

DIRECTORS' STATEMENT

PERFORMANCE HIGHLIGHTS

Net Profit	J\$1.67 billion, down from J\$2.03 billion
Earnings per Stock Unit	J\$1.03, down by J\$0.21
Net Operating Revenue	J\$8.13 billion, grew by 5%
Net Interest Income	J\$3.76 billion, up 15%

The Directors are pleased to announce that the JMMB Group posted net profit of J\$1.67 billion and earnings per share of J\$1.03 for the six months ended 30 September 2017.

GROUP CEO'S COMMENTARY

The second quarter of FY 17/18 saw the successful completion of the Group's top two projects; the launch of commercial banking in Jamaica (JMMB Bank) and pension fund management in the DR (JMMB AFP). The successful execution of these projects are a central piece of the roll out of the Group's integrated financial services model and our ability to fully deliver on our value proposition of solutions tailored to meet clients' needs.

JMMB Bank (Jamaica) was launched in August 2017 with competitive savings and chequing account solutions for retail and business clients. As a part of this launch, the delivery of commercial banking solutions to clients was augmented with the proprietary JMMB Group 'Moneyline' online platform upgraded for commercial banking transactions capability. Physically, three new full service commercial banking locations were added, Haughton Terrace in Kingston, Ward Avenue in Mandeville and West Trade Way in Portmore, increasing the count of JMMB Bank locations to six (6). These bank locations accompany existing JMMB Investment locations as a part of our Financial Life Goal Centres. JMMB Bank maintains its customer centric approach with Retail Banking Officers also offering service to clients and potential clients at locations of their choice. The successful launch of JMMB AFP brings to the DR market a new option and approach to retirement planning and saving.

GROUP FINANCIAL PERFORMANCE

Net Operating Revenue

The JMMB Group posted net operating revenue of J\$8.13 billion for the six months ended September 30, 2017. This represented a 5% growth when compared to the prior period and resulted from increases in net interest income and fees and commission income.

Net interest income grew by 15% or J\$499.6 million to J\$3.76 billion as there was strong growth in the loan and investment portfolios. Additionally, the spread on the portfolios were higher on account of an effective spread management strategy.

Fees and commission income was 44% higher at J\$797.1 million as there was significant growth in managed funds and collective investment schemes across the Group.

Net gains on securities trading declined by 6% when compared to the prior period. However, performance exceeded expectations. In the prior period, significant trading gains were realized as a result of market conditions.

Net foreign exchange trading gains declined by 21% or J\$144.6 million to J\$544.7 million as in the prior period the Group benefitted from a one-off market opportunity.

Segment Contribution

The table below shows the contribution to net operating revenue by from each segment.

Net Operating Revenue	in J\$'000	Contribution (%)
Banking & Related Services	2,515,109	31%
Financial & Related Services	5,490,201	68%
Other	122,674	2%
Total	8,127,984	100%

Financial and Related Services continued to be the leading contributor to net operating revenue at J\$5.49 billion which represented a 3% increase over the J\$5.31 billion recorded in the prior period. This was improvement was due mainly to growth in asset management fees as well as net interest income. The Banking performance of J\$2.52 billion reflected a 9% increase, up from J\$2.31 billion and resulted from strong growth in the loan book which translated into net interest income and fee income.

Operating Efficiency

For the first half of the financial year, the efficiency ratio was 72% compared to 66% in the prior period. Operating expenses for the reporting period amounted to J\$5.83 billion and was 15% 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 reflect the full impact of these incremental cost.

GROUP FINANCIAL POSITION

Total Assets

At the end of the reporting period, the JMMB Group's asset base totalled J\$275.58 billion, up J\$24.03 billion or 10% relative to the start of the financial year. This was mainly on account of higher cash holdings as well as larger loan and investment portfolios. The investment portfolio increased by J\$9.64 billion of 6% to J\$182.13 billion, while net loans and advances grew by J\$3.51 billion or 7% to J\$50.6 billion. Also, the credit quality of the portfolio continues to perform well against international standards.

The growth in the asset base was funded by customer deposits and repurchase agreements. Customer deposits increased by J\$2.11 billion or 4% to J\$51.20 billion, while repurchase agreements were 11% higher at J\$173.70 billion.

