THE JMMB GROUP LTD.

ANNUAL REPORT 2021


Embracing what gives us Hope and keeps us Resilient.

OUR MISSION

To maximise client satisfaction through exceptional client care and world-class financial advice and expertise.

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

To be a dynamic, international, multifaceted financial group that has a caring, loving and fun environment where team members are productive, creative, happy and fulfilled.

OUR PROMISE

We promise to keep your best interest at heart and we will do so by listening to, understanding and caring for you and your family's unique needs, exceeding your greatest expectations by providing simple transparent solutions, oriented around you and your family's life goals.

WHAT'S **INSIDE**

THE JMMB GROUP

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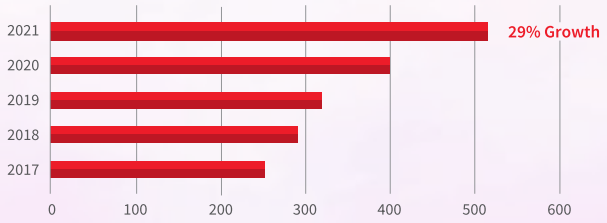
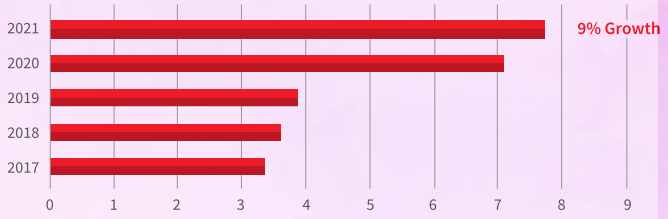
JMMB GROUP 2020 – 2021 PERFORMANCE HIGHLIGHTS

TOTAL ASSETS J$'000

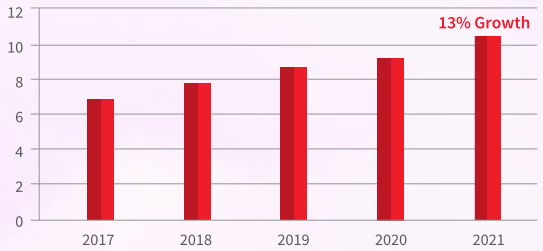


NET PROFIT (J$'000)



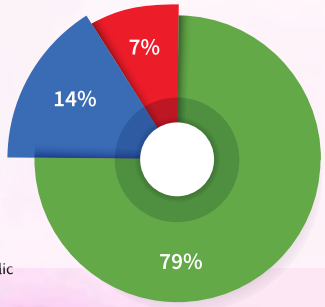
TOTAL FUM

NET INTEREST INCOME (J$ '000)



COUNTRY CONTRIBUTION TO OPERATING PROFIT

CONTINUED DIVERSIFICATION & GROWTH



FINANCIAL PERFORMANCE SUMMARY

J$ 7.72B Net Profit → **9%** YoY Growth

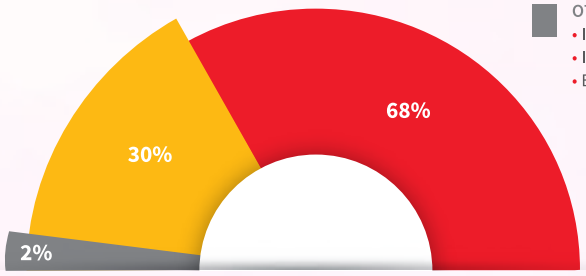
J$ 10.46B Net Interest Income → **13%** YoY Growth

J$ 22.44B Total Operating Revenue → **4%** YoY Growth

J$ 523.67B Total FUM → **26%** YoY Growth

J$ 513.71B Total Assets → **29%** YoY Growth

BUSINESS SEGMENT CONTRIBUTION TO PROFIT | CONTINUED DIVERSIFICATION & GROWTH



OTHER
- Insurance Brokering
- Investment & Real
- Eastate Holding

BANKING & RELATED SERVICES
- Deposits
- Loans
- Credit Facilities
- Foreign Currency Trading
- Remittance

FINANCIAL & RELATED SERVICE
- Securities Brokering
- Stock Brokering
- Portfolio Planning
- Funds Management
- Investment Advisory Services

STEADY CLIENT GROWTH | WE CONTINUE TO GROW WITH YOU

33,000 Clients joined the Group

9% Growth in Client Base

+386,000 Total client base now

RAISING CAPITAL | SUCCESSFUL SHARE OFFER

66% Oversubscribed

J$9.97B Total Subscriptions

J$10B Raised

JMMB GROUP AT A GLANCE AS AT MARCH 2021

15 Client Facing Companies in the Group

Operating in **3 Countries**

24 Branch Locations

386,000+ Clients

J$523.67B Total Funds under Management

J$513.71B Total Assets

J$7.72B Net Profit

THE JMMB GROUP LTD.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the EIGHTH ANNUAL GENERAL MEETING of JMMB GROUP LIMITED (the "Company") will be held on WEDNESDAY, SEPTEMBER 22, 2021 at 10:30 a.m. (Jamaica) in a hybrid format via electronic platform* in accordance with the order of the Supreme Court of Judicature of Jamaica dated 31st May 2021 in Claim SU 2021 CD 00196 (the "Court Order", a copy of which is attached to this Notice) to consider, and if thought fit, to pass the following ordinary resolutions:

1. **TO RECEIVE THE REPORTS OF THE DIRECTORS AND AUDITORS AND THE AUDITED ACCOUNTS FOR THE TWELVE (12) MONTHS ENDED MARCH 31, 2021.**

   "THAT the Reports of the Directors and Auditors and the Audited Accounts for the year ended March 31, 2021, circulated with the Notice convening the meeting, be adopted".

2. **TO RATIFY INTERIM DIVIDEND PAYMENTS AND DECLARE THEM FINAL.**

   "THAT the interim dividend of Twenty Five Cents (25¢) paid on December 21, 2020, be and is hereby ratified and declared as final and that no further dividend be paid in respect of the year under review."

3. **TO RE-APPOINT DIRECTORS**

   The directors retiring from office by rotation pursuant to Article 105 of the company's Articles of Incorporation are Mrs. Donna Duncan-Scott, Mr. Hugh Duncan, Mr. Dennis Harris, Mr. Wayne Sutherland and Ms. Patria-Kaye Aarons who being eligible offer themselves for re-election.

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

   (a) "THAT Mrs. Donna Duncan-Scott be and is hereby re-elected a Director of the Company."

   (b) "THAT Mr. Hugh Duncan be and is hereby re-elected a Director of the Company."

   (c) "THAT Mr. Dennis Harris be and is hereby re-elected a Director of the Company."

   (d) "THAT Mr. Wayne Sutherland be and is hereby re-elected a Director of the Company."

   (e) "THAT Ms. Patria-Kaye Aarons be and is hereby re-elected a Director of the Company."

4. TO APPOINT AUDITORS AND AUTHORISE THE DIRECTORS TO FIX THE REMUNERATION OF THE AUDITORS

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

5. TO APPROVE DIRECTORS' REMUNERATION

"THAT the amount included in the Audited Accounts of the Company for the year ended March 31, 2021, as remuneration for their services as Directors be and is hereby approved."

Dated this 28th day of July 2021.

By Order of the Board

Carolyn DaCosta
Secretary

REGISTERED OFFICE
6 Haughton Terrace
Kingston 10, Jamaica.

NB: A member entitled to vote at the meeting is entitled to appoint a Proxy to attend and vote in his stead. A Proxy need not be a member of the Company. Enclosed is a Proxy Form for your convenience, which must be lodged at the Company's Registered Office at least forty-eight (48) hours before the time appointed for holding the meeting. The Proxy Form shall bear the stamp duty of J$100.00. The stamp duty may be paid by adhesive stamp(s) to be cancelled by the person executing the Proxy Form.

**** the details of the various methods of accessing the meeting online will be shared shortly via our website and in daily newspapers at least 21 days before the Annual General Meeting.***

SHAREHOLDER ADVISORY

JULY 27, 2021

Dear Valued Shareholders,

Re : JMMB Group Limited Annual Report and Annual General Meeting (AGM)

As we continue to navigate the unprecedented events that have accompanied the COVID-19 pandemic, JMMB Group Limited will be adjusting both the distribution of our Annual Report and hosting of our Annual General Meeting (AGM), as part of our compliance with the protocols put in place by the government and public health authorities. These adjustments are being implemented to protect you, our valued shareholders, our team members, and our directors, and have been permitted by an order of the Supreme Court of Judicature of Jamaica made on May 31, 2021, in Claim No. SU 2021 CD 00196 on application by the Jamaica Stock Exchange on behalf of the Company and several other listed companies. A copy of the order is included with this Advisory.

1. Distribution of documents for the 2021 AGM

A contactless system will be observed for the distribution of our annual report, Notice of AGM and Proxy Form (the "meeting documents"). The meeting documents will be accessible for viewing and downloading on the following websites:

- www.jmmb.com;
- www.jamstockex.com; and
- www.stockex.co.tt.

Should you require a hard copy of our Annual Report, please send an email to shareholderquery@jmmb.com, and we will make arrangements to have the report sent to you.

2. Holding of 2021 AGM

As indicated in our Notice of Annual General Meeting, the 2021 AGM will be held online, on Wednesday, September 22, 2021, as we did last year. Access details for the online AGM will be communicated to you via email, as well as via advertisements in the newspapers, in due course. If you have not seen any of these, please send an email to shareholderquery@jmmb.com or call our Corporate Secretariat at 1-876-703-3521 and we will ensure that you receive all the relevant information to enable your participation at the AGM.

We further invite you to continue visiting our website (www.jmmb.com) for the latest updates and announcements. Thank you for your ongoing partnership, as we are confident that we will all emerge from this pandemic, even stronger, together.

Yours sincerely,
JMMB Group Limited

Archibald Campbell, DBA
Group Chairman

CORPORATE PROFILE

INFORMATION ABOUT THE JMMB GROUP OF COMPANIES

The original operating entity, Jamaica Money Market Brokers Ltd. (JMMB), opened its doors in November 1992 as the first of its kind in Jamaica. This was to be the beginning of a legacy built on the core values of integrity, care, honesty and openness, underpinned by the Vision of Love. Twenty-eight years later, the vision that led to the launch of JMMB has fueled its evolution from a single operating entity to the JMMB Group. This Group, now a financial services group of companies, serves over 316,000 clients and their families in Jamaica, Trinidad and Tobago and the Dominican Republic. Genuine care for clients, credibility, talent and expertise have catapulted the JMMB Group to become a successful, dynamic, international, multi-faceted financial services group that is valued for its commitment to heart-to-heart connections, providing genuine, caring relationships and proactively delivering personalised financial solutions across banking, investment and insurance brokerage services.

CORPORATE STRUCTURE

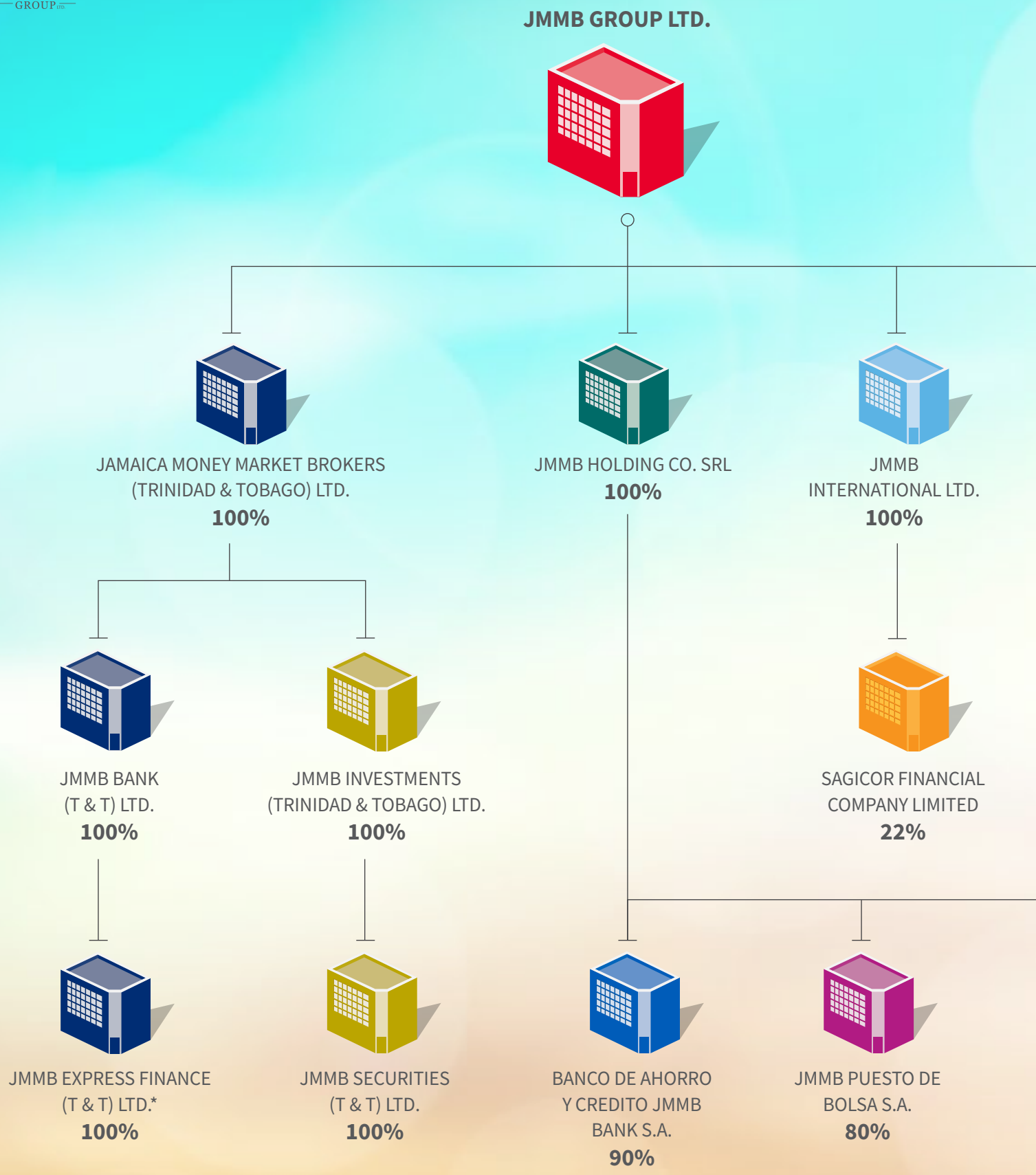
In 2015, JMMB was replaced as the parent company of the JMMB Group by JMMB Group Limited (JMMBGL), a newly formed company incorporated in Jamaica under the Companies Act. This was achieved by a court sanctioned and shareholder-approved Scheme of Arrangement between the two companies and their shareholders. On implementation of the Scheme of Arrangement, JMMBGL became the holding company of the JMMB Group, which includes the companies listed in the chart set out on pages 7 and 8. As part of the reorganization, JMMB's ordinary shares were delisted from the JSE, the BSE and the TTSE, and JMMBGL's ordinary shares were listed instead. As a subsequent event, the Board took the decision to apply to delist JMMBGL's existing ordinary shares from the BSE, due to consistent generally low trading volumes on the BSE, as well as the costs of maintaining the listing on the BSE. The Company's ordinary shares have since been delisted from the BSE. This portfolio of companies has positioned the JMMB Group to become a financial force to be reckoned with in the region and the wider international marketplace, and has significantly strengthened its ability to truly deliver.

STANDING FOR THE GREATNESS OF ALL

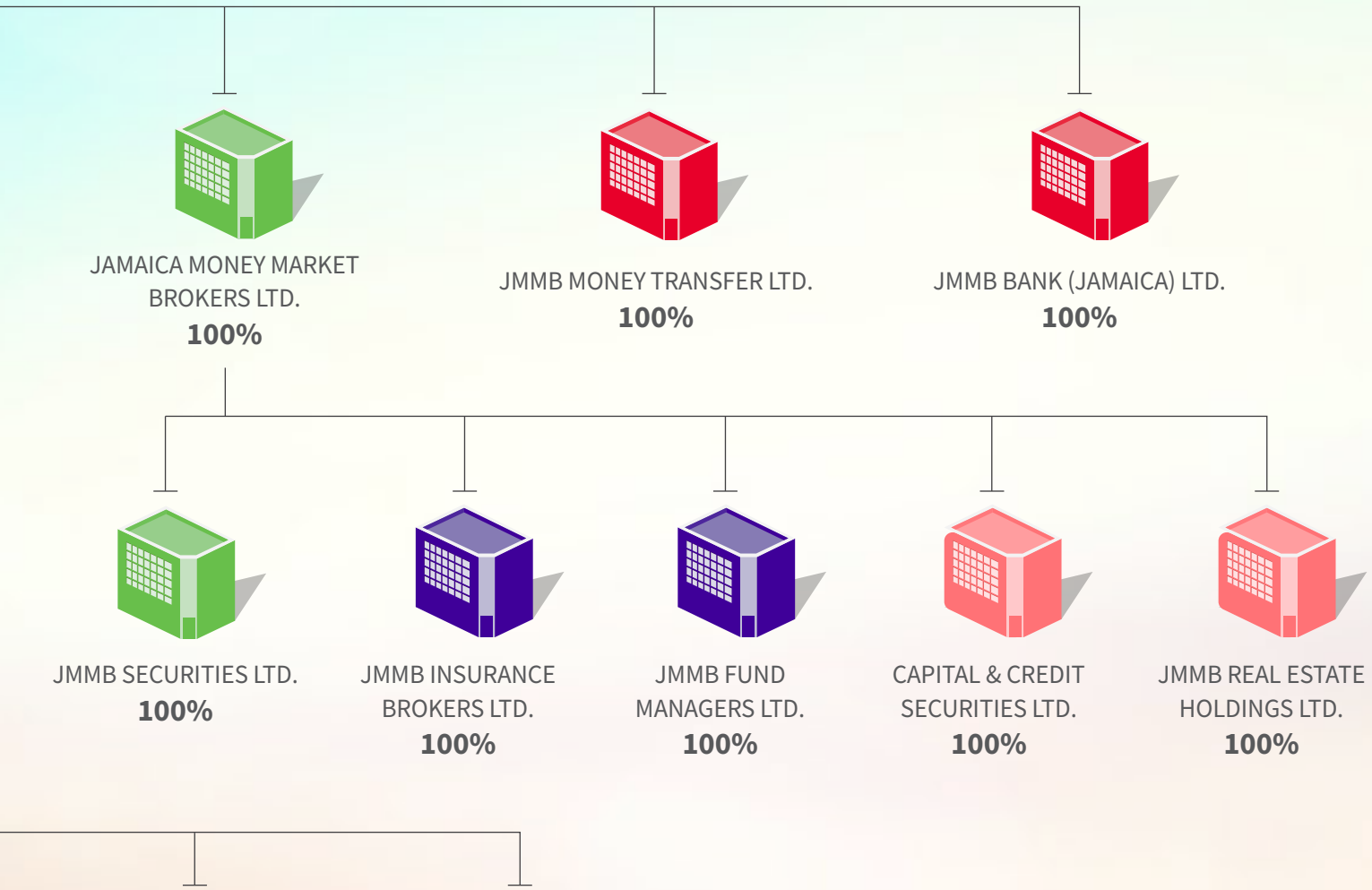
JMMB Group's commitment to corporate social responsibility is actualized through the JMMB Joan Duncan Foundation (the "Foundation"). The Foundation seeks to positively impact individuals, communities and the nation through transformational projects whose primary objective is to unearth individual greatness,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

LONG-TERM SUCCESS

The JMMB Group is poised for even greater success as it continues to expand locally and regionally and build-out core business lines by investing in infrastructure, technology and training, and improving service channel delivery. All of the phases of the Group's journey have been birthed out of a vision to ultimately build a financial services entity, equipped with all the solutions needed to help individuals and businesses achieve their dreams.


JMMB GROUP LTD.
JAMAICA MONEY MARKET BROKERS (TRINIDAD & TOBAGO) LTD.
100%
JMMB HOLDING CO. SRL
100%
JMMB INTERNATIONAL LTD.
100%
JMMB BANK (T & T) LTD.
100%
JMMB INVESTMENTS (TRINIDAD & TOBAGO) LTD.
100%
SAGICOR FINANCIAL COMPANY LIMITED
22%
JMMB EXPRESS FINANCE (T & T) LTD.*
100%
JMMB SECURITIES (T & T) LTD.
100%
BANCO DE AHORRO Y CREDITO JMMB BANK S.A.
90%
JMMB PUESTO DE BOLSA S.A.
80%

CORPORATE STRUCTURE



- BOJ Regulated
- FSC & BOJ Regulated
- FSC Regulated
- Central Bank of TT Regulated
- TTSEC Regulated
- FSC Barbados Regulated (Future)
- Unregulated
- Toronto Stock Exchange
- Central Bank of Dominican Republic (Future)
- Superintendencia de Bancos de la Republica Dominicana
- Superintendencia de Valores de la Republica Dominicana
- Superintendencia de Pensiones de la Republica Dominicana

* Formerly Intercommercial Trust and Merchant Bank Ltd.

CHAIRMAN'S REPORT

Dr Archibald Campbell DBA
GROUP CHAIRMAN

NET PROFIT

J$7.72B

OPERATING REVENUE

J$22.44B

EARNINGS PER SHARE

J$3.84

I am pleased to submit the Annual Report for the JMMB Group for the year ended March 31, 2021. The JMMB Group posted a net profit of J$7.72 billion and an operating revenue of J$22.44 billion, an increase of 4 % over the prior year. Earnings per share stood at J$3.84.

Despite the ongoing challenges associated with the COVID-19 pandemic, the JMMB Group delivered a year of solid performance. Our Diversified Portfolio strategy has made the Group resilient in these difficult times, and also enabled us to adjust to the market developments and even capitalize on the ongoing opportunities in the market.

A more in depth analysis of the performance of each business line and our overall results are presented in the Management Discussion and Analysis Section of this Report.

SKILLFULLY MANAGING THE COVID-19 PANDEMIC

The year 2020 was a highly unusual year due to the COVID-19 pandemic, which we have all experienced in one way or the other. 2020 also provided a testing ground for our business model, which we have developed and optimised over the last couple of years.

At the onset of our Financial Year, our full attention turned to the persistent spread of the COVID-19 pandemic and its impact on the industry and our business. Among our accomplishments in what can be described as a very unpredictable and uncertain year of doing business, is that we kept our operations running, our team members safe, and clients served. This was achieved through the swift action of our Leadership and Management teams who worked together to implement our Business Continuity Plans across the region, and refined our strategies to meet the challenges.

The refined strategies focused on implementing measures to protect the business and strengthen the Group's resilience, protecting our client investment portfolios, and protecting the health and safety of our team members and clients. This was no easy feat, and the Board and I salute the entire JMMB Group Team for skillfully managing the COVID-19 pandemic!

KEY HIGHLIGHTS OF THE FY 2020-21

Throughout the year, we had two (2) new business lines moving into profitability: Our newest business line in Trinidad & Tobago; **JMMB Express Finance (T&T) Limited**, focusing on consumer finance, and our mutual funds business line in the Dominican Republic; **JMMB SAFI**. We acknowledge the efforts of both teams for having achieved these significant milestones.

The Banking Business Lines in both **Jamaica and the Dominican Republic** continue to show very good yearly growth, and have once again positioned us as the fastest growing bank (in their respective categories) in both territories. Our Investments, Remittance and Insurance Businesses also showed growth above our expectations.

Throughout the Pandemic, one of our most affected client bases was our Small and Medium Enterprise Business clients (SMEs). Over the period, we continued to deepen our relationship with our SMEs by providing ongoing partnership, support and online training seminars through our Group SME Resource Centre. This partnership with our SMEs will remain an integral part of our strategy.

Our Digital and Technology capabilities were strengthened throughout the year as we aimed to better serve our clients and drive the efficiency of our entities. Making significant advancement in our Digital Strategy should lay a valuable foundation by providing greater and more efficient access and information for our clients. As a result, there was a significant increase in the use of digital channels as we promoted safety and convenience for our clients.

Amongst our achievement inside our Digital Portfolio, was the launch of our **Real Time Equity Trading on Moneyline** – our Online Banking Platform - providing our clients with an effective and efficient medium which facilitates the trading of shares on the Jamaica Stock Exchange.

On the heels of culminating our Financial Year In March 2021, the JMMB Group continued on its path of executing strategies to strengthen its capital base. The Group executed another successful Preference Share Offer which was oversubscribed by 66%, raising J$10B in capital. This achievement continues to be a testament of our shareholders' and clients' trust and belief in the JMMB brand, vision and strategy.

The Group's Performance amidst a Pandemic Year, sets the stage for bold new plans for the year ahead, and intensifies focus on our operational excellence with a view to streamlining our technology and increasing efficiency.

ACKNOWLEDGEMENT

During the COVID-19 pandemic, we have had to find innovative ways of interacting with our clients, partners, team members and our shareholders. As a result, we hosted our first online Annual General Meeting (AGM) during the year. I wish to thank the shareholders for their attendance at this AGM, which of course was in a different format than the norm. Thank you to both our existing and new shareholders, for the extraordinary support we have received in a challenging phase of our longstanding partnership.

It is also fitting that I pay tribute, on behalf of the Board, to the dedicated Leaders and Team Members across the JMMB Group. Without their tireless efforts and flexibility, working in an uncertain environment, the achievements of the year would not have been possible. To you all, we express our sincere and heartfelt thanks.

To my Board of Directors, who worked hand-in-hand with the Group Executive through what was a very extraordinary year for the JMMB Group, thank you for your unwavering and solid support.

To those who have lost loved ones as a result of the COVID-19 pandemic, please accept our sincerest condolences from the JMMB Family. We at JMMB also lost one team member due to the virus. We give thanks for her life and contribution.

THE WAY FORWARD

Adaptability, resilience and strong business acumen characterised our journey through 2020, and we consider this a litmus test for charting the Way Forward.

We have learned many important lessons on how to best handle and cope with the crisis, and are optimistic that in the year ahead we will see tangible improvements in the areas of health and economic recovery.

We will continue the Group's strategic journey of building out our Regional Integrated Financial Services Model defined by our hallmarks of Client Experience and Operational Excellence, in addition to investing for growth in new businesses and opportunities. To this end, we invite you to continue to walk this path with us.

DR ARCHIBALD CAMPBELL DBA
Group Chairman

Faith

We believe that brighter days always follow.

BOARD OF DIRECTORS

DR ARCHIBALD CAMPBELL DBA – CHAIRMAN
Independent Director

Archibald is the Chairman of JMMB Group Limited and for most of the Subsidiaries, and of the Board of Trustees of the JMMB Pension Fund. Prior to this, he served as a director at the University Hospital of the West Indies. He was also a member of the Sugar Industry Divestment negotiation team, a trustee of two pension funds and a director of several companies including hotels, property management companies, banks, tertiary level institutions and a number of non-profit organisations. He was a lecturer at the University of the West Indies, Mona (UWI) where he taught Accounting, as well as, Risk Management in the Banking Degree. Archibald also served as Bursar of the UWI and Chief Financial Officer with responsibility for maintaining relations with the seventeen (17) contributing Caribbean countries with regard to funding. He is a Chartered Accountant and a member and Past President of the Institute of Chartered Accountants of Jamaica. The Institute has named him the Distinguished Member of the Institute for 2020. Archibald is a published author and speaker in the accounting and finance sectors. With a Doctorate in Business Administration (DBA) and an M.Sc. in Accounting from the University of the West Indies, extensive international training and certification and over 40 years of experience in the industry; Archibald is an unmatched resource.

KEITH DUNCAN – Group Chief Executive Officer
Executive Director

Keith is an Executive Director and the Group Chief Executive Officer of the JMMB Group of Companies and has responsibility for overall performance and charting the strategic direction of the Group.

His financial expertise has not only benefited the JMMB Group, but also the Jamaican financial sector. Keith is currently the President of the Private Sector Organization of Jamaica (PSOJ) and served as a Vice-President of the PSOJ throughout 2013 – 2015. He is a Past President of the Jamaica Securities Dealers Association (JSDA) and continues to contribute his service to Jamaica through various roles, including his current appointment as Chairman of the Economic Programme and Oversight Committee (EPOC). He also chairs the National Information and Communications Technology Advisory Council (NICTAC), providing advisory services to the Ministry of Science, Energy and Technology in relation to its ICT Portfolio.

Under his leadership, the JMMB Group was conferred with the American Foundation for the University of the West Indies (AFUWI) Award for Excellence in Business Leadership in February 2020, and the prestigious 'Best of Chamber Award' from the Jamaica Chamber of Commerce in March 2011.

Known for his commitment to youth development, Keith served as Chairman of the National Youth Service from 2003 to 2009 and worked closely with the respective boards and teams to fulfill the mission of creating and reforming Jamaica's youth to become purposeful citizens. Mr. Duncan is also a founding member of the YUTE Programme in Jamaica (Youth Upliftment through Employment).

Keith was recently awarded the National Honour, the Order of Distinction, in the rank of Commander for his exceptional service in the field of Finance, Business, Youth Empowerment and Community Development.

He holds the Chartered Financial Analyst professional designation as well as a B.A. (Economics) from the University of Western Ontario in Canada.

PATRIA-KAYE AARONS
Independent Director

Patria-Kaye is a well-known and widely respected member of the media fraternity and an entrepreneur. With 18 years' experience in the field of marketing and public relations, she brings a unique and invaluable combination of expertise and experience. This 2017 recipient of the Entrepreneur of the Year Award from the Jamaica Chamber of Commerce and President Obama's Young Leader of the Americas Fellow, has impacted the business landscape not only in Jamaica but also International Fortune 500 Companies, namely, Western Union and Sharp Corporation. She holds a Master's degree in Management from the University of Edinburgh and a Bachelor's degree in Media and Communications from the University of the West Indies, Mona.

DR. ANNE CRICK
Independent Director

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

ANDREW COCKING
Independent Director

Andrew brings to the Group over 35 years of experience in banking, with over 33 years at the senior management level. Andrew's areas of expertise include treasury management, information technology, mergers and acquisitions, risk management, banking, finance, administration and emerging trends in finance & banking, with a particular interest in technology. Andrew has served on many boards in both the public and private sectors, including Cable & Wireless Jamaica Limited and HEART Trust NTA. As one of the founders of Capital & Credit Financial Group, Andrew served as Deputy Group President of Capital and Credit Financial Group, as well as, an independent consultant. Prior to assuming those positions, he served as President and CEO of Capital and Credit Merchant Bank for 11 years.

PATRICIA DAILEY-SMITH
Independent Director

Patricia brings to the JMMB Group over 25 years of experience and has an inexhaustible reservoir of knowledge in the areas of accounting, audit and finance. Patricia is a member of the JMMBGL's Audit and Compliance Committee and the Chair of JMMBGL's Board Finance Committee. Patricia retired from the position of Audit Partner at KPMG, having served the firm both locally and internationally at varying senior management levels. While at KPMG, Patricia managed large portfolios covering a wide cross-section of industries, including financial services, telecommunications, hospitality and tourism, manufacturing and healthcare.

AUDREY DEER- WILLIAMS
Independent Director

Audrey is the Chief Technical Director assigned to the Social Security Division of the Ministry of Labour and Social Security. She worked in various capacities in the United States in the financial services sector prior to her service in the public sector in Jamaica. Audrey is a distinguished public servant whose extensive training and expertise in a multiplicity of areas has made her an invaluable resource to the JMMB Group. She holds an undergraduate degree in Economics and Accounting and a Master's degree in Business Administration from Manchester Business School, Manchester, England. She is the Chair of the Group Culture and Human Development Committee and sits on the JMMBGL Board Risk Committee.

DONNA DUNCAN – SCOTT
Executive Director

Donna is passionate about building and maintaining the love-based culture that supports the Group's competitive advantage. As an authentic, principled and love-based leader, she works with the Culture and Human Development Team (CHDT) in creating and implementing the people operating frameworks, as well as the people policies, processes and practices that develop and maintain JMMB Group's unique culture. The CHDT supports team members to "realize the greatness within, to the benefit of themselves, the clients, the organisation and the society" (JMMB Group's Vision of Love). She has also extended this transformational thinking to the development of the Conversations for Greatness programme, aimed at providing individuals with the tools for mindset change to increase the experience of love and possibility thinking in the world. She holds a Bachelor's degree in Industrial Engineering, as well as a Master's degree in Business Administration from the Richard Ivey School of Business at the University of Western Ontario in Canada. She also holds the Chartered Financial Analyst professional designation.

HUGH DUNCAN
Non-Independent Director

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

DENNIS HARRIS
Independent Director

Dennis is an Independent Director and is the Managing Director of Unicomer (Jamaica) Limited, which trades as Courts, Lucky Dollar, Ashley, Ready Cash and Radio Shack. He is also the Executive Leader of the Courts USA stores in New York. Prior to his appointment as Managing Director in 2011, he served as Regional Finance Director of Courts Caribbean with responsibility for Finance and IT. His previous role before this was Deputy Managing Director of the Courts Jamaica operations with responsibilities that included Marketing, IT and Consumer Credit. Dennis qualified as an accountant (FCCA) in the UK and before his return to Jamaica worked as Finance Director in the United Kingdom including finance oversight of a Dutch subsidiary. As a certified accountant with over 40 years of experience both locally and internationally, Dennis brings an unparalleled wealth of experience and knowledge in the area of finance and strategic business management.

Dennis also serves as an Independent Director of Gallagher Caribbean Group Limited, the largest insurance brokers in the Caribbean.

REECE KONG
Independent Director

Reece has almost three decades of experience as an information technology professional. His information technology expertise includes the development of the Automated Fingerprint Identification Systems (AFIS) Document Imaging and Business Process Reengineering. He was also the chief architect of the first computerised Government Accounting System developed and deployed in Jamaica. Reece started his own company in 1977– RMP & Associates Limited, which has grown to be one of Jamaica's leading technology firms, providing technological expertise to various government agencies, financial institutions and other corporate entities. Most notably Reece and his company were responsible for the development of the Government of Jamaica's Central Treasury Management System (CTMS), a key tool in the Government's IMF-guided financial restructuring. He chairs the Information Technology Board Committee and serves as a member of the Board Risk Committee.

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

Wayne is a Business, Financial and Leadership Consultant, who previously served as Executive Vice-President at Scotiabank Jamaica and as Vice-President of Scotiabank International with responsibilities across eighteen countries of the English Caribbean Region. In 2016 he was conferred with the Order of Distinction, Officer Class, for his extraordinary contribution to the banking sector in Jamaica. Wayne brings to the JMMB Group over forty-five years of wide-ranging experience in the banking and financial sector, having served both locally and internationally.

Wayne has an MBA from Barry University and is an Associate of the Chartered Institute of Bankers, London (ACIB). He is also a Justice of the Peace for Kingston, Past President of the Rotary Club of New Kingston and is currently serving on several charitable, corporate, and public sector boards including as a Commissioner on the Integrity Commission of Jamaica.

Wayne also serves as a Director of JMMB Bank, JMMB Investments and JMMB Fund Managers. He is also a member of the following Group Board committees: JMMB Group Audit, Finance, Culture and Human Development. Also, he was recently appointed a Chair of the Banks Board Credit Committee.

WAYNE SUTHERLAND
Non-Independent Director

Wayne formerly served as the Managing Director of Butterkist Limited and Jamaica Venture Fund Limited, a Senior Director of Air Jamaica Ltd and a Commissioner on the Jamaican Securities Commission. He is currently a professional investor and a member of the First Angels Investor Group. He has personally invested in more than 10 companies over the past 12 years. Wayne currently serves the JMMB Group in many areas. He is a Director of JMMB Bank (T&T) Limited, JMMB Investments (Trinidad and Tobago) Limited, JMMB Securities (T&T) Limited and JMMB Express Finance Limited (T&T). Wayne holds a Bachelor of Science degree from the University of the West Indies and an MBA from the Columbia University Graduate School of Business. He is a member of JMMB Group's as well as the T&T subsidiaries' Board Audit Committees. Wayne is also a member of the Nominations and Corporate Governance and Information Technology Board Committees.

AUDREY WELDS
Independent Director

Audrey has distinguished herself as an outstanding Attorney-at-Law in both the private and public sectors, with a career spanning over 35 years. Audrey is also an active member of the legal fraternity who has served on several sub-committees of the Jamaican Bar Association and currently serves on the Accounting Reports Committee and the Proceeds of Crime Act Committee of the General Legal Council. She holds an LL.B. degree from the University of the West Indies, an LL.M. from King's College, London and a LEC from the Norman Manley Law School for over 10 years.

V. ANDREW WHYTE
Independent Director

Andrew is the Group Treasurer at Jamaica Producers Group, a multi-national company with operations in Jamaica, the Netherlands, United Kingdom, the Dominican Republic, Cayman Islands and the USA. He previously worked in the financial industry for several years. As an Independent Director, he currently serves as Chairman of the Audit and Compliance Committee, in addition to being a member of both the Risk and Finance Committees and a board member of several Subsidiaries. He has a Bachelor's degree in Chemical Engineering and a Master's degree in Business Administration. In addition to his training and experience, Andrew utilizes his Christian principles to guide his contribution. He chairs the Board of Trustees of the preparatory school, Emmanuel Christian Academy.

CAROLYN DACOSTA, J.P
Group Corporate Secretary

Carolyn has served as Corporate Secretary for Jamaica Money Market Brokers Limited and its subsidiaries since March 16, 2008, and for JMMB Group Limited since its incorporation in 2012. She is also JMMB Group's Chief Compliance Officer. Carolyn holds certification in Corporate Governance from Harvard Business School, an MBA in Finance and a Diploma in International Compliance from the Manchester Business School in the UK, a Bachelor of Laws degree from the University of London and a Bachelor of Arts degree from the University of the West Indies. She brings an unparalleled combination of technical skills and experience to this critical role.

In keeping with JMMB Group's commitment to effective corporate governance, she ensures compliance with all relevant statutory and regulatory requirements, monitors changes in relevant legislation and ensures the taking of appropriate action, as required. Additionally, Carolyn is a Fellow of the International Compliance Association and a Justice of the Peace for the parish of St. Catherine.

Carolyn makes herself accessible to both the Board of Directors and Shareholders by maintaining an open door policy.

TEN-YEAR STATISTICAL REVIEW

GROUP FINANCIAL DATA	YEAR ENDED 31-MAR-21 (J$`000)	YEAR ENDED 31-MAR-20 (J$`000)	YEAR ENDED 31-MAR-19 (J$`000)	YEAR ENDED 31-MAR-18 (J$`000)
Total assets	513,706,879	399,697,135	319,823,215	291,715,730
Investment in associate	38,930,751	35,009,306		
Investment securities	262,392,047	192,270,521	205,972,359	194,905,868
Loans and notes receivables	119,456,147	98,841,073	67,947,268	55,625,743
Other interest earning assets	70,592,896	48,635,962	30,726,396	28,957,274
Repurchase agreements	227,730,286	179,589,980	163,907,891	158,167,289
Customer deposits	128,303,836	104,183,074	63,947,279	52,165,066
Stockholders' equity	61,211,558	41,179,154	31,104,276	29,003,747
Funds under management	523,669,353	408,553,090	338,379,728	312,969,031

PROFITS AND DIVIDENDS	(J$`000)	(J$`000)	(J$`000)	(J$`000)
Operating revenue net of interest expense	22,439,850	21,516,491	18,036,406	15,840,957
Operating expenses	14,527,393	15,929,810	12,989,242	11,240,284
Profit before tax	7,960,698	7,216,523	4,870,549	4,352,989
Net profit	7,718,497	7,066,486	3,868,406	3,604,404
Dividends paid and proposed (in respect of the financial year)	488,888	867,221	798,971	766,360
Profit retained (in respect of the financial year)	7,229,609	6,199,265	3,069,435	2,838,044

FINANCIAL RATIOS	(J$`000)	(J$`000)	(J$`000)	(J$`000)
Earnings per stock unit (cents)	384	399	234	218
Dividends per stock unit (cents)	25	44	49	47
Dividend payout ratio	6.33%	12.27%	20.65%	21.26%
Price earnings ratio	8.56	9.53	13.67	11.93
Return on average equity	15.08%	19.55%	12.87%	12.92%
Return on average assets	1.69%	1.96%	1.26%	1.33%
Book value per stock unit (J$)	30.50	20.57	18.44	17.12
Net interest margin	2.64%	2.90%	3.03%	2.98%
Efficiency ratio (Admin. exp/ Revenue)	64.25%	73.85%	71.62%	70.54%

OTHER DATA	(J$`000)	(J$`000)	(J$`000)	(J$`000)
Exchange rate (J$ per US$1.00)	144.88	133.96	125.02	125.32
Inflation rate (year over year)	5.20%	4.81%	3.40%	3.90%
Market Price per share (JSE closing price)	32.87	38.01	31.99	26.00
Number of stock units at year end	1,955,552,532	1,955,552,532	1,630,552,532	1,630,552,532
Market capitalisation	64,279,011,727	74,330,551,741	52,161,375,499	42,394,365,832

YEAR ENDED 31-MAR-17	YEAR ENDED 31-MAR-16	YEAR ENDED 31-MAR-15	YEAR ENDED 31-MAR-14	YEAR ENDED 31-MAR-13	YEAR ENDED 31-MAR-12
(J$`000)	(J$`000)	(J$`000)	(J$`000)	(J$`000)	(J$`000)
251,556,110	230,607,286	217,715,302	206,706,119	166,860,961	124,736,554
171,571,803	156,976,090	157,226,757	145,777,726	138,412,944	108,153,801
47,133,134	37,450,257	31,924,543	26,551,175	10,227,126	-
21,810,160	25,731,228	18,944,984	23,979,406	3,890,913	5,929,366
156,647,595	149,262,369	144,501,658	143,302,425	135,907,311	107,591,924
49,087,517	41,296,373	38,463,504	35,887,750	7,567,380	-
26,794,699	22,716,581	21,723,064	18,688,980	17,212,876	10,872,131
281,101,963	250,485,809	238,695,980	223,584,330	165,584,482	121,683,458
(J$`000)	(J$`000)	(J$`000)	(J$`000)	(J$`000)	(J$`000)
14,650,056	11,424,075	10,319,661	8,732,250	6,243,316	5,987,479
10,446,222	8,781,265	7,787,697	5,670,247	4,616,625	3,214,703
4,156,046	2,595,557	2,354,039	3,398,051	3,647,375	2,814,017
3,350,531	2,299,231	2,047,282	3,062,059	3,856,863	2,240,456
733,749	603,304	521,776	538,082	375,027	453,650
2,616,782	1,695,926	1,525,506	2,523,977	3,481,836	1,786,806
(J$`000)	(J$`000)	(J$`000)	(J$`000)	(J$`000)	(J$`000)
203	139	118	174	235	151
45	37	32	33	23	31
21.90%	26.24%	25.49%	17.57%	9.72%	20.25%
8.28	7.21	5.96	4.05	3.00	6.50
13.53%	10.35%	10.13%	16.83%	27.47%	22.10%
1.39%	1.03%	0.96%	1.58%	2.65%	1.88%
15.89	13.45	12.86	11.24	10.24	7.37
2.94%	2.57%	3.04%	3.02%	3.05%	3.10%
71.09%	76.64%	75.17%	64.86%	73.08%	53.59%
(J$`000)	(J$`000)	(J$`000)	(J$`000)	(J$`000)	(J$`000)
128.22	121.70	114.77	109.28	98.41	87.10
4.14%	2.90%	4.00%	8.35%	9.13%	7.30%
16.81	10.01	7.06	7.04	6.20	9.81
1,630,552,532	1,630,552,532	1,630,552,530	1,630,552,530	1,630,552,530	1,463,386,752
27,409,588,063	16,321,830,845	11,511,700,862	11,479,089,811	10,109,425,686	14,355,824,037

Who we are

Our unique cultures are what define and unite us at the same time.

REGIONAL MACROECONOMIC LANDSCAPE

THE GLOBAL ECONOMY

The International Monetary Fund (IMF) estimated that the global economy contracted by 3.2% in 2020 due to the impact of the COVID-19 pandemic. Advanced economies contracted by 4.7% while Emerging and Developing Economies contracted by 2.4%. The United States (US), United Kingdom (UK), and Canada experienced 3.5%, 10%, and 5.4% contraction, respectively. The growth outturn for Emerging and Developing Economies is skewed. If China's growth outturn for the period of 2.3% is removed, the economic contraction is far greater for this group. After a tepid 2019 growth of just 0.2%, Latin America and Caribbean economies were hard hit by the disease and growth contracted by 6.1%.

Despite fallout in revenues occasioned by economic contraction, many governments maintained or increased spending to help cushion the effect of the COVID-19 pandemic on households and businesses. There was a reliance on debt financing to fund the budget, resulting in increased global debt levels in

2020. In the future, weak growth could amplify fiscal risks that have emerged. Moreover, in some countries, the absence of corrective measures in subsequent periods could exacerbate long-standing structural fiscal issues, which could cascade into a debt event.

The International Monetary Fund (IMF) is forecasting growth of 6% in 2021 despite the looming headwinds from the COVID-19 pandemic. Consensuses growth forecast of 5.7% in 2021, marginally lower than the IMF's projection. Growth is likely to be uneven across country groups and within-country groups owing to several factors, among them the pace of vaccination and how quickly various sovereigns will ease restrictive measures on the movement of people within their borders.

After contracting in 2020, advanced economies are expected to expand by 5.1% in 2021. We expect the economy in the United States (US) to grow by 6.4%; United Kingdom (UK), 5.3%; Canada, 5%; and Japan, 3.3%. We expect emerging market economies to expand by 4.0%, led by India and China, respectively, with 11.2% and 8.4% growth.

For Latin America and the Caribbean, growth of 4.6% is expected, led by the Dominican Republic, 5.0%; Columbia, 5.2%; and Brazil, 3.7%. We expect growth in Venezuela to contract by 10%, the only economy in the region where output is likely to contract.

COMMODITY PRICES

In Q1:21, several commodities including crude oil, experienced a rise in prices. We expect the increase in global output to drive demand in 2021 through 2022. Based on the outlook, some economies are likely to face transitory inflation pressure, which is expected to persist for at least two more quarters. Higher shipping costs contribute to this view on inflation. We envisage that global vaccination programmes will speed up in H2:21. With that, we expect the gradual easing of restrictive measures in emerging market economies and the normalisation of commodity supplies. In a nutshell, we expect inflationary pressure occasioned by supply bottleneck to taper off.

JAMAICA

Restrictive movement on people imposed by the government to reduce the spread of the coronavirus had a negative effect on GDP growth and employment. This was further compounded by a steep falloff in visitor arrivals. For the period, April 2020 to December 2020, total stopover arrivals amounted to 306,000 visitors, a decline of 1.7 million persons or 84.5% compared to the similar period in 2019. There was a precipitous decline in cruise passenger arrivals, as no cruise ship has visited Jamaica's ports since March 2020. As a result of the decrease in output, tax revenues declined, forcing the Government of Jamaica (GOJ) to table three (3) supplementary budgets during the fiscal year.

The domestic economy contracted by 10.2% in CY 2020 and 10.8% in FY 2020/21. For the fiscal year, there were declines across all sectors, except for Construction and Government Services. The Goods-producing industry contracted by 3.3%. Bauxite and Mining and Manufacturing declined by 11.2% and 6.3%, respectively. However, construction expanded by 3.4%, driven by robust development of dwelling houses and office spaces.

Output in the Services Industries declined by 12.4%, driven by a steep decline in Tourism (Hotels, Restaurants and Entertainment), 65.7%; Other Services, 27.2%; Transportation and Communication, 13.3%; and Distributive Trade, 9.0%. The outlier in the industry was Government Services which expanded marginally by 0.1%.

The unemployed labour force increased from 7.3% in January 2020 to 12.6% in July 2020. The rise in unemployment was due mainly to fallout in employment in the services industry, particularly tourism. With the gradual easing of movement of

persons in H1:20. There was a noticeable improvement in business activities such as Business Processing and Outsourcing, resulting in unemployment falling to 8.9% as of January 2021.

The GOJ initially tabled a budget to spend $852.6B in FY2020/21. The reality of declining tax inflows forced a revision of overall spending to $813.1B. However, there was a $22B cut in capital spending. The majority of funding was re-allocated to programmes to purchase protective gears for healthcare workers and provide unemployment benefits. At the end of FY 2020/21, the GOJ generated a fiscal deficit of $60.5B (3.1% of GDP) compared to a programmed surplus of $14.8B (0.7% of GDP). Tax revenue collection of $508.9B was $70.5B (12.2%) lower than the previous fiscal year. Debt to GDP is estimated to increase from 94% at end-March 2020 to 110% at end-March 2021. Notwithstanding the upward deviation, the GOJ expressed its commitment to reduce the debt to 60% of GDP by March 2028, two years later than previously envisaged.

