureña. JMMB has also undertaken a partnership to provide partial financial support for materials and financial advisory services to the top entrepreneur in the venture competition hosted by UNPHU. The top entrepreneur is a bakery with mobile distribution in dispersed, remote low-income communities with poor access to quality bread in their communities. Additionally, in Dominican Republic, the company has established 1 of 4 national entrepreneurship centres with UNPHU, and will continue this partnership to institute another centre in the near future as a joint initiative with the government, the education ministry and the private sector. JMMB Puesto de Bolsa continues to provide funding to selected children's homes to support the welfare of these orphaned children and other community outreach initiatives.

General

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



Archibald Campbell
Chairman



Keith P. Duncan
Group Chief Executive Officer

JMMB GROUP LIMITED

Consolidated Profit and Loss Account

Three-month period ended 30 June 2017

(Expressed in Jamaican dollars unless otherwise indicated)

	Unaudited Three Months Ended 30-Jun-17 \$000	Unaudited Three Months Ended 30-Jun-16 \$000
Net Interest Income and Other Revenue		
Interest income	3,956,196	3,617,452
Interest expense	(2,042,370)	(2,071,244)
Net interest income	1,913,826	1,546,208
Fees and commissions income	363,827	297,721
Gain on securities trading, net	1,539,178	1,132,074
Foreign exchange margins from cambio trading	237,539	442,836
Operating revenue net of interest expense	4,054,370	3,418,839
Other Income		
Other	36,419	1,213
Dividends	11,355	15,694
	4,102,144	3,435,747
Operating expenses	(3,107,675)	(2,578,708)
Profit before taxation	994,469	857,038
Taxation	(381,075)	(263,657)
Profit for the period	613,394	593,381
Attributable to:		
Equity holders of the parent	616,537	590,494
Non-controlling interest	(3,143)	2,887
	613,394	593,381
Earnings per stock unit	\$0.38	\$0.36

JMMB GROUP LIMITED

Consolidated Statement of Comprehensive Income

Three-month period ended 30 June 2017

(Expressed in Jamaican dollars unless otherwise indicated)

	<u>Unaudited</u> <u>Three Months</u> <u>Ended</u> <u>30-Jun-17</u> <u>\$'000</u>	<u>Unaudited</u> <u>Three Months</u> <u>Ended</u> <u>30-Jun-16</u> <u>\$'000</u>
Profit for the period	613,394	593,381
Other comprehensive income:		
Unrealised (loss) / gains on available for sale investments	(224,923)	419,799
Foreign exchange translation differences	(3,790)	130,810
	<u>(228,713)</u>	<u>550,610</u>
Total comprehensive income for period, net of tax	<u>384,681</u>	<u>1,143,990</u>
Total comprehensive income attributable to:		
Owners of the parent	406,072	1,179,219
Non-controlling interest	(21,391)	(35,229)
	<u>384,681</u>	<u>1,143,990</u>

JMMB GROUP LIMITED

Consolidated Statement of Financial Position

Three-month period ended 30 June 2017

(Expressed in Jamaican dollars unless otherwise indicated)