Capital

Shareholders' equity increased by 10% or J\$2.57 billion to J\$29.37 billion on account of net profits generated over the period; and the Group continued to be adequately capitalized. The individually regulated companies within the Group continued to exceed the regulatory capital requirements. The regulatory measures for major subsidiaries in the Group are shown in the table below.

Company	Regulatory Measure	Minimum Requirement	30-Sep-17
Jamaica Money Market Brokers Limited	Regulatory capital to risk weighted assets ratio	10%	17.38%
JMMB Bank (Ja) Limited (formerly JMMB MB Ltd)	Regulatory capital to risk weighted assets ratio	10%	16.22%
JMMB Bank (T&T) Limited	Regulatory capital to risk weighted assets ratio	10%	15.50%
JMMB Securities Limited	Net free capital	J\$56.9 million	J\$762.6 million
JMMB Puesto de Bolsa, S.A.	Minimum capital	RD\$5 million	RD\$1,274 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. The total invested in off-balance sheet products as at end-September 2017 stood at J\$117.27 billion compared to J\$99.38 billion as at end of September 2016.

The JMMB Group in the Community

In keeping with the JMMB Group's vision for love, which encourages the team to extend themselves beyond the Group and give to the wider community, the Group supports numerous initiatives which are primarily focused on: education, transformational leadership, capacity building and community development.

In **Jamaica**, the JMMB Joan Duncan Foundation's Conversations for Greatness (CFG), the Foundation's flagship project, continues to tap into the greatness of school administrators, teachers and staff, by expanding the project into 36 additional schools island wide. An additional sixty (60) facilitators and three (3) regional coordinators were trained to assist with the new schools that the project is targeting during the 2017/18 academic year. CFG aims to on-board over 100 schools during this period. The project has started to gain buy in from some corporations outside of the Group.

Furthermore, JMMB Joan Duncan Foundation continues to support the greatness of our nation's youth through educational opportunities and transformational training. This was evidenced by the over 100 students from the primary, secondary and tertiary levels being recipients of scholarships and grants totalling J\$7M for the new academic year. Additionally, over J\$9M was paid into an Endowment Fund which is administered by the University of the West Indies and Mona School of Business and Management. The main purpose of this Fund is to provide scholarships, bursaries, students and academic staff training and development as well as case writing. The Foundation continues to lend financial support to the development of sporting talent among youth, through its funding of the Jamaica Football Federation. Also, the Foundation fosters youth entrepreneurial spirit among university students through its financial backing of the Vincent HoSang UWI Venture Competition.

The Foundation maintains an ongoing relationship with the Mustard Seed Communities providing financial support to assist the organization in its mandate of caring for abandoned or orphaned HIV/AIDS children. It treated over 40 students in September 2017, as part of catering to their psycho-social needs.

In the **Dominican Republic**, the team continues to partner with UNPHU Emprende, the Entrepreneur division of the Universidad Nacional Pedro Henriquez Ureña; by providing financial support to the competition hosted by UNPHU and financial advisory services to the top entrepreneur in the venture competition.

Additionally, the Group in conjunction with UNPHU has established 1 of 4 national entrepreneurship centres, and will continue this partnership to institute another centre 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 orphaned children and other community outreach initiatives. Each year, JMMB provides back-to-school supplies such as shoes and uniforms to both children's homes.

In **Trinidad and Tobago**, the JMMB Group maintains an ongoing relationship with selected children's homes namely: Raffa House, Couva Children's Home & Crisis Nursery and Rainbow Rescue. The Group supported by the team members assisted the children with back-to-school preparations and also gave them a special treat on the occasion.