Figure 1: SELECTED MACROECONOMICS DATA

	2016	2017	2018	2019	2020	2021 E	2022 F	2023 F
Nominal GDP per capita, USD	4,844	5,070	5,360	5,369	4,901	4,980	5,243	5,717
Real GDP growth, % y-o-y	1.4	1.0	1.9	0.9	-9.9	2.8	3.5	2.9
Inflation, eop, % chg y-o-y	1.7	5.3	2.4	6.2	6.4	5.4	5.7	5.2
Central Bank policy rate, %	5.0	3.3	1.8	0.5	0.5	0.5	1.0	2.3
LCU/USD, eop	128.4	124.9	127.7	131.2	142.7	-	-	-
Total revenue, % of GDP	25.9	26.4	27.7	29.8	31.4	25.2	25.9	25.5
Total expenditure, % of GDP	26.2	26.6	27.2	28.6	30.5	29.3	27.7	26.4
Fiscal balance, % of GDP	-0.3	-0.2	0.4	1.2	0.9	-4.1	-1.8	-0.9
Primary balance, % of GDP	6.9	7.2	7.1	7.3	7.3	1.7	3.2	3.7
Current account balance,% of GDP	-0.3	-2.6	-1.8	-2.1	-1.0	-1.4	-1.4	-1.0
Capital and financial account, % of GDP	2.6	-9.9	-8.7	-2.9	-	-	-	-
Foreign reserves ex gold, % of GDP	23.9	24.8	22.1	22.6	28.0	28.1	28.1	28.1
Foreign reserves ex gold, USD	2,719	3,208	3,005	3,163	3,126	3,292	3,466	3,650
Total government debt, % of GDP	122.1	106.8	99.7	92.4	100.9	108.0	105.3	102.2
Government domestic debt, % of GDP	47.4	40.1	37.1	35.2	37.6	40.5	39.5	38.2
Unemployment, % of labour force, eop	12.9	10.4	8.7	7.2	8.9	7.8	10.0	10.0

Sources: : IMF. Fitch Connect and JMMBIR

E - Estimates, F - Forecast

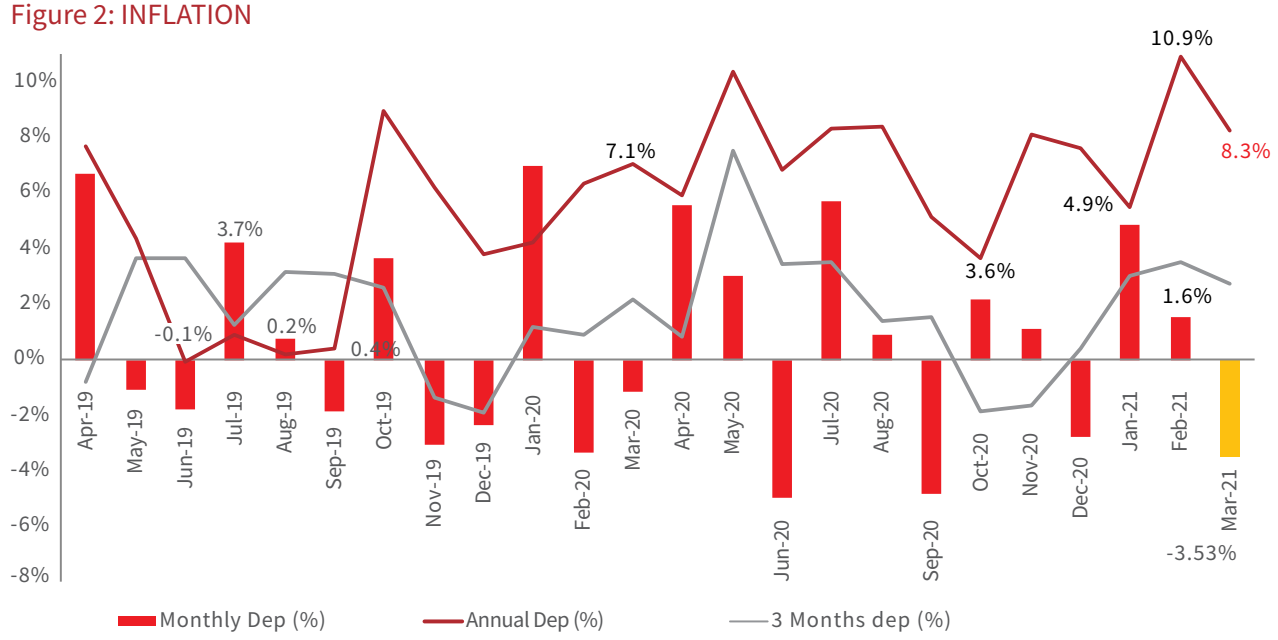
FX RATE

At the end of March 2021, the Jamaica dollar traded at an exchange rate of J$146.8 to US$1. Compared to the corresponding period in 2020, the domestic currency depreciated by J$11.19 or 8.3%. High end-user demand relative to supply, characterised the market during the fiscal year, resulting in the Jamaica dollar depreciating two months out of every quarter. However, at the end of a quarter, the dynamics are usually reversed, resulting in the Jamaica dollar appreciating relative to the US dollar.

Contraction in overall economic activities reduced the demand for imported goods and services. Petrol consumption declined by 60% during FY 20/21. Coupled with subdued commodity prices, the current account deficit (CAD) remained relatively low throughout the review period. At end-March 2021, a CAD of 1.7% of GDP is estimated compared to 1.6% of GDP in 2020.

Overall, reasonably positive developments in the current and capital accounts helped mitigate the impact that the fallout in tourism would have had on the currency market. The net effect was that the Jamaica dollar depreciated by 8.3%, which under the circumstances is relatively benign. Net International reserves at the end of March 2021 amounted to US$3.3B, an increase of US$81.7M of 2.5% over the corresponding period in 2020.

Figure 2: INFLATION



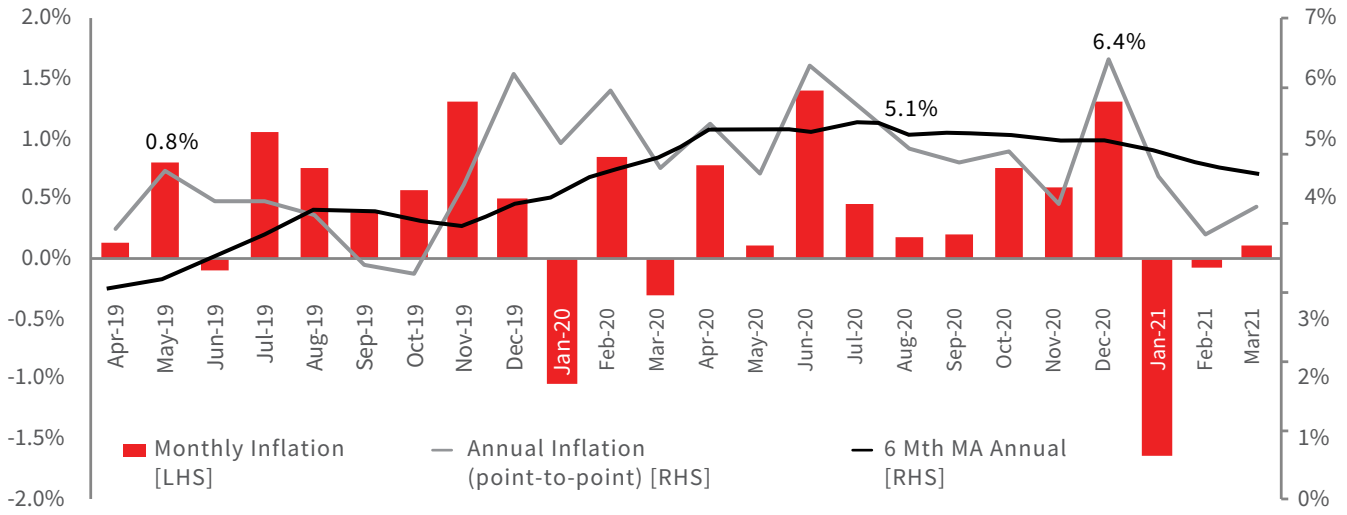
Sources: : BOJ and JMMBIR

INFLATION

The inflation rate for the calendar year 2020 was 6.4%, while the inflation rate for the fiscal year was 4.3%. Except for the months of June and December, the 12-month inflation rate was within the Central Bank's targeted range of 4%-6% during the fiscal year. Supply challenges due to a combination of restriction of movement of people and international logistics challenges led to higher overall price levels. Headline inflation could have been lower had it not been for the increased tariff granted to the Jamaica Public Service and depreciation of the Jamaica dollar.

We forecast headline inflation within a band of 4%-6% at the end of the fiscal and calendar years. Built into our assumptions are a gradual improvement in local labour market conditions, rising household income, and overall improvements in the economy. A key risk is emerging in the form of external price pressure. For example, crude oil price increased by 28% during Q1:21. Increase in commodity prices above expected levels coupled with weather-related shocks and higher than envisaged depreciation of the Jamaica dollar could push domestic headline inflation above the forecast range while the converse holds true.

Figure 3: INFLATION



Sources: : STATIN and JMMBIR

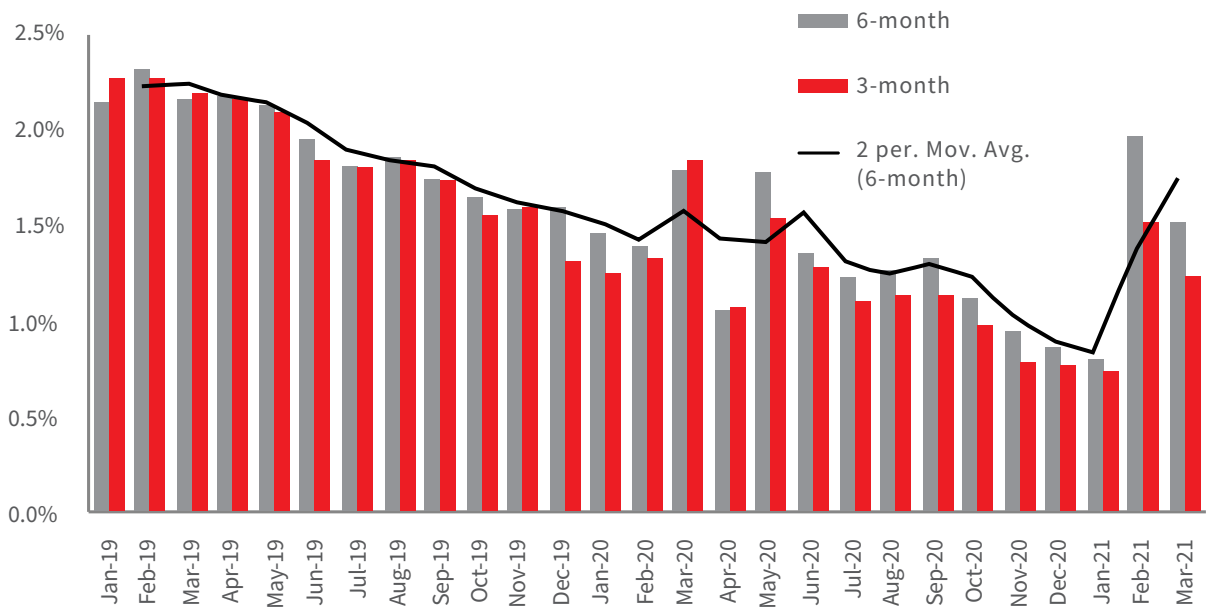
INTEREST RATE

The 3- and 6-month Treasury Bills (T-Bills) yields were 1.23% and 1.52% at the end of March 2021. Compared to March 2020, yields contracted by 62 basis points (bps) and 27 bps, respectively. For the period March to December, yields declined; against expectation, they spiked in February but declined in March.

The BOJ maintained a relatively accommodative monetary policy leaving the policy rate fixed at 0.5%, as it has been over the last 16 months. Fearing a credit crunch during the pandemic, the BOJ ensured that deposit-taking institutions had sufficient liquidity to maintain credit to households and businesses.

Concerned with how long the recession would last, investors gravitated towards highly liquid short-term government instruments. As a result, compared to March 2020, yields fell in December 2020 on the 3- and 6-month T-bills by 108 bps and 94 bps, respectively. Notwithstanding, in February, yields on the 3-month and 6-month T-bills increased by 79 bps and 118 bps respectively compared to January.

Figure 4: TREASURY BILL YIELDS



Sources: : BOJ and JMMBR

We expect that the BOJ's monetary policy will remain accommodative throughout FY 2022/23 as the economy gradually improves. As a result, T-bill yields are likely to continue the downward trajectory observed through to FY 2020/21, resulting in yields falling below 1% by the end of the forecast period.

GOJ'S BUDGET

REVENUE

The GOJ plans to generate Revenue & Grants amounting to $672.7B (31.2% of GDP), $96.2B (16.6%) more than the estimated revenue intake for FY 2019/20. Of this sum, tax revenues are expected to amount to $572.5B (26.6% of GDP), $63.4B (12.4% of GDP) more than the previous fiscal year. The tax revenue target appears over ambitious given the prevailing economic conditions.

Figure 5: ABRIDGED GOJ'S BUDGET TABLE

	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	JMMB's Est. FY 2021/22	FORECAST FY 2022/23
Revenue $ Grants	**560,773.6**	**628,985.2**	**649,759.2**	**576,491.7**	**672,668.3**	**649,805.8**	**711,146.1**
Tax Revenues	496,894.6	542,919.4	579,397.0	508,887.7	572,461.2	549,598.7	638,468.1
Grants	5,614.4	10,547.0	4,656.8	5,015.5	5,776.8	5,776.8	4,314.9
Expenditure	**552,050.1**	**604,597.5**	**630,354.4**	**654,512.9**	**667,247.9**	**667,247.9**	**705,106.1**
Recurrent	505,244.0	538,393.2	559,961.4	602,486.4	613,046.6	613,046.6	642,015.8
Programmes	176,779.5	209,079.7	216,856.6	241,436.7	247,821.2	247,821.2	254,288.4
Compensation of Employees;	193,283.5	200,125.3	211,617.5	224,796.7	239,238.7	239,238.7	258,432.4
of which Wages & Salaries	178,366.3	183,505.5	195,935.5	207,912.6	221,879.5	221,879.5	238,652.1
Interest	135,181.0	129,188.1	131,487.3	136,253.0	125,986.7	125,986.7	129,294.9
Capital Expense	**48,806.1**	**66,204.3**	**70,392.9**	**52,026.4**	**54,201.3**	**54,201.3**	**63,090.3**
Fiscal balance	**8,723.5**	**27,387.7**	**19,404.8**	**(78,021.2)**	**5,420.4**	**(17,442.1)**	**6,040.0**
% of GDP	0.5	1.2	0.9	4.0	0.3	(0.8)	0.3
Loan Receipt	207,133.0	114,180.1	126,060.1	215,528.9	130,305.6	130,305.6	128,677.4
Amortization	232,289.9	132,990.1	169,046.6	158,555.6	146,258.5	146,258.5	167,145.7
Other inflows	**11,400.1**	**27,894.9**	**104,174.9**	**6,243.1**	**4,348.7**	**4,384.7**	**32,428.3**
Other outflows	**14,206.6**	**35,164.5**	**37,933.2**	**37,206**	**17,274.5**	**17,274.5**	**(0.0)**
Overall balance	**(19,293.8)**	**(1,691.9)**	**42,660.0**	**(52,065.6)**	**(23,458.4)**	**(46,320.9)**	**(0.0)**
% of GDP	1.0	(0.1)	2.0	2.7	(1.1)	(2.2)	-
Primary Balance	**143,904.5**	**153,575.8**	**150,892.1**	**58,231.8**	**131,407.1**	**108,544.6**	**135,334.9**
% of GDP	7.5	7.5	7.1	3.0	6.1	5.1	5.6

Sources: : MOF&P and JMMBIR

E - Estimates, F - Forecast

EXPENDITURE

Above-the-line expenditure of $667.2B (31.0%) of GDP is $12.7B (1.9%) more than the expected outlay for FY 2019/20. Within the recurrent portion of the budget, the GOJ plans to spend $613.0B (28.5), which is $10.6B or 1.8%

more than the amount spent in the previous period. Included under recurrent spending is $8.5B, a payment earmarked for the PATH programme previously included in the Ministry of Labour and Social Security's capital budget. Overall compensation to employees is 6.7% higher than the previous fiscal year and moves to $239.2B (11.1%) of GDP. This figure includes wages and salaries of $221.9B (10.3%) and government pension contribution of $17.4B (0.8% of GDP). Interest payment is down $10.3 (7.5%) to $129.3B.

The government plans to spend $54.2B (2.5 of GDP) on capital. Relative to the previous fiscal year, spending is $2.2B (4.2%) higher. We agree with the finance minister that we are not comparing "apples and apples" when we do this. As noted before, the figures for FY 2019/20 included $8.5B, which is being shifted to recurrent spending. If we reduce the previous year's capital spending by this amount, capital spending in FY 2021/22 will increase by $10.6B or 24.5%.

BELOW THE LINE

Additional Inflows into the Consolidated Funds, including loans and other inflows, amount to $134.6B. Outflows, which include amortisation of loans, total $163.5B. Netting off these figures results in net outflows of $28.9B. When combined with the fiscal deficit, these amounts result in an overall deficit of $56.5B.

Domestic and foreign loans amount to $90B and $40.3B, respectively. The GOJ is programming Domestic and Foreign amortisation of $64.4 billion and $81.8B, respectively. The government will seek $25.6B (39.7%) more from the domestic market than paid out. Resources carried over from the previous fiscal year will primarily fund the overall deficit. Going into FY 2020/21, the GOJ had over $90B (4% of GDP) in excess resources, of which more than $52.0B was drawn down to fund the budget.

OUTLOOK

We forecast growth for CY 2021 of around 1.8% and 2.3% for FY 2020/21. We expect restriction of movements and the slow rollout of vaccinations to put a damper on economic activities in H1:21. After that, we expect economic conditions to improve gradually. We expect robust activities in Construction, Tourism, Agriculture and Mining and Bauxite. Activities in the Construction sector are expected to continue apace, as in the previous fiscal year, supported by increased government capital spending. Pent-up demand for travel by US citizens, improved job market conditions in the US, and a robust vaccination programme in North America and Europe and locally will help drive visitor arrivals in the second half of the year. With the Alpart Bauxite plant back into commission, this has boosted capacity in the Bauxite/Alumina sector and will help to drive growth in Mining and Bauxite.

The COVID-19 pandemic poses a threat to the growth outlook. Jamaica experienced a spike in COVID-19 cases in late Q1:21, forcing the government to impose more stringent social distancing measures. Jamaica has vaccinated less than 10% of its adult population. There is a high risk that a second spike in the number of COVID-19 cases could occur if the country lowers its guard and persons fail to adhere to proper protocols to prevent the spread of the disease. On the positive side, the Ministry of Health (MOH) has paid to secure 1.9 million doses of the Johnson & Johnson COVID-19 vaccine, which are to be delivered in H2:21. Assuming no hiccup in its delivery and the MOH ramps up its vaccination programme, Jamaica could reach herd immunity by November 2021.

As noted above, we expect a fiscal deficit of 0.8% of GDP as we envisage lower revenue intake relative to the budget. We expect inflation within the band of 4% -6%, but external price pressure, accelerated depreciation of the Jamaica dollar, and low domestic food production elicited by weather-related shocks could push prices higher than expected.

Over the last ten quarters, the value of the Jamaica dollar has fluctuated relative to the US dollar. We expect that quarterly behaviour to continue and that the local currency to depreciate on a 12-month basis relative to the US dollar at the end of the calendar and fiscal year. The BOJ is expected to maintain an accommodative monetary policy. With subdued government activities in the capital market and modest demand for loanable funds, we expect T-bill

yields to trend down marginally.

TRINIDAD AND TOBAGO

Trinidad & Tobago's economy is estimated to have declined by 6.7% in 2020 due to a reduction in both Non-Petroleum and Petroleum industries. Contraction in domestic aggregate demand occasioned by the coronavirus pandemic, and recession in Caribbean territories, resulting in lower exports, have contributed to the reduction in output in the Non-Petroleum Industry. On the other hand, subdued hydrocarbon prices in H2:20 and supply-side challenges were the primary factors behind the contraction in output in the Petroleum sector.

Unlike some other Caribbean countries, for example, Jamaica, Trinidad & Tobago avoided lockdown in H1:20, as the number of persons who contracted COVID-19 was relatively low. However, inertia in the economy from the previous period, especially in the oil sector, and recession in other Caribbean countries resulted in low growth. The challenges previously noted in the oil sector influenced output H2:20.

Both the fiscal and monetary authorities embarked on several initiatives in Q1:20 to help minimise the effect of the impending recession on the citizens and lessen the overall impact on the economy. The Central Bank of Trinidad & Tobago (CBTT) reduced the policy rate and the required reserve for commercial banks. On the fiscal side, the government issued unemployment and food grants. In addition, there were early repayments of tax refunds, and hoteliers in Tobago were given cash to improve their properties. The government also created a $100 million low-interest rate credit facility accessible through the credit union movements.

Central government revenue declined relative to expectation because of economic contraction and lower than programmed hydrocarbon prices and output. As a result, revenue intake amounted to 20.7% of GDP in 2020 compared to 27.6% of GDP in 2019. Central government operations generated a fiscal deficit of 11.6% of GDP while debt to GDP increased to 67.9%, up from 55.3% in the previous year.

To help fill the fiscal gap, the government withdrew US$900M from the Heritage Stabilization Fund. The resources made available through this facility lowered the fiscal deficit. We believe that the worst of the economic pressure from COVID-19 on the local economy has passed. However, with a low vaccination rate and structural problems in the energy sector, the path to full recovery remains a challenge.

Figure 6: SELECTED MACROECONOMICS DATA

	2016	2017	2018	2019	2020	2021 E	2022 F	2023 F
Nominal GDP per capita, USD	16,177	16,238	17,130	17,603	15,742	17,579	18,313	19,218
Real GDP , % chg y-o-y	-5.6	-3.0	0.1	-0.1	-6.5	3.1	2.1	2.7
Consumer price index inflation, eop, % chg y-o-y	3.1	1.3	1.0	0.4	0.8	1.9	2.2	2.2
Central Bank policy rate, %	4.75	4.75	5	5	3.50	3.50	3.75	4.25
Lending rate, %, eop	9.08	9.08	9.23	9.58	7.33	7.83	8.03	8.43
LCU/USD, eop	6.75	6.76	6.78	6.77	6.73	6.75	6.75	6.75
Total revenue, % of GDP	28.1	24.4	27.6	27.4	20.7	21.6	23.2	24.0
Total expenditure, % of GDP	35.6	32.6	30.3	30.6	32.3	27.3	26.9	26.7
Fiscal balance, % of GDP	-7.5	-8.2	-2.7	-3.2	-11.6	-5.7	-3.7	-2.7
Primary balance, % of GDP	-5.0	-5.2	-0.2	-0.2	-8.9	-1.8	0.2	1.2
Current account balance, %of GDP	-4.4	5.4	5.5	4.8	-2.8	3.1	2.9	2.8
Capital and financial account, % of GDP	-6	2	-1	-	-	-	-	-
Foreign reserves ex gold, % of GDP	43.0	37.2	31.9	28.3	31.5	29.6	29.8	29.7
Foreign reserves ex gold, USD	9,466	8,370	7,575	6,929	6,954	7,301	7,667	8,050
Total government debt, % of GDP	60.1	60.0	58.9	55.3	67.9	68.1	67.7	67.1
Government domestic debt, % of GDP	45.6	44.3	42.6	38.9	46.7	48.3	48.0	47.7
Unemployment, % of labour force, eop	3.6	4.4	3.5	4.0	5.5	5.0	4.7	4.5

Unemployment, % of labour force, eop

E - Estimates, F - Forecast

INFLATION

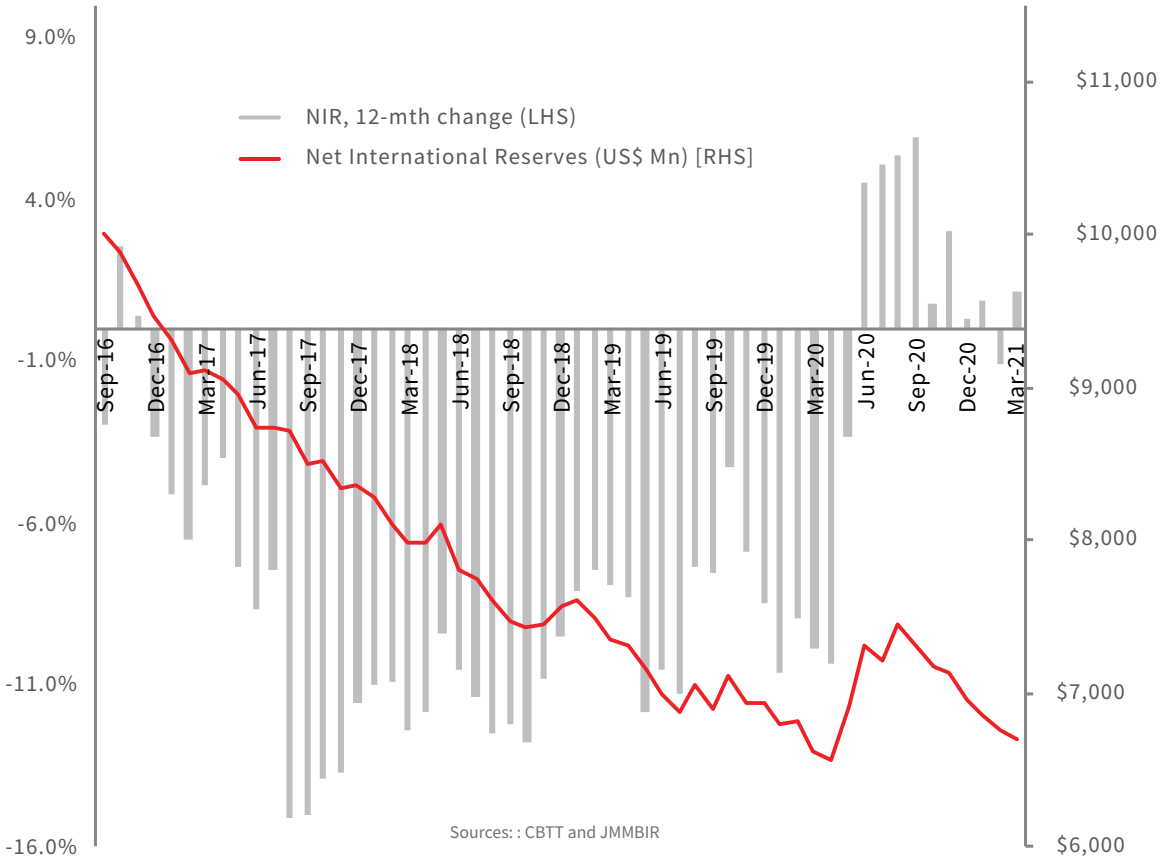
Low aggregate demand has contained the 12-month headline inflation below 2% since April 2017. The currency peg, which limits the pass-through effect of external price rise, also facilitated low inflation. At end-March 2020, the 12-month inflation rate was 0.4%, which was well below our baseline forecast. Despite the relatively low headline inflation, food inflation was 5.4%.

Over the next 12 months, we expect moderate improvements in economic activities and, by extension, household income should increase. We also expect the government to maintain an austere fiscal policy to curtail the deficit. Because of these opposing forces in the economy, demand-pull inflation is likely to remain relatively subdued over the forecast horizon. We envisage a moderate rise in external prices, but the currency peg will curtail the impact on local prices. The combined effect of these forces is likely to result in a low-to-moderate increase in headline inflation over the forecast horizon.

EXCHANGE RATE

The Trinidad & Tobago dollar was relatively stable throughout the year and traded at an exchange rate of TT $6.76 to US$1 at the end of March 2021. Compared to the same period in 2020, the local currency appreciated by 0.1%. The COVID-19 pandemic had a negative effect on the petroleum industry and, by extension, currency inflows from the sector. However, end-user demand declined marginally as a result of lower consumption.

Figure 7: NET INTERNATIONAL RESERVES



The local currency price does not fully reflect conditions in the currency market, as the Central Bank has a profound influence on its price. Shortages in the foreign exchange market remain an issue, and many corporates find it difficult to get their desired amount. As a result, a parallel market has developed alongside the official market, where the US dollar trades at a premium.

After declining by 8.4% per annum over the last three years, at the end of March, net international reserves at US$6.7 billion increased by 1.2% relative to the same period in 2020.

We expect the currency peg to hold in the short run. However, the long-run economic fundamentals are not supportive of this view. Many of the existing oil wells have long reached their maturity, and gas production is in decline. High costs associated with exploiting off-shore gas acreage and a less than ideal investments climate do not support increased investments. We are bearish in our investment view on the Petroleum sector. Over the period March 2016 to March 2020, the reserves declined at a compounded average annual rate of 7.1%. A combination of falling investments and output in the petroleum sector would exacerbate the risk in the currency market, leading to depreciation of the local currency and capital flight.

POLICY RATE

In early March 2020, recognising the path that the global economy was likely to take and its attendant impact on energy prices and the domestic economy, the CBTT cut the policy rate by 150 basis points to 3.0%. The thrust of the authority was to maintain an enabling credit environment that would allow banks to continue extending credit to households and businesses.

Further reduction in the policy rate would incentivise non-petroleum production. However, it would push the interest rate differential between TT- and US- dollar assets into negative territory, increasing the risk of capital flight. The authority does not need to take this risk given the expected path of the local economy over the next 12 months. We expect the CBTT to remain neutral on policy rate change over the short run. Should growth fall well below the expected path, we believe that this would compel the Central Bank to cut the policy rate to push the economy on to a higher growth path.

OUTLOOK

Following a contraction in growth in 2020, Trinidad and Tobago's economy is expected to return to growth in 2021. We project that the economy will expand by 3.1% in 2021, driven by increased energy prices and output. However, the COVID-19 pandemic and lower energy prices pose a downside risk to our growth forecast.

In the early part of Q2:21, there was a spike in the number of daily COVID-19 cases to over 500 persons compared to an average number of daily cases of less than 10 in Q1:21. The rise in COVID-19 cases has forced the government to curtail movement, as was done in Q2:20. We expect this to last for at least three months and is highly likely to constrain growth, especially in the non-energy sector. Trinidad & Tobago is not explicitly engaged in contractual agreements with any vaccine companies to supply the islands.

Like most other Caribbean countries, the sovereign depends on the WHO's COVAX facility for its vaccine supply. WHO has so far found it very challenging to receive supplies to meet its obligation. Less than 10% of the adult population in Trinidad & Tobago is vaccinated against COVID-19. It will take at least two to three quarters for the

sovereign to receive additional supplies to vaccinate at least 50% of the population. The low vaccination rate poses a downside risk to growth. The timeframe for the re-opening of the economy may be longer than we expect.

Trinidad & Tobago's economy depends heavily on the energy sector. Despite the significant rise in energy prices in Q1:21, output challenges are likely to constrain growth. We do not expect a meaningful shift in energy supply soon. It takes time to develop energy facilities, and investment flows are subdued.

Despite slower growth in the sector, higher prices redound positively for foreign exchange flows. We expect the current account to move to a surplus and for the authority to maintain the currency peg over the forecast horizon. With the increased overall level of economic activities expected, the demand for hard currency will rise, resulting in shortages. We expect the policy rate to remain stable, with risk-weighted towards the downside. Increased domestic demand and rising international prices are likely to put moderate upward pressure on domestic prices.

On the fiscal side, increased energy prices will help to boost revenues. Coupled with expenditure restraint, we expect the fiscal deficit to decline to 5.7% in 2021. Debt to GDP is projected at 68.1% in 2021 and should taper off to 67% in 2023 with lower fiscal deficit and moderate GDP growth.

THE DOMINICAN REPUBLIC

The COVID-19 pandemic had an adverse effect on the economy. The government estimates that real GDP growth contracted by 6.7% in 2020 after recording a solid performance of 5.1% in 2019. The fiscal authority enacted several policy measures in March to help counter the effect of the COVID-19 pandemic on households, in particular the most vulnerable. The government spent more than RD$32 billion to assist low-income persons with food and individuals who had lost their jobs because of the pandemic. Unemployment is estimated to have increased to 14.3% at the end of 2020 compared to 10.4% in 2019.

There was a changing of the guard in the presidential election held in August 2020, which saw Mr Luis Abinader from the Partido Revolucionario Moderno (Modern Revolutionary Party, MRP) being thrust into the presidency. The MRP is part of a coalition government that has control of the House. Mr Abinader continued the spending measures adopted by his predecessor, Danilo Medina, to help stymie the impact of the COVID-19 pandemic on the economy. As a result, spending in 2020 expanded to RD$1,002.0B (22.5% of GDP), a change of RD$238.9B or 31.3% compared to 2019. At the same time, revenues fell by 3.7% to $632.3B (14.2% of GDP), resulting in a fiscal deficit of 8% of GDP. Because of the widening of the deficit and contraction in GDP, debt to GDP increased to 54% compared to 40% in 2019.

The Central Bank of the Dominican Republic (CBDR) complemented the fiscal authorities' action through a series of measures. In March, the CBDR cut the policy rate and adopted several liquidity measures to support

the financial system to preserve credit conditions. At first, the Bank made RD$52B available to the financial sector. In addition, the legal reserves requirement was relaxed, which freed up resources amounting to RD$22,321.0 or 2% of GDP. The additional resources that became available to the banks under this facility could be used to make loans to households and businesses at a rate of no more than 8%. So far during the pandemic, the CBDR has provided liquidity facilities amounting to over RD$215B (approximately 5% of GDP). These resources have been used to promote financing and debt restructuring in households and businesses. The policy rate was further reduced in August 2020. Reduction in the policy rate and increased liquidity measures contributed to reduction in the weighted average lending rates by close to 300 basis points.

Despite the pro-active action of the authority, the COVID-19 pandemic had a deleterious effect on the economy in 2020. Had the government and the Central Bank failed to act as they did, the economic contraction might have been far deeper and the recovery that is on the way much slower.

Figure 8: SELECTED MACROECONOMICS DATA

	2016	2017	2018	2019	2020	2021 E	2022 F	2023 F
Nominal GDP per capita, USD	7,280.9	7,609.4	8,050.6	8,282.1	7,268.2	7,573.0	7,855.9	8,235.5
Real GDP, % chg y-o-y	6.7	4.7	7.0	5.1	-6.7	5.0	4.7	4.4
Inflation, eop, % chg y-o-y	1.7	4.2	1.2	3.7	5.6	5.0	3.8	3.9
Central Bank policy rate, %	5.50	5.25	5.50	4.50	3.00	3.00	3.50	3.75
Lending rate, %, eop	15.1	14.8	15.1	14.1	12.4	12.2	12.3	12.3
LCU/USD, eop	46.7	48.3	50.3	53.0	58.3	61.3	62.9	64.3
Total revenue, % of GDP	13.9	14.0	14.2	14.4	14.2	14.6	15.1	15.4
Total expenditure, % of GDP	16.9	17.4	16.5	16.7	22.5	21.6	21.1	20.6
Budget balance, % of GDP	-3.0	-3.3	-2.3	-2.3	-8.0	-7.0	-6.1	-5.2
Primary balance, % of GDP	-0.5	-0.8	0.3	0.4	-4.7	-4.1	-3.1	-2.3
Current account balance, pct of GDP	-1.1	-0.2	-1.5	-1.3	-2.0	-2.1	-2.4	-2.0
Current account balance, % chg y-o-y	-36.3	-83.7	894.0	-10.1	29.7	14.2	18.6	-10.9
Capital and financial account, % of GDP	-3.2	-2.7	-3.6	-3.5	-4.3	-	-	-
Foreign reserves ex gold, pct of GDP	8.1	8.6	9.1	10.2	14.1	14.0	13.8	13.7
Foreign reserves ex gold, USD	6,047	6,781	7,628	8,782	10,752	11,311	11,876	12,470
Total government debt, % of GDP	35.8	37.3	37.9	40.1	53.9	57.5	60.2	62.6
Government domestic debt, % of GDP	12.5	13.5	14.0	15.2	19.8	21.1	22.0	23.0
Unemployment, % of labour force, eop	11.9	10.0	10.4	10.4	14.7	13.1	9.8	9.8

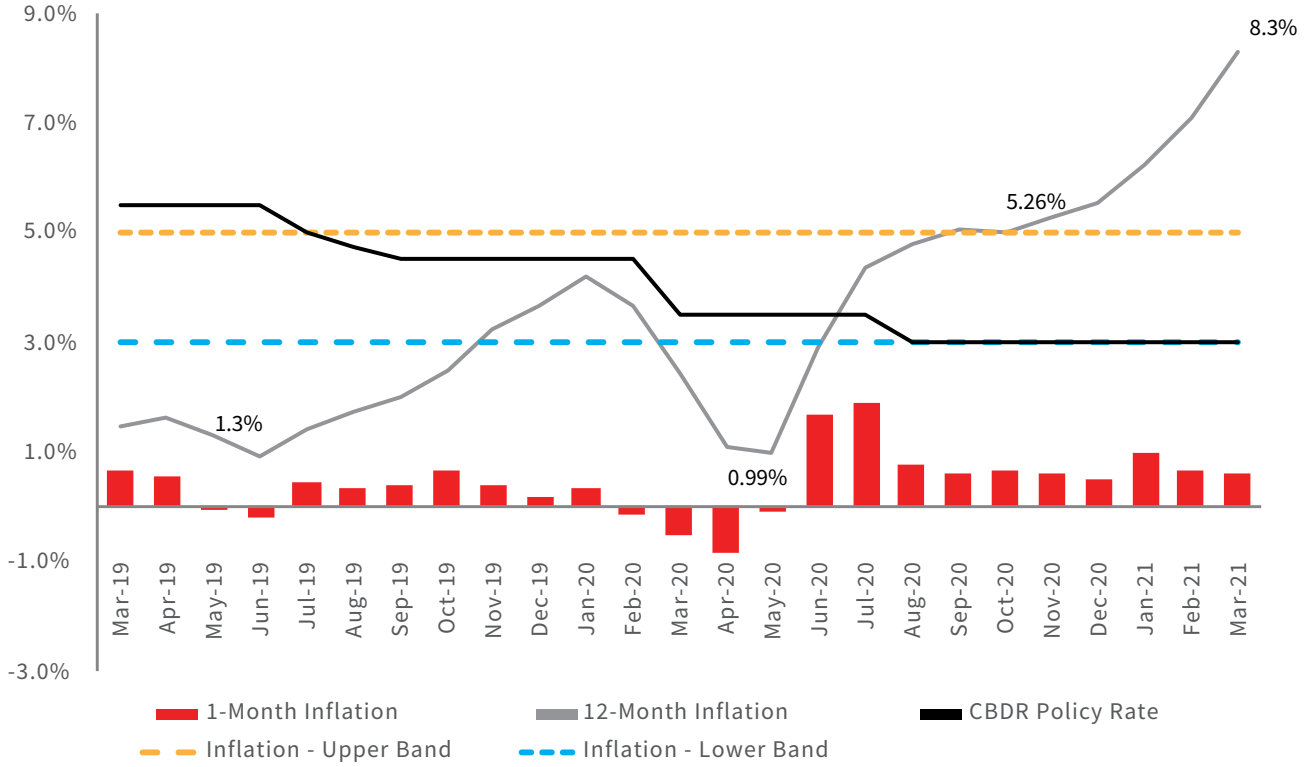
Sources: : CBTT and JMMBIR • E - Estimates, F - Forecast

INFLATION

The 12-month headline inflation rate at end-March 2021 was 7.5%, above the ceiling of the BCRD inflation target of 3% -5%. In March 2020, the inflation rate was 1.4%, and the outlook was that inflation would move towards the targeted band over the short run.

During 2021, increased depreciation of the pesos in Q2:20, damage caused to local crops by two weather systems and rise in international commodity prices caused rapid increases in local prices. However, the pressure experienced in the foreign currency market has since abated, and the domestic food supply is increasing. These developments will help to ease the inflationary impulse. However, as external prices heavily influence the local price level, continued increases in commodity prices, especially crude oil prices, could result in inflation remaining elevated, at least over the next 12 months, as we expect monetary policy to remain accommodative.

Figure 9: INFLATION



Sources: : CBTT and JMMBIR

EXCHANGE RATE

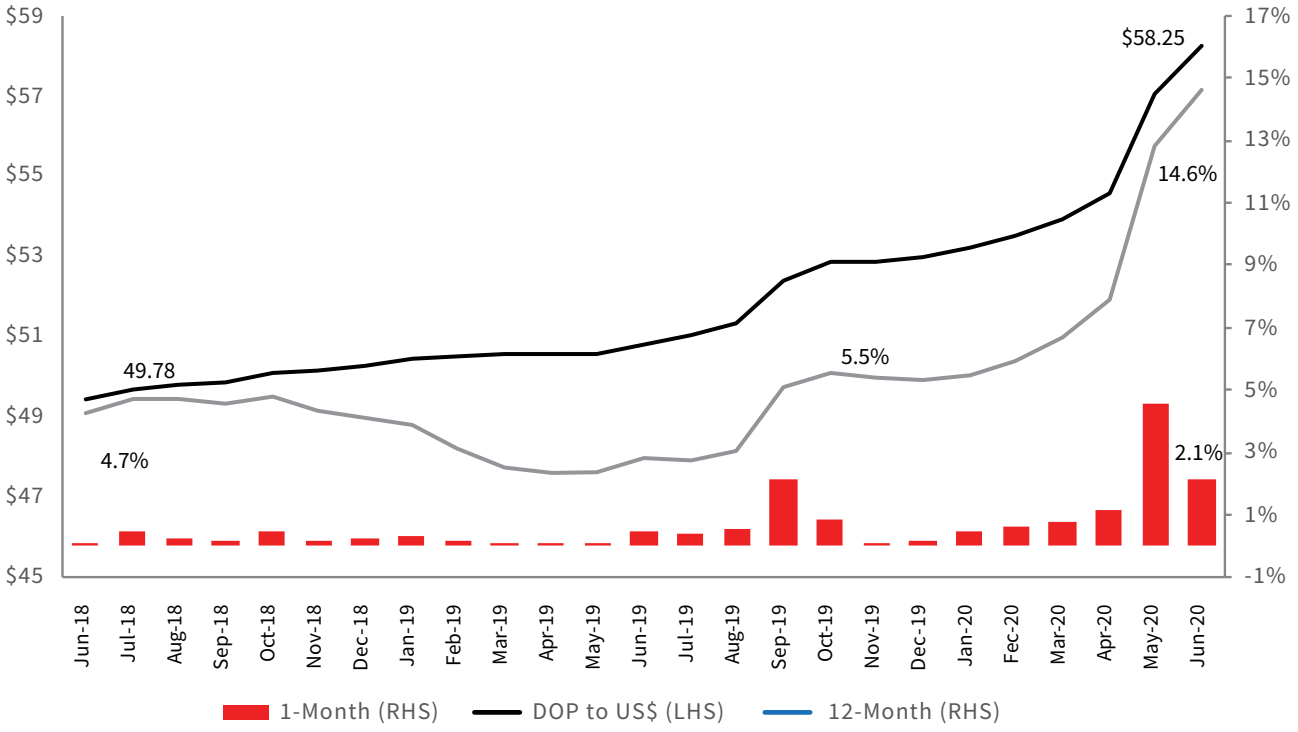
The Dominican Republic pesos traded at an exchange rate of RD$57.06 to US$1 at the end of March 2021, a depreciation of 5.8% relative to March 2020. Over the last three years, the 12-month depreciation rate averaged 3%. However, volatility increased in the foreign currency market in H1:20, occasioned by a sharp contraction in tourism flows, which led to a precipitous decline in foreign exchange flows. This came against the background of relaxation of monetary policy in mid-2019, which led to increased demand for domestic and foreign goods and services. As a result during the first half of 2020 there was a high demand overhang for foreign currency. With falling tourism flows and relatively high imports, the pace of depreciation of the pesos sped up in Q2:20 where it lost 7.8% in value. At

the end of June 2020, the 12-month depreciation rate of the pesos increased to 14.6% relative to 2.8% for the same period in 2019.

A surge in remittance flows and lower imports elicited by the economic contraction and falling oil prices helped shape activities in the currency market in H2:20 into Q1:21. As a result, the pesos gained 2% in value over the nine month period, pushing down the 12-month depreciation rate to 5.8%.

We expect the pace of depreciation to remain relatively subdued as domestic economic conditions improve and tourism flows normalise. We envisage a current account deficit of 2.6% of GDP, which is likely to be covered by higher remittance and investment flows resulting in an increase in external reserves. However, persistently high energy cost could reintroduce higher volatility in the currency market and push the depreciation rate above our expectation.

Figure 10: FOREIGN EXCHANGE RATE: RD$/US$



Sources: : CBTT and JMMBIR

POLICY RATE

After cutting the policy rate by 150 basis points (bps) 2020 (March, 100 bps; and August, 50 bps) we expect the Central Bank of the Dominican Republic to hold the rate steady in 2021. We expect economic growth to increase, but headwinds from the COVID-19 pandemic will continue to linger over the domestic economy. So far, high-frequency data points to growth at around its potential level. The Central Bank is cognizant of the fragility of the current economic environment. It, therefore, is likely to maintain a neutral monetary stance. The threat of inflation remaining above the targeted range is of concern, but that may be due mainly to external prices and not so much, on local monetary conditions. We believe the CBDR will not be too quick to act if inflation remains high heading into

H2:20, as the focus for the year is to return the economy to average growth. If, however, inflation increases more rapidly, we believe the Bank will increase the policy rate.

OUTLOOK

Improvement in the external economic environment, lower unemployment and GDP growth in the US will help to propel growth in the Dominican Republic in 2021. We envisage growth of 5.0% in 2021 occasioned by increased output in Tourism, Construction, exports from the Free Zones and Mining. Higher output in Commerce will also support growth. The easing of restrictions, lower unemployment, and higher elevated remittance flows will influence growth in this sector.

Although President Abinader has campaigned on a platform to rein in the fiscal deficit, we believe the deficit will remain high in 2021, albeit lower than the deficit in 2020. We do not think the president would want to risk political capital by raising taxes and/or cutting social spending while the effect of the pandemic on the domestic economy has not abated.

The CBTT is confident that the inflation rate is transitory and will trend towards the mid-point of the forecast range by H2:21. Although we share this view, there is a higher than average chance that inflation may remain elevated for at least the rest of the year because of external price pressures and accommodative monetary policy. We do not expect any immediate change to the policy rate. However, if inflation is much higher than the target, the Central Bank could raise the policy rate marginally to help lower inflation and salvage its credibility.

We envisage higher levels of tourist arrivals in the coming months while the current account deficit is expected to remain relatively stable. Increased investments and remittances flows are expected to fill the gap, leading to improvements in reserves. As a result of these developments, we expect relatively balanced activities in the currency market and the pace of depreciation of the pesos is expected to revert to the pre-pandemic level of 2% - 5%.

Share the love

A little goes a long way.

MANAGEMENT DISCUSSION & ANALYSIS

The Management of JMMB Group Limited (JMMBGL) is responsible for the integrity and objectivity of the information contained in the Management Discussion and Analysis (MD&A).

The information presented is based on the informed judgment of the management with appropriate consideration to materiality. The MD&A is prepared to enable readers, clients and shareholders to assess the operations and financial performance of JMMBGL for the financial year ended March 31st 2021 compared with prior years. It should be read in conjunction with the JMMBGL's financial statements.

Keith Duncan
GROUP CHIEF EXECUTIVE OFFICER

In this regard, management maintains a system of accounting and reporting that provides for the necessary internal controls to ensure transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposal and liabilities fully recognized. Importantly, the system of control is continually reviewed for effectiveness and is supported by written policies and guidelines, qualified personnel, and strong internal audit and risk assessment procedures.

The Financial information disclosed in this MD&A is consistent with JMMBGL's audited consolidated financial statements and related notes for the financial year ended March 31st, 2021. Unless otherwise indicated, all amounts expressed are in Jamaican dollars and have been primarily derived from JMMBGL's financial statements which are prepared in accordance with International Financial Reporting Standards (IFRS).

This MD&A may contain forward looking statements. Forward looking statements are statements made based on assumptions or predictions of the future which may not necessarily be realized. Although JMMBGL believes that in making any such statement, its expectations are based on reasonable assumptions, any such statement may be influenced by factors that could cause actual outcomes and results to be materially different from those projected.

GROUP RESULTS, HIGHLIGHTS & ACHIEVEMENTS

Amidst one of the most operationally and globally challenging environments resulting from the onset of the COVID-19 pandemic, the JMMB Group Limited ("JMMBGL", "JMMB Group" or "the Group") continued on its growth trajectory posting strong performance in major performance indicators for the financial year ended March 31st 2021.

FINANCIAL RESULTS

J$ 22.44B

Total Operating Revenue

4% Growth

J$ 7.72B

Net Profit

9% Growth

J$ 523.67B

Total FUM

26% Growth

J$ 513.71B

Total Assets

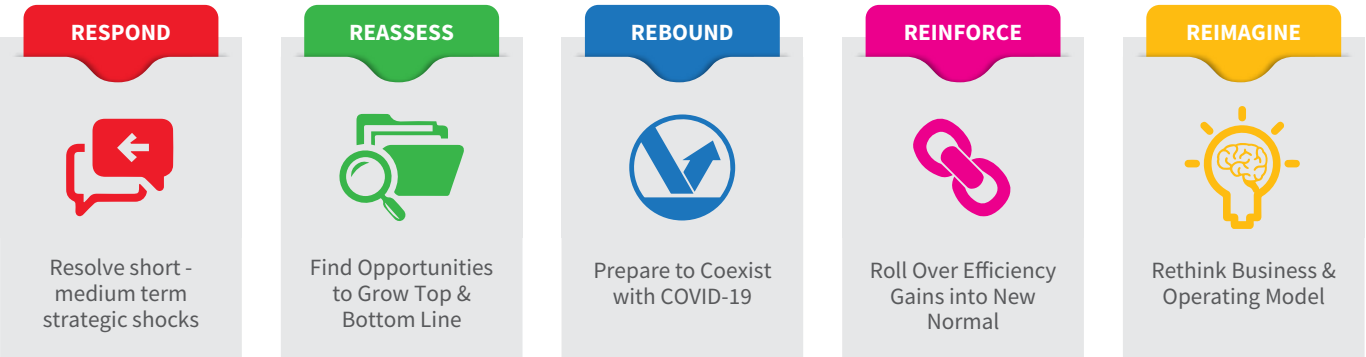
29% Growth

CONTEXT OF OUR RESULTS – RESILIENCE AND GROWTH

With the onset of the spread of the COVID-19 virus in Jamaica mid-March, we pivoted our strategy to respond to one of the most unprecedented and uncertain times in our history as a team and on the global level. At its core, the strategy was aimed at protecting our clients' goals and ensuring the sustainability of the Group. What this initially looked like in the first half of the year was activities were focused on maintaining our strong relationship with retail and business clients to be able to assess their level of exposure, understand their needs and create the appropriate solutions and measures for their unique circumstances. We knew that clients were concerned about their investment portfolios due to the uncertainty in the domestic and global economies and the possible negative impact on the price of assets on their portfolios and also that we had to protect vulnerable clients who have borrowing relationships with us.