	Unaudited as at 30-Jun-17 \$'000	Unaudited as at 30-Jun-16 \$'000	Audited as at 31-Mar-17 \$'000
ASSETS			
Cash and cash equivalents	35,533,110	23,824,493	20,895,153
Interest receivable	3,115,681	3,143,879	2,941,556
Income tax recoverable	1,108,809	1,227,477	1,252,062
Loans and notes receivable, net of provision	48,246,209	40,337,121	47,133,134
Other receivables	817,448	855,585	1,545,162
Investments and resale agreements	173,796,574	170,926,843	172,486,809
Investment properties	449,860	457,591	473,132
Deferred tax asset	42,073	172,993	43,902
Property, plant and equipment and intangible assets	4,718,995	3,845,739	4,587,090
Customers' liability under acceptances, guarantees and letters of credit as per contra	221,531	129,275	198,110
	268,050,290	244,920,996	251,556,110
EQUITY AND LIABILITIES			
Equity			
Share Capital	1,864,554	1,864,554	1,864,554
Retained earnings reserve	9,605,055	9,605,055	9,605,055
Investment revaluation reserve	2,003,515	1,609,984	2,202,115
Cumulative translation reserve	300,380	171,965	312,246
Retained earnings	12,163,610	9,558,478	11,922,100
	25,937,114	22,810,036	25,906,070
Non-controlling interest	867,238	757,036	888,629
Total equity	26,804,352	23,567,072	26,794,699
Liabilities			
Customer deposits	50,874,490	46,076,225	49,087,517
Due to other banks	390,566	482,517	418,313
Notes payable	5,550,811	4,647,726	4,525,307
Securities sold under agreements to repurchase	169,495,480	156,098,793	156,647,595
Redeemable preference shares	8,833,941	8,795,076	8,837,821
Interest payable	1,387,036	1,536,395	1,158,780
Income tax payable	329,523	214,848	208,477
Other payable	2,689,181	2,373,369	2,446,790
Deferred tax liability	1,473,379	999,700	1,232,702
Liabilities under acceptances, guarantees and letters of credit as per contra	221,531	129,275	198,110
	241,245,938	221,353,924	224,761,411
	268,050,290	244,920,996	251,556,110

JMMB GROUP LIMITED

Consolidated Statement of Changes in Stockholders' Equity

Three-month period ended 30 June 2017

(Expressed in Jamaican dollars unless otherwise indicated)

	Share Capital	Retained Earnings Reserve	Investment Revaluation Reserve	Cumulative Translation Reserve	Retained Earnings	Attributable to holders of the Parent	Non-Controlling Interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balances at March 31, 2016 (Audited)	1,864,554	9,605,055	1,152,069	41,155	9,261,483	21,924,316	792,265	22,716,581
Profit for the period	-	-	-	-	590,494	590,494	2,887	593,381
Other comprehensive income for period	-	-	457,915	130,810	-	588,725	(38,116)	550,609
Dividends paid	-	-	-	-	(293,499)	(293,499)	-	(293,499)
Balances at 30 June 2016 (Unaudited)	1,864,554	9,605,055	1,609,984	171,965	9,558,478	22,810,036	757,036	23,567,072
Balances at March 31, 2017 (Audited)	1,864,554	9,605,055	2,202,115	312,246	11,922,100	25,906,070	888,629	26,794,699
Profit for the period	-	-	-	-	616,537	616,537	(3,143)	613,394
Other comprehensive income for period	-	-	(198,600)	(11,866)	-	(210,466)	(18,248)	(228,714)
Dividends paid	-	-	-	-	(375,027)	(375,027)	-	(375,027)
Balances at 30 June 2017 (Unaudited)	1,864,554	9,605,055	2,003,515	300,380	12,163,610	25,937,114	867,238	26,804,352

JMMB GROUP LIMITED

Consolidated Statement of Cash Flows

Three-month period ended 30 June 2017

(Expressed in Jamaican dollars unless otherwise indicated)

	Unaudited Three Months Ended 30-Jun-17 \$'000	Unaudited Three Months Ended 30-Jun-16 \$'000
Cash Flows from Operating Activities		
Profit for the period	613,394	593,381
Adjustments for:		
Unrealised gains on trading securities	(39,191)	(29,402)
Depreciation and amortisation	131,796	126,535
	705,999	690,514
Changes in operating assets and liabilities	14,132,987	11,252,013
Net cash provided by operating activities	14,838,986	11,942,527
Cash Flows from Investing Activities		
Investment securities, net	(587,341)	(13,149,236)
Purchase of property, plant and equipment and computer software	(263,701)	(185,020)
Net cash used in investing activities	(851,042)	(13,334,256)
Cash Flows from Financing Activities		
Notes payable	1,025,040	-
Dividends paid	(375,027)	(293,499)
Net cash provided by/(used in) financing activities	650,013	(293,499)
Net increase/(decrease) in cash and cash equivalents	14,637,957	(1,685,228)
Cash and cash equivalents at beginning of year	20,895,153	25,509,721
Cash and cash equivalents at end of period	35,533,110	23,824,493