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

Period ended 30 September 2017

(Expressed in Jamaican dollars unless otherwise indicated)

	Unaudited Three Months Ended 30-Sep-17 \$000	Unaudited Three Months Ended 30-Sep-16 \$000	Unaudited Six Months Ended 30-Sep-17 \$000	Unaudited Six Months Ended 30-Sep-16 \$000
Net Interest Income and Other Revenue				
Interest income	3,876,435	3,640,013	7,832,631	7,257,465
Interest expense	(2,030,357)	(1,925,936)	(4,072,727)	(3,997,180)
Net interest income	1,846,078	1,714,077	3,759,904	3,260,285
Fees and commissions income	433,269	256,573	797,096	554,294
Gain on securities trading, net	1,474,293	2,072,768	3,013,471	3,192,724
Foreign exchange margins from cambio trading	307,164	234,390	544,703	689,344
Dividends	1,455	1,888	12,810	17,582
Operating revenue net of interest expense	4,062,259	4,279,696	8,127,984	7,714,229
Operating expenses	(2,726,805)	(2,502,873)	(5,834,480)	(5,081,581)
Operating Profit	1,335,454	1,776,823	2,293,504	2,632,648
Other Income	20,208	7,019	56,627	8,232
Profit before Taxation	1,355,662	1,783,842	2,350,131	2,640,880
Taxation	(299,866)	(347,029)	(680,941)	(610,686)
Profit for the Period	1,055,796	1,436,813	1,669,190	2,030,194
Attributable to:				
Equity holders of the parent	1,056,420	1,431,620	1,672,957	2,022,114
Non-controlling interest	(624)	5,193	(3,767)	8,080
	1,055,796	1,436,813	1,669,190	2,030,194
Earnings per stock unit	\$0.65	\$0.88	\$1.03	\$1.24

JMMB GROUP LIMITED

Consolidated Statement of Comprehensive Income

Period ended 30 September 2017

(Expressed in Jamaican dollars unless otherwise indicated)

	Three Months Ended 30-Sep-17 \$000	Three Months Ended 30-Sep-16 \$000	Six Months Ended 30-Sep-17 \$000	Six Months Ended 30-Sep-16 \$000
Profit for the Period	<u>1,055,796</u>	<u>1,436,813</u>	<u>1,669,190</u>	<u>2,030,194</u>
Other comprehensive income				
Items that may be reclassified to profit or loss:				
Unrealised gains on available-for-sale securities	1,373,664	2,368,210	1,276,772	2,788,010
Foreign exchange translation differences on translation of foreign subsidiaries	<u>6,105</u>	<u>34,455</u>	<u>2,315</u>	<u>179,440</u>
Total other comprehensive income, net of tax	<u>1,379,769</u>	<u>2,402,665</u>	<u>1,279,087</u>	<u>2,967,450</u>
Total comprehensive income for period	<u><u>2,435,565</u></u>	<u><u>3,839,478</u></u>	<u><u>2,948,277</u></u>	<u><u>4,997,644</u></u>
Total comprehensive income attributable to:				
Owners of the parent	2,389,844	3,735,149	2,795,916	4,914,369
Non-controlling interest	<u>45,721</u>	<u>104,329</u>	<u>152,361</u>	<u>83,275</u>
	<u><u>2,435,565</u></u>	<u><u>3,839,478</u></u>	<u><u>2,948,277</u></u>	<u><u>4,997,644</u></u>

JMMB GROUP LIMITED

Consolidated Statement of Financial Position

Six-month period ended 30 September 2017

(Expressed in Jamaican dollars unless otherwise indicated)