In terms of the sustainability of the Group, we focused on protecting our liquidity and capital as well as building solid frameworks to ensure the safety of our clients and teams. The frameworks built included implementing our Remote Work Arrangement (RWA) modality, which is now a permanent part of our operations where appropriate. It also included the enhancement of our digital channels and the active migration of clients to those channels for their safety and convenience. In doing this, we were able to reimagine engaging, serving and partnering with our clients using a mix of digital and physical channels which resulted in expanding our reach while maintaining client intimacy.

JMMB GROUP'S HIGH LEVEL STRATEGIC RESPONSE



In responding to the onset of the pandemic, we sought to resolve short-term shocks to the Group and our clients. However, as we stayed close to our client segments and understood more about how the pandemic impacted them and the economy, we quickly pivoted to a growth mindset with a focus on providing appropriate solutions for our clients. This pivot is evidenced in our results for the year as we saw growth across our major performance indicators.

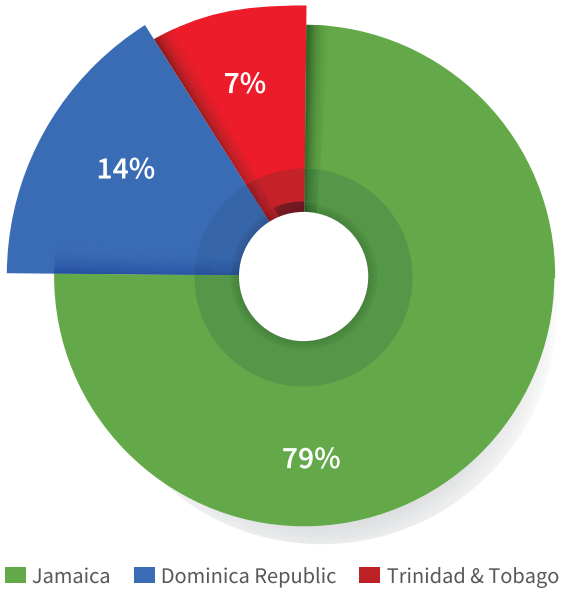
As at the end of the year, net profit stood at J$7.72B which represents 9% growth over the prior year. Net Operating Revenue increased by 4% to J$22.4B with Net Interest Income growing by 13% or J$1.18B to total J$10.46B and trading gains growing by 10% to total $6.79B. Most notable, however, is the growth of our asset base and clients' funds under management (FUM). The Group's total asset base grew by 29% or J$114B to J$513.71B over the period while total FUM grew by 26% to end the year at J$523.67B. We believe this level of growth demonstrates the strength of our continued partnership with our client base, their trust in our expertise during this unprecedented season and the efficacy of our liquidity and capital management strategies.

COUNTRY PERFORMANCE

Our regional diversification strategy continues to deliver positive results and its importance was underscored this year as, despite being faced with the same global crisis, the impact on our operating territories differed. While Trinidad and Tobago was in a mode of more stringent restrictions that diminished growth prospects, we sought out and created growth opportunities in Jamaica and the Dominican Republic.

The performance of our entities in the Dominican Republic improved as total operating revenue grew by 43%. We also saw contribution to Group operating profit improve from 7% in the previous year to 14% for the year under review. Growth in gains on securities trading, NII and fees from managed funds drove much of this performance.

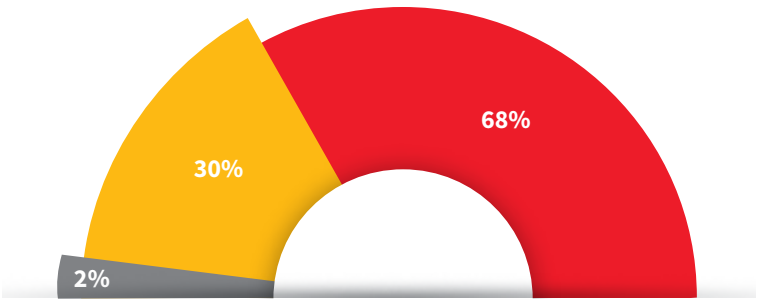
COUNTRY CONTRIBUTION TO OPERATING PROFIT
Continued Diversification & Growth



BUSINESS LINE PERFORMANCE

The banking business line recorded year over year growth in terms of contribution to profit moving to 30% from 26% in the previous financial year. Contributing to this business line's overall growth are loans and notes receivable which grew by 21%. This overall growth has once again positioned us as the fastest growing bank (in their respective categories) in two of our operating territories, Jamaica and the Dominican Republic. Our commercial bank in Jamaica recorded a loan portfolio growth rate of 37% relative to the market's 13% while our savings and loans bank in the Dominican Republic recorded a stellar loan portfolio growth rate of 54% relative to the market's 2%.

BUSINESS SEGMENT CONTRIBUTION TO PROFIT
CONTINUED DIVERSIFICATION & GROWTH



OTHER
- Insurance Brokering
- Investment & Real
- Eastate Holding

BANKING & RELATED SERVICES
- Deposits
- Loans
- Credit Facilities
- Foreign Currency Trading
- Remittance

FINANCIAL & RELATED SERVICE
- Securities Brokering
- Stock Brokering
- Portfolio Planning
- Funds Management
- Investment Advisory Services

The growth in our Investment business line was driven primarily by increases in repurchase agreements, unit trusts and pension funds. Given the levels of uncertainty and exposure faced by our investments clients, many opted to revise their goals or liquidate their portfolios. Noting this, we were able to direct these clients to options within our suite of solutions with more predictable returns and shorter terms. This, and our continued commitment to partner with our entire client database in each operating territory, underscores the growth in FUM.

SOCIO-ECONOMIC CONTEXT

Notwithstanding the context of the continued threat of the COVID-19 pandemic, the varying levels of management and the recovery efforts across our

region, we expect to maintain (and in some areas surpass) these levels of growth in the coming year. We note the threat of new spikes in the pandemic with the Delta strain being of particular concern, and less than 50% of the populations of our operating countries vaccinated. The threat is magnified in Jamaica with less than 5% of the population vaccinated while Trinidad and Tobago and the Dominican Republic have higher vaccination rates of under 15% and under 40% respectively.

We are, however, encouraged that the improved global economic outlook and high rates of vaccination in the United States and Europe bode well for tourism in the Caribbean. Notably, we expect that real GDP will marginally expand in all three regions of operation, buoyed by improvements in tourism, as well as in the agriculture, construction and other sectors. There are, however, macro-fiscal headwinds arising from debt levels and declining FX reserves at varying levels across our operating regions.

We will therefore continue to focus on the expansion of our banking business line, the efficiencies to be gained from our standardization projects which began in the previous financial year, as well as the introduction of new payments solutions. For the investments business line, our focus will be on continued partnership with our clients, the creation and maintenance of goals and the roll out of enhanced solutions from the launch of new funds products including a private equity fund. With our continued focus on the integration of service delivery via goal-oriented solutions across business lines, we expect strong growth in our major business lines in the upcoming financial year.

CLIENT PARTNERSHIP - SURVIVING COVID-19 AND THRIVING TOGETHER

Notwithstanding the pandemic and its challenges, we continued during the year to **maximize the delivery of our client value proposition in all segments across their life cycle as we intensified our partnership with them to protect and achieve their goals.**

Client Partnership remains the core of our business strategy and a key differentiator for the Group. Our aim is for clients to achieve their life and business goals through meaningful financial partnership conversations which unearth their needs and to create solutions that best meet and achieve them.

In the year, we continued to strengthen our operating model to enhance our client partnership strategy. Our teams are now structured around client segments including Retail, Corporate, Small and Medium Enterprises (SMEs) and Institutional to facilitate focus and expertise. The Group has additionally invested in the training, coaching and mentorship of our client partnership teams to enhance and embed financial partnership skillsets to serve these segments. In addition to ongoing general client experience training, the Group continues to offer its flagship proprietary Financial Partnership Certification Programme. We were also able to implement our inaugural Financial Partnership Mentorship Programme, where mentees were enrolled in a structured programme of robust business and personal peer-to-peer mentorship.

In terms of technology, we have been leveraging data analytics to deepen our relationship with clients throughout their lifecycle. This allows us to be more accurate in aligning client needs with solutions and services and consistently tracking the goal progress and achievement of our clients.

IMPACT OF COVID-19 – CLIENT GOAL PROTECTION

At the onset of the pandemic, the Group embarked on a number of initiatives to ensure our clients were, as best as possible, financially safeguarded against the effects of the global pandemic which had resulted in reduced income and loss of employment in many households and businesses in our operating territories.

We remained deeply involved in our clients' world and immediately re-equipped our financial partnership officers through training and retooling to be able to deepen our partnership with our clients using in-person and digital channels. There was a significant

increase in the use of digital channels as we promoted safety and convenience for our clients. We also engaged in an aggressive client contact strategy across all segments in all countries, and designed and implemented a wide range of strategic response initiatives. These initiatives were geared towards addressing the needs of clients in the categories below:

DIRECTLY IMPACTED LOAN CLIENTS

INDIRECTLY BUT NEGATIVELY IMPACTED CLIENTS

MARGINALLY/POSITIVELY IMPACTED CLIENTS

1. All **directly impacted** loan clients/clients at risk of default on their loans, (especially those who have lost their income and revenue from exposure to COVID impacted industries) were identified, engaged and offered appropriate relief packages. These included moratoriums on loan payments, new or increased overdraft facilities, revolving credit lines, and "top up loans" to, for example, assist with working capital support. In a few cases restructuring of facilities were undertaken on behalf of clients who would have also experienced a material reduction in their income and revenue due to the direct COVID-19 impact but would have still demonstrated the capacity to manage the restructured loan terms. This programme was successful as we were able to support our clients with sound financial advice while providing various forms of reprieve to enable them to better manage the impact of COVID-19, preserve their credit profile and protect their assets pledged as collateral. Over 3000 clients across entities within the Group benefited from these measures.

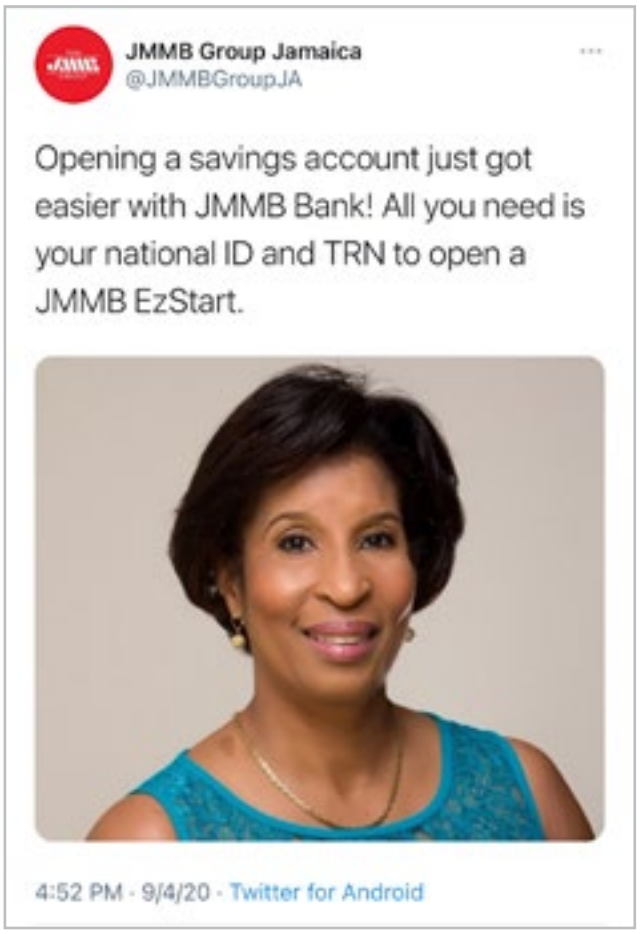
2. **Indirectly, but negatively impacted** clients, were contacted and were appropriately advised and actions taken to de-risk their portfolios. This was based on the severity of income loss or increase in expenses, the amount of emergency funds available to them and their savings and investment portfolios. Our client partnership officers were equipped and empowered to have these customized expert conversations with clients who fell in this category and provided sound advice in their best interest.

3. **Marginally impacted** and or **positively impacted** clients were appropriately advised and action taken in pursuing a defensive position to protect their goals and to identify new ones. The majority of our clients fell within this category and, in partnership with their advisors, were able to identify and pursue new goals.

New clients were also pursued as many persons in our target segments became increasingly attracted to the JMMB Group brand as the financial institution that genuinely cares, has the ability to navigate with them through the storm and facilitates mutual success. Despite the challenges to connect and remain connected with clients, our client base grew by 9% as over 33,000 persons started a relationship with us during the year. Just over 5,800 goal plans were created in Jamaica as persons opted for solutions with more predictable returns and shorter terms investments. For our existing clients, their strength and resilience was demonstrated, as many remained undaunted by short-term circumstances and stayed disciplined in achieving their goals. The success of this can be seen in the significant increase in funds under management of 25% and growth of 21% in our loan portfolio.

NEW SOLUTION LAUNCHED - MAKING IT EZ TO OPEN A BANK ACCOUNT IN JAMAICA

In response to amendments made to the Proceeds of Crime Act in 2019 which allow for simplified due diligence and tiered Know Your Customer (KYC) for clients assessed as low risk, we were able to launch our EZ Start Account in Jamaica. In many instances, our unbanked and underbanked population do not have easy access to the information required to open a bank account. This has been a long-standing pain point for clients who are turned off by the hassle involved in opening a bank account. The EZ Start Account requires only J$100.00, one form of national identification as well as a Taxpayer Registration Number (TRN) to open this account. In the coming year, this product will be made available across the Group through our Bank Standardization Programme. This is only the first phase of simplifying the criteria to establish a relationship with us across the Group and we will be implementing more far-reaching initiatives to impact the majority of our clients in the coming financial year.



CLIENT ENGAGEMENT –THRIVING TOGETHER THROUGH DIGITAL PARTNERSHIP

Client engagement and financial education have always been a core part of our ethos as we partner with our clients. Our client engagement model prior to COVID-19 consisted of both large scale and pointed educational and experience events. However, with capacity and movement restrictions in place to curtail the spread of the virus, our teams moved quickly to leverage technology to deliver the same (and even better) levels of engagement and partnership.

At the branch level, our teams shifted from an in-person seminar model and branch events to a series of interactive virtual events held at least twice a month on various topics with targeted clients from the branches' database. On the corporate side, our Jamaican team has led a successful 'Thought Leadership' webinar series with global industry and sector experts who have helped our corporate clients with critical industry data to inform their business plans during the period. For our SME clients in Jamaica and Trinidad and Tobago, we held several 'fireside chats' with local agencies and sector leaders on a range of topics aimed at supporting clients' growth and regularize their businesses.

In addition to the initiatives highlighted to protect clients' goals, we also actively engaged clients via our electronic channels with useful tools and information on money management, as well as information on how to take advantage of opportunities emerging due to shifts in demand and the economy which arose due to the onset of the pandemic.

We also sought to drive more digital channel use through informational and "how to" videos on using our digital channels to do business with us. As we utilized new and enhanced methods of client communication, education and engagement, we saw an increase in the number of clients migrating to digital channels.

STRATEGIC ACHIEVEMENTS & HIGHLIGHTS

CAPITAL RAISED – ANOTHER SUCCESSFUL PREFERENCE SHARE OFFER

On March 9th, 2021 the Group closed another successful preference share offer, raising J$10B. The offer, which was 66% oversubscribed, included cumulative redeemable preference shares at a price of J$3.00 per share. We continue to be encouraged by shareholders' belief in our vision and our ability to continue to deliver solid results and know that the sustained demand for our shares signals a strong desire of investors to hold a diversified portfolio that offers stable and consistent returns, with attractive rates of return, especially in an environment with low-interest rates.

TWO OF OUR YOUNGEST START- UPS BECAME PROFITABLE

JMMB Express Finance (T&T) Limited, our consumer finance business line in Trinidad and Tobago, recorded exceptional growth and achieved a significant milestone of moving into profitability after thirty (30) months of operations. Given this success, we began the pilot of the business model in Jamaica under our commercial banking arm. In the coming year, we plan to continue the roll out of this business model as part of our active financial inclusion strategy.

JMMB Sociedad Administradora de Fondos de Inversion, S.A. (SAFI), our Funds Management company in the Dominican Republic, also hit profitability for the first time since its launch in 2016. SAFI continues to bring innovation to the market with new solutions including Real Estate Investment Trusts (REITs) and foreign currency funds.

NEW PRODUCTS LAUNCHED

While our focus for the year was supporting clients through the pandemic with our existing product suite, we were still able to enhance and launch new solutions.

These new and enhanced solutions bolstered our ability to meet our retail and business clients' needs and, in particular, support them as they navigated the pandemic.

COUNTRY	ENTITY	SOLUTION	DESCRIPTION	BENEFIT TO CLIENT
Jamaica	Bank	Renewable Energy Loan	Improved Loan Terms	Retail and Business clients can access 100% financing for renewable energy systems.
Jamaica	Bank	EZ Start Savings Account	New Savings Account	Clients previously excluded from the financial system can open accounts without proof of address or references.
Jamaica & Trinidad and Tobago	Investment Management	Investment Management Service	Packaging Portfolio Management for Corporate Clients	Leverages the Group's Risk, Trading and Research expertise in corporate portfolio management.

MAJOR PROJECTS, DIGITAL SERVICES AND PROCESS IMPROVEMENTS DELIVERED TO IMPROVE EXPERIENCE

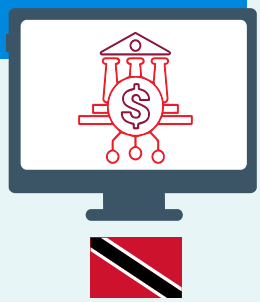
Our laser focus on improved project execution to advance critical client experience imperatives continues to deliver positive results and client outcomes. For the year, we were able to deliver six (6) major projects all on budget. The major projects completed last year supported our thrust to improve our clients' online experience and standardize our banking operations towards our mantra of '**One Group. One Client. One Experience.**' The major projects include:

MONEYLINE 2.0 UPGRADE

Additional functionalities and features were added to Moneyline, our online banking platform, which empowers clients to do more for themselves without having to visit a branch as well as makes paying bills and managing goals easier.

CORE BANKING APPLICATION SWITCH OVER

During the year our IT, Projects and Digital Services teams managed the switch over of our core banking and online banking applications under our bank standardization program during the year for our commercial banking operations in Trinidad and Tobago.



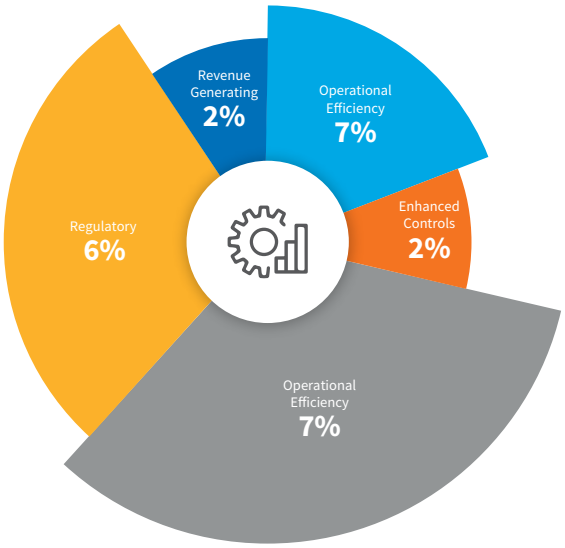
REAL TIME EQUITY TRADING ON MONEYLINE

With this new Moneyline feature, clients get same day value for trades, have access to the Jamaica Stock Exchange (JSE) order queues and can view the asking and bid prices for stocks as well as the availability or number of units being traded.

ONLINE CHAT ON WWW.JMMB.COM

Clients can now speak directly with one of our client care representatives via our online chat portal on our website.

Our work since 2018 to improve the quick execution of initiatives under our business process improvement (BPI) work stream also continues to yield client wins and positive business outcomes. For the year, our teams were able to deliver twenty - one (21) BPIs all aimed at supporting revenue generation, responding to requirements of the regulators in our operating territories, improving our operational efficiency and enhancing our clients' experience with us.



OUR WAY FORWARD, LASER FOCUSED ON ACHIEVING MEDIUM TERM GOALS

The Group has enhanced its medium term strategy to focus on five critical goals in pursuit of specific targets set for the next five years. These goals will drive significant stakeholder value and in turn, create a win-win-win environment for our team members, clients and shareholders.

PEOPLE

The foundation of our medium term strategy is our people, our team. We are committed to maintaining an environment where our team members are 'on purpose, fuelled by love, and achieving their goals'. Through our Family Success Model we are intentional about having the right people in the right roles; fostering extraordinary leaders, building powerful high trust relationships and cohesive teams; and ultimately facilitating high performing, self-actualizing happy, Individuals. We have set a targeted engagement score to maintain to ensure that our team members continue to experience high levels of engagement. We believe that happy individuals make for engaged team members and engaged team members make for happy and engaged clients.

CLIENT PARTNERSHIP

We believe that by creating a winning environment for our team members, we empower them to form true heart- to- heart connections with our clients and partner with them to achieve their financial life goals. Our clients continue to experience high levels of satisfaction and engagement and we continue to raise the bar by targeting even higher levels of client satisfaction and engagement. We have also created strategies to increase client loyalty, building on the track record of and partnership we have created over the years.

In the upcoming financial year, we will specifically focus on closing gaps in our product suite to ensure we are able to provide holistic solutions that are tailored to meet clients' goals throughout their financial life cycle. We are also focused on maximizing our integrated service delivery model to deepen partnership across all our client segments.

CLIENT ACCESS

Access is a fundamental aspect of our value proposition that we are pursuing to create a seamless and omni channel experience for all our client segments. To this end, we have created a very specific digital roadmap of initiatives to strengthen and build out our digital access channels in line with our clients' expectations in journeying with us. To commence, our focus was on improving clients' online banking experience by empowering them to do more remotely. Our focus in 2020/2021 was thus primarily the improvement of our online banking platform, Moneyline.

In the upcoming year, you will see even more channel enhancements particularly in the Dominican Republic and Trinidad and Tobago as well as the addition of new channels for the Group including:

- Digital Assistant – A virtual, intelligence-based assistant to support clients.
- Client Onboarding Portal – A Web based application that digitizes the onboarding and account opening process.
- Mobile App – A native application for our online banking platform, Moneyline.
- Intelligent ABMs – New Automated Banking Machines with increased functionalities to support remote service delivery.

The build out of our digital channels complement our flagship physical financial life goal centres which we will continue to develop and expand to enhance our clients' experience with us. Clients will continue to experience various levels of enhancements in keeping with the high standards and unique service delivery that the Group is known for across all our operating territories.

OPERATIONAL EFFICIENCY AND PRODUCTIVITY

The Group will be executing a revised roadmap of projects and process improvement initiatives. These initiatives are intended to cause operational and business continuity, facilitate increased productivity and scale, create cost savings for the Group, drive execution speed and establish a foundation for the sustainable growth of the Group. Our focus in support of enhanced partnership with clients for the coming year will be on the following:

ENHANCED CLIENT EXPERIENCE
Financial Planning Conversation Model digitization

ENABLE REVENUE
Commerce roll out of Acquiring and E-Commerce

SCALE OPERATIONS
Loan Management Process digitization

COST SAVINGS
Develop digital banking platform to house online banking, mobile app and client onboarding portal

OPERATIONAL CONTINUITY
Continued roll out and upgrade of core banking infrastructure

INORGANIC GROWTH – CONTINUING OUR EXPANSION JOURNEY

As a Group, we have expanded our reach significantly over the past two decades growing from one company in Jamaica to fifteen (15) client-facing entities in three (3) countries. As we pursue our medium term strategy and leverage our current growth momentum, we continue to explore mergers and acquisition opportunities to scale our business lines, increase market share, and ultimately increase our risk-adjusted returns on capital. Our inorganic growth focus will also allow us to augment our capabilities as well as diversify our revenues and risks. Within the 2021/2022 financial year, we anticipate closing on two important acquisition transactions that will grow the balance sheet of our banking business line and see us entering a new market within the Caribbean.

Ultimately, these five goals will solidify our integrated financial partnership delivery model and deliver increased operational efficiency for the Group through significant and sustainable growth in revenues and effective cost management. This will in turn, deepen our partnership with our clients, drive solid performance and deliver strong and sustainable return on equity for our shareholders.

HOPE, LOVE AND CONTINUED PARTNERSHIP

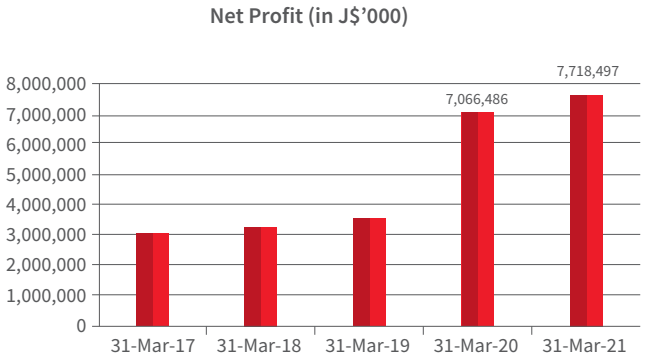
We are thankful for closing this year of our operations having successfully navigated one of the most unprecedented and uncertain times in our history as a team and globally whilst achieving so many of our key financial targets. We, however, were not left unaffected in this season as we lost one team member and had a handful of team members lose loved ones to, or were themselves affected, by the virus. It is not lost on us that the resilience of our teams and the economies of our operating territories steered much of our success this financial year. We are therefore thankful for the continued commitment of our team, the confidence of our clients and partnership with our valued stakeholders. We look forward with much hope to the new financial year.

GROUP FINANCIAL PERFORMANCE FY 2020/2021

NET PROFIT

Despite the significant operational and market challenges brought on by the onset of the COVID-19 pandemic, the Group continued to achieve strong growth in profitability.

Net profit for the financial year ended March 31, 2021, was J$7.72B and reflected growth of J$652M or 9% over the prior period. This level of profitability was due in part to our 22.73% stake in Sagicor Financial Corporation (SFC) which contributed J$1.88B.

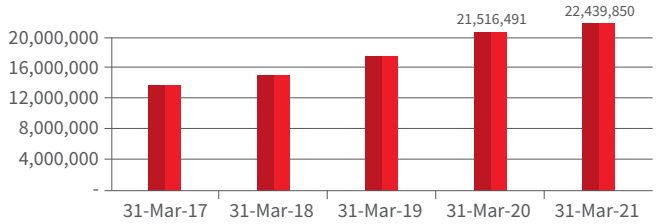


Notably, in the prior period, net profit included J$2.99B attributable to SFC which consisted of J$195M of share of profit of associate and J$2.80B of gain on acquisition. We remain confident in both the short- and long-term value of this acquisition as it aligns with the Group's inorganic growth strategy and will continue to positively impact profitability and in turn, accrue benefits to shareholders.

OPERATING REVENUE

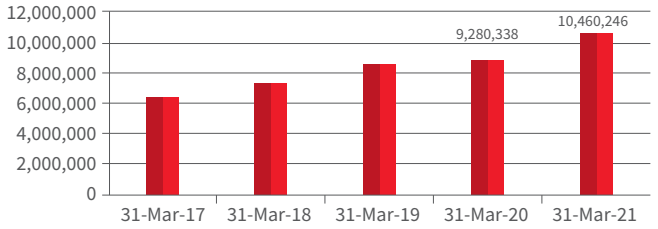
Net operating revenue for the period totalled J$22.44B, reflecting growth of 4% or J$923M. While there was growth in net interest income (NII), trading gains and fees from managing funds on behalf of clients, the other lines were negatively impacted by the environment arising from the pandemic.

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



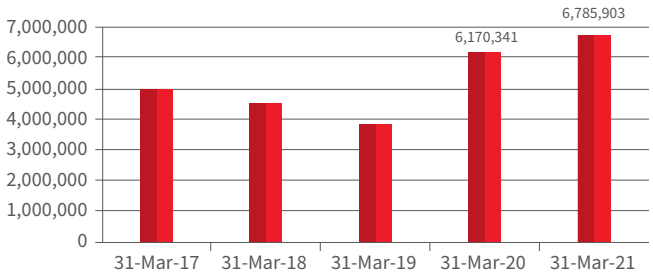
Net Interest Income (NII) grew by 13% or J$1.8B to J$10.46B. We believe that in periods of increased uncertainty, 'being in our clients' world' means providing reassurance and support to keep them on track with meeting their financial goals. Clients responded positively throughout the year to this level of partnership and have continued to demonstrate confidence in our expertise. The growth in our clients' funds under management as well as our loan portfolio is demonstrative of this. In a similar vein, fees from managing funds on behalf of clients increased by 4% to J$1.49B on account of the growth of our unit trusts and pension funds.

Net Interest Income (in J$'000)



Trading gains also reflected growth of 10% or J$616M at J$6.79B. The trading environment for the year was characterized by a 'wait and see' stance given wide scale unfamiliarity with the virus and uncertainty about the global impact of the pandemic. As a result, there were fewer trading opportunities. However, with the development of vaccines, during the second half of the year, global investor sentiment improved significantly. This was especially the case for emerging market assets as global interest rates were low and investors were in search of yields. Within this context, we continued to successfully execute our trading strategy and were able to identify and capitalize on market opportunities that delivered superior results.

Net Gain on Securities Trading (in J$'000)



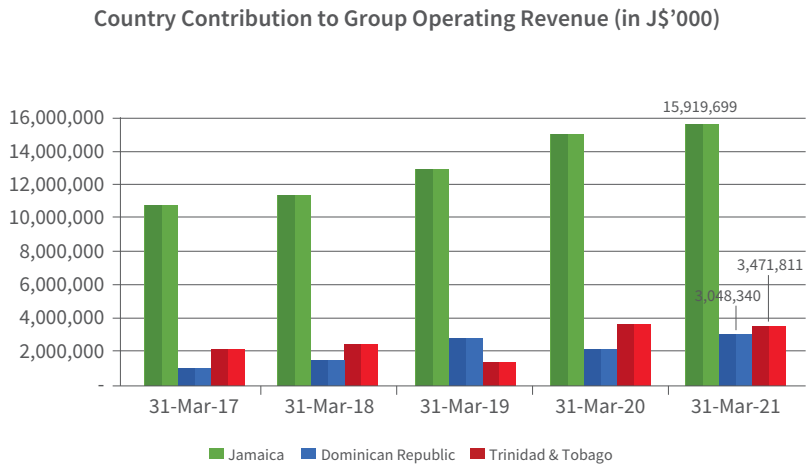
On the contrary, fee and commission income as well as FX trading gains positively correlated with economic activity and, as such, declined. Fee and commission income was down 18% to J$1.73B and was due largely to a reduction in capital market transactions as businesses delayed investments in capital projects for largely two reasons. Firstly, in the local space, investors were cautious. This cautiousness attracted a higher risk premium which translated to higher financing costs. Secondly, there was a significant decline in economic activity arising from reduction in global travel (and by extension tourism), curfews and other government implemented COVID-19 containment measures. There was also significant uncertainty about the level of medium to long term sustained economic activity as with variants, increased cases as well as second and third waves, measures could change unexpectedly.

Lastly, the pandemic had a disproportionately adverse effect on the tourism sector as well energy exports in Trinidad and Tobago. USD inflows from these sources consequently declined and this was reflected in FX trading gains which were 31% lower at J$1.93B.

Country Contribution to Operating Revenue

The Group continued to expand its business lines in each of its operating territories during the year.

In **Jamaica**, operating revenue totalled J$15.9B reflecting growth of J$534M or a 3% increase over the prior period of J$15.39B. This was due to growth in all revenue lines with the exception of FX trading gains which reflected the disruptions in the tourism sector due to the impact of the pandemic on the sector globally.

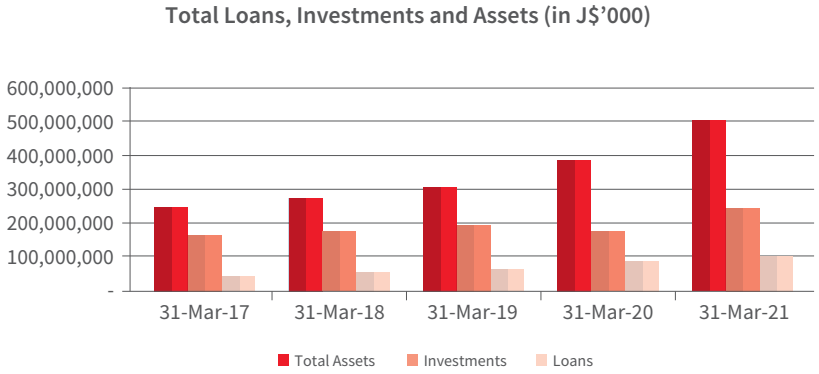


In **Trinidad and Tobago**, operating revenue declined by 13% to J$3.47B as all but NII fell. Challenges in the economic environment which existed prior to the pandemic, were exacerbated by restrictions throughout the year. Further, with the reduction in demand for oil, FX trading gains declined sharply as USD supply was lower.

In the **Dominican Republic**, operating revenue was 43% higher at J$3.05B on account of strong growth in trading gains, NII and fees from managed funds. Trading activity improved in the second half of the year, growing by 77% to J$1.42B. Growth in NII and fees from managed funds evidenced our clients' continued trust in what the JMMB Group brand represents and we are especially heartened that brand equity remained high in the Dominican Republic during the pandemic.

TOTAL ASSETS

The Group's total asset base grew by 29% or J$114B to J$513.71B over the period. This was mainly due to increases in cash, loans and notes receivable as well as investment securities. We maintained higher levels of liquidity during the year given increased economic uncertainty due to the pandemic and this was reflected in a cash balance that was 58% higher at J$67.29B.



Loans and notes receivable as at March 31, 2021, totalled J$119.46B reflecting growth of 21% or J$20.62B. This was achieved within the context of a prudent loan adjudication process and enhanced monitoring of the loan book. Given this, the aggregate credit quality of the loan portfolio remained satisfactory.

The investment portfolio increased by J$70.12B or 36% to J$262.39B. Growth in asset base was funded in part by customer deposits, notes payable and repurchase agreements.

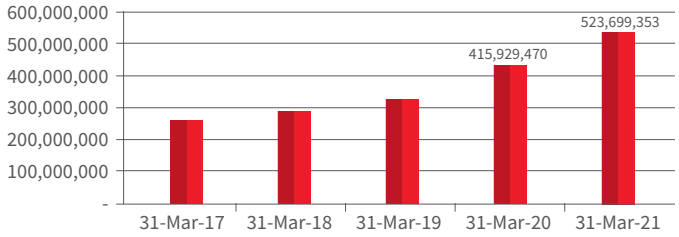
TOTAL FUM

At the end of March 31, 2021, the Group had total clients' funds under management of J$523.67B. This reflected growth of 26% or J$107.74B and was due mainly to increases in customer deposits, repurchase agreements, unit trusts as well as our pension funds.

Unit trusts and pension FUM grew by 21% to J$77.65B. Even though there was a distinct preference for investments

without price volatility, our clients continued to trust the financial expertise of our team. Given that there were high levels of uncertainty and adverse movements in asset prices especially at the start of the year, we had more frequent client engagements. This was to ensure they were fully abreast with market happenings and that they remained confident that despite short-term volatility, they were still on track to achieving their financial goals.

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



The on-balance funding lines increased and was a reflection of the continued support of our clients as well as the targeted approach of our sales team. Given that the pandemic disproportionately impacted sectors, we focused on sectors that thrived during the pandemic. Thus, repos increased by 27% to J$227.73B and customer deposits grew by 23% to J$128.30B.

Notably, during the financial year, we successfully issued a J$9.97B preference share with a seven (7) year tenor and successfully re-financed and upsized a J$5.9B note that matured in July. These were particularly remarkable achievements given the context of the pandemic.

Additionally, the Group's creditworthiness and ability to provide long-term value was affirmed with a US$35M loan from the Inter-American Investment Corporation (IDB Invest) for on-lending to Small and Medium Enterprises (SMEs). This will allow us to broaden our footprint and improve our delivery of best in class service to this traditionally underserved segment. Already, our SMEs are benefiting immensely from our Resource Centre where professional expertise is available to help these entrepreneurs take their businesses to the next level.

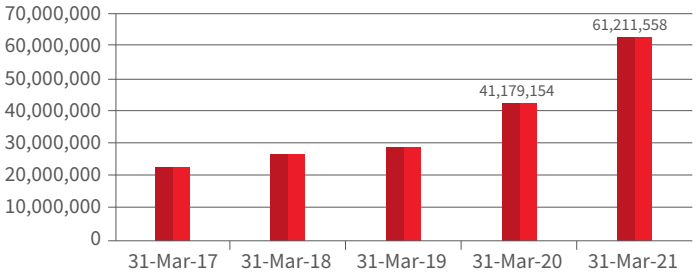
CAPITAL ADEQUACY

All entities within the Group continued to maintain regulatory capital adequacy requirements comfortably above the regulatory minimum requirements for each territory. The Group utilizes the Internal Capital Adequacy Assessment Process (ICAAP) prior to the start of each fiscal year to assess capital requirements for projected growth as well as potential stress events in the upcoming year. The Group's policy is to always maintain a strong capital base that exceeds regulatory requirements in order to achieve continued growth of the business and maintain market confidence. Capital is raised to fund specific growth initiatives that increase shareholder value, whenever it is advantageous to do so.

SHAREHOLDERS' EQUITY

At the end of the period, total shareholders' equity stood at J$61.21B and reflected an increase of 49% or J$20.21B. This was due in part to profit generated during the year. Additionally, investment revaluation reserve was negative at J$6.92B at the start of the period but ended positive at J$4.56B. The start of the period corresponded to the onset of the pandemic which resulted in a sharp decline in asset prices. By the end of the period however, asset prices had rebounded as investor sentiments improved with the expectation of a global vaccination programme.

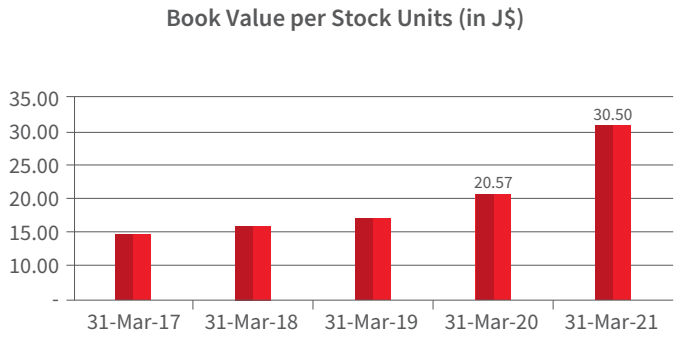
Total Stockholders' Equity (in J$'000)



BOOK VALUE PER STOCK

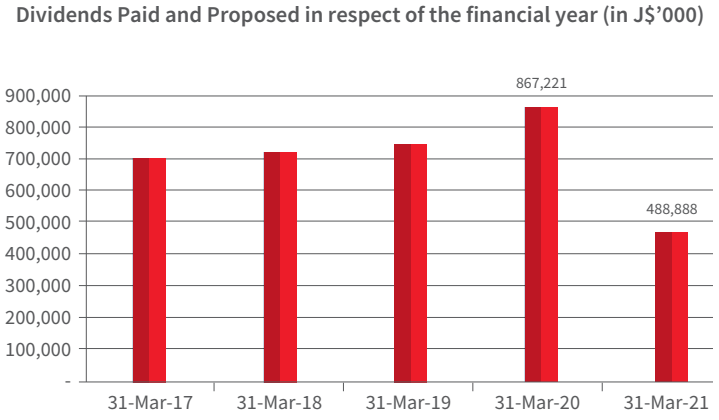
The Group's book value per share of common stock ended the year at J$30.50 compared to J$20.57 in the prior period. Over the same period, the market price

per share moved from J$38.01 to J$32.87 due to the impact of the pandemic on the equities market. Notwithstanding this, the Group's stock continues to hold significant short and long term value for shareholders and we expect share price to rebound in the short term.



SHAREHOLDERS' RETURN

Total dividends paid and proposed in respect of 2020/21 financial year amounted to J$489M, down from J$867M in the prior period. The reduction was due to the restriction on payment imposed by the Bank of Jamaica during the period. With this restriction lifted for the upcoming financial year, the Group will be guided by its dividend policy as we continue to focus on driving sustainable growth, achieving long-term earnings and increasing returns to our shareholders.



COUNTRY OPERATING RESULTS

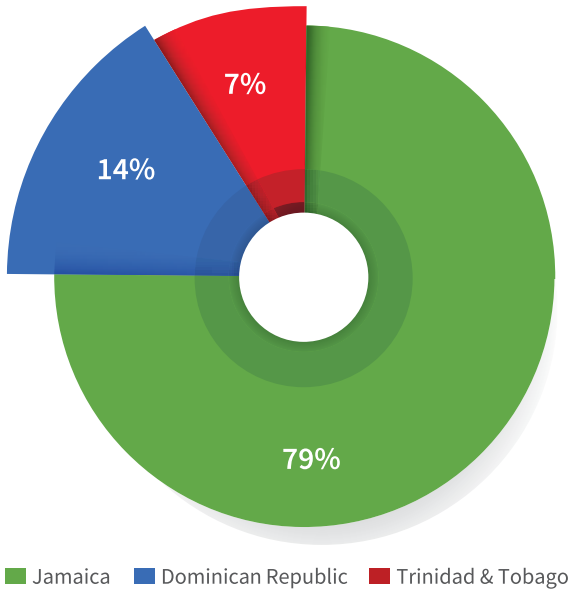
COUNTRY PERFORMANCE SUMMARY

Though the Group's overall financial performance for the year 2020/2021 was historic, our country operations and results were adversely impacted by the COVID-19 pandemic. Notably, this impact was more pronounced in Trinidad and Tobago due to the government's closure of the border for most of the year and the decline of the energy sector. The Group's Trinidad and Tobago operations' contribution to operating profit resultantly declined from 17% in the prior period to 7%. The percentage contribution from our operations in the Dominican Republic however doubled moving from 7% to 14% while the Jamaica operation's contribution remained relatively stable at 79%.

The following sections detail country and segment operating results for the period under review as well as the strategic outlook for financial year 2021/2022.

COUNTRY CONTRIBUTION TO OPERATING PROFIT

Continued Diversification & Growth



JAMAICA

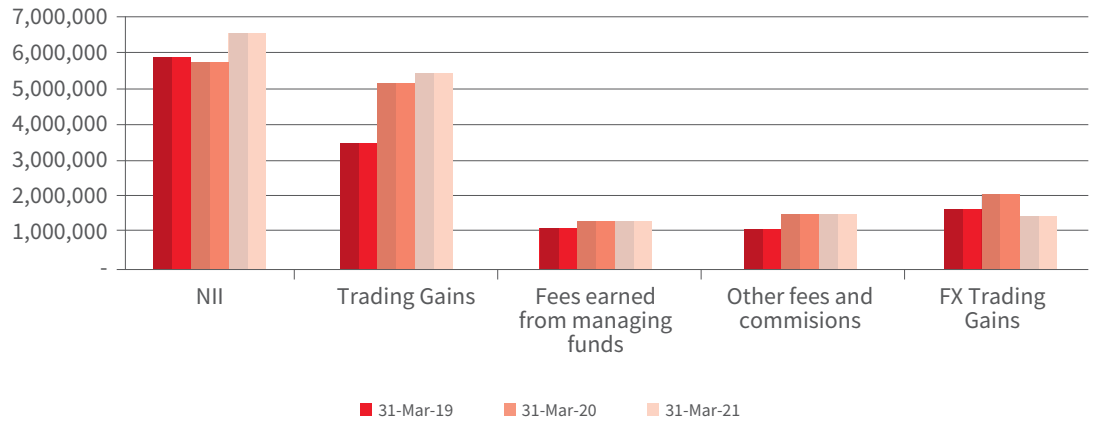
Overview – Emerging Stronger From the Pandemic

The Group's Jamaican entities delivered solid performances, contributing significantly to the Group's overall profitability. Despite the start of the financial year coinciding with the onset of the pandemic in Jamaica, financial partnerships remained at the nucleus of our operations as we realized it was even more important that we remained in our client's world with their best interest at heart. We were therefore proactive in creating and executing a three-pronged pandemic strategy to support our clients. The elements of this strategy, aligned to the Group's overall Client Goal Protection response, included:

- Identify vulnerable clients, including those who would potentially be adversely impacted by the pandemic and offer suitable solutions, payment breaks and moratoria.
- Remain close to our client base by leveraging our client contact and engagement strategy to provide frequent updates as a means of helping them navigate the period.
- Deliver solutions and services conveniently and safely.

The Group's Jamaican entities' contribution to Group operating revenue totalled J$15.92B reflecting growth of J$528M or a 3% increase over the prior period of J$15.39B. All revenue lines improved with the exception of FX trading gains which declined 32% to J$1.42B while fees from managed funds was flat at J$1.2B. Other fees and commission income was also flat at J$1.45B. Notwithstanding this, NII grew by 12% to J$6.49B and bond and equity trading gains was 4% above budget totalling J$5.33B.

Composition of JMMB Jamaica Operating Revenue (in J$'000)



The operating results of the Group's entity operations in Jamaica are based on the business line segment to which they contribute as detailed below:

SEGMENT	ENTITIES
Investment Management	• Jamaica Money Market Brokers Limited • JMMB Fund Managers Limited • JMMB Securities Limited • JMMB International Limited

SEGMENT	ENTITIES
Banking	• JMMB Bank (Jamaica) Limited
Remittance	• JMMB Money Transfer Limited
Insurance Brokerage	• JMMB Insurance Brokers Limited

INVESTMENT MANAGEMENT

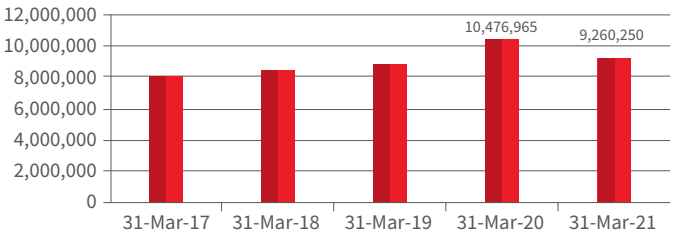
Jamaica's investment management segment delivered solid performance during the year having posted operating profit of J$3.43B, despite market and operational challenges brought on by the pandemic. Client education and engagement activities were prioritized during the year as we focused on partnering with our clients and providing reassurance and support in the period of heightened uncertainty. This engendered confidence as there continued to be strong uptake for our solutions and services as clients continued to build diversified portfolios.

OPERATING RESULTS

Operating Revenue

The Investment Management segment reported net operating revenue of J$9.26B for the period under review. This reflected a reduction of 12% and was due largely to the Asset Management business line and, to a lesser extent, the Treasury Management business line.

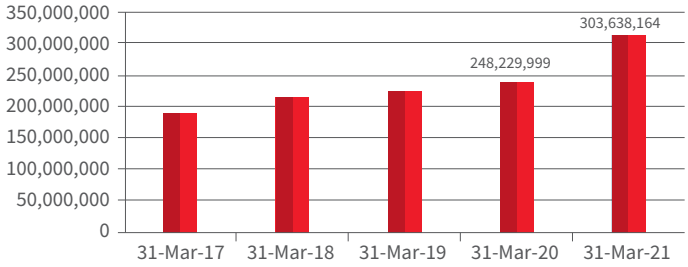
Operating Revenues Net of Interest Expense (in J$'000)



Asset Management

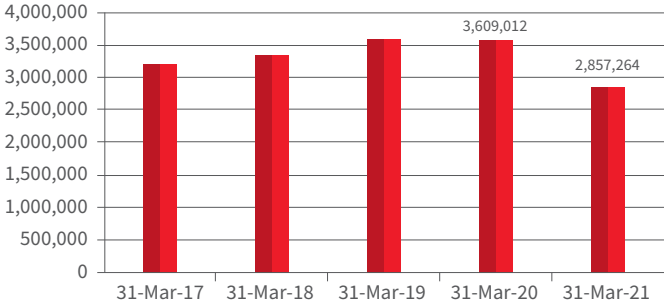
Given the relatively unknown nature of the virus at the start of the year, we focused on providing guidance, support and financial advice to clients. This was paramount given that the Asset Management business line includes off balance sheet funds, which are particularly subject to price fluctuations. We thought it therefore necessary to reassure clients that any decline in their portfolio would be temporary and thus reflective of transient market sentiments and not long-term market fundamentals.

Total Funds under Management (in J$'000)



The business line's positive results is demonstrative of the strong partnership we maintained in successfully supporting clients fulfill their financial goals through our on-balance sheet and off-balance sheet solutions. We saw a consequent growth in our total clients' funds under management which grew by 22% to J$303.64B which was largely driven by on-balance sheet FUM.