JMMB GROUP LIMITED

Notes to the Financial Statements

Three-month period ended 30 June 2017

(Expressed in Jamaican dollars unless otherwise indicated)

Segment Reporting

	Three months period ended 30 June 2017				
	Financial & Related Services	Banking & Related Services	Other	Eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
External revenues	4,362,722	1,744,891	36,901	-	6,144,514
Intersegment revenue	293,895	26,539	-	(320,434)	-
Total segment revenue	4,656,617	1,771,430	36,901	(320,434)	6,144,514
Profit before tax	721,192	273,827	(550)	-	994,469
Taxation					(381,075)
Profit for the period					613,394
Total segment assets	244,673,073	76,974,284	1,484,580	(55,081,647)	268,050,290
Total segment liabilities	219,522,727	65,323,211	1,432,803	(45,032,803)	241,245,938
Interest income	2,699,569	1,254,967	1,660	-	3,956,196
Operating expenses	1,987,354	1,082,870	37,451	-	3,107,675
Depreciation and amortisation	93,182	36,295	2,319	-	131,796
Capital expenditure	175,320	85,626	2,755	-	263,701

JMMB GROUP LIMITED

Notes to the Financial Statements

Three-month period ended 30 June 2017

(Expressed in Jamaican dollars unless otherwise indicated)

Segment Reporting

	Three months period ended 30 June 2016				
	Financial & Related Services	Banking & Related Services	Other	Eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
External revenues	4,189,912	1,280,169	36,909	-	5,506,990
Intersegment revenue	210,443	22,766	1,629	(234,838)	-
Total segment revenue	4,400,355	1,302,935	38,538	(234,838)	5,506,990
Profit before tax	747,906	101,527	7,605	-	857,038
Taxation					(263,657)
Profit for the period					593,381
Total segment assets	220,016,227	69,572,271	1,155,374	(45,822,877)	224,920,996
Total segment liabilities	196,697,788	59,640,855	1,091,173	(36,075,892)	221,353,924
Interest income	2,626,268	987,749	3,435	-	3,617,452
Operating expenses	1,664,276	883,499	30,933	-	2,578,708
Depreciation and amortisation	93,507	31,800	1,228	-	126,535
Capital expenditure	124,142	60,878	-	-	185,020

JMMB GROUP LIMITED

Notes to the Financial Statements

Three-month period ended 30 June 2017

(Expressed in Jamaican dollars unless otherwise indicated)

1. Identification

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

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

Name of Subsidiary	% Shareholding Held by Parent/Subsidiary		Country of Incorporation	Principal Activities
	Parent	Subsidiary		
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 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		90	Dominican Republic	Savings and loans bank
JMMB Bank S.A			Dominican Republic	
AFP JMMB BDI S.A.		50	Dominican Republic	Pension funds administration services

JMMB GROUP LIMITED

Notes to the Financial Statements

Three-month period ended 30 June 2017

(Expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies

(a) Basis of preparation

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). These consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of available-for-sale financial assets and financial assets at fair value through profit or loss, as well as investment properties.

There have been no changes in accounting policies since the most recent audited accounts as at 31 March 2017.

All amounts are stated in Jamaican dollars unless otherwise indicated.

(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. 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 attained by 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 subsidiaries are consistent with those of the Group.

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

(c) Earnings per stock unit

Earnings per stock unit ("EPS") is computed by dividing profit attributable to the equity holders of the parent of J\$616,537,000 (2016 – J\$590,494,000) by the weighted average number of stock units in issue during the period, numbering 1,630,552,532 (2016 – 1,630,552,532).

(d) Managed funds

The Group acts as agent and earns fees for managing clients' funds on a non-recourse basis under a management agreement. At 30 June 2017, funds managed in this way amounted to J\$114,747,073,034 (2016 – J\$89,532,818,000).

(e) Comparative Information

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