	Unaudited as at 30-Sep-17 \$'000	Unaudited as at 30-Sep-16 \$'000	Audited as at 31-Mar-17 \$'000
ASSETS			
Cash and cash equivalents	31,584,881	24,980,805	20,895,153
Interest receivable	2,799,718	2,666,718	2,941,556
Income tax recoverable	1,160,481	1,279,371	1,252,062
Loans and notes receivable	50,639,906	43,009,034	47,133,134
Other receivables	1,600,943	1,663,610	1,545,162
Investments and resale agreements	182,125,196	169,144,471	172,486,809
Investment properties	447,892	457,491	473,132
Property, plant and equipment and intangible assets	4,905,851	3,966,442	4,587,090
Deferred income tax asset	38,463	40,942	43,902
Customers' liability under acceptances, guarantees and letters of credit as per contra	278,783	207,898	198,110
	<u>275,582,114</u>	<u>247,416,782</u>	<u>251,556,110</u>
STOCKHOLDERS' EQUITY			
Share capital	1,864,554	1,864,554	1,864,554
Retained earnings reserve	9,605,055	9,605,055	9,605,055
Investment revaluation reserve	3,328,152	3,896,571	2,202,115
Cumulative translation reserve	309,168	188,908	312,246
Retained earnings	13,220,030	10,990,098	11,922,100
	<u>28,326,959</u>	<u>26,545,186</u>	<u>25,906,070</u>
Non-controlling interest	1,040,990	875,540	888,629
	<u>29,367,949</u>	<u>27,420,726</u>	<u>26,794,699</u>
LIABILITIES			
Customer deposits	51,199,517	45,753,074	49,087,517
Due to other banks	371,211	455,838	418,313
Securities sold under agreements to repurchase	173,702,803	153,761,344	156,647,595
Notes payable	5,426,576	5,151,238	4,525,306
Redeemable preference shares	8,880,063	8,827,723	8,837,821
Deferred income tax liabilities	1,947,733	1,744,672	1,232,702
Interest payable	1,285,911	1,288,829	1,158,780
Income tax payable	427,990	255,540	208,477
Other payables	2,693,578	2,549,900	2,446,790
Liabilities under acceptances, guarantees and letters of credit as per contra	278,783	207,898	198,110
	<u>246,214,165</u>	<u>219,996,056</u>	<u>224,761,411</u>
	<u>275,582,114</u>	<u>247,416,782</u>	<u>251,556,110</u>

JMMB GROUP LIMITED

Consolidated Statement of Changes in Stockholders' Equity

Six-month period ended 30 September 2017

(Expressed in Jamaican dollars unless otherwise indicated)

	Share Capital	Retained Earnings Reserve	Investment Revaluation Reserve	Cumulative Translation Reserve	Retained Earnings	Total Attributable to Equity holders of the Parent	Non- Controlling Interest	Total
	J\$' 000	J\$' 000	J\$' 000	J\$' 000	J\$' 000	J\$' 000	J\$' 000	J\$' 000
Balances at 31 March 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	-	-	-	-	2,022,114	2,022,114	8,080	2,030,194
Other comprehensive income for period	-	-	2,744,502	147,753	-	2,892,255	75,195	2,967,450
Dividends paid	-	-	-	-	(293,499)	(293,499)	-	(293,499)
Balances at 30 September 2016 (Unaudited)	1,864,554	9,605,055	3,896,571	188,908	10,990,098	26,545,186	875,540	27,420,726
Balances at 31 March 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	-	-	-	-	1,672,957	1,672,957	(3,767)	1,669,190
Other comprehensive income for period	-	-	1,126,037	(3,078)	-	1,122,959	156,128	1,279,087
Dividends paid	-	-	-	-	(375,027)	(375,027)	-	(375,027)
Balances at 30 September 2017 (Unaudited)	1,864,554	9,605,055	3,328,152	309,168	13,220,030	28,326,959	1,040,990	29,367,949

JMMB GROUP LIMITED

Consolidated Statement of Cash Flows

Six-month period ended 30 September 2017

(Expressed in Jamaican dollars unless otherwise indicated)

	Unaudited Six Months Ended 30-Sep-17 \$'000	Unaudited Six Months Ended 30-Sep-16 \$'000
Cash Flows from Operating Activities		
Profit for the period	1,669,190	2,030,194
Adjustments for:		
Unrealised gains on trading securities	(85,791)	(68,830)
Depreciation and amortisation	273,260	234,118
	1,856,659	2,195,482
Changes in operating assets and liabilities	17,258,147	6,149,285
Net cash provided by operating activities	19,114,806	8,344,767
Cash Flows from Investing Activities		
Investment securities, net	(8,359,300)	(8,910,495)
Purchase of property, plant and equipment and computer software	(592,021)	(406,572)
Net cash used in investing activities	(8,951,321)	(9,317,067)
Cash Flows from Financing Activities		
Notes payable	901,270	736,883
Dividends paid	(375,027)	(293,499)
Net cash provided by financing activities	526,243	443,384
Net increase/(decrease) in cash and cash equivalents	10,689,728	(528,916)
Cash and cash equivalents at beginning of year	20,895,153	25,509,721
Cash and cash equivalents at end of period	31,584,881	24,980,805