Net Interest Income (in J$'000)



By successfully executing our client engagement strategy, we were able to ascertain our clients' needs and tactically position their portfolios given the abnormal economic environment of the period. This skew was towards our on-balance sheet solutions, particularly for clients with short-term investment horizons in light of the elevated levels of uncertainty in the financial markets. On-balance sheet FUM consequently increased by 39% to J$159.68B.

NII, however, declined by 20% to J$2.86B as the average portfolio size maintained over the year was lower than the prior year. Further, we reflected a full year of partial debt financing for a non-interest bearing asset.

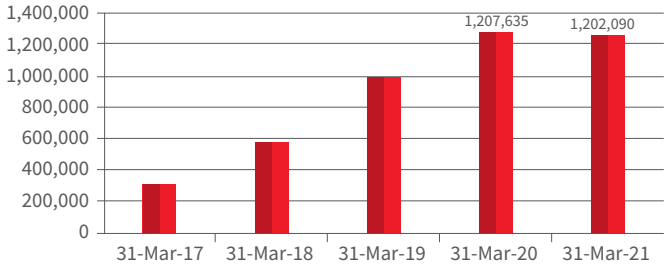
Off Balance Sheet FUM

Despite the skew to on-balance sheet solutions during the year, off-balance sheet FUM increased by 8% to J$143.96B. Clients in these solutions remained confident that they would remain on track with achieving their financial goals. This was particularly the case for clients with long-term goals and those who benefit from our portfolio management services.

Fees from managed funds, however, remained flat year over year at J$1.20B. Asset values retraced and sales fell during the first half of the financial year in response to the onset of the pandemic. Prices recovered in the second half of the year as the market felt comfortable that an "end" was in sight with the initiation of the global vaccination programme.

As we continued to focus on our clients' holistic financial needs, we recognized that there was increased need for managed portfolios for our medium corporates who require cash flow or have a return mandate. This need was amplified by the uncertainty and reduced cash flows caused by the pandemic. Given that these clients were already experiencing low returns on their portfolios due to the continued low interest rate environment, we formally launched our investment management services on October 14th 2020 and it has thus far been favourably received by this client segment.

Fees Earned from Managed Funds (in J$'000)



Collective Investment Schemes (CIS) – Enhanced Value Proposition

CIS market share grew by 1% during the year and, as at the end of the year, it accounted for 13.3% of the total market in Jamaica. Despite this, we maintained our position as the third largest in the market for unit trust FUM. CIS FUM increased by J$2.9B or 8% to J$38.3B when compared to the prior period and was due primarily to organic growth which reflected the continued client confidence in the value proposition of our range of CIS.

Our collective investments schemes are managed in accordance with established investment policies geared towards providing long-term financial value for our clients. We continuously review our strategies and make tactical adjustments as market dynamics changes. Our drive to provide a diversified suite of investment solutions motivates us to review our unit trust solutions to ensure that value is maximized for our clients and that we continue to meet their needs through our range of offerings.

Our packaged investment portfolios, specially designed around client specific needs, have continued to bolster our investment solution offerings. Discretionary portfolio offerings provide clients with a pre-determined mix of funds geared towards achieving a particular goal. Clients therefore can choose to invest in any one fund or a pre-determined mix of funds geared toward their specific investment goal.

Pensions - Solid Growth through Client Engagement and Education

The pension business line continued its strong performance as evidenced by a 15% growth in FUM J$20.3B, breaking the J$20B threshold for the first time. Sustained efforts to strengthen partnerships with our existing client base and promote the importance of their long-term financial security resulted in the strong performance for this business line segment. With asset prices rebounding and a consistent increase in the client base, the business line continued to successfully navigate and leverage opportunities during the year.

The business line's suite of services and solutions ranges from pooled funds to segregated fund management and other customized service offerings. For the year, our three core focus areas, Client Communication and Engagement, Financial Education, and Operational Efficiency, continued to underpin our operations. The pandemic, however, necessitated a particular emphasis on client communication and engagement. We relied heavily on social media, the engagement of industry experts, and increased marketing campaigns to execute this focus. Our activities were primarily aimed at raising awareness on financial and retirement planning and their relative importance given the challenges experienced by many in the height of the pandemic.

ASSET MANAGEMENT OUTLOOK FOR 2021/22

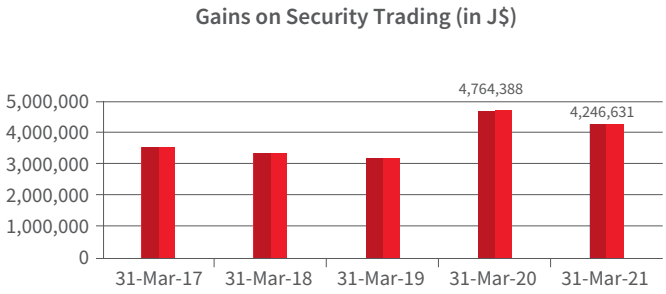
We are heartened by our clients' confidence in us during a year of elevated economic uncertainty. We were able to successfully navigate the worst of the pandemic together and this was really a test of the strength of our financial partnership strategy. With a return to economic growth expected in the coming financial year, we will continue to be proactive in identifying and addressing our clients' needs. We recognize that the pandemic is not yet over and, as a result, there may be headwinds. We will thus continue to make tactical adjustments and enhancements to our solutions and services to drive enhanced long-term returns for our clients. With this, we anticipate that our clients will be able to take advantage of short-term opportunities while remaining on track with meeting their long-term financial goals. Given that we expect pockets of volatility in the coming year, we will also continue to focus on client communication and engagement initiatives, prioritize convenience and leverage social media and other electronic touch points to seamlessly deliver our value proposition.

TREASURY MANAGEMENT

The Treasury management business line includes foreign exchange, bond and equity trading for our proprietary portfolio as well as equity trading commission. We continued to record solid performance for the year with revenue of J$4.66B, albeit a 6% decline over the prior period.

Bond and Equity Trading – Resilience in Spite of Market Disruption

The year presented a mix of market challenges and opportunities despite the uncertainties arising out of the COVID-19 pandemic. Gains from equity and fixed income stood at J$4.25B compared to J$4.76B in the prior year. General market sentiment remained strong in global fixed income despite the deepening impact of COVID-19 on macroeconomic indicators and the global supply chain. Central Banks across the world remained committed to keeping interest rates low and market liquidity high to encourage conditions to facilitate a speedy economic recovery. This collective action resulted in strong price appreciation in emerging markets bonds to pre-pandemic levels. The market also remained receptive to new issuances which saw its fair share of activity over the period. The trading desk was successful in early positioning of the portfolio to capitalize on the positive price movements across the yield curve for the period and thus achieving a better than expected result for trading gains.



The local equities market showed recovery over the year albeit at a much slower pace than fixed income. The Jamaica Stock Exchange (JSE) combined index appreciated by 5.74% over the financial year with the junior market leading the way with a 29.46% appreciation. Trading volume and value remained challenged over the period as institutional participation in the market remained relatively weak, thus affecting liquidity levels. Despite the moderate trading conditions, we were able to post an 11% increase in revenue from the equity portfolios mainly due to the growth in our dividend income over the year which was part of the strategy to enhance income from the portfolio through regional diversification.

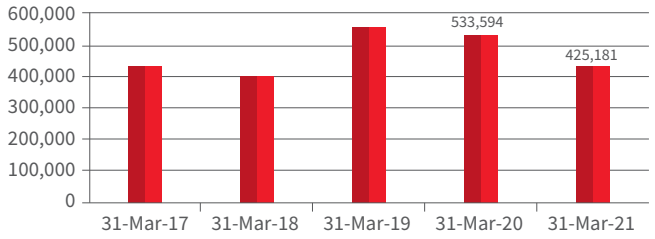
For another consecutive year, JMMBSL maintained its number one (1) ranking for number of trades on the JSE. Despite a lower trade volume and trade value, consistent with the overall market trend, the equity brokerage continued to cement its place as the top retail broker and has also made significant strides in building out institutional trading.

Clients were able to benefit from functional enhancements made to the Group's online trading platform, Moneyline, during the year. These enhancements including, live execution and trade, and new informational charting features have improved the experience of everyday users as well as those who prefer active trading. We anticipate further enhancements on Moneyline with additional functionalities in the coming year which will further improve user experience.

FX Trading – Credible Performance despite Dislocation in Tourism Industry

The cambio business line recorded creditable performance for the year, posting FX trading gains of J$425M. While this represented a 20% decline, this performance was sound considering the decline in FX inflows stemming from significant disruption of the tourism sector during the year resulting from the pandemic. Throughout the year we closely partnered with our clients to aggressively source and efficiently settle their FX transactions whilst also providing innovative FX solutions. The cambio business line managed to maintain its position as the second largest cambio in the market with approximately 8% of the overall FX market (both cambios and authorized dealers).

Foreign Exchange Margins from Cambio (in J$'000)



We continued to observe volatility in the local FX rate over the year while overall market conditions remained buoyant. The Jamaican dollar lost approximately 8% against the US$ over the financial year. The Central Bank remained active using BFIXTT to intervene where necessary to address supply issues in the market but there was continued pressure on the dollar despite bouts of revaluation. We will continue to position our cambio services to add value to our clients, ensuring best in class execution and service delivery.

Treasury Management Outlook for FY 2021/22

We maintain a positive but cautious outlook for the coming year. Financial markets have exhibited a high level of resilience throughout the pandemic. While we are grateful for the progress made to gradually re-open the economy, we continue to see headwinds surrounding economic recovery and the time it will take. We will therefore continue to position our portfolios to achieve the optimal risk/reward profile to create shareholder value.

We look forward to the full re-opening of the economy, which we anticipate will lead to increased commercial activity and, by extension, increased FX trading activity. Headwinds for the FX market remain due to lingering effects of the pandemic and while we are positive about recovery, many uncertainties remain with the timeline for full a return to "normal" activity. We will therefore take a practical approach to the market in the coming year.

CAPITAL MARKETS – STILL DELIVERING EXCEPTIONAL RESULTS

Our capital markets team continued to deliver exceptional results during the year under review. The year was marked by solid growth as transaction volumes moved from J$59B in the prior year to over J$68B representing growth of 15%.

During the year, the unit continued to deliver expertise in the delivery of innovative debt and equity funding instruments to corporate, government and institutional clients in the region on behalf of the Group.

BANKING

Overview – Deliberate Focus on Growing Market Share

At the outset of the year, we recognized that the pandemic would present significant financial challenges to some of our most vulnerable clients. We therefore quickly developed initiatives to protect them, in particular, our loan clients. These initiatives included:

- Moratoria and payment holidays
- Overdrafts or revolving lines to assist with debt repayment and working capital support
- Term loans specifically geared to satisfy debt repayment
- Top up loans to assist with working capital support

We also introduced the **'Bounce Back'** loan during the year which was designed to offer incentives to essential service workers and government employees for new mortgages, home equity, motor vehicle and unsecured loans.
Our roll out of this suite of client protection initiatives was done in the context of an enhanced underwriting framework as we were cognizant of increased risk of default. However, by closely monitoring our clients throughout the year, we have been able to proactively assess potential threats, thereby protecting the quality of our loan portfolio.

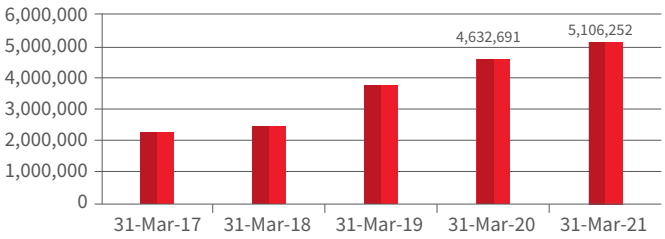
Given the climate, we also knew that we had to maintain our focus on small and medium-sized enterprise (SME) clients. We therefore formally launched JMMB SME Services on July 20, 2020 and have positioned ourselves to provide a superior, easy and seamless client experience, by removing the hassle that is typically associated with doing business with financial institutions. This suite of services include support provided by the Group's SME Resource Centre which engages a network of partners to provide clients with tools, guidance and information to support the growth and development of their business operations.

To further support this focus, we secured US$35M in funding from IDB Invest, a member of the Inter-American Development Bank Group. Through this long-term financing partnership, the Bank will be able to support the growth of SME lending particularly to women-led businesses. Consistent with our focus on diversity, women-led businesses will be allotted a pool of US$7 million from which to borrow. This will complement our first female-focused lending initiative, **'Her Wealth'**, launched in 2017, which offers working capital support, as well as educational, maternal and mortgage financing to women. This is the first time that IDB has approved a loan with a focus on gender in Jamaica and we are pleased to pioneer this initiative with them. The other 80 per cent of these funds will be made available to other small and medium-sized enterprises across all sectors. As a source of long term financing, these IDB funds will also contribute to the maturity and structure of our debt profile and enhance the diversification of our funding sources thus decreasing our dependence on shorter-term deposits, which will ultimately augur to the benefit of our SME clients.

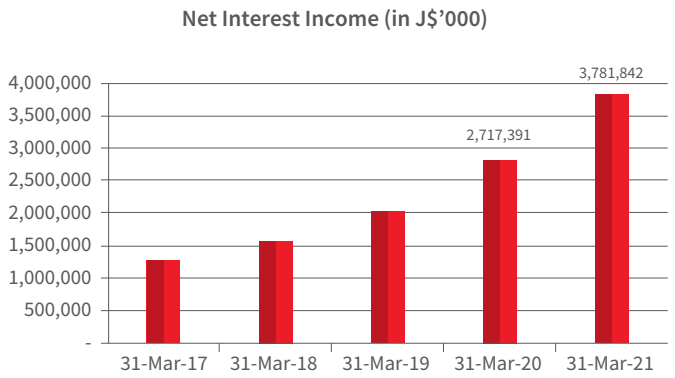
OPERATING RESULTS

The banking segment delivered another credible year's performance with operating profit totalling J$1.87B. Net operating revenue for the period under review increased by 10% to J$5.11B and was largely attributable to growth in net interest income (NII). As a consequence, core revenues which consist of NII, banking fees and foreign currency trading, grew by 12% or J$535M to J$5.02B when compared to the prior period.

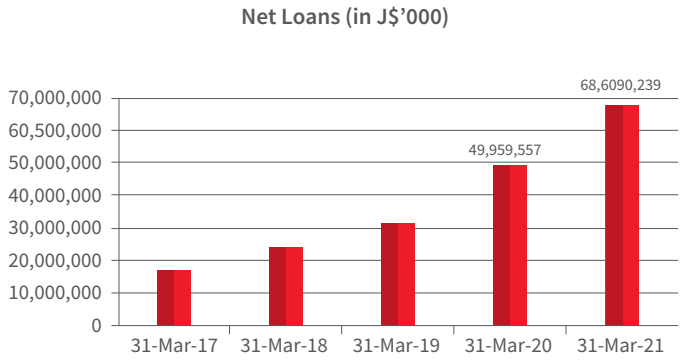
Operating Revenue Net of Interest Expense (in J$'000)



NII increased by 39% to J$3.78B from J$2.71B in the prior period. This was due to the strong growth of the loan portfolio.



Net loans grew by 37% or J$18.65B to J$68.61B. Growth in the loan portfolio continued to outpace the commercial banking sector as growth in the sector was 13% over the same period. Additionally, at the end of the period, we accounted for 7.5% of total loans in the industry compared to 5.9% at the start. We have more than doubled our market share of loans since our conversion to commercial banking three and a half years ago given that at the end of September 2017, we accounted for only 3.5% of the sector.



Loan growth reflected our successful strategy of developing robust initiatives (such as the **'Bounce Back'** loan offer) aimed at keeping us at the forefront of the lending space, as well as having a visible and energized client partnership team.

This year's strong loan growth performance was funded predominantly by significant growth of the bank's deposit base. As, at the financial year end, the deposit base totaled J$91.45B which reflected a 37% increase over the prior period. This was due to the deliberate focus of our client partnership team on growing deposits. Similar to the loan portfolio, growth in the deposit portfolio continued to outpace the commercial banking sector as the rate of growth for the sector was 14%. At the end of the year, we accounted for 6.73% of total deposits in the industry compared to 5.46% at the start. With this performance, we have now more than doubled our market share for deposits as we accounted for 2.69% of the market as at the end of September 2017.

Our FX trading was negatively impacted by the closure of the tourism sector for a significant part of the year. Trading gains were therefore down 46% to J$721M.

BANKING OUTLOOK FOR FY 2021/22

In the upcoming financial year, we will continue to offer customized solutions to meet our clients' specific needs and focus on deepening partnership with our retail and business clients as we support them in identifying and achieving their goals. Given that the country is in "recovery mode" and that some clients are still facing challenges, our contact strategy will continue to be central to ensuring we maintain communication and engagement with them.

Given the way the pandemic has accelerated digital transformation and service delivery globally and in the local financial services sector, we are acutely aware of the need to deliver more services and solutions via our online platforms and digital channels. The continued improvement of access to solutions and services for clients across all segments to safely and better manage and maintain their goals will thus continue to be a primary objective for us as the Group rolls out upgrades to Moneyline and delivers new digital channels.

For the year ahead, we remain committed to evolving with the demands of our clients in this new environment whilst anticipating their needs through genuine connections and partnerships.

REMITTANCE

Overview - Solid Strategic Partnerships

Our strategic partnerships include nine (9) international partners offering services in over 155

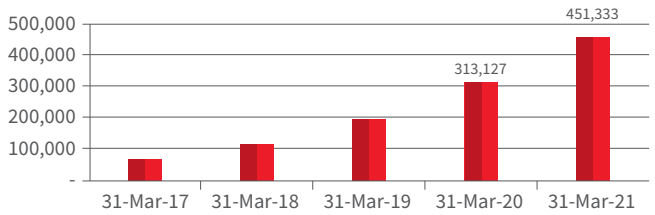
countries across the world. We currently offer local and international money transfer services, and NHT refunds via an island-wide network of over 100 agents, including the JMMB Bank (Jamaica) Limited locations. Additionally, our clients are able to have JMD funds deposited at any financial institution in Jamaica, as well as to foreign currency accounts denominated in USD, CAD and GBP.

OPERATING RESULTS

Total remittance inflows to Jamaica grew by 33.5% as there was increased support from friends and family abroad for those who were particularly adversely impacted economically by the pandemic.

For the 2020/21 financial year, our remittance business line segment outpaced the market achieving a substantial increase in transaction volumes, which resulted in a 44% increase in operating revenues at J$451M when compared to the prior period. This was due to increased remittance inflows coupled with our strong value proposition of ease and convenience.

Operating Revenue Net of Interest Expense (in J$'000)



We were also delighted to support in the distribution of the Government's COVID-19 Allocation of Resources for Employees (CARE) grants which offered assistance to a wide range of Jamaicans adversely impacted by the COVID-19 pandemic. Our participation in this national initiative is congruent with our financial inclusion commitment to create transparent and empowering offerings and experiences for clients underserved by traditional financial services.

For the year, the team was focused on driving our client-centric philosophy, which is focused on delivering a value proposition of ease and convenience to clients. We achieved this by streamlining key processes, improving client access and augmenting service standards with our partners. Importantly, we were successful in digitizing a number of internal processes, which resulted in a marked improvement in the timely and accurate completion of transactions and, more importantly, faster access to funds for clients. Coupled with other initiatives, we were able to boost performance for the year through joint marketing initiatives with our international partners. There was in turn, a marked increase in remittance inflows from our three major inbound corridors, namely the USA, the UK and Canada.

As strong governance is a key area of focus, we continued to strengthen our compliance program through annual online AML/CFT training for all our agents and utilized advanced features of our core payment platform to detect 'Black-listed' persons and create profiles of recipients deemed high risk.

REMITTANCE OUTLOOK FOR FY 2021/22

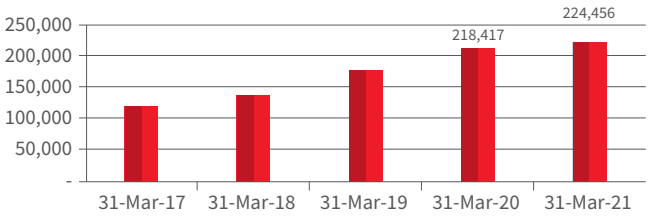
In the year ahead, our focus will remain on increasing market share and diversifying our portfolio even further through more value-added offerings and services. To achieve this, we will continue to leverage technology to add new disbursement types and payment services as well as explore strategies to add new agent locations and corridors for our clients.

INSURANCE BROKERAGE

Overview – Still Keeping You Covered

Through our insurance brokerage company, we provide the value added service to clients of assisting them in sourcing competitively priced solutions to meet their insurance needs. We also offer a variety of insurance packages designed to meet clients' personal and corporate needs.

Operating Revenue (in J$'000)



OPERATING RESULTS

Net operating revenue improved 4% over the prior year totalling J$224M for the period, reflecting improved growth in brokerage fees. This growth was attributable to our sustained efforts to maximize on cross-selling opportunities in the Group, particularly with the banking business line.

Given the operational challenges including work from home orders, social distancing, curfews and quarantine orders brought on by the pandemic, we adjusted our processes to ensure that our excellent service standard was maintained. We additionally continued to proactively manage existing clients to ensure retention rates remained satisfactory.

INSURANCE BROKERAGE OUTLOOK FOR FY 2021/22

The coming financial year will see us diversifying our portfolio even further through increased value-added offerings in the most cost-efficient manner. We will also continue to leverage the client base of larger entities in the Group as we support the delivery of holistic solutions to clients across all segments.

JAMAICA STRATEGIC OUTLOOK FY 2021/22

Following the pandemic-induced recession in financial year 2020/2021, the Jamaican economy is expected to rebound in the coming year with anticipated growth of 2.3%. This is expected to be underpinned by the global vaccination program. As global economies return to normalcy, we expect the tourism sector to remain open, resulting in a reduction of the local unemployment rate and improved economic activity. Further, as the Government of Jamaica's vaccine program continues, we anticipate the continued reversal of restrictions which should, in turn, further stimulate domestic economic activity. While noting these anticipated outcomes however, we are cognizant that the pandemic has not yet 'lifted' and that there will be a 'new normal' as behavioural patterns and operational changes adopted during the pandemic will continue in years to come. We therefore, in keeping with the Group's strategic goals, will continue to focus in the coming financial year on:

CLIENT PARTNERSHIP

- **Proactive Client Engagement and Education –** We expect continued elevated levels of uncertainty around new Covid-19 strains and the effectiveness of vaccines against these new strains, vaccine hesitancy as well as herd immunity which would signal the end of the crisis. These various factors could, however, result in choppy markets. Given this, our focus remains on staying close to and partnering with our clients in the maintenance and management of their goals. We also commit to maintaining a rigorous program of client education, ensuring that our clients are informed and remain confident in our financial expertise in spite of economic uncertainties and circumstances.

- **Integrated Financial Solutions -** We will deliberately focus on the continued integration of our sales team to better deliver our value proposition of providing holistic financial solutions across all our client segments. We will also continue to nimbly identify and capitalize on market opportunities as they arise which are consistent with our clients' financial life goals while ensuring that risk-adjusted returns are maximized for them. Innovative and customized loan solutions will also be a focus for the year as well as new, value-added payment solutions in response to clients' needs.

CLIENT ACCESS AND OPERATIONAL EFFICIENCY

- **Continued Digital Transformation -** Our focus on delivering services and solutions in a safe and efficient manner across our channels remains a priority for us. In the coming year, we will continue the execution of our digital transformation initiatives with the end in mind that more of our solutions will be available on our digital channels through a simple, seamless and integrated interface. We thus will be spear heading the implementation of intelligent ABMs, digital client onboarding and a mobile app for the Group in the coming year. We expect these projects to enhance our clients' experience with us while improving our operational efficiency.

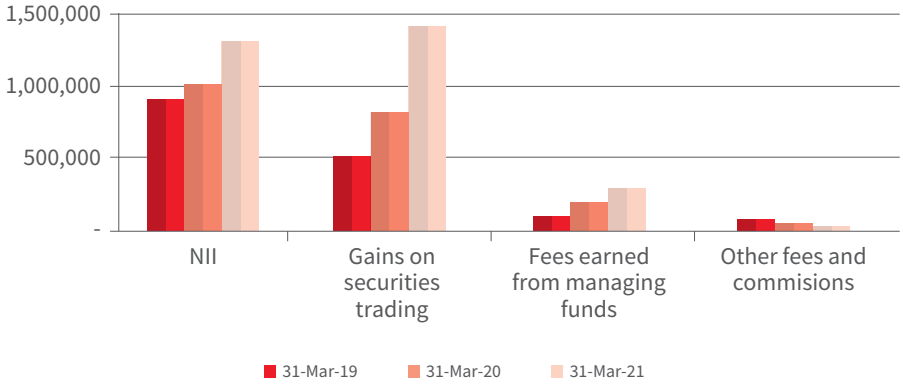
DOMINICAN REPUBLIC

Overview – Capitalizing on Opportunities in the Pandemic

For 2020/21 financial year, the Group's entities in the Dominican Republic delivered solid performances despite the operational and market challenges brought on by the pandemic. Whilst recognizing these challenges, we were very nimble in identifying pockets of opportunities, particularly trading opportunities. We additionally adjusted our operations to ensure that clients were comfortable and safe when doing business with us.

Consequently, the Group's Dominican Republic operations operating revenue grew by 43% or J$911M to J$3.05B. This was due to growth in all the major revenue lines. Notably, gains on securities trading jumped by 77% or J$618M to J$1.42B as high market liquidity, the consequence of economic policies implemented by Central Bank, resulted in favourable market conditions. Additionally, Net Interest Income (NII) increased by 29% moving from J$1.02B in the prior period to J$1.32B. This reflected strong growth in the investment and loan portfolios as well as low cost of funds. Fees earned from managing funds rose by 40% to J$287M on account of material growth in clients' funds under management.

Composition of JMMB Dom Rep Operating Revenue (in J$'000)



The operating results of the Group's entity operations in the Domincan Republic are based on the business line segment to which they contribute as detailed on the following page:

SEGMENT	ENTITIES
Investment Management	• JMMB Puesto de Bolsa, S.A (Securities Broker) • JMMB Sociedad Administradora de Fondos de Inversión, S.A. (Fund Management) • AFP JMMB BDI, S.A. (Pension Funds Administrator)
Banking	• Banco de Ahorro y Crédito JMMB Bank, S.A.

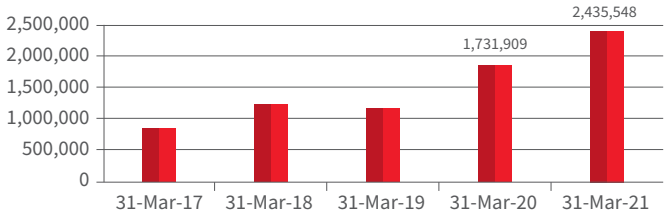
INVESTMENT MANAGEMENT

The Investment Management segment had a record year, posting operating profit of J$1.04B. Despite the pandemic, the team continued to offer financial solutions consistent with our clients' life goals.

OPERATING RESULTS

The segment reported net operating revenue of J$2.44B for the year reflecting growth of 41% which was due largely to the Treasury Management business line and, to a lesser extent, the Asset Management business line.

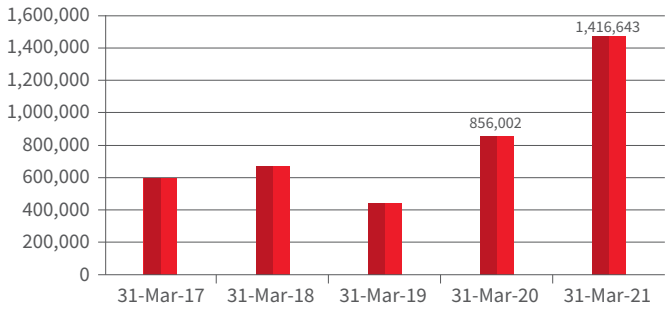
Operating Revenue Net of Interest Expense (in J$'000)



TREASURY MANAGEMENT – RECORD PERFORMANCE IN SPITE OF THE PANDEMIC

The Treasury Management business line reflects trading of our proprietary bond portfolio. There was a considerable improvement in the performance over the financial year. Trading gains jumped by 64% or J$549M to J$1.42B. Central Banks around the world have been supporting market liquidity to cushion the negative impact of the pandemic and the Dominican Republic was no different. The Central Bank implemented aggressive monetary policies which improved the local market condition. Noting this, our team effectively positioned the trading portfolio to benefit from this conducive environment.

Gains on Security Trading (in J$)



Treasury Management Outlook for FY 2021/22

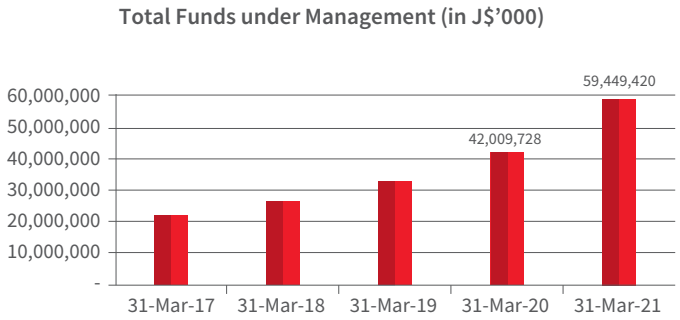
As the country continues to recover from the pandemic, we expect high market liquidity to continue for the first half of the year. This is expected to be facilitated by a continued expansive monetary policy. Increased volatility is also likely to remain for most of the coming financial year which will allow us to maintain our current trading strategy. Trading results are, however expected to be constrained in the second half of the year. With the expectation of higher inflation and continued economic recovery, monetary policy is expected to be less expansive, thereby impacting market liquidity and, by extension, reducing trading opportunities.

ASSET MANAGEMENT

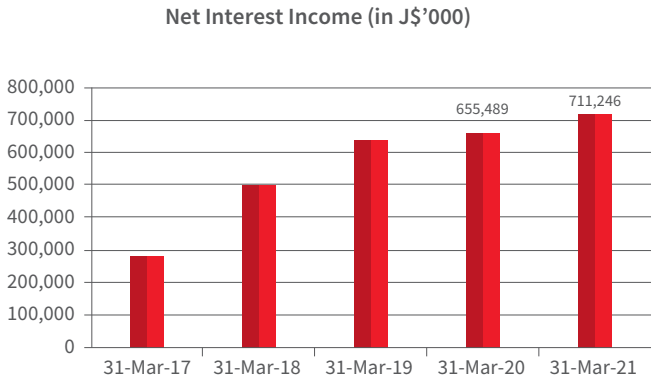
The Asset Management business line includes on balance sheet funds, which generate NII, and off balance sheet funds which provide fee income.

This business line experienced another strong year despite the negative economic impact of the pandemic. There continued to be a strong appetite for all our solutions as we amended our client contact strategy to make it more convenient for our clients to continue partnering with us. Clients were able to make appointments online and client meetings were held via Zoom.

As a result, total clients' funds under management (FUM) grew by 42% to J$59.44B as both on and off balance sheet solutions reflected strong growth. Our new product, Super Investor, continued to gain traction during the financial year as we incorporated it into our suite of solutions and highlighted its strong value proposition in facilitating the achievement of their financial life goals.

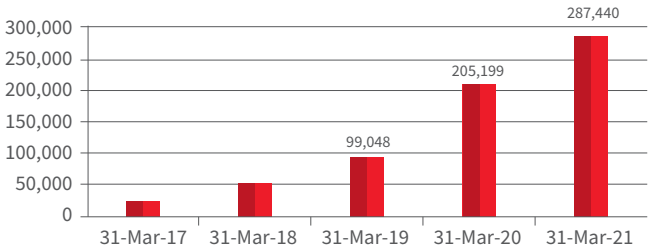


On-balance sheet FUM increased by 24% or J$7.33B to J$37.37B, however NII increased by 7% to J$711M as the average investment portfolio size maintained over the year fluctuated.



OFF BALANCE SHEET FUM

Off-balance sheet FUM rose by 84% to J$22.08B as we continued to support clients in fulfilling their long-term financial goals. As such, fees earned from managed funds reflected growth of 40% ending the year at J$287M. The growth in fees was dampened by the introduction of new legislation in 2020. This new legislation reduced the administrative fees that pension funds are allowed to charge by five (5) basis points. This is the second year of decrease and, from the ambit of the legislation's framework, it is expected that this fee will continue to decrease by five (5) basis points annually until 2029.



COLLECTIVE INVESTMENT SCHEMES (CIS) – EXPANDING OUR SOLUTION SUITE TO DELIVER LONG-TERM VALUE

During the year, CIS FUM increased by 149% or J$8.08B to J$14.08B. This was due in part to the launch of a new close ended fund, REIT II, which brings to five (5) the number of funds now offered in the market. This new fund complements our solution set as it supports in maximizing long-term returns for our clients, particularly those with low liquidity needs. Despite the global and local economic environment resulting from the pandemic, this new fund attracted subscription of US$22M, evidencing strong client appetite for the solution. This strong take up also reflects strong client confidence in the value proposition of our range of CIS.

We continue to undertake a continuous review of our suite of solutions to ensure that value is maximized for our clients and that we are adequately positioned to meet their needs.

There was also organic growth in the other funds as we continued our effective cross-selling strategy across the Group's entities in the market. This included corporate clients for money market funds as the value proposition remained strong.

PENSIONS – HIGHEST RETURN IN THE SECTOR FOR THE SECOND CONSECUTIVE YEAR

Pension FUM increased by 26% or J$1.67B to J$8B while our client base almost doubled. Notably, our

fund management expertise was once again validated as our pension business had the highest annualized return for clients in 2020 in the pension fund sector in the market.

ASSET MANAGEMENT OUTLOOK 2021/22

Funds under management are expected to continue to grow in the upcoming financial year. This is expected to be anchored by the issuance of additional tranches of the REIT II fund as well as the launch of a new Sustainable Energy Fund during the second half of the year. We will continue to focus on improving our clients' experience with us and ensure that we remain in our clients' world while providing best in class financial solutions.

BANKING

Overview – Fastest Growing Bank in its Category

A key component of our client value proposition is the provision of a simple, integrated solution set tailored to meet our client's life goals. We therefore continued to focus on integrating and streamlining our operations in order to facilitate seamless delivery of solutions and services.

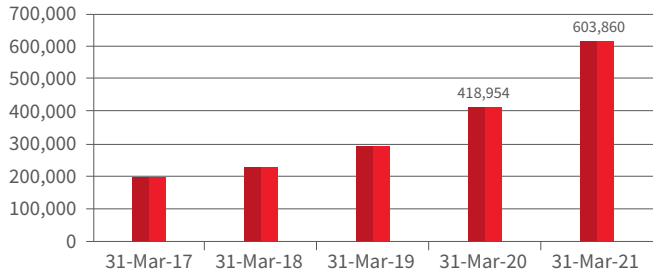
We recognized that the pandemic may have presented financial challenges for some of our clients and, as such, offered moratoria as needed to our loan clients. We also implemented an enhanced monitoring framework to ensure high quality of our credit portfolio.

OPERATING RESULTS

The banking segment delivered its best year yet, with operating profit of J$144M.

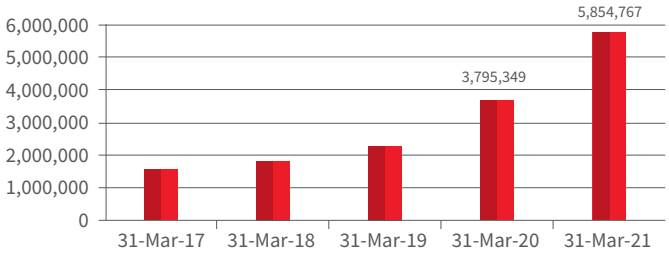
Net operating revenue for the year totalled J$604M. This reflected growth of 44% or J$185M and was due mainly to increased net interest income (NII). NII rose by 86% to J$604M and was driven by strong loan growth as well as active spread management.

Operating Revenue Net of Interest Expense (in J$'000)



Over the year, net loans increased by 54% to J$5.85B driven mainly by lending to the commercial sector (predominantly small and medium size enterprises) as well as, to a lesser extent, payroll loans and retail lending. The credit quality of the portfolio was among the best in the industry, despite above average market growth. This demonstrates the team's ability to aggressively grow the business while maintaining a healthy portfolio.

Net Loans (in J$'000)



We were additionally able to grow market share by 2.26% in the savings and loans sector as, at the end of the year, our banking business line accounted for 7.26% of total loans compared to 5.01% at the start of the period. This, as we continued to position the Bank as a key player in the savings and loans sector.

Loan growth was funded predominantly by a significant growth of the deposit base. At the end of the period, the deposit base totalled J$8.99B which was a 45% increase over the prior period. Market liquidity was high given the Central Bank's accommodative monetary stance and we took advantage of institutional funding opportunities as well as funding from corporates.

Our deposit growth rate was also the highest in the savings and loans sector and resulted in market share growth of 2.01%. At the end of the year, our banking business line accounted for 12.31% of the total deposits in the sector, compared to 10.3% at the start of period. Notably, market conditions also gave rise to a low interest rate environment which we benefited from.

BANKING OUTLOOK FOR FY 2021/22

In maintaining the pace of growth of the Bank, the team's objective will be on continuing the organic growth trajectory focused on diversifying the different segments and improving client experience. Firstly, we will focus on enhancing our value proposition through the introduction of new solutions and services. We will also be improving our operational structure to better serve our clients and improve profitability while focusing keenly on improving operational efficiencies. A key feature of this will be the switch out of our core banking platform to that of the Group's standard platform. This switch will result in the deployment of technology to facilitate the implementation of new digital channels including online banking via the Group's platform, Moneyline.

DOMINICAN REPUBLIC STRATEGIC OUTLOOK 2021/22

Like other regional economies, the Dominican Republic's economy is expected to rebound in the upcoming financial year, buoyed by tourism, construction and exports as well as increased remittance flows. Further, with the easing of restrictions, economic activity is expected to increase. Nonetheless, we expect challenges as the country gradually returns to 'normalcy' as some degree of economic uncertainty remains, particularly related to the evolution of the COVID-19 virus.

Given our solid performance in the heights of the pandemic, we anticipate continuing on this trajectory of sustainable growth while maintaining our unwavering commitment to our clients and shareholders. We expect our sustained growth to be driven by our focus in the following areas:

CLIENT PARTNERSHIP

- **Integrated Financial Solutions –** One of our key differentiators is the provision of holistic financial solutions to our clients. By this, wherever the clients interact with us across the Group, our teams should be equipped to satisfy all their financial needs. We will therefore continue to integrate our suite of solutions across our entities in the Dominican Republic to ensure our ability to deliver this. Work to achieve this in the year ahead includes reviews for key processes supporting partnership with clients and training for our sales team. We also remain committed to nimbly identifying and capitalizing on market opportunities which may arise and are consistent with our clients' financial life goals, and which will ensure risk-adjusted returns are maximized for them.

- **Widening Our Client Base –** Despite the strong growth of our client base, we recognize that there are more opportunities to build and leverage the JMMB Group brand in the market. In the coming year, we will focus on building brand awareness around the strength, innovation and performance of our solutions, our expertise in market as well as our values and our commitment to helping businesses and individuals achieve their financial goals.

CLIENT ACCESS

- **Digital transformation –** Our digital transformation has been well-paced and, with the onset of the pandemic, we have ramped up our activities, initiatives and projects to support the

build out of a digital footprint across our business line segments. In the coming year, our focus to this end will be on the implementation of new core banking and online banking platforms. This undertaking is expected to lay critical groundwork for efficiencies for the banking business line, set it up for further growth and expansion and bring much needed functionalities to support client's management of goals online.

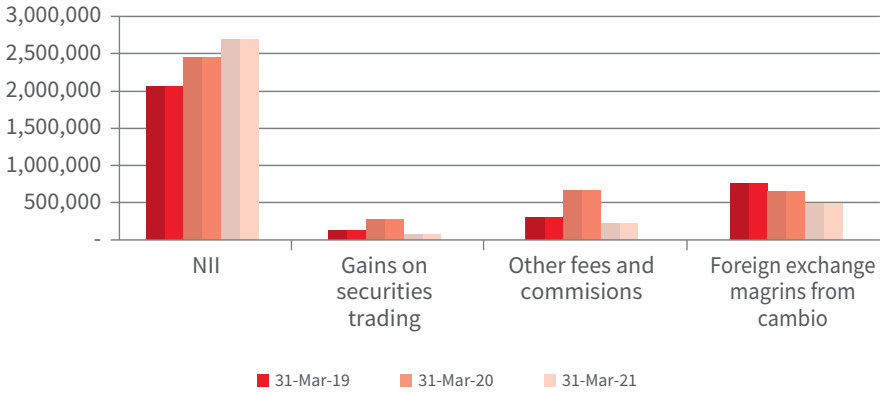
TRINIDAD AND TOBAGO

COUNTRY OVERVIEW – SUBDUED ECONOMIC ACTIVITY

For the 2020/2021 financial year, the Group's entities in Trinidad and Tobago continued to perform credibly. Trinidad and Tobago had been facing economic challenges arising from slump in energy demands ahead of the onset of the COVID-19 pandemic which led to downgrades by credit rating agencies. With borders and schools closed for all of the financial year, some sectors closed for most of the financial year and stay-at-home orders implemented, the economy fell into further decline. Economic activity in the non-energy sector has remained relatively flat while energy sector output has waned in light of the fall in demand for energy exports. According to the Central Bank of Trinidad and Tobago, the pandemic has caused considerable disruption in the labour markets throughout 2020 and into 2021.

Given this economic backdrop, country operating revenue totalled J$3.47B which reflected a decline of 13%. This was due to a reduction in all revenue lines with the exception of NII which grew by 7% to J$2.65B. On the contrary, FX trading gains fell by 23% to J$517M as there were reduced FX flows due to closed borders and lower demand for energy exports. Other fees and commissions declined by 58% to J$624M and reflected reduced economic activity in the country while, gains on securities trading were down 83% to J$229M.

Composition of JMMB Trinidad Operating Revenue (in J$'000)



Given the operating and economic environments, our teams focused on responding to potential client issues and concerns, communicating key messages and executing strategies that reinforced our support of clients during the period. Our messaging and communication thus focused on positioning 'JMMB' as the right partner to help them to navigate the financial challenges associated with COVID-19, by providing them with tailored financial solutions and solution oriented financial advice.

SEGMENT RESULTS

The operating results of the Group's entity operations in Trinidad and Tobago are based on the business line segment to which they contribute as detailed below:

SEGMENT	ENTITIES
Investment Management	• JMMB Investments (T&T) Limited
Banking	• JMMB Bank (T&T) Limited

INVESTMENT MANAGEMENT

OVERVIEW – CREDIBLE PERFORMANCE IN SPITE OF PANDEMIC

The segment delivered credible performance during the financial year posting operating profit of J$122M.

The financial year reflected a full year impacted by the COVID-19 pandemic. During the year, measures were put in place to safeguard the health and safety of clients and team members while maintaining business operations albeit in new modes of transacting and interacting as a team and with clients. Significant effort was also directed towards implementing strategies consistent with our business continuity plans to mitigate and manage resultant risks as well as to ensure portfolio protection while taking advantage of emerging opportunities.

OPERATING RESULTS

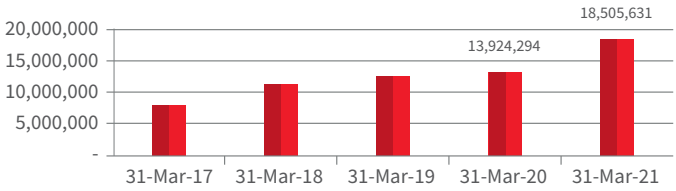
Operating Revenue

The Investment Management segment reported net operating revenue of J$512M for the period under review. This was 34% lower than the prior period and was due to declines in both Asset Management and Treasury Management business lines.

ASSET MANAGEMENT

The Asset Management business line is comprised of on- balance sheet funds which generate NII.

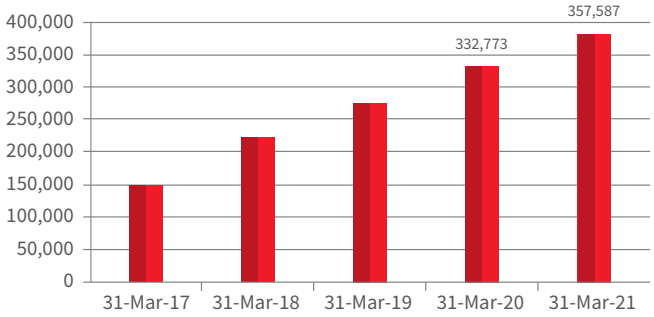
Total Funds under Management (in J$'000)



Despite changes in our service delivery, the team continued to focus on financial partnership and providing sound advice to our clients. Bolstering confidence was especially important, as the team worked to reassure clients that they will remain on track with meeting their goals. Given this effort, total clients' Funds under Management (FUM) grew by 33% to J$18.5B.

Of note is that even though investor sentiment was low, we successfully issued unsecured debt for the first time in this entity. This is evidence of the existence of our clients' confidence that we are able to successfully manoeuvre even in the most challenging of times.

Net Interest Income (in J$'000)



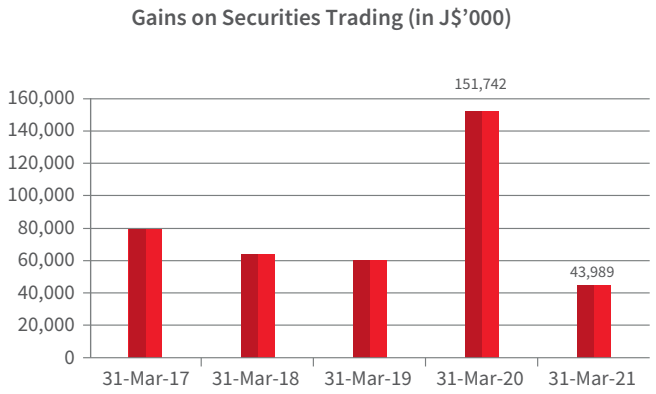
NII increased by 7% to J$358M. This growth rate was lower than FUM growth as our portfolio protection strategies included prudent liquidity management which resulted in higher levels of lower yielding, liquid securities.

Asset Management Outlook for 2021/22

We will continue to be nimble by taking advantage of online platforms to widen our reach and deepen wallet share of existing clients for the next phase of the pandemic locally. We will continue to ensure that we maintain frequent communication with our clients to help them to successfully navigate this challenging time and keep their financial goals on track.

TREASURY MANAGEMENT

The Treasury Management business line reflects equity and bond trading for the proprietary portfolio as well as equity trading commission. For the 2020/21 financial year, bond trading gains stood at J$44M compared to J$152M in the prior period.



Consistent with the adverse global impact, a generally negative outlook and uncertainty contributed to investor inertia muting market activity for most of the year.

Fee and commission incomes declined by 68% to J$104M and was reflective of reduced economic activity. Local equity brokerage revenues were lower as institutional investors, especially, adopted a 'hold' protective portfolio strategy as they sought to fully assess the business impact of the pandemic. This was partially offset by an increase in activity and by extension revenue in our global equity brokerage as more sophisticated investors took advantage of market volatility to generate gains.

Treasury Management Outlook for FY 2021/22

Despite expected economic challenges in the year ahead, we will continue to position our portfolios to achieve the optimal risk/reward profile to create shareholder value. We look forward to the full re-opening of the economy which will lead to increased commercial activity and by extension increased trading activity. Though, we expect investor sentiments to remain low we will continue to seek pockets of opportunities to improve our performance.

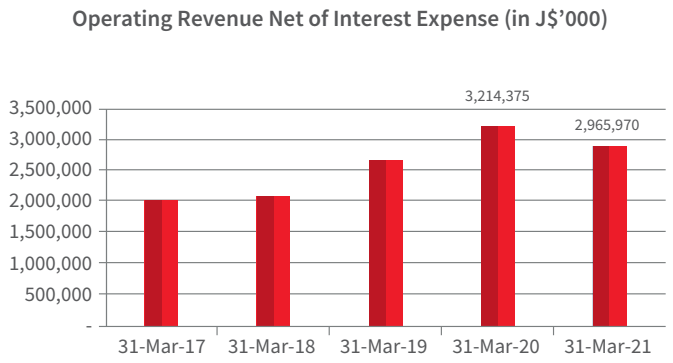
BANKING

Overview – Holding Strong Amid Adversity

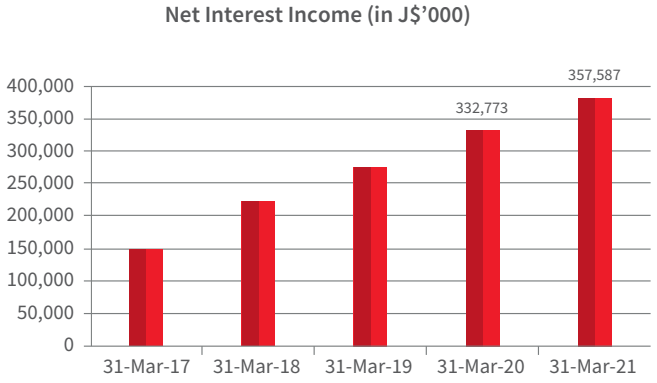
Our banking business line segment delivered another solid year's performance with operating profit totalling J$437M at financial year end. In addition to an intense focus on partnership and communication with clients, we focused on augmenting client accessibility and the implementation of core banking technology. This implementation included the switch over of our core banking and online banking platforms as well as the general ledger system as part of the Group's standardization programme. Despite, however, a robust planning and testing process, temporary client experience and system disruptions occurred which were not unexpected, given the extensive nature of the exercise. The Group worked tirelessly with our team to address these challenges and remains committed to restoring our service level and experience standards to what they were ahead of the switch over.

OPERATING RESULTS

Net operating revenue for the 2020/21 financial year decreased by 8% to J$2.97B as only NII grew. As a consequence, core revenues which consist of NII, banking fees and foreign currency trading, declined by 6% to J$2.96B.



NII increased by 7% to J$2.30B compared to J$2.14B in the prior period, on account of improved spread management. Over the year, net loans decreased slightly by 3% to J$32.10B. The restrictions in business activity through the first half of the financial year significantly affected activity in the commercial lending business with many clients seeking loan payment deferrals as a large number saw their businesses and revenue streams effectively at a standstill for many weeks and even months.



This, however, was largely offset by our consumer finance business line (which offers loan sizes of up to J$800,000), as the team was able to pivot and rebound with a pick-up in lending in the second half of the financial year.

We implemented enhanced management and monitoring of its loan portfolios as well as updated its lending parameters in light of the new and evolving risks.

Given the decline in the loan portfolio, the Treasury team used the opportunity to focus on rebalancing the portfolio away from higher cost institutional funding in order to effect a reduction in the overall funding costs. Nevertheless, the deposits base grew by 12% to J$55.68B.

Banking Outlook for FY 2021/22

In the upcoming financial year, the Bank will continue to offer customized banking solutions to meet clients' specific needs as well as nurture an ongoing financial partnership to assist clients and businesses to achieve their goals. Given that some of our clients are still facing challenges, we will continue to focus on our client contact strategy to maintain frequent communication and improve accessibility to all our clients.

Our work on improving accessibility will also continue in the upcoming year with the re-launch of Visa Debit card services and further updates to our newly implemented online banking platform, Moneyline. We expect clients to benefit from additional functionalities and an improved user experience.

TRINIDAD AND TOBAGO STRATEGIC OUTLOOK FY 2021/22

Trinidad and Tobago is expected to return to growth in the coming financial year. There, however, remains significant downside risk as, in addition to the pandemic, there is also the possibility that energy prices and demand could remain low. Low vaccination rates could also result in the country taking a longer time to re-open. Given these factors, we expect the economic landscape to remain challenging. We, however, will continue to seek opportunities for growth in the coming year and this will be underpinned by our focus in the following areas:

CLIENT PARTNERSHIP

- **Integrated Financial Solutions** – Work will continue in earnest on streamlining our client base to ensure clients across all segments are appropriately partnered with advisors, the right solution sets and have access to the channels and services which best support them in achieving their goals. To support our teams, we will be ramping up initiatives around improving productivity and increasing training

on the Group's proprietary financial partnership conversation model.

AND OPERATIONAL EFFICIENCY

- **Digital Transformation -** The Group's standardization program will kick into high gear in the coming year with activities to streamline processes and achieve targeted efficiencies for the banking business line segment in tow. As the need for safe, convenient access points continues to be underscored by the pandemic, our focus on the upgrade of our ATMs as well as the introduction of new payments solutions has come into sharp focus for us. Additionally, we will be executing several initiatives under our digital 'End to End Lending' imperative for our consumer finance business line which will drive loan approval efficiencies and improve our clients' experience.

We Dream Big

With the right support anything is possible.

GROUP EXECUTIVE LEADERS

KEITH DUNCAN

Group Chief Executive Officer, Executive Director

Keith is an Executive Director and the Group Chief Executive Officer at the JMMB Group of Companies and has responsibility for overall performance and charting the strategic direction of the Group.

His financial expertise has not only benefited the JMMB Group, but also the Jamaican financial sector. Keith is currently the President of the Private Sector Organization of Jamaica (PSOJ) and served as a Vice-President of the PSOJ throughout 2013 – 2015. He is a Past President of the Jamaica Securities Dealers Association (JSDA) and continues to contribute his service to Jamaica through various roles, including his current appointment as Chairman of the Economic Programme and Oversight Committee (EPOC). He also chairs the National Information and Communications Technology Advisory Council (NICTAC), providing advisory services to the Ministry of Science, Energy and Technology in relation to its ICT Portfolio.

Keith was recently awarded the National Honour, the Order of Distinction in the rank of Commander for his exceptional service in the field of Finance, Business, Youth Empowerment and Community Development.

He holds the Chartered Financial Analyst professional designation as well as a B.A. (Economics) from the University of Western Ontario in Canada.

PETA-GAYE BARTLEY

Group Chief Internal Auditor

Peta-Gaye has been a member of the JMMB family for the past five years and has already established a standard of excellence in the overall strategy and execution of internal audits across the Group. She has over a decade of experience in the internal audit field in large and medium sized organizations across several industries in Jamaica and the wider Caribbean region. Peta-Gaye holds a Bachelor's degree in Accounting and Management Studies as well as certification in Internal Auditing and Fraud Examination. She is a Fellow of the Institute of Chartered Accountants of Jamaica and a Fellow of the Association of Chartered Certified Accountants (U.K.)

DAMION BROWN

Group Chief Investment Officer

Damion currently serves as the Group Chief Investment Officer, having previously held the post of Group Chief Risk Officer. His professional experience covers investment management, risk management, financial regulation, and economic research.

Damion holds both Master's and Bachelor's degrees in Economics from the University of the West Indies and is a certified Chartered Alternative Investment Analyst, Financial Risk Manager and Professional Risk Manager. He also holds the Chartered Financial Analyst professional designation

CAROLYN DACOSTA, J.P
Group Chief Compliance Officer

Carolyn has served as Corporate Secretary for Jamaica Money Market Brokers Limited and its subsidiaries since March 16, 2008, and for JMMB Group Limited since its incorporation in 2012. She is also JMMB Group's Chief Compliance Officer. Carolyn holds certification in Corporate Governance from Harvard Business School, an MBA in Finance as well as a Diploma in International Compliance from the Manchester Business School in the UK, a Bachelor of Laws degree from the University of London and a Bachelor of Arts degree from the University of the West Indies. She brings an unparalleled combination of technical skills and experience to this critical role.

In keeping with JMMB Group's commitment to effective corporate governance, she ensures compliance with all relevant statutory and regulatory requirements, monitors changes in relevant legislation and ensures the taking of appropriate action, as required. Additionally, Carolyn is a Fellow of the International Compliance Association and a Justice of the Peace for the parish of St. Catherine.

Carolyn makes herself accessible to both the Board of Directors and Shareholders by maintaining an open door policy.

DONNA DUNCAN-SCOTT
Group Chief Culture & Human Development Officer

Donna is passionate about building and maintaining the love-based culture that supports the Group's competitive advantage. As an authentic, principled and love-based leader, she works with the Culture and Human Development Team (CHDT) in creating and implementing the people operating frameworks, as well as the people policies, processes and practices that develop and maintain JMMB Group's unique culture. The CHDT supports team members to "realize the greatness within, to the benefit of themselves, the clients, the organisation and the society" (JMMB Group's Vision of Love). She has also extended this transformational thinking to the development of the Conversations for Greatness programme, aimed at providing individuals with the tools for mindset change to increase the experience of love and possibility thinking in the world.

She holds a Bachelor's degree in Industrial Engineering, as well as a Master's degree in Business Administration from the Richard Ivey School of Business at the University of Western Ontario in Canada. She also holds the Chartered Financial Analyst professional designation.

GROUP EXECUTIVE LEADERS CONTD.

PATRICK ELLIS
Group Chief Financial Officer

For the last 12 years Patrick has held the post of Group Chief Financial Officer, a role which includes the oversight and execution of the Group's strategic and financial operations. Chief among his responsibilities are the preparation of financial statements, regulatory reporting, assessing the viability of possible acquisitions, and financial management for Group operations in Jamaica, Trinidad & Tobago and the Dominican Republic. Patrick holds an MBA (Finance) from the Manchester Business School and is also a Fellow of the Association of Chartered Certified Accountants (U.K.), a Fellow of the Institute of Chartered Accountants of Jamaica as well as a Certified Public Accountant. He serves in the capacity of Chairman for Sociedad Administrado de Fondos de Inversiones, as well as Alternate Director for JMMB Bank (T & T) Limited. Patrick also serves in the capacity of Director for Sagicor Life Insurance Company, Sagicor USA Inc.

PAUL A. GRAY
Group Chief Executive,
Special Projects Office Of CEO

With over 25 years of experience in the financial industry including the Dominican Republic, Paul brings a wealth of knowledge and experience to his current role as Group Chief Executive, Special Projects Office of CEO, where he has responsibility to lead and or oversee specific projects of key strategic importance.

Paul served in the capacity of Group Chief Investment & Treasury Officer until May 2017 when he was seconded to serve as Interim Country Chief Executive Officer for JMMB Dominican Republic May 2017 to June 2019 as well as Interim Chief Executive Officer of JMMB Sociedad Administradora de Fondos de Inversiones S.A from May 2017 to September 2018.

Paul is a member of the Board of Directors of JMMB Insurance Brokers as well as Vice-President of the Board of Directors for JMMB Sociedad Administradora de Fondos de Inversiones S.A.

He holds a Master's degree in Finance from the Manchester Business School UK, Certification in Merger & Acquisition Integration from PRICHETT & Institute of Mergers, Acquisitions & Alliances. He has also received various professional training in Treasury, Asset/Liability and Risk management, both locally and overseas.

JULIAN MAIR
Group Chief Investment Strategist

With over 20 years of experience in the financial services sector, Julian currently operates as JMMB's Group Chief Investment Strategist. In addition to his position at JMMB, he has played an integral role in the development of the region's capital market space. His experience includes positions at Dehring, Bunting and Golding Limited (now Scotia Investments Jamaica Limited) and JMMB. A former Managing Director of Lets Investment Limited, his leadership resulted in the boutique operation becoming a global player in the trading of internationally issued securities.

Julian is currently the Chairman of the Jamaica Stock Exchange (JSE, and a founding member and current Vice-President of the Jamaica Securities Dealers Association (JSDA). His directorship also includes serving on the boards of: JMMB Securities Limited, JMMB Investments (Trinidad & Tobago) Limited, JMMB Securities (T&T) Limited, JMMB Puesto de Bolsa; Factories Corporation of Jamaica; Supreme Ventures Racing and Entertainment Ltd and he was recently added to Sagicor Life Insurance Inc.

DERECK RAJACK
Group Chief Risk Officer

Dereck serves as Group Chief Risk Officer. He brings to the position over 15 years of experience in the investment and banking sectors having worked at senior managerial levels in Market and Credit Risk. He was also an adjunct lecturer for five years at the Arthur Lok Jack Graduate School of Business. Dereck is responsible for setting the vision and strategy for the risk function across the Group as well as developing, managing and refining the qualitative and quantitative risk framework, in order to support effective decision making.

Dereck holds a Bachelor's degree in Mathematics (First Class Honours) from the University of the West Indies as well as the Certified Financial Risk Manager (FRM) professional qualification from the Global Association of Risk Professionals (GARP).

KERRY-ANN BETTON STIMPSON
Group Chief Marketing Officer

Kerry-Ann has been a financial services marketer for 18 years, leading the marketing function of well-known Caribbean-based financial brands.

In her current role as JMMB's Group Chief Marketing Officer, she leads the organisation's marketing strategy development and execution, including the areas of digital marketing, field marketing, corporate communications and client insights management.

Kerry-Ann has an MBA in Marketing from the Robert H. Smith School of Business, University of Maryland, College Park, Maryland, U.S.A.

She is the producer and host of The Internal Marketing Podcast; a personal project where she supports the marketing leadership community by hosting discussions with various subject matter experts in the area of internal marketing.

CLAUDINE TRACEY
Group Chief Strategy Officer

Claudine joined the JMMB Group team as Group Chief Strategy Officer in 2016, bringing a well-decorated career in risk management, strategic management, business analytics, project management, compliance and product development to bear on the role. As the Group Chief Strategy Officer, she is tasked with providing strategic leadership and innovative solutions to create and unlock opportunities for sustainable growth and value for all stakeholders. Claudine holds a Bachelor of Science and a Master of Business Administration (MBA) in Economics and Psychology and Banking and Finance, respectively, from the University of the West Indies, Mona. These are complemented by certification in International Risk Management, and Mergers and Acquisitions. She is also an Accredited Director and the chairperson of Turner Innovations and sits on the boards of Innovate 10X and e GOV Jamaica Ltd. She is a passionate advocate for the MSME community and serves the sector in many areas including as a business mentor.

HEADS OF ENTITIES

KEISHA FORBES ELLIS

Chief Country Officer and Chief Executive Officer

JAMAICA MONEY MARKET BROKERS LTD.

Keisha embodies a true JMMB success story, having joined the company 24 years ago as a Trading Assistant and climbing the ranks to the position of Chief Country Officer (Jamaica) and CEO of JMMB Investments. Her expertise includes trading and treasury management, portfolio management and strategic planning. Thus, she ably provides strategic leadership to all entities within Jamaica – JMMB Investments, JMMB Securities, JMMB Fund Managers, JMMB Insurance Brokers, JMMB Money Transfer and JMMB Bank. She is charged with the responsibility for the growth and development of these companies through its stock brokerage offerings, banking services, cambio services, unit trust offerings, insurance offerings, portfolio management offerings and by extension the overall asset management business line.

Keisha holds an MBA with specialization in Banking and Finance from Mona School of Business, UWI and a Bachelor's degree in Business Management from Nova South Eastern University.

SHARON GIBSON

Chief Executive Officer

JMMB MONEY TRANSFER LTD.

An experienced financier who boasts over 20 years at the managerial level in the industry, Sharon brings a track record of achievement and excellence to her position as CEO. Before joining the JMMB team, she held several senior positions at National Commercial Bank (NCB) including remittance, customer service, project management, product development and operations. During her stint at NCB, she climbed the ranks while broadening her experience, serving as Product Development Manager, Customer Service Manager and Operations Manager. She also served as Chair of the Audit Committee of the NCB Cooperative Credit Union. Sharon holds an Executive Master of Business Administration (EMBA), with Distinction, from the University of the West Indies, Mona in addition to other professional designations, including AICB from the Canadian Institute of Bankers. She also holds a Diploma in Management Studies from the Jamaica Institute of Management (JIM). Sharon is currently the Vice President of the Jamaica Money Remitters Association.

SHERON GILZEAN
Chief Executive Officer
JMMB INSURANCE BROKERS LTD.

Sheron has served as CEO of JMMB Insurance Brokers Ltd. since 2017 after being promoted from her previous position as General Manager. Sheron boasts a wealth of knowledge of the insurance industry, having amassed more than 30 years of experience in claims and underwriting, risk management, team building and relationship management. Sheron has been a part-time lecturer at the College of Insurance & Professional Studies since 2003, and is also a former Executive and Chartered Member of the Jamaica Society of Insurance Professional and Technicians (JSIPT). Her educational achievements complement her experience. She is the holder of both an undergraduate and postgraduate degree from the UWI, Mona and a Fellow Chartered Insurance Professional with the Insurance Institute of Canada. She recently completed her Risk Management certification through the Insurance Institute of Canada. She is the past Treasurer and a Distinguished member of the Kiwanis Club of Constant Spring and a Charter Member of the Kiwanis Club of Young Professionals, Kingston.

JEROME SMALLING
Chief Executive Officer
JMMB BANK (JAMAICA) LIMITED

Jerome is a seasoned financial expert with an esteemed 25-year career in banking in the Caribbean and North America. Smalling joined the JMMB Group team in 2012 as the CEO of the then JMMB Merchant Bank. In his role as CEO of JMMB Bank (Jamaica) Limited his key functions include: formulating strategic plans, ensuring the development and promotion of products and services, reviewing the Bank's overall financial position, and determining appropriate strategies to achieve sustained profitability, expansion and growth.

His career includes tenures as Scotiabank Branch Manager; Vice President, Personal Banking at RBC Caribbean and Manager, Branch Sales Strategy Initiatives at the RBC Royal Bank's National Office in Toronto Canada.

He holds an MBA and a Bachelor's degree in Business & Professional Management from the H. Wayne Huizenga Business School, Nova Southeastern University, Florida, USA. Jerome is also a fellow of The Institute of Canadian Bankers and completed executive training at The University of Pennsylvania's Wharton Business School.

Jerome is a Director for JMMB Bank and JMMB Bank in Trinidad and Tobago and Dominican Republic. He currently serves as the President of The Jamaica Bankers' Association and sits on the board of the Ports Authority of Jamaica where he leads as Chairman of the Board Finance Sub Committee. He also serves on the Board of his Alma Mater, Munro College.

HEADS OF ENTITIES CONTD.

CHRISTOPHER WALKER
Chief Executive Officer
JMMB FUND MANAGERS LTD.

Christopher joined the JMMB team in September 2012, following JMMB's acquisition of the Capital and Credit Financial Group (CCFG). A veteran financier, having served over 25 years in the financial services industry, Christopher was appointed to his current position at the helm of JMMB Fund Managers Limited in April 2013. His current post sees him continuing to offer expert leadership while guiding the strategic positioning of the Company's off balance sheet client portfolio, with particular focus on collective investment schemes (CIS) and pension funds. In this capacity he also acts as Chairman of the Group Client Portfolio Investment Committee. Complementing his vast experience is a BSc in Management and Economics from the University of the West Indies (UWI), Canadian Investment Manager Designation from the Canadian Securities Institute and a Master's degree in Business Administration from the University of Liverpool.

Additionally, Christopher is the Chairman of the IV Acquisitions Limited and The Jamaica Evangelistic Association.

HEADS OF ENTITIES

RONALD CARTER
Chief Country Officer and
Chief Executive Officer
JMMB BANK (T&T) LTD.

Ronald's extensive experience in financial services and investment management spans over 25 years across the Caribbean and the United States. In addition to being a successful entrepreneur, he has held several senior positions in a number of top-tier global financial institutions and has successfully led businesses in wealth and investment management, capital markets and corporate banking. He is responsible for the leadership and strategic oversight of JMMB's operations in Trinidad & Tobago. Ronald holds a BSc (Honors) degree in Business Management with a major in Accounting from the University of the West Indies and a Master of Business Administration with a concentration in Finance from the New York University Leonard N. Stern School of Business.

*** Resigned July 31 2021*

ELSON JAMES
Chief Executive Officer
JMMB EXPRESS FINANCE (T&T) LTD

Elson has established a track record of excellence as he spearheaded the design and launch of JMMB Express Finance (T&T) Limited, an arm of the JMMB Group primarily focused on providing unsecured loans to the Trinidad and Tobago market. He has held several management positions at financial giants such as Citibank, American Express, Ryder Systems and Unicomer, and brings valuable multi-national working experience gained in the Caribbean, the United States and Asia. With more than 20 years of consumer and corporate finance experience, Elson has been expanding his track record of profit creation and improvement at JMMB. Elson has a Bachelor's degree in Business Administration and Management from UWI St Augustine and a MBA in Finance from Pennsylvania State University Smeal College of Business

TRICIA KISSOON
Chief Executive Officer
JMMB INVESTMENTS (T&T) LIMITED, JMMB SECURITIES (T&T) LIMITED

Tricia Kissoon, joined the JMMB Team in March of 2020. With more than 15 years of experience in the financial services sector, Tricia's passion and drive have established her as an expert in the field of investments. Her focus has primarily been on Asset Management for mutual funds and insurance portfolios.

Tricia has a Masters of Business Administration from the Edinburgh Business School and a Bachelor's of Science degree in Economics and Finance from the University of the West Indies. Her academic qualifications coupled with her hands-on experience has honed her into a skillful leader focused on developing and empowering her team members and improving the financial well-being of clients by delivering an exceptional client experience

HEADS OF ENTITIES

JUAN JOSÉ MELO

Chief Country Officer and Chief Executive Officer
JMMB PUESTO DE BOLSA S.A.,
AFP JMMB BDI, S. A.

Juan is a finance executive with 16 years of experience in the Dominican financial market, specializing in banking and investments. Before joining the JMMB Group in 2009 as Director of Investment Banking, he worked as a financial consultant at firms such as Deloitte and KPMG where he participated in various advisory projects for important companies in Dominican Republic.

In 2012, he was appointed General Manager of the Crédito América Corporation after JMMB acquired the majority of its shares, and was tasked with the development of the banking business for JMMB in the Dominican Republic. In 2015 he headed the acquisition and rebranding of the Banco de Ahorro y Crédito Rio, which, combined with the assets and liabilities of Corporación de Crédito América, gave way to the creation of JMMB Bank, Banco de Ahorro y Crédito, for which he was appointed CEO.

In June 2019, he assumed the Chief Country Officer position for JMMB Group in Dominican Republic, CEO of JMMB Puesto de Bolsa, and CEO of AFP JMMB BDI. His responsibilities as Chief Country Officer for JMMB Dominican Republic are mainly to oversee and lead the operations of the four companies that make up the group: JMMB Bank, JMMB Puesto de Bolsa, AFP JMMB BDI and JMMB Funds (SAFI).

He holds an Industrial Engineering degree from the Pontificia Universidad Católica Madre y Maestra, and a Masters in Finance from the Universidad de Comillas in Madrid, Spain. As part of his vision for JMMB, he looks to continue the growth of the Group and its various companies, with a focus on customer satisfaction.

JESUS CORNEJO

Chief Executive Officer
SOCIEDAD ADMINISTRADORA DE FONDOS DE INVERSIÓN JMMB, S. A.

With over 25 years experience, Jesus has extensive knowledge of the Banking and Securities market in the Dominican Republic and Mexico. His previous experience includes Risk Management, Treasury and Client Partnership leadership positions at Citigroup, APAP, and JMMB Puesto de Bolsa.

Jesus holds an Industrial Engineering degree from Universidad Panamericana and a Master in Business Administration from ITESM in Mexico. He is a graduate from Kellogg CEO Management Program and PADE - Senior Business Management Program from Barna Management School.

INDALECIO LOPEZ DEFILLO
Chief Executive Officer
BANCO DE AHORRO Y CRÉDITO JMMB BANK, S.A.

Indalecio brings over two decades of banking experience to the JMMB Group. Prior to his appointment as Chief Executive Officer for the Bank in 2019, Indalecio served as Client Partnership Country Head for JMMB DR, and was instrumental in the development of our integrated financial services model. As Chief Executive Officer, Indalecio continues to be integral to the success of our Dominican Republic operations. He holds a Business Administration degree from the Pontificia Universidad Católica Madre y Maestra and a Masters in Business Administration from the University Carlos III of Madrid.


CO
WE
RE-OP
PLEASE PUT ON FACE M

We, Don't Quit

We face challenges head-on and find a way to adapt and thrive in a new normal.

CORPORATE GOVERNANCE

High standards of Corporate Governance have always been central to the JMMB Group Strategy and a central plank in our financial and reputational success. The Covid-19 pandemic presented an unprecedented challenge to the world and every single institution. The Board responded immediately to maintain the viability of the Group and ensure the effectiveness of the risk management and compliance processes in support of our clients, shareholders and team members. This response provided reassurance of its business and governance structure in light of extraordinary challenges. This has strategically positioned us to face the future.

OUR APPROACH TO GOVERNANCE

This report provides an overview of the corporate governance structures, principles, policies and practices of the Board of Directors (the board) of JMMB Group Limited (JMMBGL) which together enable JMMBGL to meet governance expectations of its stakeholders.

We believe that good governance is not just about overseeing JMMBGL and its subsidiaries and its practices, but doing so in a way that is transparent and ethical. It involves an independent board actively engaging with

all stakeholders, knowing the business and its risks, constructively challenging management, understanding the opportunities and challenges of a changing industry and economy, setting robust standards and principles that will guide JMMBGL in delivering on its purpose of partnering with clients to achieve their goals.

JMMBGL's corporate governance system is subject to ongoing review, assessment and improvement. The Board proactively adopts governance policies and practices designed to align the interests of the Board and management with those of shareholders and other stakeholders and to promote the highest standards of ethical behaviour and risk management at every level of the organization. JMMBGL ordinary shares are listed on the Jamaica Stock Exchange as well as the Trinidad and Tobago Stock Exchange.

The Board exercises its authority in accordance with the Group's policies, its Articles, as well as applicable laws and regulations.

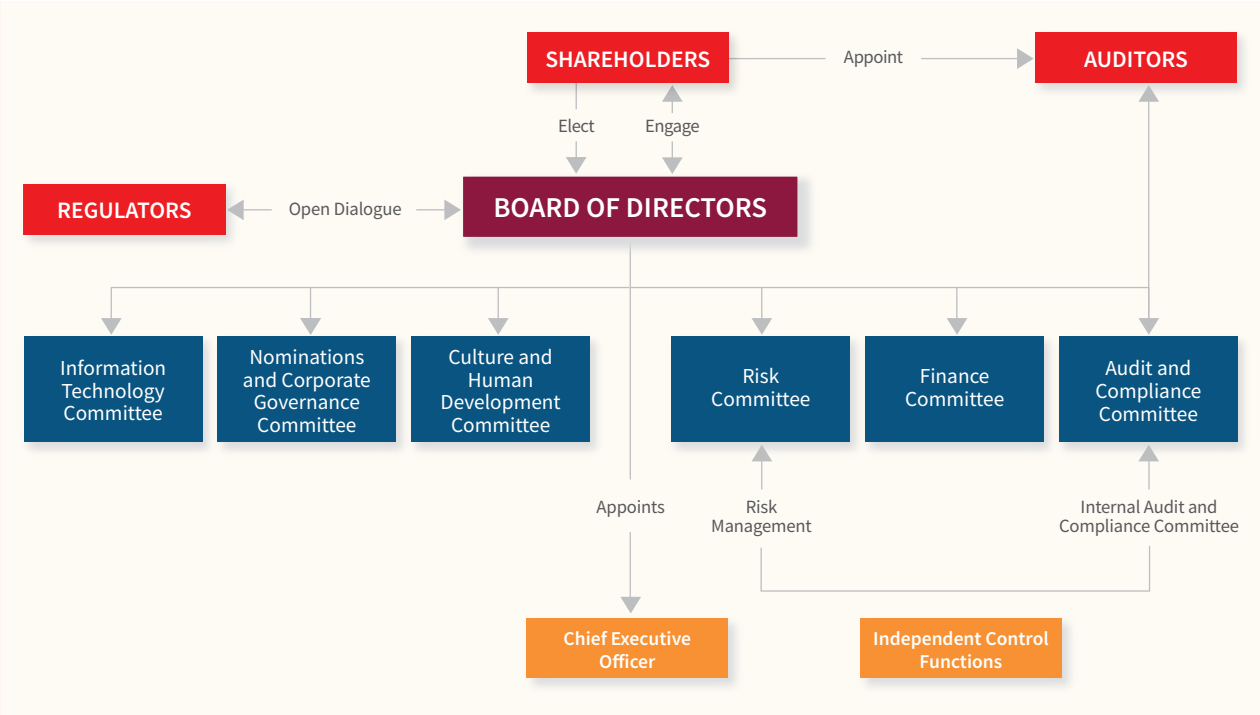
Conduct and culture	By setting the tone from the top, the Board champions JMMB Group's values of love, trust, openness, integrity and good governance. • Champion JMMB Group values, as set out in our Vision of Love • Monitor our culture of integrity in dealing with clients, communities and others, in working together, in how we do business and in safeguarding entrusted assets • Promote a respectful environment where colleagues can speak up and challenge behaviours that do not align with JMMB Group values
Stewardship	Directors are stewards of the Company exercising independent judgement and safeguarding the interest of shareholders. • Establish appropriate structures and procedures to allow the Board to function effectively and independently • Review and implement corporate governance principles and guidelines • Monitor best practices in governance • Approve policies based on their alignment with corporate values
Risk oversight	The Board oversees the frameworks, policies and processes to identify and manage the risks faced by the Group. • Oversee and approve the Group's risk appetite framework • Oversee the Group's strategic risk management by approving risk management frameworks and policies and monitoring conduct risk • Promote a strong risk culture and ensure that conduct adheres to the enterprise-wide risk management framework • Approve the quarterly and annual financial reports • Oversee compliance with applicable law, regulations and guidelines
Independence	Independence from management is fundamental to the Board's effective oversight, and mechanisms are in place to ensure its independence. • All committees are headed by independent directors and have a minimum number of independent directors represented.

Strategic oversight	Directors are key advisors to management, advising on strategic direction, objectives and action plans, taking into account business opportunities and the JMMB Group's risk appetite. • Oversee our strategic direction, plans and priorities and ensure they align with the Group's risk appetite • Discuss and challenge enterprise strategy with management and monitor the implementation of strategic initiatives • Annually approve the strategic plan, taking into account the opportunities and risks of the businesses • Approve the Group's financial objectives and operating plans, including significant capital allocations, expenditures and transactions that exceed delegated authorities • Review and approve the JMMB Group organizational structure • Review the results of the annual assessment of business performance risk management • Oversee and approve our risk appetite framework • Oversee our strategic risk management by approving risk management frameworks and policies and monitoring conduct risk
Continuous improvement	The Board is committed to continuously improving its corporate governance principles, policies and practices. • Board members are trained regularly on corporate governance • Board members are given opportunities to attend training in specific areas of governance • The Board's governance framework is audited by an external body to ensure compliance with best appropriate best practices
Accountability	Transparency is a hallmark of good governance. The board is committed to clear and comprehensive financial reporting and disclosure, and constructive shareholder and stakeholder engagement. • All shareholders and stakeholders are provided with feedback opportunities through the annual report and on the company's website

OUR GOVERNANCE STRUCTURE

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

Governance Structure



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

ROLE OF THE BOARD

The Board is responsible for the overall stewardship of JMMB Group and fulfills this responsibility by overseeing management and aiming to enhance long-term shareholder value. Its role consists of two fundamental elements: decision-making and oversight. The decision-making function is exercised through the formulation with management of fundamental policies and strategic goals and the approval of certain significant actions. The oversight function concerns the review of management decisions, the adequacy of systems and controls and the implementation of policies.

The Board makes major policy decisions, participates in strategic planning, delegates to management authority and responsibility for day-to-day affairs, and reviews management's performance and effectiveness. As required by regulations there are certain matters that the Board must address, such as the approval of financial statements and declarations of dividends.

The Board reserves the right to make certain decisions and delegate others to management. Any responsibilities not delegated to management remain with the Board and its committees. In some matters, management's discretion is limited by dollar thresholds beyond which approval by the Board is required. For example, such thresholds exist for capital market transactions, intra-group transactions, operating expenditures, capital and funding and project initiatives.

The Board's functions are fully described in the Group's Corporate Governance Policy which can be found on our website at www.jmmb.com specifically at

https://www.jmmb.com/sites/default/files/Jamaica/Attachments/Policies/JMMB%20Group%20Corporate%20Gov%20Policy%20May%2024%202018.pdf)

For the financial year ended March 31 2021, the Board focused on:

- Strategy to pivot the group during the pandemic
- Assessment of existing strategies in light of the current COVID 19 pandemic
- Fostering the Group's purpose, vision and values
- Fostering a culture of integrity and good governance
- Strategic planning
- Identifying risks and overseeing risk management
- Overseeing financial reporting, internal controls, communications and public disclosure
- Talent management and succession planning, evaluating performance and approving compensation of senior management,
- Evaluating our enterprise approach to environmental and social matters, including our approach to climate change.
- Financial performance
- Bank Standardization
- Centralization of designated functions and activities
- Review of capital structure and dividends
- Governance and compliance matters
- External financial reporting
- Changes in regulatory and economic environment and impact on the Group
- Changes in information technology

ROLE OF THE CHAIRMAN

Having an independent, non-executive board chair enhances management's accountability and the board's independent oversight. The board chair leads board and shareholder meetings and is responsible for the management, development and effective functioning of the board. While he does not serve on any board committee, he attends and participates in committee meetings as needed. The board chair has unrestricted access to management, as well as the authority to engage independent advisors, including legal counsel, and to approve the fees and terms of their engagement.

Among other things, the board chair also:

- advises the Group CEO on major issues and liaises between the board and senior management
- participates in the orientation of new directors and the continuing development of current directors
- with the governance committee Chair , conducts the board's effectiveness evaluation
- interacts with directors and senior executives throughout the year
- meets with regulators, shareholders and stakeholders on behalf of the board as needed , and
- Attends board meetings and meets with independent directors of our subsidiaries.
- Ensures that there is an effective succession planning process in place to facilitate board and executive leadership continuity

The Nominations and Corporate Governance committee, under the direction of its chair, assesses the effectiveness of the board chair in fulfilling his mandate.

DIRECTOR EFFECTIVENESS

1. INTEGRITY
- Works for the greater good of JMMBGL and its stakeholders
- Demonstrates high ethical standards

2. DEDICATION
- Commits fully to the accountability and success of the Board and JMMBGL

3. COURAGE
- Challenges the status quo and can make tough decisions
- Champions of change

4. STRATEGIC ORIENTATION
- Discusses pros and cons of future growth strategies
- Assesses opportunities for alignment with JMMBGL strategy

THE ROLE OF MANAGEMENT

There is a clear demarcation of roles and responsibilities between the Board and senior management that fosters an environment of transparency, confidence and mutual trust in which the Board is able to constructively challenge and provide guidance to management.

GROUP CHIEF EXECUTIVES

The Group has established group chief executive roles which include executives at the highest level of the organization who support the CEO with the effective running of the organisation (see pages 88-97).

The Board delegates to this team the authority and responsibility for day-to-day affairs. This team is accountable for implementing the board's decisions, and is responsible for directing and overseeing the operations of the Group. The Group CEO and other group executive members have written mandates describing their respective roles, responsibilities and required authorities of their positions.

The group executives are responsible for JMMB Group's strategy and its execution. They actively shape and make recommendations for the approval of the respective board committee and full board.

OVERSIGHT FUNCTIONS

The group executives have oversight functions of areas such as Finance, Risk Management, Compliance, and Internal Audit, which are responsible for providing enterprise-wide oversight of operational management. The heads of these functions have direct access to the audit committee and/or risk committee (as appropriate) and report to the Board of Directors.

The Board, through the audit & compliance and the risk committees, is responsible for overseeing effectiveness of the oversight functions and the heads of these functions. The mandate of the audit & compliance committee sets out specific responsibilities for overseeing Compliance and Internal Audit and the mandate for the risk committee similarly sets out responsibilities for overseeing Risk Management.

Internal Audit Services is responsible for providing independent assurance to the audit committee and to senior management on the effectiveness of risk management processes, governance and systems of internal control at JMMB Group. The Chief Internal Auditor reports directly to the Chair of the audit committee for functional purposes and to the CEO for administrative purposes.

The heads of the Finance, Compliance and Risk Management oversight functions have direct and regular access to the relevant board committee through its chair.

OUR APPROACH TO SUBSIDIARY GOVERNANCE

The JMMB Group takes an enterprise-wide approach to subsidiary governance. The Board and its committees oversee subsidiary governance on an entity and country level. The Office of Strategy Management monitors the performance of JMMB Group's subsidiaries through a number of business line meetings, bringing together local expertise and global oversight. This centralized approach provides consistency and transparency, enabling us to be responsive to evolving business needs, best practices and regulatory requirements and expectations.

Our overall policies are determined at the group level with consultation at the various country levels on subsidiary boards. This enhances our strong governance. Active and engaged subsidiary boards play a key role in overseeing our entities in the various jurisdictions. Our subsidiaries' boards are comprised of independent directors with specific skills and experience to assist the Board in challenging management and furthering the strategic priorities of JMMBGL and its subsidiaries.

We continue to accelerate diversity on our subsidiary boards and to leverage the subsidiary boards' experience to build talent for growth across the Group.

INVESTOR RELATIONS

Continuous and open dialogue with shareholders and other stakeholders is a key priority for us. The Board encourages all stakeholders to provide timely and meaningful feedback.

There are many ways in which people can engage with us and access important information, you may contact us at the email addresses below:

Board of Directors & Corporate Secretary	Stakeholders can communicate with the directors or the board chair as described at shareholderquery@jmmb.com
Management	The CEO, group executive and senior management may be contacted at info@jmmb.com
Investor Relations	Investors are encouraged to communicate with us via our email address info@jmmb.com

OUR CODE OF ETHICS AND CONDUCT

The Board sets and expects the highest standards of conduct at JMMB Group to build and maintain the trust of our clients, shareholders, colleagues and the community. The Board, with management, sets the tone from the top and promotes an open and transparent culture at JMMB Group. We recognize that the Board's responsibility to oversee conduct and culture is broad and demands that we adopt a continuous improvement mind-set towards our practices. To that end, our Nominations and Corporate Governance Committee oversees the management of conduct. It continues to enhance board and committee reporting on conduct and culture matters – including client outcomes, team member conduct and risk culture as well as the impact to the integrity, soundness and resilience of financial markets and to our reputation – and monitor emerging trends and best practices to help refine a holistic approach to overseeing these critical issues.

We also encourage our team members to help shape and maintain our culture by speaking up and challenging behaviour that does not align with our values.

Our Code of Conduct and Partnership Contract establishes standards of desired behaviours that apply to directors, senior management and all team members including the responsibility to be truthful, respect others, comply with laws, regulations and our policies, and engage in sales practices that are fair and not misleading.

The Board collaborates with management to set the tone from the top and promote a strong governance culture that influences the Group at every level and across all businesses lines.

JMMB Group fosters an open and transparent environment where team members can speak up and raise concerns through various channels without any form of retaliation. There is an online learning program that is administered annually, at the end of which, team members and directors are asked to confirm that they are familiar with, and understand, the Group's values and principles.

The JMMB Code of Ethics and Conduct ("the Code") promotes standards of desired behaviour that apply to directors and team members, including senior management. It includes the responsibility to be truthful, respectful to others, to comply with laws, regulations and our policies, and to engage in practices that are fair and not misleading. Each year directors and team members must acknowledge that they have read and understood the Code, and certify that they are in compliance with it.

The company has adopted the Code of Ethics and Standards of Professional Conduct of the Association for Investment Management and Research (AIMR®) and each new team member is trained in this area during orientation. JMMB Group claims compliance with the CFA Institute Code of Ethics and Standards of Professional Conduct. However this claim has not been verified by CFA Institute. There is also a mandatory annual refresher course for all team members and directors.

CONFLICTS OF INTEREST

In practice, conflicts of interest can arise as a result of professional and contractual arrangements, directorships and other business interests. Where the personal or business interests of directors and executive officers may conflict with those of JMMB Group, they must disclose the nature and extent of the conflict of interest as soon as possible, in writing or by requesting to have it entered in the minutes of a meeting. In the event of a conflict of interest, the director or executive officer in question will recuse themselves when the issue is being discussed, and in the case of a director, will not vote or participate in the decision.

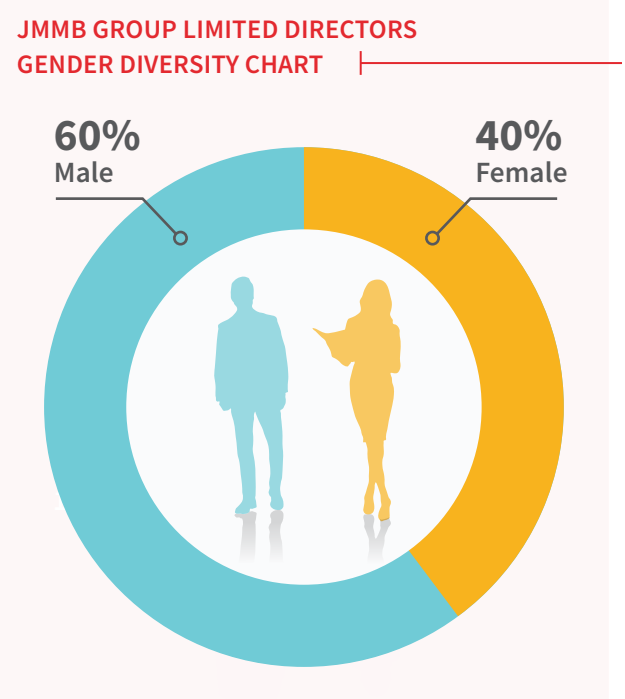
CULTURE

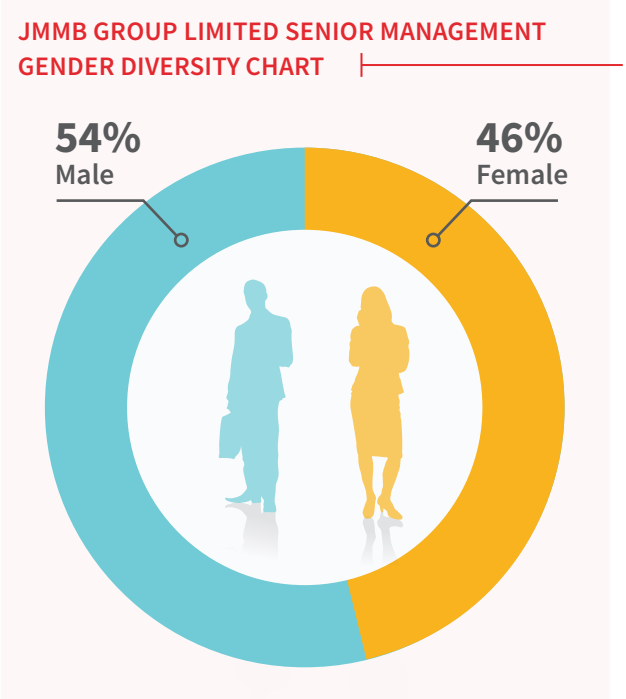
The board sets and expects the highest standards of conduct at JMMB Group to build and maintain the trust of our clients, investors, colleagues and other stake holders. The board, with management, sets the tone from above and promotes an open and transparent culture. We recognize that the board's responsibility

to oversee culture and conduct is broad and demands that we adopt a continuous improvement mindset towards our practices.

OUR COMMITMENT TO DIVERSITY

Diversity and inclusion has always been a core value at JMMB Group. To support our diversity and inclusion vision to be among the most inclusive and successful companies, putting diversity into action to help team members, clients and our communities thrive, we seek to be a recognized leader in inclusion and leadership diversity and the financial institution of choice for diverse client markets, and leverage diversity and inclusion for the growth and success of JMMB Group. We also seek to attract and retain the best talent from the entire talent pool, which requires considering a diverse range of skills and backgrounds and embracing differences. The Board is committed to diversity and inclusion at all levels as it provides the Group access to a wider pool of talent and drives creativity, innovation and growth.





SKILLS AND COMPETENCIES

The Board maintains a matrix to help identify the competencies and experience it regards as key to the long term strategic success of the JMMB Group of companies. The matrix assists the Group Nominations and Corporate Governance Board Committee in acquiring the right talent and expertise against the back drop of a dynamic market place and evolving regulatory landscape. As the matrix shows, the directors bring a diverse range of expertise, experience and perspectives, which supports strong and effective oversight of JMMB Group as it pursues its strategic goals and financial objectives. The directors of the Board are selected on the criteria of proven skill and ability in their particular field of proficiency, and a diversity of viewpoint and experience which directly benefits the operation of the Board as the custodian of the business.

Expertise / Qualification/ Experience	Dr. Archibald Campbell	Patria-Kaye Aarons	Andrew Cocking	Dr Anne Crick	Patricia Dailey-Smith	Audrey Deer-Williams	Dennis Harris	Reece Kong	H Wayne Powell	Wayne Sutherland	Audrey Welds	V Andrew Whyte	Donna Duncan-Scott	Keith Duncan	Hugh Duncan
Academia - experience is important as it brings perspective regarding organisational management and academic research relevant to our business and strategy.	✔	✔		✔							✔				
Administration experience is important since directors with this experience typically possess strong leadership qualities and the ability to identify and develop those qualities in others.	✔	✔	✔	✔		✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
Business ethics experience is important given the critical role that ethics play in the success of our businesses.	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
Business operations experience gives directors a practical understanding of developing, implementing and assessing our operating plan and business strategy.	✔	✔			✔		✔	✔	✔	✔	✔		✔	✔	✔
Corporate governance experience supports our goals of strong Board and Management accountability, transparency and protection of shareholder interests.	✔			✔			✔		✔	✔	✔	✔	✔	✔	✔
Communications and marketing experience is relevant to the group as it seeks to develop new markets, products and services.		✔		✔									✔		

Expertise / Qualification/ Experience	Dr. Archibald Campbell	Patria-Kaye Aarons	Andrew Cocking	Dr Anne Crick	Patricia Dailey-Smith	Audrey Deer-Williams	Dennis Harris	Reece Kong	H Wayne Powell	Wayne Sutherland	Audrey Welds	V Andrew Whyte	Donna Duncan-Scott	Keith Duncan	Hugh Duncan
Finance/Capital allocation experience is important in evaluating our financial statements and capital structure.	✓			✓	✓	✓	✓	✓	✓			✓	✓	✓	✓
Financial services industry experience is important in understanding and reviewing our businesses and strategy.	✓	✓	✓		✓	✓	✓	✓	✓	✓		✓	✓	✓	✓
Investments experience is important in evaluating our investment strategy and the environments in which we operate.	✓		✓			✓	✓		✓	✓		✓	✓	✓	✓
Information technology experience is relevant to the Group as it looks at ways to improve efficiencies, enhance client experience and internal operations.								✓	✓	✓					
Knowledge of control environment Audit and risk management experience is critical to the Board's role in overseeing the risks faced by the Group.	✓				✓	✓	✓	✓	✓	✓		✓		✓	
Legal experience and knowledge is critical to the Group as we navigate the highly regulated environments in which we operate.											✓				
Risk management experience is critical to the Board's role in overseeing the risks faced by the Company and the Group.	✓					✓	✓	✓		✓		✓		✓	✓
Talent management experience is valuable in helping us attract, motivate, develop and retain top candidates for positions in the Group.		✓		✓		✓	✓	✓					✓		

BOARD DELEGATION

As stated above, the Board has delegated specific responsibilities to its board committees. Below is the membership and attendance to meetings.

Each Committee's terms of reference can be found in the JMMB Group's Corporate Governance Policy, which is available on our website.

JMMB Group Board and Board Committee Meetings - April 2020 - March 2021

Number of Meetings held for the year		Ten (10)	Five (5)	Twenty-two (22)	Four (4)	Three (3)	Six (6)	Thirteen (13)
NAMES	POSITION	GROUP BOARD	AUDIT	RISK COMMITTEE	CULTURE & HUMAN DEVELOPMENT COMMITTEE	NOMINATIONS & CORPORATE GOVERNANCE	INFORMATION SYSTEMS COMMITTEE	FINANCE COMMITTEE
Andrew Cocking	Independent	10						12
Dr. Anne Crick	Independent	10			4	3		
Dr. Archibald Campbell	Independent	10				3		
Audrey Deer-Williams	Independent	10		22	4			
Audrey Welds	Independent	10				3		
Dennis Harris	Independent	10		22	4			
Donna Duncan-Scott	Executive	9						
Reece Kong	Independent	10		22			6	
H. Wayne Powell	Independent	10	5					13
Hugh Duncan	Executive	9						
Keith Duncan	Executive	9						
Patria-Kaye Aarons	Independent	10						
Patricia Dailey-Smith	Independent	10	5					13
V. Andrew Whyte	Independent	10	5	19				13
Wayne Sutherland	Independent	10	5			3	6	

BOARD COMMITTEES

To assist in exercising its responsibilities, the Board has established six (6) committees, namely:

- Audit Committee
- Risk Committee
- Nominations and Corporate Governance committee
- Information Systems Committee
- Culture and Human Development Committee, and
- Finance Committee

The committees have a written mandate that sets out their roles and responsibilities. They review their mandates as needed based on changes in environment or legislation or as part of the periodic review of the Corporate Governance Policy. These reviews ensure the Board and its committees are adaptive and responsive to new requirements and while continuing to practice strong oversight.

Each committee prepares, on an annual basis, a report of its activities over the previous year and these reports, as well as details about the composition and responsibilities of each committee. The summary of the activities are below.

The committee chairs report to the Board at each board meeting and the minutes of the board committees are also shared as part of the board package.

Each committee is comprised entirely of independent directors/ non-executive directors and is chaired by an independent director who is responsible for the effective operation of the committee and the fulfilment of the committee's mandate.

BOARD COMMITTEE REPORTS

I. REPORT FROM THE NOMINATIONS & CORPORATE GOVERNANCE COMMITTEE

The Committee is satisfied that its activities over the fiscal year have fulfilled its mandate. Over the financial year, the committee met and discussed the following;

i. Review and recommendation of directors to the Dominican Republic and Trinidadian subsidiaries
ii. Review of Annual General meeting and recommendations for improvement
iii. Review of JSE Corporate Governance Index results and agreed on actions to be taken where necessary
iv. Discussed the restructuring of the governance structures at the country level

The Nominations and Corporate Governance Committee is responsible for, on an ongoing basis, determining the appropriate skills, perspectives, experience and characteristics required of Board candidates, considering the Group's changing needs and the Board composition.

In assessing candidates and selecting nominees for the boards, diversity is an important factor that is taken into consideration by the Committee. As such, the Committee has in place as an objective that at least 30% of board members should be women. We have surpassed this target for JMMBGL and continue our efforts in improving the ratio for the Group as a whole in due course.

Three (3) meetings of the Committee were held for the year.

II. REPORT FROM THE CULTURE AND HUMAN DEVELOPMENT COMMITTEE

The purpose of the JMMB Group Culture and Human Development Committee is to assist the Board of Directors in discharging its duties with regards to team members, ensuring that the activities are consistent with the policies and directives of the boards of the JMMB Group. The Committee formulates and reviews the compensation programmes for board members and senior officers. In doing so, it ensures that compensation is consistent with the Group's objectives, strategy and control environment to guarantee fairness and compliance with the legal requirements of the countries in which the Group operates and consistency with its mission and values.