JMMB GROUP LIMITED

Notes to the Financial Statements

Six-month period ended 30 September 2017

(Expressed in Jamaican dollars unless otherwise indicated)

Segment Reporting

	Six-month period ended 30 September 2017				
	Financial & Related Services \$'000	Banking & Related Services \$'000	Other \$'000	Eliminations \$'000	Total \$'000
External revenue	8,873,855	3,311,312	72,171	-	12,257,338
Inter-segment revenue	623,133	40,265	-	(663,398)	-
Total segment revenue	9,496,988	3,351,578	72,171	(663,398)	12,257,338
Profit before tax	1,927,134	423,320	(323)	-	2,350,131
Income tax expense					(680,941)
Profit for the period					1,669,190
Total segment assets	260,442,893	79,559,580	1,494,735	(65,915,094)	275,582,114
Total segment liabilities	232,992,902	67,330,670	1,443,834	(55,553,241)	246,214,165
Interest income	5,307,445	2,521,871	3,315	-	7,832,631
Operating expenses	3,670,445	2,091,540	72,494	-	5,834,480
Depreciation and amortisation	187,499	80,466	5,295	-	273,260
Capital expenditure	359,790	205,272	26,959	-	592,021

JMMB GROUP LIMITED

Notes to the Financial Statements

Six-month period ended 30 September 2017

(Expressed in Jamaican dollars unless otherwise indicated)

Segment Reporting

	Six-month period ended 30 September 2016				
	Financial & Related Services	Banking & Related Services	Other	Eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
External revenues	8,767,810	2,887,951	63,879	-	11,719,640
Inter-segment revenue	421,101	178,278	2,226	(601,605)	-
Total segment revenue	9,188,911	3,066,229	66,105	(601,605)	11,719,640
Profit before tax	2,018,464	622,283	133	-	2,640,880
Income tax expense					(610,686)
Profit for the period					2,030,194
Total segment assets	224,923,866	70,323,426	1,081,265	(48,911,775)	247,416,782
Total segment liabilities	199,090,940	58,949,495	1,022,085	(39,066,464)	219,996,056
Interest income	5,309,480	1,945,718	2,267	-	7,257,465
Operating expenses	3,332,295	1,683,314	65,972	-	5,081,581
Depreciation and amortisation	163,832	67,830	2,456	-	234,118
Capital expenditure	264,668	141,904	-	-	406,572

JMMB GROUP LIMITED

Notes to the Financial Statements

Six-month period ended 30 September 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 Bank (Ja) Limited, formerly JMMB Merchant Bank Limited	100		Jamaica	Commercial banking
JMMB Money Transfer Limited	100		Jamaica	Funds transfer
Jamaica Money Market Brokers (Trinidad and Tobago) Limited and its subsidiaries	100		Trinidad and Tobago	Investment holding company
JMMB Investments (Trinidad and Tobago) Limited and its subsidiary		100	Trinidad and Tobago	Securities brokering
JMMB Securities (T&T) Limited		100	Trinidad and Tobago	Stock brokering
JMMB Bank (T&T) Limited and its subsidiary,		100	Trinidad and Tobago	Commercial banking
Intercommercial Trust and Merchant Bank Limited		100	Trinidad and Tobago	Merchant banking
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
JMMB Holding Company Limited, SRL and its subsidiaries	100		Dominican Republic	Investment holding and management
JMMB Puesto de Bolsa, S.A.		80	Dominican Republic	Securities brokering
JMMB Sociedad Administradora De Fondos De Inversion, S.A.		70	Dominican Republic	Mutual fund administration
Banco Rio De Ahorro Y Credito JMMB Bank S.A		90	Dominican Republic	Savings and loans bank
AFP JMMB BDI S.A.		50	Dominican Republic	Pension funds administration services

JMMB GROUP LIMITED

Notes to the Financial Statements

Six-month period ended 30 September 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\$1,672,957,000 (2016 – J\$2,022,114,000) 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 September 2017, funds managed in this way amounted to J\$117,266,345,779 (2016 – J\$99,381,522,761).

(e) Comparative Information

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