During the year, the Committee focused on the following:

1. The Gender Diversity and Inclusion Initiative

2. Approval of equitable, best interest approach to managing people expenditures in a pandemic

3. Approval of revision of CHD Strategy and budget in light of the pandemic ;

4. Approval of the Group CHD Pandemic response plan to ensure Team member physical and emotional well- being and teams safely manned to take care of the clients throughout the pandemic.

5. Approval of Group and Country Executive Total Compensation review and support in gaining alignment with the Executive Leadership. This review was done to ensure equitable compensation packages that attract and retain high performing senior leaders that live true to the JMMB values and Vision of Love.

6. Approval of the Remote Work Policy

There were four (4) meetings for the year.

III. REPORT OF THE FINANCE COMMITTEE

The Finance Committee has responsibility for oversight of the Group's financial reporting, ensuring that fair, balanced and comprehensible reports that comply with International Accounting Standards are produced The Committee maintained oversight of the financial statements review process and submitted certification to the Board to enable it to be in a position to approve the financial statements.

The Group has robust controls, procedures and systems that are designed to ensure that information is disclosed in a timely manner to the regulators and the market.

The Committee met and reviewed the following:

- recommended the approval of the audited financial statements for JMMB Group Limited and its subsidiaries
- recommended the approval of unaudited financial statements for JMMB Group Limited and its subsidiaries
- considered dividend payment to shareholders
- considered on possible partnerships
- recommended the approval of annual budget for the Group of Companies

- *Auditor independence*

For the year ended March 31, 2021, the Committee reviewed the external auditor's independence, the scope of non-audit services and independence safeguards with the Group's external auditor - KPMG Chartered Accountants,.

As part of the review, the Committee received and reviewed confirmation in writing that, in KPMG's professional judgement, the independence and objectivity of the audit engagement partner and audit staff were not impaired.

There were thirteen (13) meetings for the year.

IV. REPORT OF THE INFORMATION TECHNOLOGY COMMITTEE

The Information Systems (IS) Committee assists the Board in its oversight of technology strategy, investments made in support of the strategy and technology risk. The Committee has specific responsibility for establishing structures, mechanisms and processes that ensure that information technology (IT) is controlled and delivers value to the business. The responsibilities of the committee include:

- Guiding the Group as to the future of technological developments;
- Linking IT strategy and goals to the business strategy and goals;
- Leading the development of a process framework, based on generally accepted practices that align, control and measure IT activities;
- Ensuring that there is consistent and relevant communication between IT and the business on strategic and operational activities, issues and opportunities;
- Directing the development and implementation of a performance measurement mechanism

to monitor IT-related strategic and operational activities across the Group;
- Leading the development of a robust IT risk management framework with clearly defined and articulated responsibilities across the Group; and
- Providing oversight to ensure that IT policies are adhered to and procedures exist to reinforce defined policies.

During the year the Committee focused on the following areas:

- Assess the technology needed to meet the needs as the group moved into remote working
- Reviewing the security systems to ensure group was protected as we moved into remote working
- Aligning IT Strategy to ensure the capacity to operationalise the overall Group strategy
- Reviewing and aligning planned infrastructure upgrades needed to enhance regional integration
- Performing post T24 implementation assessment in Trinidad and Tobago
- Aligning Group IT to an effective Service Model and Service Level Agreement needed to drive regional IT efficiencies
- Reviewing and approving IS polices and recommend same for approval by the JMMB GL Board of Directors
- Reviewing and approving the digital strategy
- Approving information technology budget
- Assessing hardware infrastructure and recommend improvements

There were six (6) meetings for the year.

V. REPORT FROM THE AUDIT & COMPLIANCE COMMITTEE OF THE BOARD

As an integral part of the Group's corporate governance structure, the Group's Internal Audit Department and its activities are guided by a Charter approved by the Group Audit Committee. The Department reports to the Group Audit Committee which ensures independence in the Department's review of the effectiveness of the Group's risk management, governance and internal control processes.

The scope of the Department's review includes assessing areas such as corporate governance, risk management, the efficiency and effectiveness of management's controls over the company's operations (including safeguarding of assets), the reliability of financial and management reporting and compliance with laws and regulations.

The Group's internal audit assessment of internal controls is based on the standards set by the control criteria framework of the Committee of Sponsoring Organisations of the Treadway Commission (COSO Internal Control Framework). This model evaluates the internal control measures adopted by management. All audits are conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

In its oversight of the internal audit function, the Group Audit Committee reviews Internal Audit's assessment of the adequacy and effectiveness of the Group's internal controls, compliance with legal, statutory, regulatory and other requirements and management of risk. The Committee, during the course of its activities, also reviews management reports on regulatory, risk and fraud-related matters. Additionally, some members of the Group Audit Committee also sit on the Audit Committees of subsidiary companies.

The Group Audit Committee Chairman reports to the JMMBGL Board on all significant issues considered by the Committee.

During the financial year under review, the Committee achieved the following:

- Reviewed and approved the Group's audit and compliance plans and strategies while ensuring the plans were designed to assist the Group to achieve its strategic objectives.
- Reviewed compliance with internal policies, procedures and standards, relevant external laws and regulations, as well as assessed the adequacy and effectiveness of the Group's internal control system.
- Reviewed reports on certain key business processes and assessed recommendations to improve their effectiveness and efficiency.

- Reviewed the adequacy and effectiveness of the controls incorporated in the implementation of new systems/processes.
- Received and reviewed audit reports from subsidiary Board Audit Committees.

The issues identified during the financial year have been or are being addressed by the process owners.

There were five (5) meetings for the year.

VI .REPORT FROM THE RISK COMMITTEE OF THE BOARD

The Group has an enterprise-wide risk management framework in place to identify, assess, manage and report risks and risk adjusted returns on a consistent and reliable basis.

The role of the Board Risk Committee is to ensure that a comprehensive risk management framework is enacted by Management and to promote an appropriate risk management culture, on behalf of the Board. The Board Risk Committee's oversight responsibilities with regard to the risk management framework and the underlying compliance monitoring and governance structure include overseeing risk exposures and strategies in relation to the following:

1. Capital Allocation
2. Credit
3. Market (inclusive of interest rate, liquidity, counter party, concentration, foreign currency exposure and equity risks)
4. Operational (inclusive of IT Risk)
5. Compliance
6. Legal
7. Reputational

The Board Risk Committee approves the Group's risk policies and its risk appetite statement, including risk limits, which is then recommended to the Group Board of Directors for ratification.

The risk framework is designed to achieve business outcomes consistent with the Group's risk-return expectations and includes:

- The Group Risk Appetite Statement and Internal Capital Adequacy Assessment frameworks,
- Group-wide risk management policies for each of the principal risk areas,
- Major risk limits to manage exposures and risk concentrations, and
- Appropriate monitoring and reporting of business risks During the year, the Board Risk Committee considered the following matters;
  - Monitored Management's compliance with the Group risk management framework including policies and limits
  - Reviewed and made recommendations to the Board of Directors on key policies for ratification relating to capital (that underpin the Internal Capital Adequacy Assessment Process), liquidity, credit and other material risks. These are overseen and reviewed by the Board mostly on an annual basis.
  - Reviewed significant transactions that could impact the overall financial strength or reputation of the Group and subsidiaries
  - Reviewed and approved the Internal Capital Adequacy Assessment Process (ICAAP) for JMMB GL and its subsidiaries
  - Factoring
  - Debt issuance by subsidiaries
  - Assessed loan facility by IDB
  - Reviewed the group Investment Policy Statement
  - Capital market transactions
- Discussed preparations to address the anticipated changes in the regulatory framework and industry conditions over the next few years.
- Assessed the impact of COVID-19 on the capital of the group,

- deliberated on capital market transactions, and gave oversight to the general risk framework.

The Board Risk Committee had twenty two (22) meetings for the financial year.

DIRECTORS' COMPENSATION

Experienced, focused and talented directors are essential to the achievement of our strategic objectives and to provide effective guidance and oversight to management. The Culture and Human Development Committee is responsible for board compensation and annually reviews the amount and form of non-executive directors' compensation, taking into account the:

- size, complexity and geographic scope of JMMB Group
- time commitment expected of directors;
- overall expertise and experience required;
- need for compensation that is fair and positioned to attract highly qualified directors; and
- alignment of the interests of directors with those of our shareholders.

JMMB Group compensates its directors fairly and responsibly in alignment with the Group's strategy. For the financial year a total of JA$103,784,000 was paid to the directors across the Group in Jamaica, Trinidad and Tobago and the Dominican Republic, a decrease of approximately 19% over last year's figure of JA$128,395,000. For the Company, the amount paid for the financial year was J$43,197,000 a decrease of JA$2,802,000. The decrease in fees is due mainly to an overall drive to reduce expenses across the Group as well as the direct effects of the COVID 19 pandemic.

DIRECTORS' CONTINUING PROFESSIONAL EDUCATION

The Directors attended various training sessions during the financial year including:

Organisation	Topic
Internal training	Cyber Security training
Caribbean Corp Caribbean Corporate Governance Institute	Master Class - Ethics & Governance
PriceWaterHouse	Data Protection Act - Jamaica
Caribbean Corporate Governance Institute	Finance for Directors Masterclass - The Board's Role in Financial Stewardship and Financial Oversight
Jamaica Institute of Financial Services	AML/CFT in the digital space
Jamaica Chamber of Commerce	Data Security – Local and International Compliance
JMMB Internal Training	AML/ CFT / KYC Training

REGULATORY COMPLIANCE

The Group Compliance Department ensures compliance with laws, regulations, guidance notes, policies and standards of good governance in the territories within which the Group operates. The Group Chief Compliance Officer provides a bi-monthly compliance report to the Board of Directors for the Company and each subsidiary. The report provides details on, among other matters, changes in the regulatory environment in which the entities operate as well as information on regulatory audits and 'Know Your Client' matters.

The Board is satisfied that compliance issues raised during the financial year have been properly addressed and resolved and that there are no material unresolved issues.

The Board understands the regulatory framework under which the Group operates and cooperates with regulators to ensure that the financial system is safe and sound.

The Board and Management therefore:

- Maintain open communication with the regulators;
- Comply promptly and fully with requests for information as required by law;
- Keep abreast of the findings of on-site examination processes and direct management to determine whether similar problems exist elsewhere in the Group and take corrective action; and
- Ensure that there is annual training of all team members and directors on the Proceeds of Crime Act, Code of Ethics, 'Know Your Client and Employee' and any new regulations.

No significant issues were identified in regulatory audits conducted during the financial year.

CORPORATE GOVERNANCE INDEX

JMMBGL received a Corporate Governance Index (CGI) rating of "A" in the last round of ratings conducted by the JSE on listed Companies and issued March 15 2021. The Board has reviewed and discussed the rating criteria and is working to ensure that where improvements are needed, these are effected.

POLITICAL CONTRIBUTION

JMMB Group, in its commitment to the best interest of the territories in which it operates, contributes to the democratic process. In Jamaica, it has been our policy to contribute equal amounts of money to the two major political parties for their respective campaign initiatives. For the financial year the amount of JA$5 million (JA$2.5m each) was contributed to the two major political parties.

While the year created totally unforeseen challenges the Group was able to respond quickly, effectively and in keeping with its values. This was due primarily to the strong framework of accountability in the governance of all entities of the group,

SHAREHOLDER ENGAGEMENT AND COMMUNICATION

Members of the Board of Directors make themselves available to engage with shareholders and encourage them to express their views. The Board is committed to maintaining and improving dialogue with shareholders in order to ensure that the objectives of both the Group and the shareholders are understood. The Board has an open door policy whereby any shareholder or any team member may contact the Chairman via the Company Secretary or by sending emails to shareholderquery@jmmb. com. The Board also views the Annual General Meeting as an opportunity to communicate with and engage our shareholders. We are committed to this openness and are available to discuss any concerns with you.

The Company uses email alerts and actively promotes downloading of all reports from its website. This enhances the speed and equality of shareholder communication. As part of our commitment to 'Going Green' and preserving the earth for future generations, the Company has taken full advantage of provisions within the Articles of Incorporation allowing the

website to be used as a means of communication to and from shareholders, where they have not requested hard copy documents.

Please note that copies of the Minutes of the previous Annual General Meeting will be made available at the Annual General Meeting. Should you need an electronic copy, please email the Corporate Secretary at Carolyn_dacosta@ jmmb.com or the Deputy Company Secretary at Claudine_campbell-bryan@ jmmb.com.

YOUR VIEWPOINT IS IMPORTANT

We value your support, and encourage you to share your opinions, suggestions and concerns with us. You can do so by emailing the Company Secretary at shareholderquery@jmmb.com, or writing directly to the Chairman, Dr. Archibald Campbell, c/o JMMB Group Limited, 6 Haughton Terrace Kingston 10.

ANNE CRICK PHD
Chairman Group and
Group Nominations and Corporate Governance Committee

July 20, 2021

Charity

We are at our best when we shine for others.

RISK MANAGEMENT

Given the ever-changing financial landscape in which the JMMB Group operates, we continuously monitor our operating environment. This is especially so for the territories in which we have a presence, namely Jamaica, Trinidad and Tobago and the Dominican Republic as well as markets that can impact the outlook for these jurisdictions, or any others, where the Group may have exposures in order to proactively manage our risks.

Risk management is the process of identifying, measuring and mitigating risks to an organization's capital and earnings. These risks stem from a wide variety of sources, including market related and internal factors which are discussed in the following sections.

MAJOR RISK RELATED DEVELOPMENTS FOR FY 2020/21[1]

The FY 2020/21 can be characterized by significant market volatility, particularly in the equity and commodity markets in the first half of the financial year reflecting the economic uncertainty and recurring shocks to the global supply chain with successive lockdowns. However, with the development of vaccines with high efficacies, initiation of national vaccine drives and expansionary fiscal programs to support economic recovery, the global economy has begun to show signs of recovery, albeit unevenly as many sectors reopened, particularly in the service sectors such as Hospitality and Restaurants.

[1] *See Appendix: Risk Related Regulations FY 2020/2021*

While there is an expectation for increased regulatory risk arising from the changes to the laws governing the financial sector, many regulatory authorities suspended implementation of some regulations or granted forbearance on limits during the crisis to support the financial sector. It is anticipated that the implementation of the Basel II/III framework within the Caribbean could affect the financial industry. The JMMB Group has therefore taken an approach of working with our regulators and other industry players to smoothly implement changes to regulations.

The following outlines some material developments that have impacted global markets and the territories in which we operate.

GLOBAL

- Central banks around the world kept interest rates near zero in 2020 in an attempt to mitigate the negative effects of the economic fallout from the pandemic and stimulate growth in the latter part of the year coupled with significant fiscal support. The IMF has projected 2021 global growth at 4.5 percent with the potential for a stronger recovery because of additional fiscal stimulus, especially in the United States, and the prospects of broader vaccination as developing nations get more access to Covid-19 vaccines.

- Nevertheless, the global recovery has been incomplete and unequal because, despite a stronger than expected recovery in the second half of 2020, GDP remains well below pre-pandemic trends in most countries and the recovery paths have also been different across countries.

- Heightened geopolitical risk with uncertainty surrounding policy, international relations and political leadership was a driving force behind financial market volatility in 2020. During the financial year ending March 2021, the United States held their presidential elections in November 2020 amidst heightened political tensions in the world's most dominant economic and military powers.

- Uncertainty remains as to how prolonged the Covid-19 crisis will be as access to vaccines remains inequitable, both across advanced and emerging economies. Additionally, the spread of resistant variants threaten to reduce the efficacy of current vaccines and could undermine or delay the global economic recovery.

JAMAICA 

- The administration of Prime Minister Andrew Holness was re-elected to a second 5-year term on September 3, 2020 with an increased majority in the House of Representatives.

- Macroeconomic stability in Jamaica has been entrenched and is evidenced by relatively low and stable inflation and a build-up of international reserves. Despite the Covid-19 crisis which led to reduced revenue inflows combined with increased expenditure to support the vulnerable, the fiscal deficit was relatively well contained, coming in at approximately 3.5% of GDP for the 2020/21 fiscal year. The widened deficit contributed to a deterioration of the debt/GDP ratio, with the final outturn for fiscal 2020/21 coming in at 110.1%. Consequently, the government has had to postpone its debt/GDP target of 60% until FY 2027/28. Our view is that the increased debt/GDP number will be transient as an approximate 10% contraction in GDP was the major driving force behind the relatively high debt/GDP outturn.

- Given the sudden slowdown of the Jamaican economy and the impact on foreign currency inflows, the local economy reflected elevated currency and liquidity risks given demand from local and international corporate entities. The local regulators responded with liquidity support and forbearance on some limits to manage elevated liquidity and credit risks in the financial system.

- S&P Global Ratings (previously Standard and Poor's Ratings Agency) in December 2020 maintained the Government of Jamaica's long-term foreign and local currency rating at "B+" and affirmed the 'B' rating on the short-term foreign and local currency sovereign credit ratings albeit

with a 'Negative' outlook. The rating reflected the agency's confidence in the government's fiscal policy direction in light of the economic and financial realities arising from Covid-19 and government interventions to minimise the effects.

- The BOJ circulated its consultation paper on the Implementation of the Basel III framework and created a working group with industry representation to complete the consultation process.

DOMINICA REPUBLIC

- Like other regional jurisdictions, Dominican Republic was impacted by the spread of the Covid-19 virus resulting in over 324,000 cases and 3,800 deaths. The Executive Board of the International Monetary Fund (IMF) approved the Dominican Republic's request for emergency financial assistance under the Rapid Financing Instrument (RFI) equivalent to approximately US$650 million to meet urgent balance of payment needs stemming from the outbreak of the Covid-19 pandemic.

- In recognition of the risk to the economy the government increased spending to offset the fallout. However, higher spending by the government in the wake of lower revenue intake led to the widening of the fiscal deficit and an imbalance in the country's balance of payments.

- S&P Global Ratings affirmed the "BB-" Local Currency LT credit rating of Dominican Republic on April 16, 2020. At the same time, the rating agency revised its outlook to 'Negative' from 'Stable'.

- The ongoing vaccination campaign, the global recovery and strong government support to the tourism sector have placed the economy on a dynamic recovery path in 2021, instrumental for raising income levels over the medium term. The economy is expected to grow by 5.5 percent in 2021 and inflation to converge gradually to levels within the target range as the impact of supply shocks recede in the second half of the year.
- The Group Risk team has noted the macroeconomic risk and its potential impact on prudential indicators and key ratios underpinning the financial system.

TRINIDAD AND TOBAGO

- The economic conditions continue to be challenging in Trinidad. The sharp decline in oil prices triggered by the fall in demand at the height of the crisis increased pressure on the local currency and threatened to worsen the fiscal accounts.

- S&P Global Ratings downgraded the country's "BBB" rating to "BBB-" with a 'Stable' outlook in January 2021. Lower oil and gas prices could significantly impact government revenues and raise government debt levels, according to the rating agency.

- Given the large international reserves, including the Heritage and Stabilization Fund (HSF), the movement in the exchange rate of currency pairs continued to fluctuate within a very narrow range. We expect market conditions to remain relatively stable as fiscal adjustments are implemented.

- The outlook for T&T is improved with global oil prices climbing to above US$70/barrel and, more importantly natural gas prices above US$3.66/MMBtu. Economic growth is projected to improve from -7.8% in 2020 to 2% in 2021 and then a more robust 4.1% in 2022. Growth is predicated on an improved current account balance, from -1.75% of GDP in 2020 to 5.6% in 2021, driven by recovery in other Caribbean destinations and the United States, which are major importers of TT manufactured goods, oil and natural gas.

The JMMB Group continues to adjust its financial and investment profile and actively manages its risk exposures to position itself to take advantage of market opportunities and ensure resilience even if significant adverse market conditions should develop in global markets or in any of the jurisdictions in which we operate.

TOP EMERGING RISKS	
Global Macroeconomic Risk	In advanced economies, the roll out of Covid-19 vaccines should take place over the course of the year. This should allow the gradual conclusion of social distancing and other restrictions and a return to some form of normality. However, uncertainty about the recovery remains. Moreover, there are also uncertainties about the effectiveness of policy actions, limitations in fiscal capacities of different countries and rising debts.
Health Risk	The spread of the Covid-19 virus – an infectious disease that causes respiratory illness – has somewhat lessened. However, the prevalence of variants could potentially reduce the effectiveness of vaccines creating an unequal global recovery and uncertainty across the globe. The ramp up of vaccine production to meet global need remains a challenge. Low-income countries face the highest risks of procuring and distributing vaccines.
Climate Risk	Climate change and the risk associated with responding to this environmental challenge are serious. The issue is not solely physical, financial or restricted to geography or industries. The National Oceanic and Atmospheric Administration predicts that the 2021 Atlantic hurricane season will be busier than average. However, the forecast for 2021 does not anticipate the historic level of storm activity seen in 2020's record-breaking season, which had 30 named storms.
IT and Cyber Risk	Financial institutions are particularly exposed to cyber risk due to their reliance on critical infrastructures and their dependence on highly interconnected networks. These critical infrastructure risk exposures represent a Single Point of Failure and any successful attack could have wide-ranging consequences. With the continued rise of fintechs and e-commerce this risk will continue to persist and will require close monitoring and management.

RISK GOVERNANCE FRAMEWORK: SAFEGUARDING STAKEHOLDERS' INTEREST

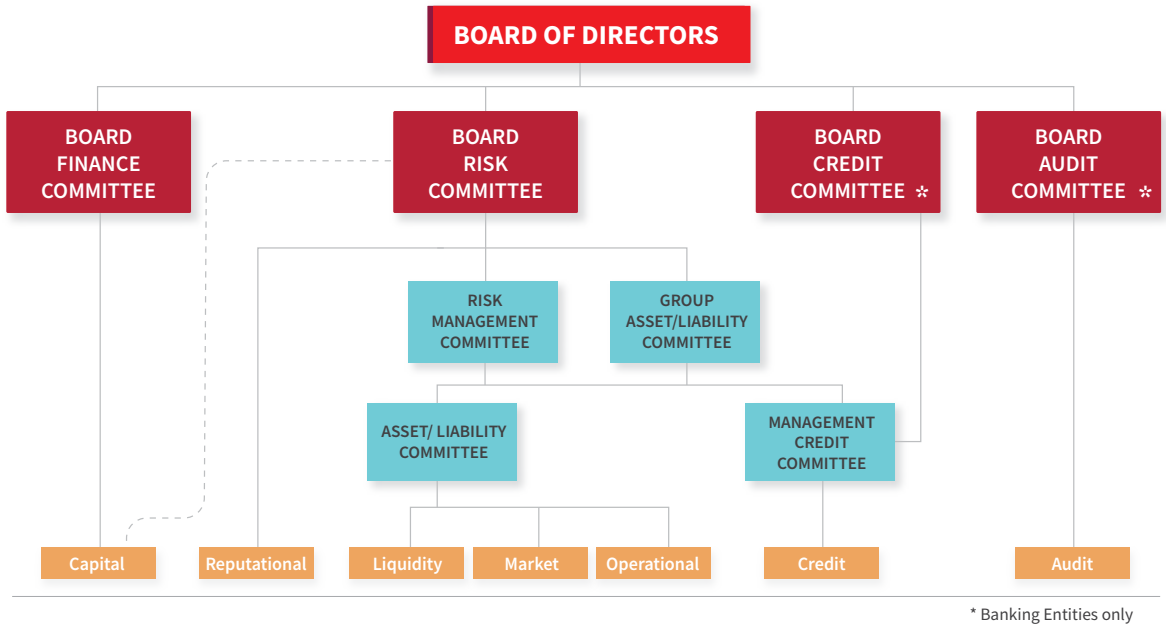
Our unique value proposition remains at the core of all our undertakings at the JMMB Group, as such we invariably take proactive measures to safeguard the best interest of our stakeholders. This is accomplished within the context of a robust capital and risk management framework whereby the risk universe is accurately identified; material risk factors are then continuously measured, monitored, controlled and reported. The limit and breach escalation system provides a mechanism for risk control, with limits based on the risk appetite for each major risk approved by the JMMB Group Board of Directors having been reviewed and recommended by the JMMB Group Board Risk Committee (BRC).

The Board of Directors of the JMMB Group determines the overall level of acceptable risk, with active oversight provided by the BRC that approves and monitors the supporting risk tolerances. Thus, the BRC provides strategic direction for the Group and ensures that the risk governance framework remains strong. The risk management hierarchy that has consistently guided our activities is shown in Figure 1.

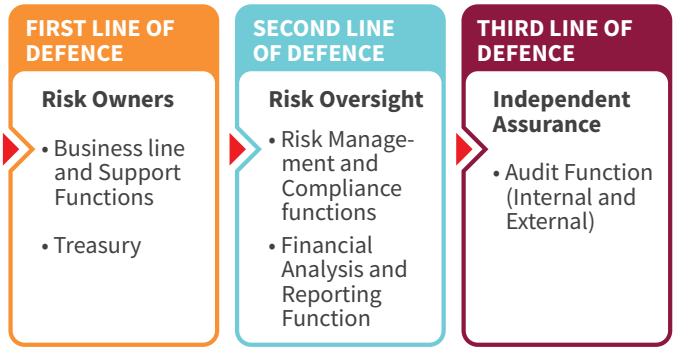
The BRC is directly supported by other management and board committees within the Group. These include the Risk Management, Credit Management and Asset and Liability Management Committees which convene regularly and more closely monitor the risk exposures of the Group and its subsidiaries against the limits set by the Board in keeping with the Group's stated risk appetite. Furthermore, to ensure that risk management is a part of the

fabric of the Group, members of the Group Risk Department are included on committees that address the strategic objectives of the Group.

Figure 1. The JMMB Group Risk Management Hierachy



On an annual basis, the JMMB Group conducts an Internal Capital Adequacy Assessment Process (ICAAP), which supports our strategies and provides a comprehensive view of the risk profile and capital requirements of the Group and its subsidiaries. It also provides the mechanism to adjust our business operations and strategies given changes in the internal and external environments.



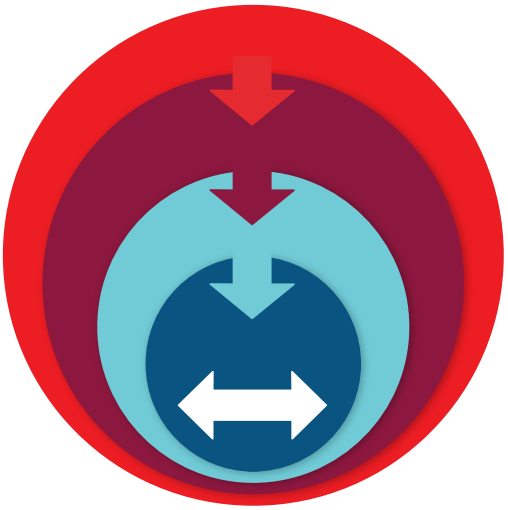
RISK APPETITE

The Group's approach to risk management is to identify and measure all material risks within the Group and to ensure a suitable framework is in place to manage these risks within acceptable parameters. While the Group Board has overall responsibility for the Group-wide risk management framework, the respective subsidiary boards of directors have responsibility to ensure the risk framework is appropriate for their organization.

The Group Risk unit monitors the risk exposures across the Group's portfolios on an on-going basis and provides support to the subsidiaries' Investment/Treasury Departments and business decision-makers regarding strategic business decisions and material transactions.

Risk appetite statements and associated risk tolerance levels are approved by the Group Board to guide management as to acceptable actions and levels of exposure that can be taken in the context of the Board-approved strategies.

Risk Appetite Framework Components



●	Risk Capacity
●	Risk Appetite
●	Risk Limits and Key Risk Indicators
●	Risk Profile
●	Risk Posture

The overarching risk tolerance metrics set by the Group Board relate to:

- Capital
- Asset Quality/Credit Risk
- Concentration of Assets and Liabilities
- Market Risk
- Funding and Liquidity Risk
- Policy Stress Tests

Risk reports are presented to the Group and subsidiary boards with more detailed reporting to relevant management committees. Where necessary, a report addressing substantive changes to market/economic conditions is prepared to highlight the potential impact of market developments along with suggested actions.

THE JMMB GROUP RISK POLICY OVERVIEW

The JMMB Group risk policy, together with other supporting policies for the different areas of risk, formally outlines the risk management approach of the overall Group. The policy explores the principal risk exposures of the JMMB Group from an enterprise level and further outlines a process for the determination and management of new risks. These principal risks include market risk, credit risk, liquidity risk and operational risk as well as the issues of risk aggregation, capital adequacy, and capital allocation. By effectively implementing and managing this risk framework, we ensure the long-term earnings stability of the Group.

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

RISK MANAGEMENT PRINCIPLES AND CULTURE

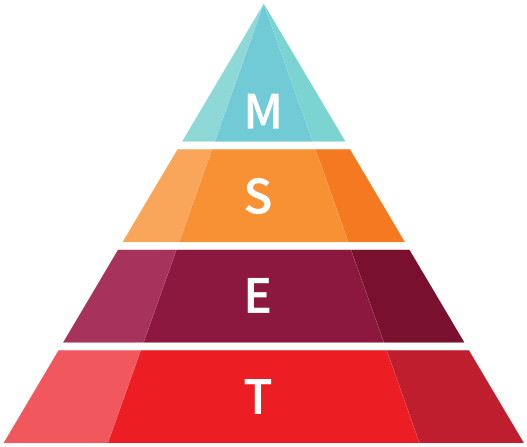
The JMMB Group remains committed to the following core principles of its risk management framework:

i. There is full Board ownership of risk governance and this oversight responsibility is enhanced by the specific focus of a Board Risk Committee;
ii. There is a vibrant risk management culture embedded in the organization inclusive of the Board, Senior Management, Team Leaders and all team members throughout the entities within the Group. They are all aware of, and aligned on, their roles and responsibilities in risk management through regular training and the prevalence of risk-based assessments in decision making.
iii. Best practice risk management techniques are employed in managing the various risks to which the Group is exposed and adequate resources are allocated to the management of risk.
iv. Risks undertaken are within the Group's risk appetite and there are effective, dynamic and adaptive processes for the ongoing identification, measurement and management of material risk exposures.
v. All entities within the Group are adequately capitalized to protect against the effects of major shocks.

vi. Data quality is continuously monitored in order to achieve timeliness, transparency, accuracy, completeness and relevance of reporting.
vii. The operating environment for each jurisdiction is taken into consideration and risk management techniques are tailored to adequately support each entity.

RISK MEASUREMENT, CONTROL AND REPORTING

The assessment of the material risk exposures include both quantitative and qualitative approaches, thus ensuring an optimal balance between model outputs and the extensive experience of our management team. Given the ever-changing landscape in which the Group operates, these models and techniques are validated periodically to ensure that they are efficient, adequately capturing the risk factors, and in alignment with applicable international best practices. Our data quality is also assessed for accuracy and sufficiency. These risk assessment processes and the management of material risk exposures are documented in our various risk policies and procedures.



Macroeconomic	• Systemic
Strategic	• Legal and Regulatory • Competition • Strategic • Reputational
Execution	• Operational • Regulatory
Transactional	• Market • Credit • Liquidity

The operations of the JMMB Group give rise to the following material risk exposures: I) market risks, II) credit risk, III) liquidity risk, IV) operational risk, V) Regulatory, VI) Reputational and VII) Capital Adequacy.

TOOLS USED TO MEASURE AND MANAGE RISK

I. MARKET RISK

Market risk is commonly defined as the likelihood that there is a decline in the value of assets due to adverse movements in market factors such as interest rates, foreign exchange rates and equity prices.
In accordance with international best practices, the JMMB Group monitors both the market risk exposures within individual entities and consolidated exposures across the countries in which we operate. There is no single measure to capture market risk and therefore we use various metrics, both statistical and non-statistical, to assess risk including:

1. Value-at-risk (VaR)
2. Stress testing
3. Non-statistical risk measures
4. Other sensitivity assessments

Value-at-Risk (VaR) which is a widely used risk metric provides a single measure that captures the potential loss in the portfolio over a specific time period and for a given probability. Note 31 (d) provides details of VaR levels throughout the financial year.

Stress testing and reverse stress testing consider plausible movement in market factors such as interest and foreign exchange rates and equity prices- and the impact on our current financial position.

The JMMB Group also utilized non-statistical risk measures and other sensitivity techniques such as duration which reflects an instrument's sensitivity to interest rate risk as well as repricing gaps which approximate the potential change in net interest income (See Note 31 (d) (ii)). Likewise, scenario based stress tests comprising both specific and systematic risks are conducted in line with the near and long-term strategy. The risk exposures related to non-JMD activity are managed through monitoring and testing the Group's net open positions. Note 31 (d) (i) provides additional details on our foreign currency exposures.

II. CREDIT AND COUNTERPARTY RISK

Credit risk is the potential for loss due to failure of borrowers to meet their contractual obligation to repay a debt in accordance with the agreed terms. The JMMB Group is exposed to credit risk from its lending, investment and funding activities where counterparties have contractual obligations to make payments or facilitate transactions. The Board specifies a tolerance level for credit risk, which is actively managed by the credit and market risk teams for the loan and investment portfolios.

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

The strategy for the commercial banking entities is to facilitate continued growth in the loan portfolio while maintaining prudent underwriting strategies which will be achieved by ensuring robust evaluation of the credit worthiness of clients. The Credit Risk teams provide direct oversight of credit exposures, including management of the credit portfolio, adjudicate on proposed exposures, review exposure limits against regulatory and internal requirements and manage remediation/recovery of past due exposures. Independent Credit Administration functions reinforce separation of duties and enhance controls.

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

III. LIQUIDITY RISK

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

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

The JMMB Group commits to:

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

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

The liquidity risk profile is assessed in detail as part of the review by the Group Liquidity Management Committee and the entity ALCOs on a monthly basis to determine the potential liquidity needs in light of changes in market conditions. Liquidity stress tests are also conducted to determine if obligations can be met in predefined adverse scenarios, and potential response plans are in place to ensure that obligations can be reasonably expected to be serviced under any plausible scenario.

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

IV. OPERATIONAL RISK

Operational risk may be defined as "the risk of loss from inadequate or failed internal processes, people and systems or from external events." The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The JMMB Group's operational risk framework seeks to limit operational risks to acceptable levels within the Group, even as the geographical presence and complexity of operations increase. Appropriate control systems and processes, along with operational redundancies and business recovery plans act to safeguard against significant disruptions in our operations. Recruitment and training of competent staff, segregation of duties and independent checks are employed to reduce the possibility of errors or inappropriate actions. A rigorous compliance framework and independent internal audit program ensures that controls are maintained and all material risks are properly identified and adequately managed. These all support our aim of helping our clients achieve their financial life goals in the safest and most client friendly way possible.
An important part of managing operational risks is a robust business continuity plan ("BCP"). The BCP encompasses a defined set of planning, preparatory and related activities which are intended to ensure that the critical business functions will either continue to operate, despite serious incidents or disasters that might otherwise have interrupted its operations, or will be recovered to an operational state within a reasonably short period.

The objectives of the Group's BCP are to:

(a) Protect human life;
(b) Identify processes critical to the operations of the Group and safeguard the Group's assets;
(c) Provide tested plans which, when executed, will permit timely and efficient recovery and resumption of the Group's critical business functions;
(d) Minimize the inconvenience and potential disruption of service to internal and external customers;
(e) Describe the organizational structure necessary for executing the plan;
(f) Identify the equipment, procedures and activities for recovery;
(g) Ensure that the reputation and financial viability of the Group is maintained at all times; and
(h) Ensure compliance with regulatory requirements.

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

V. REGULATORY RISK

Regulatory risk is defined as the risk of having the license to operate withdrawn by a regulator, being fined or having conditions applied (retrospectively or prospectively) that adversely impact the economic value of an enterprise. JMMB Group Limited embraces the importance of the Group of Companies identifying, understanding, and managing regulatory risks.

The Legal and Compliance Department is charged with overseeing compliance with all regulatory requirements. The compliance function conducts, reviews and assesses controls; conformance with policies and procedures, and submits monthly compliance reports to the Group and subsidiary boards. Where there is the potential for any breach, this is promptly escalated to all relevant parties and boards with an appropriate explanation and remediation plan.

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

VI. REPUTATIONAL RISK

Reputational risk at JMMB Group is defined as the risk of possible damage to our brand and reputation, and the associated risk to earnings, capital or liquidity arising from any association, action or inaction which

could be perceived by stakeholders or regulators to be inappropriate or inconsistent with the JMMB Group's values and beliefs as outlined in our Vision of Love.

Reputational risk is a key consideration in all activities that the Group undertakes. The Group has various policies, systems and controls in place to ensure proactive identification, assessment and management of reputational risk issues that can arise from internal or external sources. Team members are strongly encouraged through a Staff Code of Conduct and directives from management to act in a manner that reflects positively on the institution and adheres to the JMMB Group's standards.

VII. CAPITAL ADEQUACY

On an annual basis, the JMMB Group institutes an Internal Capital Adequacy Assessment Process (ICAAP) which supports our strategies and provides a comprehensive view of the risk profile and capital requirements of the Group and its subsidiaries. It also provides the mechanism to adjust our business operations and strategies given changes in the internal and external environment. Where the assessments suggest that a subsidiary could require additional capital to support the projected growth or in the event of very adverse market developments, this is reviewed by the BRC and the Board of Directors of the subsidiary and appropriate capital plans articulated.

Capital will be maintained above the minimum levels needed to support the financial profile given the Group's desire to ensure the financial stability of all entities under all plausible circumstances.

RISK MONITORING AND CONTROL

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

Periodic reports are used to inform the decisions of senior management and the Board Risk Committee with a clear understanding of the Group's risk profile. This includes compliance with risk limits, and reflects management's strategies and tactics while ensuring compliance with the Board's expressed risk tolerance.

Appendix: Relevant Regulation FY 2020/21

COUNTRY	REGULATION
JAMAICA	The Bank of Jamaica (BoJ) circulated its consultation paper on the Implementation of the Basel III Framework for review and feedback from the industry.
	Implementation of the Retail Repo Mismatch Ratio (RRMR) 20% limit which was due to start in March 2020 will be further delayed until September 2021.
DOMINICAN REPUBLIC	The Liquidity Coverage Ratio (LCR) was initiated in March / April 2020 with an initial target limit of 90% for most of the fiscal year increasing to 100% in 2021.
	Mark to Market (MTM) rules for the banking entities are now scheduled to be implemented in 2022.
TRINIDAD AND TOBAGO	As a part of the ongoing Basel II/III implementation initiative, the Financial Institutions (Capital Adequacy) Regulations became effective in May 2020 to update the way capital adequacy is calculated and reported. The full Basel II/III implementation was postponed to 2022. During the year, the Central Bank also finalized the Guidelines on the Management of Liquidity Risk for Institutions Licensed under the Financial Institutions Act, 2008.

ENVIRONMENTAL SUSTAINABILITY REPORT

The financial year 2020/21 presented a unique set of circumstances across the world, created by the Covid-19 pandemic. There were many challenges faced during the year, but it was not void of opportunities. There were several movement restrictions and lockdowns in many countries, including Jamaica, which in turn affected the whole economic ecosystem and outlook of the country as well as many businesses. Adapting to these changing and challenging circumstances was therefore essential in maintaining business operations. JMMB was no exception to this rule and therefore several of the planned environmental sustainability initiatives were also affected; however we were still able to continue with a number of others.

Despite the worldwide challenges faced this year, the Covid -19 pandemic gave the world a clear perspective on the

effects of human activities on the planet, as we saw many positive changes to the environment - such as reduction in air pollution and overall carbon emissions across the world - resulting from the movement restrictions and lockdowns that were enforced. This has reiterated the need for renewed commitment to sustainability initiatives.

Environmental sustainability therefore remains a key focus of JMMB's corporate and social responsibility and is embedded in the company values and guiding principles as expressed through our own Vision of Love. With the opportunities presented this FY we were able to accomplish the following:

WATER CONSERVATION - RAIN WATER HARVESTING AND IRRIGATION SYSTEM

- We implemented another rainwater harvesting system during the FY and this is being used for irrigation of our green spaces on Phoenix Avenue.

- We currently have a total capacity of 7,000 gallons and this is expected to increase in the next FY.

REDUCTION OF ENERGY CONSUMPTION & SUBSEQUENT CARBON EMISSIONS

- JMMB utilizes alternative energy solutions, namely Solar Photovoltaic (PV) systems, to power some of our facilities in order to simultaneously reduce our carbon emissions and dependence on the electrical grid. We also seek to increase the number of PV systems annually; however our efforts this year were impacted by the pandemic and will therefore be carried forward to the next FY.

- Our existing systems continue to produce results and achieved a 95,670 kwh reduction in energy usage for the FY 2020/21, which translated into an overall energy savings of approximately JA$4.352 mil. JMMB has therefore reduced its carbon emission by over 1,349,112 kg per year.

INSTALLATION OF INVERTER AIR CONDITION UNITS

- We continued with our mandate to replace all A/C units that are at end of life, with new inverter technology

- As a result, over 25 new inverter air condition units were installed island wide during the FY, resulting from replacement exercises as well as newly built/renovations of existing spaces. The replacement units provide a reduction of 18,755kWh per year.

INSTALLATION OF LED LIGHTS

- LED lights are standard across 100% of our facilities and we continue to extend this standard to all new and existing locations.

- We also pair our lights with occupancy sensors that control both the lighting and the air condition units in some of our locations.

RENEWABLE ENERGY LOANS

The JMMB renewable energy loan product was restructured this FY to provide more favorable terms for our clients, which will better support them in reducing their emissions and dependence on the grid.

- The loan product supports renewable energy solutions for homes as well as businesses and now offers financing for up to 100% of the cost to purchase and implement the system. The interest rate was also reduced to 8% and payback period extended based on ownership status.

- JMMB has also partnered with two renewable energy providers for the supplying of these systems to our clients. There is active engagement of new mortgagers as housing development initiatives increase across the island. This furthers our sustainability agenda as well as fuel growth targets by extending the reach and the impact of renewable energy solutions.

WASTE REDUCTION & RECYCLING

REDUCTION IN PAPER USAGE AND PRINTING

We continued to reduce our paper usage and printing needs as we deepened our electronic service delivery channels throughout the FY. The Covid -19 pandemic also provided opportunities to move further in this direction with more clients migrating to online channels to complete transactions.

REDUCTION IN EMISSIONS FROM OFFICE COMMUTE

Covid-19 presented a rare opportunity as the business was forced to re-imagine how team members work, and therefore work from home (WFH) arrangements were established. As a result this contributed to reductions in office energy usage as well as reduced carbon emissions from WFH team members not having to drive to our locations for work. We expect to see this trend continuing in the future as WFH arrangement continues and is adopted long term.

RECYCLING

We partner with an onsite shredding company to destroy our paper waste through shredding. This waste is then recycled through the partner company and hence does not end up in landfills.

SUPPORTING ENVIRONMENTAL SUSTAINABILITY INITIATIVES WITHIN THE COMMUNITY

JMMB usually gives back to the community every year by adopting an environmentally responsible initiative such as tree planting or coastal cleanup activities as its annual Labour Day project. However, due to the restrictions from the Covid-19 pandemic this initiative was not done this FY. Team members were therefore encouraged to take on labour day projects within their own spaces and quite a number of them created green spaces as part of this initiative.

The world events over this past year has served as a reminder in underscoring the importance of greater environmental stewardship and the need for institutions as well as individuals to each play our part in reducing our impact on the environment. JMMB therefore remains resolute in its commitment to contribute to the shaping of a more environmentally sustainable future and will always seek opportunities to fulfil this mandate.

GROUP CHANGE SUPPORT SERVICES AND INFORMATION TECHNOLOGY REPORT

PROTECTING CLIENTS' GOALS AND THE GROUP'S SUSTAINABILITY

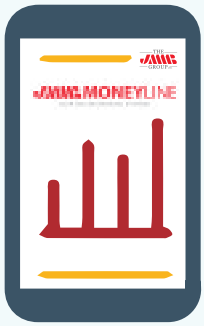
With the significant changes to our local operating environments as well as the global financial services sector brought on by the onset of COVID-19 pandemic during the year, our teams' focus was on supporting the Group's revised strategy (which emphasized protecting clients' goals) and ensuring the Group's operational sustainability. Our teams thus had a laser focus on improving accessibility for clients, implementing improved functionalities for the management of their goals via our digital channels and supporting core areas of the business in new and quickly evolving operating environments.

Our work over the last two financial years to improve time-to-market for critical digital initiatives, strengthen project portfolio governance and communication and to execute quick client and business wins was therefore critical in successfully executing projects and initiatives under this focus. During the year, we saw positive results and impactful client outcomes as we were able to effect over thirty (30) system deployments which drove:

- The realignment of the way we partner with clients by transitioning our high-transaction Investments clients to our banking business line in Jamaica to better align and meet their payments needs.

- The upgrade of the systems to support our Money Transfer business line which has experienced rapid growth particularly during this financial year.

- Improvements to service delivery and partnership with our clients through our Digital Channels including:



Functional and experience upgrades to Moneyline for our investments and banking clients

Upgrades to our website (JA) to include online chat

Implementation of EMV Visa Debit Cards (T&T)

RESHAPING OUR BUSINESS MODEL – CENTRALIZATION AND STANDARDIZATION

We continue to be at the helm of the Group's operational transformation and the build out of critical infrastructure to support its continuous organic and inorganic growth. Given the Group's expansion objectives and activities over the last three financial years, our teams have undertaken the work of transforming the Group's Operating Model to enable this growth. This has entailed significant work to adjust the existing operating model to facilitate the centralization and digitization of core internal and client facing processes. For the year, work under this area included the centralization of the Group's Client Care (Call Centre) operations in Jamaica as well as Group Visa Debit Card processing in Trinidad and Tobago. This centralization work expands the reach of our call center team as they now serve all three territories and leverages core competencies in the Group related to card processing. Both projects should yield significant synergies and efficiencies for the Group in the coming financial years.

As part of the Group's standardization imperative, we deployed standardized banking business operations in Trinidad and Tobago inclusive of the switch over of core banking and online banking platforms. From this switch, clients in Trinidad and Tobago now benefit from the proprietary communication features of Moneyline including alerts, updates and direct messaging with our Client Care Centre and our banking teams in Jamaica and Trinidad and Tobago now operate on the same core platform. In the coming financial year, we anticipate that clients in Trinidad and Tobago will benefit from improved access to our range of banking and investments solutions and services, all in keeping with our integrated approach to client partnership. We also expect in the coming financial year, to commence the standardization of our banking operations in the Dominican Republic.

These investments in centralization and standardization have reflected as a drag on the Group's efficiency ratio in the last two financial years. We, however, expect significant improvement within the next two to three years as our clients find it increasingly easier to do business and partner with us and, as we leverage core competencies across the Group to enhance and streamline our operations, making them more efficient.

ENHANCING OUR IT INFRASTRUCTURE BACKBONE

In the latter half of the year, we experienced some difficulties and disruptions on our digital platforms. Our teams were, however, able to respond effectively and simultaneously took the opportunity to improve and upgrade our infrastructure backbone to ensure reliable service as we grow as a Group and execute our ***Client First*** digital strategy. In the coming year, we will continue to build out of this infrastructure to allow for the ease of adding new business lines and services and the delivery of a seamless multi-channel experience to our clients; making our mantra of **"One Group. One Client. One Experience."** a reality.

As the Group grows and the IT landscape becomes more complex, our IT team undertook the first phase of a restructuring exercise with the introduction of the Enterprise Architecture (EA) function. One of the main objectives of this function is to build out a cost effective and nimble architecture which allows the Group to respond quickly to market and other changes. Given the current global environment and the relative uncertainty which still persists, the EA function will assist in ensuring alignment between the Group's technology investments and its strategic direction.

OPERATING IN A NEW WORLD

The pandemic precipitated an unprecedented shift towards remote work arrangements globally. The Group had a strong base on which to facilitate remote and hybrid work arrangements as we had begun work on our network security and infrastructure, video conferencing capabilities, and hardware in previous financial years. Our teams in all our operating territories were therefore able to partner with clients and collaborate successfully via a number of technology solutions, all underpinned by a robust existing infrastructure backbone. Given this shift, we bolstered our capabilities to monitor threats and identify risks to our channels and general operations. We expect in the coming year to continue to be ahead of potential threats to our operations and consistently improve our ability to identify risks and manage them appropriately.

DIGITAL SERVICES

INNOVATION AND CLIENT CENTRICITY AT THE HEART OF OUR DIGITAL SERVICES

The Group has had a rich legacy of leveraging technology to innovate the financial services market. We have come a long way since the creation of our online transaction platform (Moneyline) in 2005, which gave investors the ability to initiate and track stock orders for the first time in the region. Since then, this proprietary application has transitioned into a one-of-a-kind, robust integrated financial services transaction platform that facilitates banking transactions, equities trading, and funds management with a number of services built in to help clients interact with us and manage their goals.

This year was critical for the Group, as with the onset of the COVID-19 pandemic we had to quickly prioritize plans for the upgrade of Moneyline as well as many of our digital channels and services as we sought to keep clients and our teams safe while protecting and managing their goals. Additionally, to support the Group's diversification strategy and standardization objective, we placed a lot of emphasis on supporting the additional roll out of critical payments solutions and infrastructure for the Group's banking business line.

CLIENT FIRST DIGITAL STRATEGY

In our progressive build out of Moneyline over the last two years, we have had a single orienting mantra, ***Client First***. Simply put, this means we place our clients' functional needs at the centre of the development and design of Moneyline. As we build therefore, we build with a digital first approach in process and technical design ensuring our clients' functional needs are met, that they are empowered to complete key transactions on their own and that their user experience is easy, enjoyable, and in their best interest.

With this focus and the increased need for safety brought on by the pandemic during the year, we added core functionality features to Moneyline which empower clients to do more for themselves without having to visit a branch. We also built out core online banking functionalities which make paying bills and managing goals easier.

Under the Group's standardization and centralization imperative, we have been phasing out our legacy core and online banking systems in the Dominican Republic and Trinidad and Tobago. As we roll out Moneyline in the coming financial year, the business lines in these territories will benefit from the application's proprietary features as well as the core functionality upgrades completed during the year.

FUNCTIONALITY UPGRADES TO MONEYLINE

MANAGE YOUR ACCOUNTS - Clients are now able to add or remove accounts from their Moneyline profile without a visit to branch or calling our Client Care Centre.

REGISTER AND UNLOCK YOURSELF - Clients can now complete the process to sign–up and register for Moneyline without having to visit a branch or calling our Client Care Centre. They can also complete the unlock process to access their accounts and profile on their own.

MAKE CREDIT CARD PAYMENTS (JA) – Clients pay credit cards held at other banks.

INSTANT TRANSFER FROM INVESTMENTS ACCOUNTS TO BANK ACCOUNTS (JA) - This instant transfer allows clients to transfer dividends, gains and other funds to their bank accounts to pay bills and/or fund or start new goals.

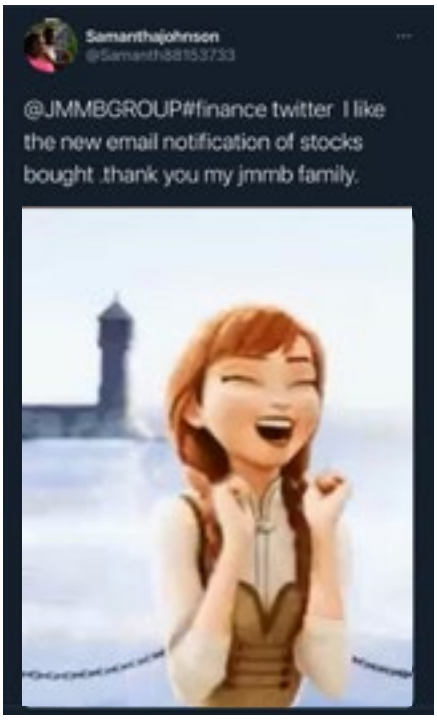
JAMAICA

REAL TIME EQUITY TRADING, REAL TIME GAINS

Building on Moneyline's inaugural feature, we were able to successfully add real-time stock trading as a feature during the financial year. With this feature, clients have access to the Jamaica Stock Exchange (JSE) order queues and can view the asking and bid prices for stocks as well as the availability or number of units being traded. In addition to saving time for the client, this empowers them to make more informed decisions about their offer

price based on market conditions and, most importantly, execute orders on their own. Given also that fulfillment orders are now processed immediately, clients can take advantage of intra-day trading gains. Clients are also able to use funds from pending settlements to place additional orders enabling them to maximize the returns on their portfolio by seizing other trading opportunities. In terms of communication, clients receive automatic email messages confirming their equity trades within minutes, and unfulfilled orders can immediately be cancelled making it easy to manage on their own.

In keeping with our commitment to partnership and client centricity, we were able to include clients in the testing and roll out of this service and have seen the benefits from this in our overall user friendliness and user experience.



EQUITY MARKET SUMMARY

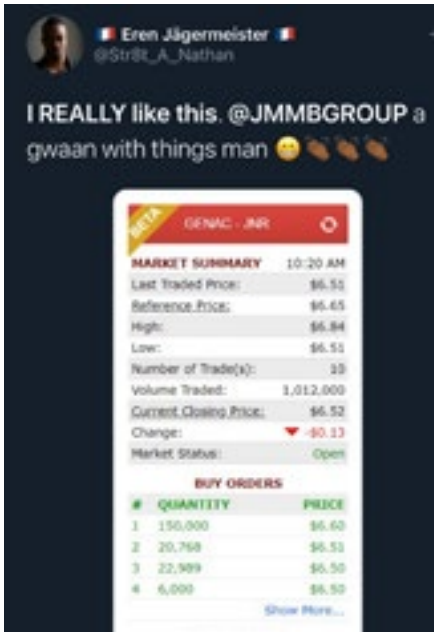
To empower clients and equip them with information to make the best decisions for their and their families' goals, we introduced the Equity Market Summary feature in Moneyline to provide clients with a better and more holistic view of both the Junior and Main markets. Clients can use the summary as a guide to make more informed trading decisions on their own as they are able to view all stock and historic data in addition to the entire buy and sell queues.

TRINIDAD AND TOBAGO

MONEYLINE LAUNCHED FOR JMMB BANK (T&T) LIMITED

As part of the Group's standardization objective, we implemented Moneyline for the banking business line in Trinidad and Tobago. With the launch, clients now benefit from the proprietary communication features of Moneyline including alerts, updates and direct messaging with our Client Care Centre.

Our objective for Moneyline standardization is twofold. Firstly, to ensure that our clients in all of our operating territories have access to the same core features and our best online services. Secondly, to yield efficiencies from running and maintaining only one online banking platform. In the long run, clients in Trinidad and Tobago will benefit from being able to access our full range of banking and investments solutions and services all in keeping with our integrated approach to client partnership. In the coming financial year, we anticipate that clients in Trinidad and Tobago will benefit from all of the upgrades to core features completed this year.



DOMINICAN REPUBLIC

BOND AND MUTUAL FUND PRODUCTS NOW ON MONEYLINE

Our clients in the Dominican Republic who have accounts at JMMB Puesto de Bolsa and Sociedad Administradora de Fundos de Inversión can now view their accounts, transaction history and message the Client Care Centre via Moneyline. In line with our standardization objectives, the introduction of these features bring the best of our proprietary features to the Dominican Republic and empowers clients by eliminating the need to call their advisors for basic account information. In the coming year, we expect to commence the implementation of Moneyline for the banking business line.

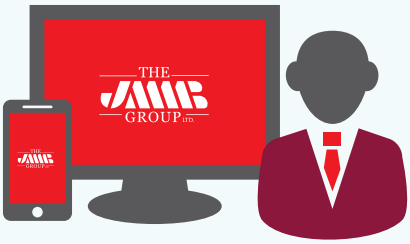
PARTNERING WITH YOU DIGITALLY, 2021 AND BEYOND

In the coming year, our focus will continue to be driven by our ***Client First*** mantra as we build out services and channels to better partner with our clients. We also know that we have some critical gaps to close in the payments space as the need for easy, safe and convenient payment methods and channels continue to be underscored by the global pandemic. We will therefore be working to deliver more value-added solutions and core payments capabilities to enhance our clients' experience across the Group. These capabilities include:

PAYMENTS SOLUTIONS

- MOBILE DIGITAL SOLUTIONS
- VISA DEBIT CARD

NEW CHANNELS



- DIGITAL ASSISTANT
- CLIENT ONBOARDING PORTAL
- MOBILE APP

CHANNEL UPGRADES

- MONEYLINE FOR BANKING BUSINESS LINE
- INTELLIGENT ATMS
- ADDITIONAL MONEYLINE FEATURES

MARKETING REPORT

Given the arrival of the COVID-19 pandemic to the Caribbean region, the JMMB Group sought to implement a marketing strategy that would support our clients while maximising the return to our shareholders.
The 2020-21 Group marketing strategy, therefore, hinged on:

- Strengthening the focus on brand-building activities, to increase the brand's connection with, and relevance to, current and prospective clients;
- Maintaining an emphasis on digital marketing to drive revenue generation; and
- Continuing to utilize all available client insights, to support growing our client share of wallet.

The outcome of this strategy proved successful as the JMMB brand continued to enjoy both strong brand awareness and brand sentiment, during a time when clients required greater empathy and presence from their financial institution.

The specific major activities that the Group embarked on, in the countries within which we have operations, were as follows:

JAMAICA

- The roll-out of additional financial education initiatives online, to assist clients and the wider public to navigate their finances. These included webinars for small and medium-sized enterprises (SMEs), thought leadership fora for our corporate clients, and the JMMB Goal Getter Live stream that was made available via social media.

- Communication activities to highlight the availability and ease-of-use of JMMB's alternative service delivery channels, to support clients in finding new ways to conduct their transactions safely.

- Promotion of special credit facilities to support clients who needed additional support, to weather the financial impact of the pandemic on their personal and/or business finances.

TRINIDAD AND TOBAGO

- The launch of **JMMBTT TV**, a new video information hub, providing financial information and education, to assist clients with their financial challenges during COVID-19.

- The introduction of the new SME unit to provide comprehensive financial solutions that support the business and financial life cycles of SMEs, including the hosting of online workshops (in partnership with the JMMB SME Resource Centre) and vision boarding exercises.

- Promoting financial solutions (such as secured and unsecured credit facilities) that best position clients who need added financial support, during a very challenging time.

DOMINICAN REPUBLIC

- Enhanced financial education content and the promotion of new financial solutions on social media, saw the brand experiencing significant growth in engagement, reach and following.
- Optimization of the client experience through digital communication channels, especially email.
- Offering financial advisory sessions both one-on-one, via a virtual platform, as well as via small group sessions and webinars.
- Strengthening the positioning of the DR website, as a portal of valuable information to support client financial education, client experience and to drive an increased number of visitors.

Family is everything

They connect our past to our future through knowledge and hope.

OUR CLIENT PARTNERSHIP

The last financial year thrust the world into unprecedented times - a global pandemic. We are deeply grateful for our clients, and for the continued partnership, in the midst of some of the most difficult times we have seen worldwide. With the onset of the pandemic, and unique challenges the Covid-19 brought with it, our goal at the JMMB Group was still laser focused on ensuring we supported and continued to partner with our clients within their financial life cycles, making our differentiators come alive in our conversations and discovering the needs and working through solutions, given our clients' unique circumstances. It was important for us to put specific focus on tracking and managing the impact of the pandemic on our existing client base, and proposing solutions that clearly showed we were in our clients' world and anticipating their needs.

We enhanced our Client Contact Strategy as our main aim was to proactively communicate with clients to find out about their overall well-being and assess how we may support their financial journey, given the effects of the pandemic. We proactively made adjustments to their portfolios, granted loan moratoriums when required, consolidated loans and encouraged client migration to digital channels of Moneyline and ATM (our new Group Visa Debit Card) for more convenience and accessibility.

We were pushed to reinvent ourselves, adapt and seek creative ways to engage our clients while maintaining our client partnership standards of exceptional client care. This challenge presented us with the opportunity to adapt some of our strategy to the virtual or digital sphere, where we focused our communication efforts through our digital ecosystem. In JMMB Jamaica (JA), this gave birth to our online Investor Webinars on YouTube, where we sought to interact even more with our clients, creating a space for us to learn, grow and empower each other to make the best choices, while increasing financial education and awareness.

In April 2020 JMMB Trinidad & Tobago (TT) officially relaunched "The Right Partner Makes all the Difference" across all entities - Bank, Investments and Express Finance. We focused on reassuring clients that JMMB Group was in fact the right partner to help them to navigate the financial challenges associated with Covid-19, by providing them with tailor-made financial solutions. JMMB Dominican Republic (DR) launched a new service channel through video calls to continue supporting the financial well-being of clients. Our clients and prospects can schedule their appointment via Zoom or WhatsApp to speak with our financial advisors at the most convenient time for them at no additional cost.

Training in JMMB's Client Partnership culture continued across the Group, where we pivoted and started virtual training with smaller groups of team members. This created a more intimate space for learning and embedding key principles and take-aways around how we wanted to continue to serve our clients as a special part of our JMMB family. With our commitment to client care and in keeping with our Vision of Love, we continue to design, monitor and measure our client experiences across the Group. Using international benchmarks for financial services, we have continued to show percentages of client satisfaction and loyalty above what is set internationally. Our Net Promoter scores for clients who would continue to recommend us to friends and family are 69% and 62% for JA and DR respectively. Some of our core strengths from our most recent Client Satisfaction and Engagement Survey include partnership, being solution-oriented, financial planning and advice, and follow-up.

Some of our client testimonials are a true testimony of our core strengths:

'It is an unparalleled delight to express how grateful I am to have Jonacé as my account manager. Account Manager in this case is only a title, because she brings far more to the table. Her authenticity, professionalism, acute attention to detail, sound financial advice and extremely warm and caring personality are just a few of her amazing attributes that make her remarkable. She goes way above and beyond the call of duty in my experience and I believe without a shadow of a doubt that she has my best financial interests at heart. Personally, Jonacé has made my experience at JMMB so seamless and pleasant that I happily brag about how awesome of a person she is and the little things that she does that really simplifies my financial life. If I had to choose one word to try and adequately describe her, it would be EXCELLENCE!

Tiffany Hamilton Tucker

...I have written and detailed to express my delight at the great service and compassion I experienced at your office. I have since told so many persons about my experience and I am so glad that you have persons in your organisation who are not inflexible, but know how to use their initiative and show compassion. I sincerely believe that the management of the organisation has a lot to do with this outcome and so I want to commend you and your staff wholeheartedly for a job well done and for making your customers feel cared about.'

Angelia Johnson

Looking ahead to the upcoming financial year, we continue to seek to be innovative and creative in delighting our clients, while having their best interest at heart throughout this ongoing pandemic. We will continue to remain steadfast in who we are, and standing for the success of all. When our clients win, JMMB wins, every time!

PARTNERING WITH SMEs THROUGHOUT THE PANDEMIC

OUR COMMITMENT TO SMALL AND MEDIUM BUSINESSES THROUGHOUT THE PANDEMIC

Financial year 2020/2021, a year like none other, was hard on families, schools, churches and businesses. As we all sought to navigate government implemented measures aimed at arresting the spread of COVID-19, many small and medium businesses wrestled with reducing, managing and, in some cases, closing their operations entirely. Our strategy as a Group placed key emphasis on protecting clients' goals and for small and medium enterprises. We were acutely aware that this would mean extra coaching and support, tangible resource support and an unwavering commitment to partnership and redefining the way businesses are supported at every stage of their life cycle. With this, our teams across the region pivoted our strategy and operations in order to partner with, and meet the needs of our SME clients during the difficult period.

CLIENT PROTECTION & PARTNERSHIP

For the first half of the year, our focus was squarely on ensuring the safety of our teams as they partnered with clients remotely, in branch and via the Group's Resource Centre. With the many constraints imposed due to capacity and movement restrictions, our initiatives focused on ensuring that our onboarding process was easy and that our client support framework was robust, accessible digitally and the process of doing business with us was improved. We also ensured our teams were equipped through continuous training to deliver advisory services, coaching and support to clients at differing stages of their business' life cycle as they adjusted during the period. Most importantly, noting that debt financing would be critical for businesses as their business models shifted and their revenues were affected, we continued work on refining our credit adjudication framework to ensure that financing is more accessible for businesses at differing life cycle stages.

01 EASY CLIENT ONBOARDING AND IMPROVED PROCESSES FOR DOING BUSINESS WITH US

02 IMPROVED DIGITAL SERVICES, SOLUTIONS AND ACCESSIBILITY

03 MAKING IT EASIER TO ACCESS DEBT FINANCING

PARTNERSHIP IN ACTION – JMMB GROUP SME RESOURCE CENTRE

The Group's Resource Centre was a particularly important channel during the period as it remained a critical touch point for clients and was the source of a wealth of information and provided access to tools to help clients scale and manage their operations. Having officially launched in Jamaica in May 2020 and in Trinidad in July 2020, the Resource Centre team, who received a collective 96.5% client satisfaction rating during the year, was able to:

- Successfully launch SME Pulse newsletter and issue four (4) publications for the year
- Successfully execute 25 virtual events and take part in 56 external events aimed at supporting businesses in a variety of areas from funding options, to tax management financial reports and corporate governance

- Complete 146 Comprehensive Needs Assessments on clients which will help them plan and execute the next steps for the growth of their businesses

- Successfully launch the SME directory with 76 clients; these clients will now have access to a platform to widely market their products and services

- Refer 330 clients internally to the Group for solutions which specifically met their investment and banking needs, 116 clients to partners of the SME Resource Centre to assist with non-financial needs and on-boarded 16 partners in Jamaica and Trinidad and Tobago who will offer business development support and resources.

COUNTRY HIGHLIGHTS

Financial Year 2020/21 marked the first full year of our revised in-branch partnership structure and supporting SME relationship units in Jamaica and Trinidad and Tobago. We are encouraged by the progress made as the country teams achieved strong results and were able to execute and launch critical initiatives aimed at improving access to financing.

JAMAICA

In addition to an intense focus on partnership and coaching clients through the many challenges they faced due to government imposed curfews and movement restrictions, the Jamaica team quickly designed and implemented a COVID-19 Relief Package aimed at relieving the pressure of loan payments and offering financing options at reduced rates.

In executing this, the Unit which is spread across the JMMB Bank (JA) Ltd. branch network, reached out to all clients in the portfolio and designed tailored solutions based on each client's need inclusive of external debt consolidation and moratoriums where appropriate and needed. The team also continued to target high potential clients who were positively to largely unaffected by the pandemic. These included gas/service stations, pharmacies and companies who provided procurement services to the government. As restrictions were relaxed, clients who were negatively impacted showed increasing willingness to proceed with their growth plans and our teams have been engaging with them to revise, restart and/or augment their goals. Through the teams' consistent outreach and support during the period, they were able to close the year with $1.79B in disbursements and with Funds under Management (FUM) of $643.5M.

IMPROVING ACCESS TO FINANCE

On a national scale, our team has been actively playing a role in improving the landscape for accessing financing solutions for small businesses. In 2019, the Private Sector Organization of Jamaica (PSOJ) launched its Access to Finance Facilitation Panel (AFFP) whose aim is to dramatically transform the local financing ecosystem to foster the growth of small businesses in Jamaica. Our team has played an integral role in the programme as both the head of the Group's Resource Centre and SME Relationship Specialist at JMMB Bank (JA) Ltd. sit on the project team and have provided support on various work streams. As the devastating impact of COVID-19 began to unfold at the beginning of the financial year, the AFFP pivoted and began to focus on critical factors

for businesses to overcome COVID-19 successfully. To support this, our team stepped in with sponsorship of the progamme's Digital Conferences, participated at events held by the programme. They were also guests on the largely successful COVIDCAST JA.

Another big win in improving access to financing was the work done to revise our credit adjudication process. Several changes were made to improve turnaround time and our assessment methodology including:

DEDICATED OFFICERS AND ADJUDICATORS NOW IN PLACE

Facilitates faster turn-around time

SME SPECIFIC LENDING GUIDELINES CREATED

Contemplates and includes more of the realities faced by SMEs during the review process

FULL NEEDS ANALYSIS DONE ON ALL CLIENTS TAKING INTO ACCOUNT ALL THEIR FINANCIAL NEEDS

Allows us to offer fit-for-purpose solutions across banking, investment, insurance, etc

CONDITIONAL APPROVALS GRANTED TO PROGRESS APPLICATION

Empowers clients and saves them time and money

JAMAICA HIGHLIGHTS

Successful launch of SME Unit

Credit adjudication process built out to improve access to financing

New SME Relationship Managers deployed to branches

NEW SOLUTIONS FOR PARTNERING IN 2021 AND BEYOND

In the coming year, we anticipate the formal launch of our EXIM Bank Loan Guarantee Programme which is a solution that mobilises financing for SMEs who do not have adequate collateral or security to support funding applications. Lastly, we will continue work on our proposal to provide preferential terms to SME customers of heavy-duty equipment through IMCA Jamaica Ltd., partner with associations to provide preferential rates for their members in addition to continuing to work on a Reverse Factoring platform product with the Development Bank of Jamaica.

TRINIDAD AND TOBAGO

Much like Jamaica, many of our clients in Trinidad and Tobago were forced to reduce their operations or close their doors due to movement restrictions and regulations implemented to control the spread of the

COVID-19 virus. The team, however, remained focused on delivering a full suite of partnership and support services.

To improve service delivery, the previously launched stand-alone SME Unit was absorbed into JMMB Bank (TT) Ltd.'s Business Banking unit. This team now has a complement of 12 members inclusive of a new Head of Business Banking who now resides at our Head Office in Chaguanas. With the move, the team was able to revamp its database of clients and allocate portfolios to all relationship managers to ensure each client was matched personally and appropriately based on their size and industry. Most importantly, by staying close to clients during the period and providing tailored solutions to meet their needs, the team was able to close the financial year with $133M TTD in disbursements and making significant progress in the reduction of delinquency. The team also successfully launched a commercial mortgage campaign which includes attractive terms and will be augmented with a new Insurance Premium Financing product in the coming financial year.

TRINIDAD AND TOBAGO HIGHLIGHTS NEW SOLUTIONS, PROCESSES AND OPPORTUNITIES TO BETTER PARTNER WITH SMES

Successful restructure of SME Unit

Client database revamped and Relationship Manager reassign-ment

Commercial mortgage campaign launched

In the coming financial year, the team will continue its work to create more needs-based solutions inclusive of an attractive insurance premium financing solution to complement our new commercial mortgage product. In an effort to make doing business easier with us, we will also be reviewing our processes to ensure that loan applications are reviewed quickly and efficiently. The team will also meet with all major trading groups and agencies to harness opportunities. These will include InvesTT, ExporTT, the Trinidad and Tobago Manufacturers Association (TTMA) and the Supermarkets Association of Trinidad and Tobago (SATT), among others and continue to our focus on building out mutual opportunities and better solutions to meet client needs.

DOMINICAN REPUBLIC

In the Dominican Republic, the team maintained its focus on creating tailored solutions to meet the needs of SMEs in specific sectors, improving the team's productivity and establishing a more dominant presence in the market.

As with clients in Jamaica and Trinidad and Tobago, our clients in the Dominican Republic faced much disruption to their operations. Many had to scale down and lay off staff while others closed their doors entirely due to the impact of the extended island wide restrictions implemented to control the spread of COVID-19. Seeing this and its potential impact on the vulnerable and our target sectors, the team sprung into action and started a program of virtual visits to exporting companies of agricultural and meat producers to offer debt consolidation solutions given that for many, their revenues had been affected and would continue to be affected for an undefined period. This focus proved fruitful as eighteen (18) commercial SMEs successfully consolidated debt while others received critical additional working capital to keep their businesses afloat.

Adding to the suite of innovative solutions built in the last year, the team continued to develop alternate financing solutions for solar panels, medical equipment, inventory collateral and construction loans via trusts. These additional solutions contributed US$3.4M to total disbursements.

In the true spirit of partnership, the team selected a group of young baseball players to provide financial advice and support in the management of their funds and investments in businesses. In addition to the relationships forged, the team achieved a 50% conversion rate of this service as they brought on new

clients from this group.

The team also recognized that given their limited branch network reach outside of Santiago and Santo Domingo, they had to focus on finding innovative ways to support clients in provinces where JMMB does not currently have a presence. Through the use of technology to extend our reach, this initiative yielded success as the team was able to assist in the provision of loans to businesses of US$1M in disbursements. The team also bolstered their reach and support by engaging a private university to give finance lectures to entrepreneurs across the country, a further value-addition for SMEs and our clients across the country. Internal expertise was also improved as the partnership team received critical training on the formalization and structuring of commercial loans.

DOMINICAN REPUBLIC HIGHLIGHTS
LOOKING AHEAD, PARTNERSHIP WITH SMES IN THE DR 2021 AND BEYOND

New solutions rolled out to meet target sector Specific Financing Needs

Expanded islandwide reach to improve service delivery and partnership

Successful Implementation of Relief Program to Affected Sectors

Work on the execution of our SME strategy in the DR will kick into high gear in the coming year as the team continues to work towards implementation of the Group's standard core banking platform, Temenos, as well as the Group's online banking platform, Moneyline. This should improve productivity and broaden access to solutions and services to clients online.

Calm

Taking care of ourselves is important for our well-being.

GROUP CULTURE AND HUMAN DEVELOPMENT

We are purposefully fueled by the Vision of Love

Through our people policies, cultural activities, learning and development opportunities, the JMMB Group (the Company) fosters a family environment which is collectively intended to manifest the Vision of Love.

It is for this reason that we continue to work on building strong bonds and partnerships among our team members and with our clients, all with the deeper intention of increasing each family member's experience of Love and the expression of the greatness within our JMMB family.

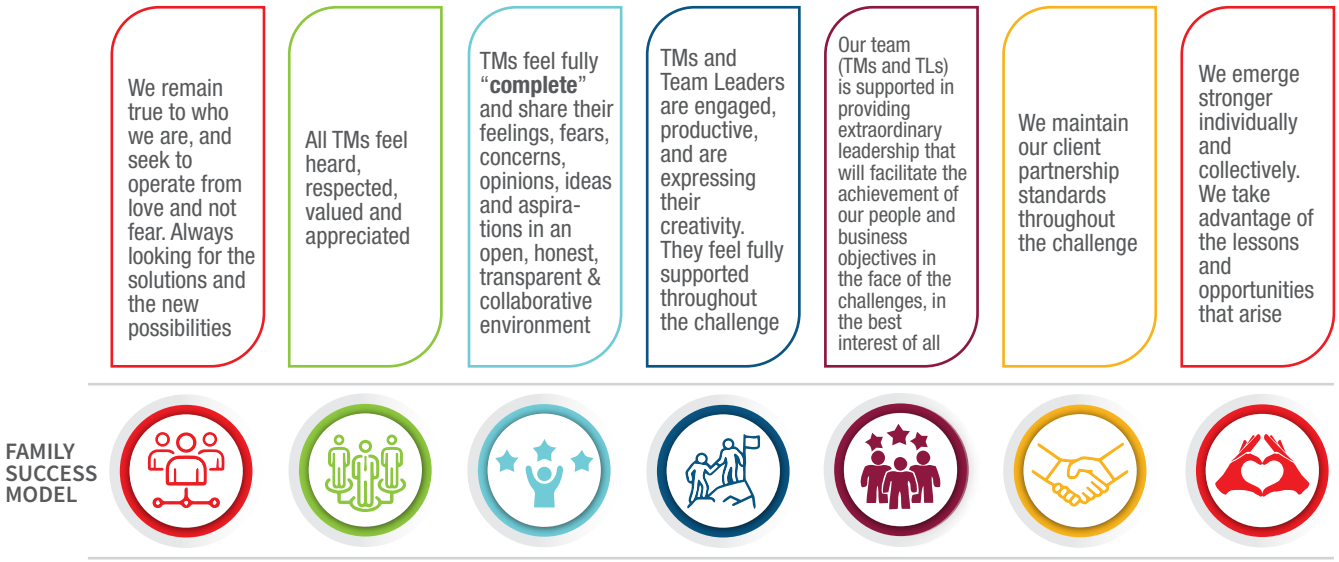
COVID-19 presented us with unprecedented challenges which called for a creative plan of action that supported and served our team members, the JMMB Group and ultimately our valued clients.

Consistent with our Family Success Model (figure 1), and anchored in our commitment to keeping our team members' best interest at heart, the Company was intentional about employing our seven (7) pillars that make-up JMMB's Guiding People Principles Through Change (figure 2) across the entire organization.

JMMB FAMILY SUCCESS MODEL

The JMMB team in keeping with our core values rose to meet the demands of this unique and extremely demanding period and showed extraordinary leadership, resilience, commitment, resourcefulness and dedication.

JMMB'S GUIDING PEOPLE PRINCIPLES THROUGH CHANGE



AREAS OF FOCUS ACROSS THE GROUP

The areas of focus during this period were implementing work from home arrangements, strengthening team member engagement, continuing with learning and development especially in the area of online training and managing people expenditure.

AREAS OF FOCUS ACROSS THE GROUP INCLUDED

Leveraging on the Covid-19 Work From Home (WFH) arrangements, we reimagined people work options and identified win-win solutions to maximize productivity and performance, while increasing operational efficiency, again consistent with the Family Success Model.

We continued to strengthen our culture through targeted team engagement strategies aimed at ensuring that Team Members remained motivated and productive.

Happy, cohesive, high performing teams where team members feel connected and own their roles inside the JMMB Team Member community

We maintained our commitment to investing in the development of our Team Members, and transitioned to delivering all areas of our training online.

We took a principle based approach to managing People Expenditures through the COVID-19 Global Pandemic in 2020.

As a company founded on love and best interest, we are committed to the growth, holistic development and well-being of our team members. As such a group response plan was developed acknowledging that the new way of operating would largely be a new way of being for all of us, taking into account the social and psychological possible impact it may have on our team members. The group response plan looked at the following:

- Team member well-being
- Team member policies and procedures
- Team member protection and safety
- Internal communication
- Changing work processes
- Business continuity plan
- Monitoring and reporting

GROUP CHDT RESPONSE PLAN - KEY ELEMENTS

PEOPLE EXPENSE MANAGEMENT PRINCIPLES THROUGH THE PANDEMIC OF 2020

Our mission is to ensure everything we do at JMMB, is ultimately to help everyone to experience love and to realize the greatness in themselves, their families and their communities. As such our people expense management principles that guided the pandemic were equitable and had the best interest of all at heart, including our directors, shareholders and team members. These decisions led to:

1. No redundancies to permanent team members outside of previously planned restructuring due to core system changes

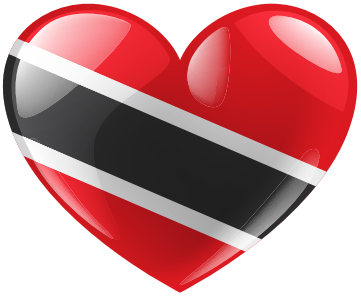
2. No reduction in working hours as we were able to redeploy team members where necessary

3. Remote work arrangements to facilitate social distancing

REMOTE WORK ARRANGEMENTS:

To have Effective Mutually Beneficial Remote Work Arrangements fully in place across the Group

TMs working from home full-time	TMs partially working from home /<90%
23%	25%



TMs working from home full-time	TMs partially working from home /<90%
15%	15%

TMs working from home full-time	TMs partially working from home /<90%
15%	15%

Excerpt from the Vision of Love

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

Play

Remember to have some fun along the way.

OUR VISION OF Love

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

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

This is the central ethos / philosophy of JMMB and becomes more challenging as the organisation increases in size. This innovative approach to life represents a new way of looking at the world, where equality and equity are dominant. Hence, this represents a paradigm shift.

JMMB is therefore, actively and publicly involved in charitable and voluntary activities within the society and recognises and accepts its social responsibility, understanding that it has everything to do with JMMB which is part of the link in the wider chain. With this perspective, the JMMB team recognises diversity, while celebrating differences among team members, realising that there are commonalities that bind members together. When this “One-Ness” is accepted, nurtured and developed, this enhances the ongoing implementation of the shared vision. The intention is to ensure that wherever conflict exists, we aspire to a positive outcome.

JMMB is committed to life in all its abundance. Accordingly, team players recognise the links between the organisation and the wider society and the inter-relatedness of all life. In keeping with this, JMMB is committed to being actively concerned with the conservation, preservation and sustenance of the natural environment in order to ensure sustainable development.

The atmosphere that JMMB is in the process of developing, may be defined as an energy field where overlapping circles of creativity, passion, excitement, fun and laughter coexist in a dynamic process that ultimately leads to higher levels of self-actualization; hence, the achievement of the organisational mission. This is a loving, caring and honest atmosphere where ideas are valued and shared openly; where a balance is created between aspirations and practical aspects of work and life, between actualization and potential. There are no fears, no limitations, no boundaries. Team members are therefore expected and encouraged to be genuine, taking responsibility to express anything they feel, knowing that it is safe to do so. To ensure this, JMMB is committed to providing an open forum for ideas to be discussed, tested and implemented in order to help each other grow.

Team members, therefore, envision JMMB as the premier financial institution of its kind: successful, professionally managed with excellent team members giving exceptional client care and striving to achieve excellence in all areas of life. Team members see JMMB continuing to expand beyond Jamaica, retaining its spiritual characteristics and therefore, developing all the disciplines required for its continued success.

DECLARATION

I believe so strongly in myself that I will not get defensive by criticism as I know that every experience is an opportunity for growth. I will nurture and build my fellow team players. I will use every opportunity to praise and give thanks. I embrace the uncertainty that forms part of my vision. I have a strong enough faith to know that everything that happens along my path happens for a reason, and that all things work together for my good.

JMMB | JOAN DUNCAN FOUNDATION

The year 2020-21 continued to present challenges locally and globally that stretched our capacity for agility, creativity and resilience. At the JMMB Joan Duncan Foundation, JMMB's core values of love, openness, honesty, integrity and care became even more of a driving force as we stood firm in our commitment to nation building and people empowerment. As economic hardships increased and the unpredictability of the upcoming months became more apparent, the Foundation quickly examined its operations and adjusted plans in order to navigate the crisis while still fulfilling our mandate.

The Foundation continued to execute projects and programmes, while ensuring the health and safety of all concerned. We continued to partner with individuals and organizations to meet the needs, which have been even greater during the pandemic, in the areas of education, transformational leadership, youth entrepreneurship, capacity building and community development. One key partnership that we were very pleased to support was the PSOJ COVID-19 Jamaica Response Fund, aimed at mobilizing and distributing resources to assist vulnerable citizens.

The timeline for some initiatives including regional expansion of the Joan Duncan Foundation in the territories within which we operate were extended; however, we remain focused and indeed excited about "The Positive Transformation of Lives and Nations, To Support the Creation of Oneness and the Realization of Greatness" in these territories.

We are delighted to share the details of some of our key initiatives for the year 2020-21.

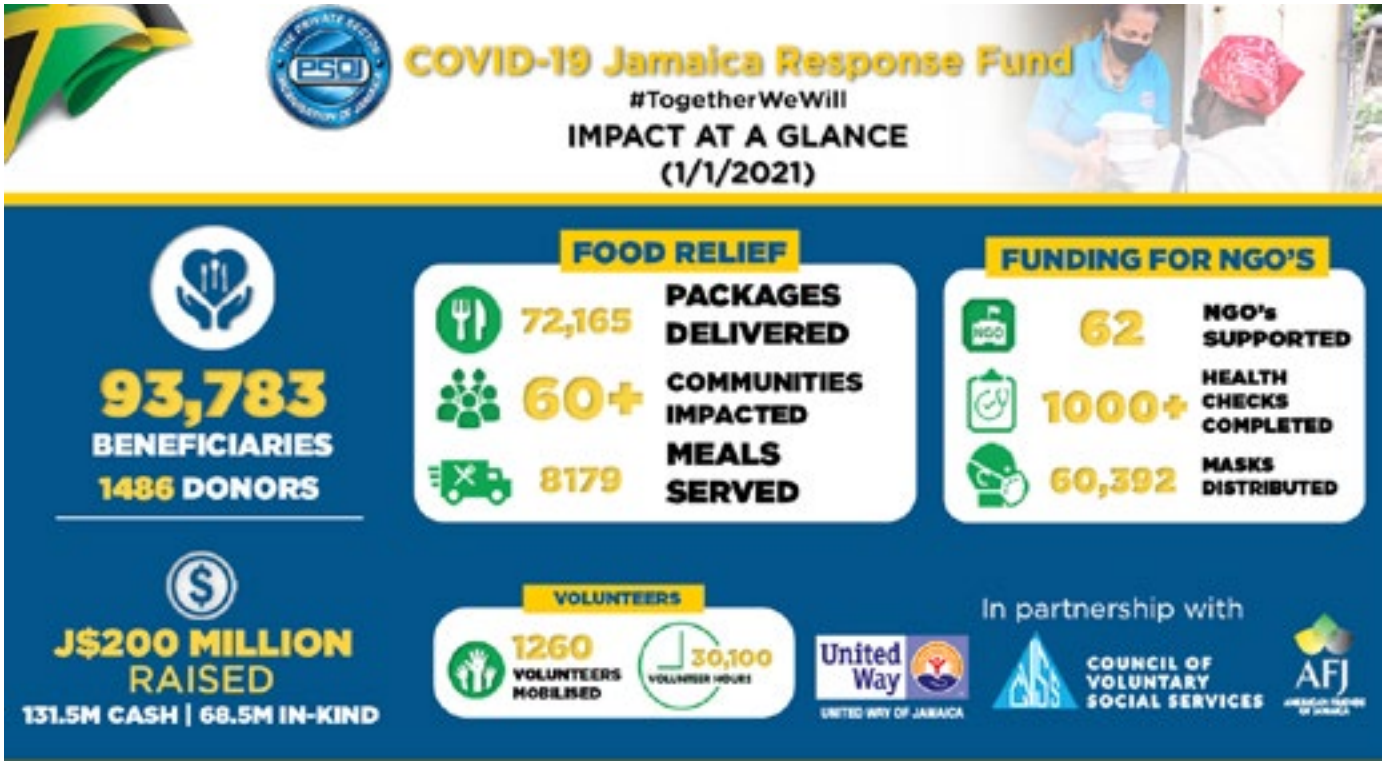
COVID RELIEF

FOOD PACKAGES

The JMMB Group through the JMMB Joan Duncan Foundation was one of the first corporate organizations to commit support for the distribution of food packages (in the amount J$10 Million) through the PSOJ COVID Relief. The fund was aimed at mobilising and distributing resources for the protection and welfare of Jamaicans, through a multi-sectoral partnership including other umbrella organisations such as the Council of Voluntary Social Services (CVSS), The United Way of Jamaica (UWJ), American Friends of Jamaica (AFJ), and other key stakeholders.

JMMB Joan Duncan Foundation CEO, Kim Mair noted, “We were very happy to be a part of this initiative, because of the difference it made in the lives of our fellow Jamaicans, especially some of the most vulnerable individuals in our society; by helping to take care of their welfare and provides some financial protection during this difficult time. We see this as part of our commitment to share in the inter-relatedness of all life.”

The PSOJ COVID-19 Jamaica Response Fund was a powerful example of the positive impact that can be made through partnership with individuals and organizations who choose to serve with unconditional love for the betterment of our fellow citizens.



TABLETS FOR SCHOOLS

A call for support of the 'One Laptop or Tablet Per Child' initiative (introduced by the Ministry of Education, Youth and Information (MOEYI)), was made by the PSOJ for corporate companies and individuals, in Jamaica and in the diaspora. The JMMB Joan Duncan Foundation was quick to respond. We donated 400 tablets and data valued at J$10 Million to 32 primary schools island wide, to enable vulnerable students to fully participate in online learning. In an effort to provide a holistic solution to address the digital divide, along with the provision of tablets, the Foundation provided each student recipient a SIM and data on a monthly basis to enable connectivity.

Little Jaedon Reid (right), a student at Salt Savannah Primary and Infant School, is a picture of excitement as CEO of JMMB Joan Duncan Foundation, Kim Mair hands him a tablet as part of the Foundation's support of the 'One Laptop or Tablet Per Child' initiative, and in response to the call made by the Private Sector Organisation of Jamaica (PSOJ), for individuals and corporate companies to lend a hand to the initiative to assist students to participate in remote learning. The Foundation has donated approximately 400 tablets to 32 schools islandwide.

JMMB's client partnership manager at Haughton Terrace, Rockann Lee Crawlle (right) shares an elbow bump with Rahkeem Davis (foreground, left), a student at Clan Carthy Primary, who is a happy recipient of one of the tablets provided courtesy of the JMMB Joan Duncan Foundation, as part of the 'One Laptop, One Tablet Per Child' initiative. Sharing in the moment are: Sheldon Richards (left), Clan Carthy Primary principal and Donald Foster, chairman of the school board. The Foundation contributed J$10M towards the initiative spearheaded by the Ministry of Education, Youth and Information (MOEYI) along with the Junior Achievement Jamaica and National Education Trust (NET), aimed at providing 100,000 students, including children with special needs and wards of the state, with devices to enable full participation in online teaching and learning.

NATIONAL PROJECTS

CONVERSATIONS FOR GREATNESS

CONVERSATIONS FOR GREATNESS (CFG) SCHOOLS PROGRAMME

The Conversations for Greatness (CFG) In-Schools programme which has impacted approximately 5,400 lives over five years, continued this financial year and will come to a close in June 2021, having kept our commitment to the schools engaged. This transformational conversation continues to inspire educators and entire school communities, to take a stand for themselves and their students to manifest their greatness and transform their lives. The stories of transformation are many.

One school community in Trelawny was impacted in several positive and significant ways. After the closure of a sugar factory, parents migrated in search of work, having to leave their children, creating challenging circumstances. The impact was felt quickly at school, but because of the ongoing Conversations for Greatness with staff, an exciting initiative was born. They developed a mentorship programme for approximately 30 children with staff members from all categories, academic and ancillary, taking the children under their wings as "School Mothers". This mitigated the displacement experienced by the children. The school in that period reported a marked decrease in absenteeism, antisocial behavior and also indicated that grades showed improvement. The Education Officer for the region recommended the programme to be replicated in other schools.

The power of the CFG tools was also manifested in the life of a teacher, now Vice Principal of the school. Prior to CFG she indicated that being Vice Principal was not a future she had ever imagined for herself; however, through CFG she experienced

a transformation which opened her up to limitless possibilities. A second teacher reported starting her own business. She now boasts of the success of that enterprise and credits CFG for the confidence gained to see possibilities for herself and to step into action. Though just one example among many, this school represents the heart of what CFG set out to accomplish in the schools across Jamaica: Transformation of the individual and the community.

Given the challenges associated with COVID, this fiscal year we adjusted our approach and delivery method so that we could continue to engage meaningfully with 26 schools that were fairly advanced in the programme in order to bring them to completion. This phase of CFG will be complete in June 2021. We will continue to contribute to nation-building and support an authentic and transformational culture through this powerful programme.

MULTICARE YOUTH FOUNDATION (M.Y.F./ Y.U.T.E.)

As the primary sponsor of the programme, over the past seven years, The JMMB Joan Duncan Foundation continued to enable the training, matching and tracking of successful mentor/mentee relationships, totaling 650 at the end of the 2020-21 year. Because of our belief in mentorship as a powerful intervention tool and an effective way to enhance young people's awareness of and belief in their own potential, helping them achieve educational, career or life goals, the Foundation was delighted to be able to maintain this partnership.

While the programme's reach and face-to-face interaction were limited due to prevailing conditions, the MYF was able to adjust its training to engage mentor/mentee participants virtually. For the period April 2020 to March 2021, 30 additional participants from the YUTE Teach Early Childhood Training programme were engaged in the year-long mentorship intervention.

The MultiCare Youth Foundation has thanked JMMB Joan Duncan Foundation for its care and support for, and collaboration with the MYF in offering the rich benefits of mentoring to provide life-changing opportunities for Jamaica's youth.

CHILD RESILIENCY PROGRAMME

The JMMB Joan Duncan Foundation continued its support of the programme operations of the Child Resiliency Programme (CRP). This year the programme scaled back operations, concentrating its efforts at the Boys Town centre only. Our support this year facilitated programme delivery to 62 children in a blended delivery methodology. The purchase of tablets to facilitate the virtual delivery of activities and the cost associated with the continued support of families via phone calls, WhatsApp video teaching and home visits was also under taken.

Of significant note was the improvement in the engagement of parents due to the increased dependence on home and family for both the referral of the children, and the actual delivery of the programme resulting from the absence of the usual school referral system. Notwithstanding, significant effort had to be placed on building the resiliency and wellness of the staff themselves to be able to continue the programme delivery in these challenging times. We are pleased to have been able to support the development of A Peace Building, and Resiliency and Wellness Training Manual in support of the dedicated team.

The staff, children and parents of the Child Resiliency Programme continue to express their extreme gratitude for the ongoing support of the JMMB Joan Duncan Foundation.

EDUCATION

SCHOLARSHIPS

As a result of the pandemic and the severe disruption to the school year, parents, students, policy makers, school administrators and other education stakeholders grappled to find the best approach to provide quality education, in an equitable manner. Given our commitment to education, The JMMB Joan Duncan Foundation awarded 42 scholarships for Academic Year 2020/21 in support of Jamaica's youth. Deliberate emphasis was placed on final year tertiary students, whose ability to complete their programme would have been jeopardized by the increased financial fallout due to the pandemic. This support we believe has afforded them the opportunity to continue seamlessly to the next stage of their educational and professional journey.

JOAN DUNCAN SCHOOL OF ENTREPRENEURSHIP, ETHICS AND LEADERSHIP

Moving from the UTECH campus to the studios of TVJ, the 7th annual Joan Duncan Memorial Lecture brought into sharp focus, opportunities which abound for entrepreneurs to take advantage of doing business in the digital global space, particularly in the context of the COVID-19 pandemic and restrictions placed on operating in the traditional brick and mortar space. Sharing their expertise in the lecture titled, "Digital Entrepreneurship, Breaking Boundaries" were practitioners in the digital space: Tyrone Wilson, founder, president and CEO of iCreate; and Stacy Kirk, CEO, Quality Works Consulting Group, California, US.

The panel of participants in the form of (from left) Hector Wheeler, AVP, advancement, UTech, Jamaica, Tyrone Wilson, CEO of iCreate, Patricia Sutherland, chairman, JMMB Joan Duncan Foundation, Professor Colin Gyles, actg. Principal, UTech, Jamaica and Stacy Kirk, CEO, Quality Works Consulting Group, California, USA (not shown in photo), following the recent Joan Duncan Memorial Lecture, broadcast live on TVJ.

The Joan Duncan Memorial Lecture honours the vision, mission and passion of our late corporate leader and JMMB co-founder, Joan Duncan, for whom the Joan Duncan School of Entrepreneurship, Ethics and Leadership has been named.

UWI ENDOWMENT

The Joan Duncan/JMMB Endowment was established to provide scholarships and bursaries, student development and training programmes at the University of the West Indies, Mona (UWI), and to support Mona School of Business & Management (MSBM) academic staff development. We continue to enjoy a fruitful relationship with UWI through this partnership.

ENTREPRENEURSHIP

In fulfilling our mandate to nurture young entrepreneurs and foster good corporate social responsibility in new business ventures, the Foundation continued to support competitions among tertiary institutions to encourage innovative business plans. This year, the JMMB Joan Duncan Foundation supported both the UWI Vincent Hosang Venture Challenge and the UTECH Business Model competitions which pivoted to online delivery of their competitions. Teams of budding student entrepreneurs participated in the 2020/21 competitions, demonstrating an apt response to the "new normal" business environment by showcasing digital solutions to current problems and gaps in the market.

PRIVATE SECTOR ORGANISATION OF JAMAICA PARTNERSHIP

Expanding our involvement with Entrepreneurship through partnership with the Private Sector Organisation of Jamaica, the Foundation continued to support the PSOJ's Access to Finance Facilitation

Panel (AFFP) thrust to increase awareness and education around the reforms needed for the Micro, Small and Medium Enterprises (MSMEs). A central hub was established, which provides access to information for businesses - ***https://www.smallbusinessportal.com/psoj-affp-project*** and includes information on grant funding, financing and training.

In August 2020, an online conference was hosted and Facebook Live chats continued on the PSOJ: Financial Access Jamaica page hosted by Nevada Powe and Rochelle Cameron called #COVIDCastJA. This format was a response to having to change the method of delivery to reach more persons during Covid-19 while limiting physical gatherings.

JUNIOR ACHIEVEMENT JAMAICA (JACE)

As we continue to build out a more robust entrepreneurship programme, we reengaged with Junior Achievement and partnered with them for their Junior Achievement Company of Entrepreneurs (JACE).

The JACE Programme is a hands-on entrepreneurship course for Grade 9 students in high schools across the country. It is a part of the Ministry of Education, Youth and Information's National Standard Curriculum. For the 2020-2021 school year, over 70 schools were enrolled in the programme across all parishes. Our efforts focused on supporting the Marketing Maven Competition which endorses the marketing teams for each student company.

COMMUNITY INVOLVEMENT

Due to restrictions on gatherings, team members were not able to be physically involved in community outreach activities for the period. However, the Foundation remained steadfast in our commitment to communities, primarily through our COVID 19 response activities. Though in a much smaller scale, we were also still able to support the virtual Sagicor Sigma run benefiting the Annotto Bay and Port Antonio hospitals.

CUMI – COMMITTEE FOR THE UPLIFTMENT OF THE MENTALLY ILL

If ever there was a time when awareness of the importance of mental health was paramount, this COVID-19 season would certainly rank among them. The JMMB Joan Duncan Foundation's commitment to The Committee for the Upliftment of the Mentally Ill (CUMI) has been of even more significance during this financial year.

Joy Crooks (L), of the Committee for Upliftment of the Mentally Ill (C.U.M.I.), spends some quality time with C.U.M.I.'s client Sarah (R) . C.U.M.I. provides a safe haven for those with mental health challenges, while assisting them to learn life skills needed to thrive socially and creatively.

Through our ongoing funding, CUMI continued its support for clients in the communities it serves. Despite having to re-structure and reduce in some cases, to facilitate the Covid19 protocols and safety measures for clients and staff, daily operations continued in order to maintain client rehabilitation programmes and stable mental status. Clients remained able to utilize the facilities for general self-maintenance i.e. grooming, laundering, two meals per day (breakfast and lunches) and most importantly the taking of medication and related clinical services.

Of significance was increased focus and allocation of resources in supporting caregivers, family and friends of clients with mental health challenges given the barriers to accessing CUMI facilities at times, due to curfews and quarantine requirements.

CUMI has expressed sincere appreciation to the Joan Duncan Foundation for our continued, reliable support even through these difficult times. "It is reassuring that the Foundation's contributions could be relied upon."

TRANSFORMATIONAL TRAINING

We believe that providing financial donations is only a part of the larger contribution we as a Foundation can make. Providing a transformational experience in addition to donations empowers recipients to make the most of every opportunity. In the true JMMB spirit originally championed by our co-founders Joan Duncan and Dr. Noel Lyon, participants are empowered with a possibility thinking mindset and given practical tools as they continue on their journey to make their unique mark toward an "infinite, prosperous and abundant society & Universe" (VOL). Every individual or entity that receives funding, regardless of the size or nature of the contribution, is invited to participate in a six-hour version of our transformational workshop, Conversations for Greatness, which supports persons in tapping into and unleashing their individual and collective greatness.

The period 2020-2021 brought with it unique challenges resulting from the COVID-19 Pandemic. The Foundation chose to rethink the approach to sharing these workshops with beneficiaries, and launched its virtual programme, offering CFG Workshops to persons through online portals. This gave participants the ability to connect from the comfort of their own environments, safe from exposure to COVID-19. Workshops were also restructured to accommodate the differences required in the virtual space. Our beneficiaries however were also adjusting to the pandemic, and so uptake for the workshops was significantly lower than usual with an increased rate of engagement only in the last quarter of the period.

The impact of the pandemic also inspired a new project – the creation of a Conversations for Greatness Web-based Application (CFG App). This is an exciting project for the Foundation, aimed at engaging participants in the digital space. The application will allow new and existing members of the Conversations for Greatness community to develop the practices required to build and strengthen a transformational mindset. This will be achieved through the provision of interactive content, workshops and other types of live and pre-recorded sessions. It is also intended to become the vehicle through which the CFG Community can engage through conversations with each other, including in real time should they so choose.

Although Q1 focused on identifying partners and fine-tuning the vision for the application, the project, dubbed "Project Greatness" was officially launched in August 2020 and the application was expected to start Beta testing in May 2021.

We end this year in a spirit of gratitude and hope. Grateful that we have been able to continue to impact lives in significant ways through one of the hardest periods Jamaica has ever seen, and hopeful that through the power of love and service, Jamaica will rise and rebound even stronger.

Let go

The unknown is what makes life worthwhile.

TOP 10 SHAREHOLDERS

AT 31 MARCH 2021

SHAREHOLDERS	SHAREHOLDINGS	ORDINARY SHARES 1,955,552,532 %
PROVEN INVESTMENTS LIMITED	391,310,525	20.010
TRUSTEES JMMB ESOP	182,733,515	9.344
NATIONAL INSURANCE FUND	108,231,640	5.535
COLONIAL LIFE INSURANCE CO (TRINIDAD) LTD	103,453,776	5.290
PANJAM INVESTMENTS LIMITED	68,071,220	3.481
SJIML A/C 3119	55,772,550	2.852
CONCISE E.I. LTD	48,438,366	2.477
JVF O.E. LTD	43,900,000	2.245
SAGICOR POOLED EQUITY FUND	43,768,338	2.238
JVF E.I. LTD	40,311,674	2.061
	1,085,991,604	**55.534**
No. of shareholders at 31 March 2021	TTCD	3,369
	MAIN	101
	JCSD	24,704
	TOTAL	**28,174**

SHAREHOLDINGS OF DIRECTORS

AT 31 MARCH 2021

DIRECTORS	SHAREHOLDING-ORDINARY	CONNECTED PARTIES
Donna Duncan-Scott	7,678,110	ESOP
	71,700	
	36,511,950	JVF O.N. LTD
	37,530,103	CONCISE O.N. LTD
Archibald Campbell	108,400	
	16,000	LAUREN CAMPBELL
	894,827	ODETTE CAMPBELL
Keith P. Duncan	20,591	
	48,438,366	CONCISE E.I. LTD
	40,311,674	JVF E.I. LTD
	846,745	ESOP
V. Andrew Whyte	200,000	
Wayne Sutherland	135,800	PATRICIA SUTHERAND
	1,800	JOSHUA & PATRICIA SUTHERLAND
	28,540,838	CONCISE R.I. LTD
Dennis Harris	493,277	
Dr. Anne Crick	5,234	
Hugh Duncan	4,828	
Reece Kong	-	
Audrey C. Welds	100,000	
Audrey Deer Williams	-	
Andrew Cocking	10,025,000	
	23,700	CHELSI COCKING
H. Wayne Powell	294,800	
	205,400	JENNIFER POWELL
Patricia Dailey Smith	5,200	BRITTANY SMITH
	2,500	BRITTANY SMITH
Patria-Kaye Aarons	180	KWASI OGINGA CHARLES
	211,935,243	

SHAREHOLDINGS OF LEADERSHIP TEAM

AT 31 MARCH 2021

ETLS	SHAREHOLDING-ORDINARY	CONNECTED PARTIES
Donna Duncan-Scott	7,678,110	ESOP
	71,700	
	36,511,950	JVF O.N. LTD
	37,530,103	CONCISE O.N. LTD
Keith Duncan	20,591	
	846,745	ESOP
	48,438,366	CONCISE E.I. LTD
	40,311,674	JVF E.I. LTD
Carolyn DaCosta	263,474	
	74,640	ESOP
	3,357	CRAIG DACOSTA
	127,169	DERMOTT DACOSTA
	4,795	MERLINE DACOSTA
	5,237	AMANDA DACOSTA
Paul Gray	263,280	TEVERLY GRAY
	46,600	BRITTANY GRAY & TEVERLY GRAY
	27,300	TONI-ANN GRAY & TEVERLY GRAY
	763,731	ESOP

SHAREHOLDINGS OF LEADERSHIP TEAM CONT'D

ETLS	SHAREHOLDING-ORDINARY	CONNECTED PARTIES
Julian Mair	239,711	ESOP
Patrick Ellis	239,872	ESOP
Janet Patrick	854,461	ESOP
	64,832	
Hugh O. Duncan	4,828	
Damion Brown	210,677	ESOP
	249,400	
Kerry Ann Stimpson	780,032	ESOP
Claudine Tracey	908,000	ESOP
	60,900	
Peta-Gaye Bartley	847,260	ESOP
	11,000	SAMUEL BARTLEY
	177,459,795	

THE JAMB GROUP

FORMAL ORDER

IN THE SUPREME COURT OF JUDICATURE OF JAMAICA

IN THE COMMERCIAL DIVISION

CLAIM NO. **SU 2021 CD 00196**

IN THE MATTER OF THE COMPANIES ACT OF JAMAICA

AND

IN THE MATTER OF AN APPLICATION BY THE JAMAICA STOCK EXCHANGE FOR DIRECTIONS PURSUANT TO SECTION 130(2) OF THE COMPANIES ACT OF JAMAICA

IN CHAMBERS VIA VIDEO CONFERNCE

ON THE 31st DAY OF MAY 2021

BEFORE THE HONOURABLE MR JUSTICE DAVID BATTS

UPON the Fixed Date Claim Form filed May 11, 2021 coming on for hearing **AND** after hearing **KEVIN POWELL** instructed by Hylton Powell, Attorneys-at-law for the Applicant, and **DONIA FULLER-BARRETT**, Attorney-at-Law for the Financial Services Commission of Jamaica, and **AMANDA WALLACE**, Attorney-at-Law for the Companies Office of Jamaica,

IT IS HEREBY ORDERED AND DECLARED THAT:

1. Notwithstanding the provisions of the Companies Act, the provisions of each of their articles of incorporation regarding the holding of annual general meetings and any notice of an annual meeting, information circular or other documents that may be or already have been disseminated by the companies identified in the list attached to this Order ("the Companies") may call and conduct their next general meetings ("the General Meetings", which term includes annual general

meetings and/or extraordinary general meetings or any of them conducted following an adjournment or postponement) in accordance with this order and any General Meetings called or held in accordance with this order shall be valid.

2. The Companies are permitted to conduct their General Meetings for the year 2021 and for so long as Jamaica remains or is designated a disaster area pursuant to the Disaster Risk Management Act (whichever period is longer) by either:

   (a) Holding a meeting with one or more shareholders present at a physical venue with a live stream or broadcast of the meeting by electronic means or software (including webcasting, videoconferencing, teleconferencing, a combination of these and/or other electronic means) which allows all shareholders access to see and hear the proceedings, ask questions in such reasonable order and manner as the chairman may allow, and to vote electronically including before the meeting or by a proxy chosen from among the persons the company indicates will be physically present at the meeting; or

   (b) Holding a meeting entirely by live stream or broadcast of the meeting by electronic means or software (including webcasting, videoconferencing, teleconferencing, a combination of these and/or other electronic means) which allows all shareholders access to see and hear the proceedings, ask questions in such reasonable order and manner as the chairman may allow, and to vote electronically including before the meeting.

3. The Companies are permitted to provide their shareholders with notices of the General Meetings, resolutions, draft resolutions proposed to be passed, circulars, proxy forms, financials including profit and loss accounts, balance sheets and auditor's reports and any other

documents necessary or relevant for the conduct of a General Meeting by one or more of the following means: electronic mail, pre-paid mail, posting links to access the documents on their respective websites and/or the Jamaica Stock Exchange's website.

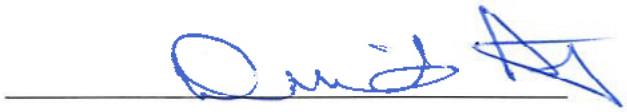
4. Any notice or document delivered in accordance with this order shall satisfy all requirements for serving documents for the General Meetings notwithstanding any provision to the contrary in the Companies Act or the Companies' articles of incorporation.

5. The failure or inability of a shareholder to attend or remain in a General Meeting held in accordance with paragraph 2 above as a result of events beyond the control of a Company shall not constitute a defect in the calling of the General Meeting and shall not invalidate any resolutions passed or proceedings taken at that General Meeting.

6. Liberty to apply.

7. This order shall be prepared, filed and served by Applicant's Attorneys-at-Law.

BY THE COURT



JUDGE

Filed by Hylton Powell, 11A Oxford Road, Kingston 5 in the parish of Saint Andrew, Attorneys-at-Law for and on behalf of the Applicant (Attention: Kerri-Anne Mayne – Attn # 5683), whose address for service is that of its Attorneys-at-law. Telephone: 926-1672 & Fax: 929-7587.

APPENDIX

1.	1834 Investments Limited
2.	Access Financial Services Limited
3.	AMG Packaging and Paper Company Limited
4.	Berger Paints Jamaica Limited
5.	Caribbean Assurance Brokers Limited
6.	Derrimon Trading Co. Limited
7.	G West Corporation Limited
8.	Iron Rock Insurance Company Limited
9.	JMMB Group Limited
10.	Jamaica Public Service Company Limited
11.	Jamaica Stock Exchange Limited
12.	Kingston Properties Limited
13.	Lasco Distributors Limited
14.	Lasco Financial Services Limited
15.	Lasco Manufacturing Limited
16.	Main Event Entertainment Group Limited
17.	Medical Disposables & Supplies Limited
18.	Mayberry Investments Limited
19.	Radio Jamaica Limited
20.	Seprod Limited
21.	Supreme Ventures Limited
22.	The Limners and Bards Limited
23.	tTech Limited
24.	Wigton Windfarm Limited

CORPORATE INFORMATION

CLIENT CARE SUPPORT

(876) 998-JMMB (5662)
From the USA and Canada:
1 (877) 533-5662
From the UK:
0 (800) 404-9616
Opening Hours:
Monday – Sunday:
8:00 a.m. – 12:00 a.m.
Email: info@jmmb.com
www.jmmb.com

JAMAICA

JMMB Investments

JAMAICA MONEY MARKET BROKERS LTD.

HEAD OFFICE
6 Haughton Terrace,
Kingston 10
Tel: (876) 998-5662
Fax: (876) 960-9546
Opening Hours:
Monday – Friday:
8:30 a.m. – 2:30 p.m.
Email: info@jmmb.com
www.jmmb.com

HAUGHTON AVENUE BRANCH
5 Haughton Avenue,
Kingston 10
Tel: (876) 998-5662
Fax: (876) 920-7281 or
(876) 998-9380
Opening Hours:
Monday – Friday:
8:30 a.m. – 2:30 p.m.

KNUTSFORD BOULEVARD BRANCH
11 Knutsford Boulevard,
Kingston 5
Tel: (876) 998-5662
Fax: (876) 960-3927 or
(876) 960-4455
Opening Hours:
Monday – Friday:
8:30 a.m. – 2:30 p.m.

JUNCTION AGENCY
Shop 2, Roye's Plaza,
Main Street, Junction
St. Elizabeth
Tel: (876) 998-5662
Opening Hours:
Monday – Friday:
8:30 a.m. to 2:30 p.m.

MANDEVILLE BRANCH
23 Ward Avenue,
Mandeville, Manchester
Tel: (876) 998-5662
Fax: (876) 625-2352
Opening Hours:
Monday – Friday:
8:30 a.m. – 2:30 p.m.

MONTEGO BAY BRANCH
Suite 1,
Fairview Office Park,
Alice Eldemire Drive,
Montego Bay, St. James
Tel: (876) 998-5662
Fax: (876) 979-8985
Opening Hours:
Monday – Friday:
8:30 a.m. – 2:30 p.m.

MAY PEN BRANCH
Shop 28B,
Bargain Village Plaza,
35 Main Street,
May Pen, Clarendon
Tel: (876) 998-5662
Fax: (876) 786-3660
Opening Hours:
Monday – Friday:
8:30 a.m. – 2:30 p.m.

OCHO RIOS BRANCH
Guardian Life Building,
2 Graham Street,
Ocho Rios, St. Ann
Tel: (876) 998-5662
Fax: (876) 795-3886
Opening Hours:
Monday – Friday:
8:30 a.m. – 2:30 p.m.

PORTMORE BRANCH
47 - 48 West Trade Way,
Portmore Town Centre,
Portmore, St. Catherine
Tel: (876) 998-5662
Fax: (876) 939-3207
Opening Hours:
Monday – Friday:
10:30 a.m. – 2:30 p.m.

SANTA CRUZ BRANCH
Shop # 2 Oasis Plaza,
Coke Drive,
Santa Cruz, St. Elizabeth
Tel: (876) 998-5662
Fax: (876) 966-9816
Opening Hours:
Monday – Friday:
8:30 a.m. – 2:30 p.m.

BOARD OF DIRECTORS

Dr Archibald Campbell - *Chairman*
Kisha Anderson - *Director*
Audrey Deer-Williams - *Director*
Keith Duncan - *Director*
H. Wayne Powell - *Director*
V. Andrew Whyte - *Director*
Carolyn DaCosta - *Corporate Secretary*
Claudine Campbell-Bryan - *Deputy Corporate Secretary*

FUND MANAGERS LTD

JMMB FUND MANAGERS LTD.

6 Haughton Terrace,
Kingston 10
Tel: (876) 998-5662
Fax: (876) 960-8106
Opening Hours:
Monday – Friday:
8:30 a.m. – 2:30 p.m.
www.jmmb.com
Email: info@jmmb.com

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H. Wayne Powell - *Director*
V. Andrew Whyte - *Director*
Carolyn DaCosta - *Corporate Secretary*
Claudine Campbell-Bryan - *Deputy Corporate Secretary*

JMMB INSURANCE BROKERS

JMMB INSURANCE BROKERS LTD.

8 Dominica Drive,
New Kingston,
Kingston 5
Tel: (876) 998-5662
Fax: (876) 960-3927 or (876) 998-9380
Opening Hours:
Monday – Friday:
8:30 a.m. – 2:30 p.m.
www.jmmb.com
Email: info@jmmb.com

BOARD OF DIRECTORS

Dr Archibald Campbell - *Chairman*
Kisha Anderson - *Director*
Cecile Cooper - *Director*
Keith Duncan - *Director*
Paul Gray - *Director*
Claudine Campbell-Bryan - *Corporate Secretary*

JMMB SECURITIES LTD
A Member of the Jamaica Stock Exchange

JMMB SECURITIES LIMITED

6 Haughton Terrace,
Kingston 10
Tel: (876) 998-5662
Fax: (876) 960-9546
Opening Hours:
Monday – Friday:
8:30 a.m. – 2:30 p.m.
www.jmmb.com
Email: info@jmmb.com

BOARD OF DIRECTORS

Dr Archibald Campbell - *Chairman*
Kisha Anderson - *Director*
Audrey Deer-Williams - *Director*
Keith Duncan - *Director*
V. Andrew Whyte - *Director*
Carolyn DaCosta - *Corporate Secretary*

JMMB Bank

JMMB BANK (JAMAICA) LTD.

HEAD OFFICE
6-8 Grenada Way,
Kingston 5
Jamaica, W.I.
Tel: (876) 998-5662
Toll Free: 1 (888) 991-2062/7
Fax: (876) 960-1381
Opening Hours:
Monday – Friday:
8:30 a.m. – 2:30 p.m.
www.jmmb.com
Email: info@jmmb.com

HAUGHTON AVENUE BRANCH
5 Haughton Avenue,
Kingston 10
Tel: (876) 998-5662
Fax: (876) 920-7281 or (876) 998-9380
Opening Hours:
Monday – Friday:
8:30 a.m. – 2:30 p.m.
Drive-Thru:
Monday – Friday:
9:00 am – 2:30 p.m.

KNUTSFORD BOULEVARD BRANCH
11 Knutsford Boulevard
New Kingston, Kingston 5
Tel: (876) 998-5662
Fax: 960-3927 or 960-4455
Opening Hours:
Monday – Friday:
8:30 a.m. – 2:30 p.m.

MANDEVILLE BRANCH
23 Ward Avenue,
Mandeville, Manchester
Tel: (876) 998-5662
Fax: (876) 625-2352
Opening Hours:
Monday – Friday:
8:30 a.m. – 2:30 p.m.

MONTEGO BAY CHURCH STREET BRANCH
25 Church Street,
Montego Bay, St. James
Jamaica, W.I.
Tel: (876) 998-5662
Fax: (876) 952-4647
Opening Hours:
Monday – Friday:
8:30 a.m. – 2:30 p.m.

MONTEGO BAY FAIRVIEW BRANCH
Suite 1,
Fairview Office Park,
Alice Eldemire Drive,
Montego Bay, St. James
Tel: (876) 998-5662
Fax: (876) 979-8985
Opening Hours:
Monday – Friday:
8:30 a.m. – 2:30 p.m.

OCHO RIOS BRANCH
2 Graham Street
Ocho Rios, St. Ann
Jamaica, W.I.
Tel: (876) 998-5662
Fax: (876) 974-8631
OPENING HOURS:
Monday – Friday:
8:30 a.m. – 2:30 p.m.

PORTMORE BRANCH
47 - 48 West Trade Way,
Portmore Town Centre,
Portmore, St. Catherine
Tel: (876) 998-5662
Fax: (876) 939-3207
Opening Hours:
Monday – Friday:
10:30 a.m. – 2:30 p.m.

BOARD OF DIRECTORS

Dennis Harris - *Chairman*
Vintoria Bernard - *Director*
Dr Archibald Campbell - *Director*
Donna Duncan Scott - *Director*
Keith Duncan - *Director*
Martin Lyn - *Director*
H Wayne Powell - *Director*
Gregory Shirley - *Director*
Jerome Smalling - *Executive Director*

CORPORATE INFORMATION Cont'd

BOARD OF DIRECTORS CONTD.

Patricia Sutherland -
Director
Carolyn DaCosta -
Corporate Secretary
Claudine Campbell-Bryan -
Deputy Corporate Secretary

JMMB Money Transfer

JMMB MONEY TRANSFER LTD.

HEAD OFFICE
6 Haughton Terrace,
Kingston 5
Jamaica, W.I.
Tel: (876) 998-5662
Toll Free: 1 (888) 991-2062/7
Fax: (876) 960-2833
Opening Hours:
Monday – Friday:
8:30 a.m. – 2:30 p.m.
www.jmmb.com
Email: info@jmmb.com

BOARD OF DIRECTORS

Dr Archibald Campbell -
Chairman
Kisha Anderson -
Director
Andrew Cocking -
Director
Keith Duncan -
Director
V. Andrew Whyte -
Director
Carolyn DaCosta -
Corporate Secretary
Claudine Campbell-Bryan -
Deputy Corporate Secretary

DOMINICAN REPUBLIC

JMMB Puesto de Bolsa, S.A.
MIEMBRO DEL GRUPO JMMB
MIEMBRO DE LA BVRD

JMMB PUESTO DE BOLSA, S.A

HEAD OFFICE
Gustavo Mejia Ricart No. 102, esq. Abraham Lincoln. Torre Corporativo 2010. Piso 12. Piantini. Santo Domingo, República Dominicana
Tel: (809) 566-5662
Fax: (809) 620-5662
www.jmmb.com
Email: info@jmmb.com.do

SANTO DOMINGO BRANCH
Gustavo Mejia Ricart No. 102, esq. Abraham Lincoln. Torre Corporativo 2010. Piso 2. Piantini. Santo Domingo, República Dominicana
Tel: (809) 566-5662
Fax: (809) 620-5662
Opening Hours:
Monday – Friday:
9:00 a.m. – 6:00 p.m.
www.jmmb.com
Email: info@jmmb.com.do

SANTIAGO BRANCH
Av. 27 de Febrero esquina Erick Ekman. Plaza Portal del Norte. Santiago, República Dominicana
Tel: (849) 937-JMMB (5662)
Fax: (809) 620-5662
Opening Hours:
Monday – Friday:
9:00 a.m. – 6:00 p.m.

BOARD OF DIRECTORS

Dr. Archibald Campbell -
President
Keith Duncan -
Vice President
José De Moya Cuesta -
Secretary
Ricardo Antonio Ginebra Pou -
Director
Julian Mair -
Director
Alberto Emilio Fiallo-Billini Scanlon -
Director
Alerso Pimentel Domínguez -
Director

JMMB BDI AFP
Administradora de Fondos de Pensiones, S.A.
MIEMBRO DEL GRUPO JMMB

AFP JMMB BDI, S.A

Gustavo Mejia Ricart No. 102, esq. Abraham Lincoln. Torre Corporativo 2010. Piso 15. Piantini. Santo Domingo, República Dominicana
Tel: (809) 542-JMMB (5662)
Fax: (809) 620-5662
Opening Hours:
Monday – Friday:
8:00 a.m. – 5:00 p.m.
www.jmmb.com
Email: info@jmmb.com.do

BOARD OF DIRECTORS

Dr. Archibald Campbell -
President
Juan Carlos Rodríguez Copello -
Vice President
Carolina Pichardo Toral -
Secretary
Keith Duncan -
Director
Rafael Patricio Medina Quiñones -
Director
Polibio Miguel Valenzuela Scheker -
Director
Lizette Solano de Aquino -
Director

JMMB Funds
Sociedad Administradora de Fondos de Inversión, S.A.
MIEMBRO DEL GRUPO JMMB

JMMB SOCIEDAD ADMINISTRADORA DE FONDOS DE INVERSIÓN, S.A.

SANTIAGO OFFICE
Gustavo Mejia Ricart No. 102, esq. Abraham Lincoln. Torre Corporativo 2010. Piso 15. Piantini. Santo Domingo, República Dominicana
Tel: (809) 567-JMMB (5662)
Fax: (809) 620-5662
Opening Hours:
Monday – Friday:
9:00 a.m. – 6:00 p.m.
www.jmmb.com
Email: info@jmmb.com.do

SANTIAGO BRANCH
Av. 27 de Febrero esquina Erick Ekman. Plaza Portal del Norte. Santiago, República Dominicana
Tel: (809) 567-JMMB (5662)
Fax: (809) 620-5662
Opening Hours:
Monday – Friday:
9:00 a.m. – 6:00 p.m.
www.jmmb.com
Email: info@jmmb.com.do

BOARD OF DIRECTORS

Patrick Ellis -
President
Paul Gray -
Vice President
Carlos Alberto de Jesús Del Giudice Goicoechea -
Secretary
Roberto Luis Jimenez Collie
Director
Rodolfo Antonio Cabello Blanco -
Director
Isaac Castañeda -
Director
Alerso Pimentel Domínguez
Director

JMMB Bank
Banco de Ahorro y Crédito, S.A.

BANCO DE AHORRO Y CRÉDITO JMMB BANK, S.A.

HEAD OFFICE
Gustavo Mejia Ricart No. 102, esq. Abraham Lincoln. Torre Corporativo 2010. Piso 1. Piantini. Santo Domingo, República Dominicana
Tel: (809) 683-1333 (JMMB)
Fax: (809) 620-5662
Opening Hours:
Monday – Friday:
8:30 a.m. – 5:30 p.m.
www.jmmb.com
Email: info@jmmb.com.do

SANTO DOMINGO BRANCH
Gustavo Mejia Ricart No. 102, esq. Abraham Lincoln. Torre Corporativo 2010. Piso 1. Piantini. Santo Domingo, República Dominicana
Tel: (809) 683-1333 (JMMB)
Fax: (809) 620-5662
Opening Hours:
Monday – Friday:
9:00 a.m. – 6:00 p.m.
www.jmmb.com
Email: info@jmmb.com.do

SANTIAGO BRANCH
Av. 27 de Febrero esquina Erick Ekman. Plaza Portal del Norte. Santiago, República Dominicana
Tel: (809) 683-1333 (JMMB)
Fax: (809) 620-5662
Opening Hours:
Monday – Friday:
9:00 a.m. – 6:00 p.m.

BOARD OF DIRECTORS

Archibald Campbell -
President
Juan José Melo Pimentel -
Vice President
Denisse Pichardo Espaillat -
Secretary
Keith Duncan -
Director
Lizette Solano de Aquino -
Director
Roberto EligioArias Ossaye -
Director
Wallis Elizabeth Pons Cardi -
Director

TRINIDAD & TOBAGO

JMMB Bank

JMMB BANK (TRINIDAD AND TOBAGO) LTD.

HEAD OFFICE
DSM Plaza, Old Southern Main Road, Chaguanas, Trinidad and Tobago
Tel: (868) 800-JMMB (5662)
(868) 665-4425
Fax: (868) 665-6663
www.jmmb.com
Email: infott@jmmb.com

PORT OF SPAIN BRANCH
77 Independence Square South, Port of Spain, Trinidad and Tobago
Tel: (868) 800-JMMB (5662)
(868) 665-4425
Fax: (868) 625-8678
Opening Hours:
Monday – Thursday:
9:00 a.m. – 3:00 p.m.
Friday: 9:00 a.m. – 5:00 p.m.

TUNAPUNA BRANCH
30-32 Eastern Main Road, Tunapuna, Trinidad
Tel: (868) 800-JMMB (5662)
(868) 665-4425
Fax: (868) 645-1821
Opening Hours:
Monday – Thursday:
9:00 a.m. – 3:00 p.m.
Friday: 9:00 a.m. – 5:00 p.m.

SAN FERNANDO BRANCH
SouthPark, Tarouba Link Road, San Fernando, Trinidad
Tel: (868) 800-JMMB (5662)
(868) 665-4425
Fax: (868) 658-5662
Opening Hours:
Monday – Friday:
10:00 a.m. – 5:00 p.m.

BOARD OF DIRECTORS

Archibald Campbell -
Chairman
Lorraine Kam -
Deputy Chair
Keith Duncan -
Director
Hugh Duncan -
Director
Catherine Kumar -
Director
Selby Wilson -
Director
Marjorie Nunez -
Director
Wayne Sutherland -
Director
Ronald Carter -
Director
John Tang Nian -
Director
Denise Roopnarinesingh -
Company Secretary
Rachel Maikhoo -
Asst. Company Secretary

JMMB Express FINANCE T&T LTD

JMMB EXPRESS FINANCE (T&T) LIMITED

ARIMA BRANCH
#6 PRINCE STREET, ARIMA, TRINIDAD
Opening Hours:
Monday – Friday:
9:00 a.m. – 4:00 p.m.

CORPORATE INFORMATION Cont'd

CHAGUANAS BRANCH
130 Charlotte Street, Port of Spain, Trinidad
Opening Hours:
Monday – Friday:
9:00 a.m. – 4:00 p.m.

SAN FERNANDO BRANCH
65 Cipero Street, San Fernando, Trinidad
Opening Hours:
Monday – Friday:
9:00 a.m. – 4:00 p.m.

SCARBOROUGH BRANCH
#4 Knott Court, Milford Road, Scarborough, Tobago
Opening Hours:
Monday – Friday:
9:00 a.m. – 4:00 p.m.

BOARD OF DIRECTORS

Archibald Campbell -
Chairman
Lorraine Kam -
Deputy Chair
Keith Duncan -
Director
Hugh Duncan -
Director
Catherine Kumar -
Director
Selby Wilson -
Director
Marjorie Nunez -
Director
Wayne Sutherland -
Director
Ronald Carter -
Director
John Tang Nian -
Director
Denise Roopnarinesingh -
Company Secretary
Rachel Maikhoo -
Asst. Company Secretary

JMMB Investments (Trinidad and Tobago) Limited

JMMB INVESTMENTS (TRINIDAD AND TOBAGO) LIMITED

PORT-OF-SPAIN BRANCH
169 Tragarete Road, Port-of-Spain
Tel: (868) 224-JMMB (5662)
(868) 554-5666
Fax: (868) 224-5662
Monday – Friday:
8:00 a.m. – 4:00 p.m.

CHAGUANAS BRANCH
DSM Plaza, Old Southern Main Road, Chaguanas, Trinidad and Tobago
Tel: (868) 800-JMMB (5662)
(868) 665-4425
Fax: (868) 671-9120
Opening Hours:
Monday – Thursday:
8:00 a.m. – 4:00 p.m.
Monday – Friday:
8:00 a.m. – 5:00 p.m.
www.jmmb.com
Email: infott@jmmb.com

SAN FERNANDO BRANCH
South Park Centre, Michael Rahael Boulevard, San Fernando, Trinidad
Tel: (868) 800-JMMB (5662)
Fax: (868) 658-5820
Opening Hours:
Monday – Friday:
8:00 a.m. – 5:00 p.m.

BOARD OF DIRECTORS

Archibald Campbell -
Chairman
Keith Duncan -
Director
Wayne Sutherland -
Director
Julian Mair -
Director
Kisha Anderson -
Director
Marlene Attzs -
Director
Leonardo Ambrose -
Director
Catherine Kumar -
Director
Carolyn DaCosta -
Company Secretary
Denise Roopnarinesingh -
Asst. Company Secretary

JMMB SECURITIES (T&T) Limited
A MEMBER OF THE TRINIDAD AND TOBAGO STOCK EXCHANGE

JMMB SECURITIES (T&T) LIMITED

169 Tragarete Road, Port-of-Spain
Tel: (868) 224-JMMB (5662)
Fax: (868) 224-5667
Opening Hours:
Monday – Friday:
8:00 a.m. – 4:00 p.m.
www.jmmb.com
Email: infott@jmmb.com

BOARD OF DIRECTORS

Archibald Campbell -
Chairman
Keith Duncan -
Director
Wayne Sutherland -
Director
Julian Mair -
Director
Kisha Anderson -
Director
Marlene Attzs -
Director
Leonardo Ambrose -
Director
Catherine Kumar -
Director
Carolyn DaCosta -
Company Secretary
Denise Roopnarinesingh -
Asst. Company Secretary

PROXY FORM

I/We _____ of _____

_____ being a member/members of JMMB Group Limited (the Company) hereby appoint either one of the following persons:

(Circle applicable name) **(a) Dr Archibald Campbell or (b) Mr. Dennis Harris**

of JMMB Group Limited, 6 Haughton Terrace or, failing him, I appoint _____

_____ of_____

_____ as my/our proxy to vote on my/our behalf at the Annual General Meeting of the Company to be held on WEDNESDAY SEPTEMBER 22, 2021 at 10:30 a.m. (Jamaica) in a hybrid format via electronic platform in accordance with the order of the Supreme Court of Judicature of Jamaica dated 31st May 2021 in Claim SU 2021 CD 00196 and at any adjournment thereof .

Please indicate by inserting a cross (x) in the appropriate box for how you wish to cast your vote. If you do not insert the cross in any of the boxes below, your proxy shall be entitled to vote as they deem fit in respect of the resolution corresponding with such box.

RESOLUTIONS	FOR	AGAINST
RESOLUTION 1 To receive the Reports of the Directors and Auditors and the Audited Accounts for the twelve (12) months ended March 31, 2021.		
RESOLUTION 2 To ratify interim dividend payments and declare them final		
RESOLUTION 3 TO RE-APPOINT DIRECTORS **RESOLUTION 3 (A)** "THAT Mrs Donna Duncan-Scott who retires by rotation and being eligible for re-election be and is hereby re-elected a Director of the Company."		
RESOLUTION 3 (B) "THAT Mr. Hugh Duncan who retires by rotation and being eligible for re-election be and is hereby re-elected a Director of the Company."		
RESOLUTION 3 (C) "THAT Mr. Dennis Harris who retires by rotation and being eligible for re-election be and is hereby re-elected a Director of the Company."		
RESOLUTION 3 (D) "THAT Mr. Wayne Sutherland who retires by rotation and being eligible for re-election be and is hereby re-elected a Director of the Company."		

RESOLUTION 3 (E) "THAT Ms. Patria Kaye Aarons who retires by rotation and being eligible for re-election be and is hereby re-elected a Director of the Company."		
RESOLUTION 4 "THAT KPMG, Chartered Accountants, having agreed to continue in office as auditors, be and are hereby appointed auditors of the Company to hold office until the end of the next Annual General Meeting at a remuneration to be fixed by the Directors of the Company."		
RESOLUTION 5 THAT the amount included in the Audited Accounts of the Company for the year ended March 31, 2021, as remuneration for their services as Directors be and is hereby approved."		

Dated this 23rd day of July 2021

Affix stamp J$100.0

Signature

Notes:

1. To be valid this proxy must be deposited with the Secretary of JMMB GROUP LIMITED at 6 HAUGHTON TERRACE, KINGSTON 10, JAMAICA not less than 48 hours before the time appointed for holding the meeting. A Proxy need not be a member of the Company.
2. This Proxy Form should bear stamp duty of J$100.00. Adhesive stamps are to be cancelled by the person signing the Proxy.
3. If the appointer is a Corporation, this Proxy Form must be executed under its Common Seal or under the hand of an officer or attorney duly authorized in writing.

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED MARCH 31, 2021

The Directors of JMMB Group Limited (the Company) are pleased to present their report for the year ended March 31, 2021, and submit the Consolidated Income Statement and the Consolidated Statement of Financial Position. The Company has continued on its strategic path resulting in another year of strong profitability.

GROUP RESULTS

Operating revenue net of interest expense was

J$22.44 BILLION

(2020: J$21.52 billion)

The profit before income tax was

J$7.96 BILLION

(2020: J$7.22 billion)

The profit attributable to equity holders of the parent after income tax was

J$7.51 BILLION

(2020: J$6.99 billion)

Shareholders' equity was

J$61.2 BILLION

(2020: J$41.2 billion)

Full details of the Company's results are set out in the Management Discussions and the audited financials.

DIVIDENDS

The Directors recommend that the interim dividend paid on December 21, 2020 be ratified and declared as final and that no further dividend be paid in respect of the year under review.

DIRECTORS

In accordance with Article 105 of the Company's Articles of Incorporation, the Directors retiring from office by rotation are Mrs. Donna Duncan-Scott, Mr. Hugh Duncan, Mr. Dennis Harris, Mr. Wayne Sutherland and Ms. Patria-Kaye Aarons who, being eligible, offer themselves for re-election.

AUDITORS

The auditors, KPMG Chartered Accountants, have indicated their willingness to continue in office pursuant to Section 154 of the Companies Act, 2004. A resolution proposing the appointment and for the directors to fix the auditor's remuneration will be put to the shareholders at the Annual General meeting.

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

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

By Order of the Board

Dated this 28th day of July, 2021.

Carolyn DaCosta
Corporate Secretary

THE JAMB GROUP LTD.

JMMB GROUP LIMITED
FINANCIAL STATEMENTS
MARCH 31, 2021

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KPMG
Chartered Accountants
P.O. Box 436
6 Duke Street
Kingston
Jamaica, W.I.
+1 (876) 922 6640
firmmail@kpmg.com.jm

INDEPENDENT AUDITORS' REPORT

To the Members of
JMMB GROUP LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the separate financial statements of JMMB Group Limited ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), set out on pages 10 to 123, which comprise the Group's and Company's statements of financial position as at 31 March 2021, the Group's and Company's profit and loss accounts, statements of profit or loss and other comprehensive income, changes in stockholders' equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company as at 31 March 2021, and of the Group's and Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

Basis for Opinion

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JMMB GROUP LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matters

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

1. *Fair value of investments*

Key Audit Matter [see notes 16 and 32(a)]	*How the matter was addressed in our audit*
A significant portion of the Group's investment securities measured at fair value are instruments for which quoted prices are not available. Valuation of these investments, although based on observable market inputs, requires significant estimation. Management used valuation techniques which involve inputs such as market yields obtained from established yield curves which are impacted by uncertainty of market factors. The COVID-19 pandemic has increased volatility of prices in various markets of which has increased estimation risk for prices used in determining fair values.	Our procedures in this area included the following: • Assessing the design and operating effectiveness of the Group's controls over the determination and computation of fair values. • Challenging the reasonableness of yields or prices by comparison to independent third party pricing sources. • Assessing the reasonableness of significant assumptions used by management. • Involving our valuation specialists to determine or obtain yields or prices of specific securities and comparing these yield or prices to those used by management. • Assessing the adequacy of the disclosures, including the degree of estimation involved in determining fair values and sensitivities to changes in key assumptions.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JMMB GROUP LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

2. Measurement of expected credit losses on financial assets

Key Audit Matter [see note 31(b)]	*How the matter was addressed in our audit*
The Group recognises expected credit losses ('ECL') on financial assets, the determination of which is highly subjective and requires management to make significant judgements and assumptions. The key areas that required greater management judgement included the determination of significant increase in credit risk ('SICR'), the determination of probabilities of default, losses given default, exposures at default and the application of forward-looking information. The economic impact of COVID-19 on financial assets has resulted in increased judgement in the following: - qualitative factors that create COVID-19 related changes to significant increases in credit risk. - increased uncertainty about potential future economic scenarios and their impact on credit losses.	Our procedures in this area included the following: • Updating our understanding of the models used by management for the calculation of expected credit losses, including governance over the determination of key judgements and assumptions. • Testing the design and implementation of the controls over the determination of expected credit losses. • Testing the design and operating effectiveness of the key controls over the completeness and accuracy of the key data inputs into the IFRS 9 impairment models. • Testing the completeness and accuracy of the data used in the models to the underlying accounting records on a sample basis. • Involving our financial risk modelling specialists to evaluate the appropriateness of the Group's impairment methodologies, including the SICR criteria used, and independently assessing the assumptions for probability of default, loss given default, exposure at default and the incorporation of forward-looking information.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JMMB GROUP LIMITED

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (continued)

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

Key Audit Matter [see notes 31(b)]	*How the matter was addressed in our audit*
Significant management judgement and assumptions are also used in determining the appropriate variables and assumptions in the model used to measure of the expected credit losses. The use of these judgements and assumptions increases the risk of material misstatement and is therefore an area of increased audit focus.	Our procedures in this area included the following (continued): • Evaluating the adequacy of the financial statements' disclosures including disclosures of the key assumptions and judgements.

3. *Impairment assessment of Investment in associate*

Key Audit Matter [see note 18]	*How the matter was addressed in our audit*
The market capitalisation of the Group's shareholding in the associated company is below its carrying value, determined using equity accounting. This is considered to be an indicator of impairment for which management performed a formal impairment assessment.	Our procedures in this area included the following: • Involving our valuation specialists to review management's calculation of the recoverable amount of the investment and evaluating the assumptions and methodology used. • Comparing the group's assumptions to externally derived data as well as our own assessment of key inputs such as discount rate.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JMMB GROUP LIMITED

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (continued)

3. Impairment assessment of Investment in associate (continued)

Key Audit Matter [see note 18]	*How the matter was addressed in our audit*
The impact of the Covid-19 pandemic on the economic activities in the markets in which the associate operates creates increased uncertainty in forecasting and requires significant judgement in estimating future cashflows and determining appropriate discount rate used in the assessment of recoverable value.	Our procedures in this area included the following (continued): • Reviewing management's assessment of the forecast performance of its investment and performing inquiries with key management. • Assessing the adequacy of the Group's disclosures about the impairment assessment and the key assumptions and sensitivities used in the measurement of recoverable value.

Other Information

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

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

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JMMB GROUP LIMITED

Report on the Audit of the Financial Statements (Continued)

Other Information (continued)

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditors' report. This description, which is located at pages 8-9, forms part of our auditors' report.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JMMB GROUP LIMITED

Report on additional matters as required by the Jamaican Companies Act

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

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

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

KPMG

Chartered Accountants
Kingston, Jamaica

June 14, 2021

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JMMB GROUP LIMITED

Appendix to the Independent Auditors' report

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

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

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
JMMB GROUP LIMITED

Appendix to the Independent Auditors' report (continued)

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

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

JMMB GROUP LIMITED

Consolidated Profit and Loss Account

Year ended 31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2021 $'000	2020 $'000
Net Interest Income and Other Revenue			
Interest income from securities, calculated using the effective interest method	5	22,119,035	19,694,118
Interest expense	5	(11,658,789)	(10,413,780)
Net Interest Income		**10,460,246**	**9,280,338**
Fee and commission income		1,725,085	2,108,102
Gains on securities trading, net		6,785,903	6,170,340
Net gain/(loss) from financial assets at fair value through profit or loss (FVTPL)		47,085	(267,978)
Fees earned from managing funds on behalf of clients		1,489,530	1,412,834
Foreign exchange margins from cambio trading		1,932,001	2,812,855
Operating Revenue Net of Interest Expense		**22,439,850**	**21,516,491**
Other income			
Dividends		121,123	48,463
Other		57,314	7,001
		22,618,287	**21,571,955**
Operating Expenses			
Staff costs	6	(8,005,020)	(9,416,676)
Other expenses	7	(6,522,373)	(6,513,134)
		(14,527,393)	(15,929,810)
		8,090,894	**5,642,145**
Impairment loss on financial assets	8	(2,006,821)	(1,405,505)
Share of profit of associate	18	1,884,811	195,206
Gain on acquisition of associate	18	-	2,799,034
Loss on disposal of property, plant and equipment		(8,186)	(14,357)
Profit before Taxation		**7,960,698**	**7,216,523**
Taxation	9	(242,201)	(150,036)
Profit for the Year		**7,718,497**	**7,066,487**
Attributable to:			
Stockholders of the parent		7,505,902	6,993,567
Non-controlling interest	30	212,595	72,920
		7,718,497	**7,066,487**
Earnings per stock unit	10	**$3.84**	**$3.99**

JMMB GROUP LIMITED

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2021 $'000	2020 $'000
Profit for the Year		**7,718,497**	**7,066,487**
Other comprehensive income			
Item that may not be reclassified to profit or loss:			
Unrealised gains on equity securities at fair value through other comprehensive income (FVOCI)		74,466	134,601
Items that may be reclassified to profit or loss:			
Unrealised gains/(losses) on debt securities at FVOCI		14,616,164	(9,518,362)
Related tax	22	(3,979,318)	3,048,090
Share of other comprehensive income/(loss) of associates		1,126,050	(2,843,533)
Foreign exchange differences on translation of foreign subsidiaries		965,433	757,909
Total other comprehensive income/(loss), net of tax		12,802,795	(8,421,295)
Total comprehensive income/(loss) for the year		**20,521,292**	**(1,354,808)**
Total comprehensive income/(loss) attributable to:			
Equity holders of the parent		19,910,428	(1,223,122)
Non-controlling interest	30	610,864	(131,686)
		20,521,292	**(1,354,808)**

JMMB GROUP LIMITED

Consolidated Statement of Financial Position

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2021 $'000	2020 $'000 Restated*	2019 $'000 Restated*
ASSETS				
Cash and cash equivalents	12	67,292,923	42,636,000	30,726,396
Interest receivable		4,253,222	3,504,722	3,733,190
Income tax recoverable		671,443	618,210	238,441
Loans and notes receivable	13	119,456,147	98,841,073	67,947,268
Other receivables	14	4,227,018	6,992,662	5,314,152
Securities purchased under agreements to resell	15	3,299,974	5,999,962	-
Investment securities	16	262,392,047	192,270,521	205,972,359
Interest in associate	18	38,930,751	35,009,306	-
Investment property	19	698,932	621,232	489,616
Intangible assets	20	2,900,420	2,205,549	1,757,568
Property, plant and equipment	21	3,556,890	3,639,993	3,283,332
Deferred income tax assets	22	4,593,139	5,508,584	360,893
Right-of-use assets	23	1,433,973	1,849,321	-
		513,706,879	**399,697,135**	**319,823,215**

***See note 36**

JMMB GROUP LIMITED

Consolidated Statement of Financial Position (Continued)

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2021 $'000	2020 $'000 Restated*	2019 $'000 Restated*
STOCKHOLDERS' EQUITY				
Share capital	24	14,115,924	14,115,924	1,864,554
Retained earnings reserve	25(a)	9,605,055	9,605,055	9,605,055
Investment revaluation reserve	25(b)	4,562,694	(6,919,287)	2,114,147
Cumulative translation reserve	25(c)	1,240,276	317,731	(499,014)
Retained earnings		30,124,562	23,107,548	16,981,202
		59,648,511	40,226,971	30,065,944
Non-controlling interest	30	1,563,047	952,183	1,038,332
		61,211,558	**41,179,154**	**31,104,276**
LIABILITIES				
Customer deposits		128,303,836	104,183,074	63,947,279
Due to other financial institutions	28	6,026,824	210,605	190,888
Securities sold under agreements to repurchase	26	227,730,286	179,589,980	163,907,891
Notes payable	27	48,328,592	45,087,432	37,036,156
Lease liabilities	23	1,588,571	1,948,668	-
Redeemable preference shares	24	28,021,391	17,116,952	16,348,615
Deferred income tax liabilities	22	270,749	49,778	175,180
Interest payable		1,978,908	1,633,703	1,602,491
Income tax payable		2,715,824	1,920,743	1,464,064
Other payables		7,530,340	6,777,046	4,046,375
		452,495,321	**358,517,981**	**288,718,939**
		513,706,879	**399,697,135**	**319,823,215**

The financial statements on pages 10 to 123 were approved for issue by the Board of Directors on 14 June 2021 and signed on its behalf by:

Archibald Campbell — Chairman

Keith P. Duncan — Group Chief Executive Officer

***See note 36**

JMMB GROUP LIMITED

Consolidated Statement of Changes in Stockholders' Equity

Year ended 31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	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
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balances at 31 March 2019		**1,864,554**	**9,605,055**	**2,114,147**	**(499,014)**	**16,981,202**	**30,065,944**	**1,038,332**	**31,104,276**
Total comprehensive income for 2020									
Profit for the year		-	-	-	-	6,993,567	6,993,567	72,920	7,066,487
Other comprehensive loss:									
Unrealised losses on investments securities at FVOCI, net of tax		-	-	(9,033,434)	-	-	(9,033,434)	(145,770)	(9,179,204)
Foreign exchange differences on translation of foreign subsidiaries		-	-	-	816,745	-	816,745	(58,836)	757,909
Total other comprehensive loss		-	-	(9,033,434)	816,745	-	(8,216,689)	(204,606)	(8,421,295)
Total comprehensive income		-	-	(9,033,434)	816,745	6,993,567	(1,223,122)	(131,686)	(1,354,808)
Transactions with owners of the Company:									
Shares issued during year	24	12,251,370	-	-	-	-	12,251,370	-	12,251,370
Dividends paid to ordinary stockholders	11	-	-	-	-	(867,221)	(867,221)	-	(867,221)
Paid in capital		-	-	-	-	-	-	45,537	45,537
Balances at 31 March 2020		**14,115,924**	**9,605,055**	**(6,919,287)**	**317,731**	**23,107,548**	**40,226,971**	**952,183**	**41,179,154**
Total comprehensive income for 2021									
Profit for the year		-	-	-	-	7,505,902	7,505,902	212,595	7,718,497
Other comprehensive income:									
Unrealised gains on investment securities at FVOCI, net of tax		-	-	11,481,981	-	-	11,481,981	355,381	11,837,362
Foreign exchange differences on translation of foreign subsidiaries		-	-	-	922,545	-	922,545	42,888	965,433
Total other comprehensive income		-	-	11,481,981	922,545	-	12,404,526	398,269	12,802,795
Total comprehensive income		-	-	11,481,981	922,545	7,505,902	19,910,428	610,864	20,521,292
Transactions with owners of the Company:									
Dividends paid to ordinary stockholders	11	-	-	-	-	(488,888)	(488,888)	-	(488,888)
Balances as at 31 March 2021		**14,115,924**	**9,605,055**	**4,562,694**	**1,240,276**	**30,124,562**	**59,648,511**	**1,563,047**	**61,211,558**

JMMB GROUP LIMITED

Consolidated Statement of Cash Flows

Year ended 31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2021 $'000	2020 $'000
Cash Flows from Operating Activities			
Profit for the year		7,718,497	7,066,487
Adjustments for:			
Interest income	5	(22,119,035)	(19,694,118)
Interest expense	5	11,658,789	10,413,780
Share of profits of associate	18	(1,884,811)	(195,206)
Gain on acquisition of associate	18	-	(2,799,034)
Income tax charge	9	242,201	150,036
Impairment loss on financial assets	8	2,006,821	1,405,505
Amortisation of intangible assets	20	223,159	228,679
Depreciation of property, plant and equipment	21	477,934	469,821
Depreciation of right-of-use assets	23	305,700	314,675
Fair value gain on investment properties	19	(77,700)	(102,484)
Loss on sale of property, plant and equipment		8,186	14,357
Dividends income		(121,123)	(48,463)
Unrealised (gains)/loss on trading securities		(47,085)	267,978
Foreign exchange losses on lease liabilities		106,872	42,673
Foreign currency translation losses/(gains)		978,503	(119,412)
		(523,092)	(2,584,726)
Changes in operating assets and liabilities:			
Income tax recoverable, net		(53,234)	(379,769)
Loans and notes receivable		(22,198,882)	(32,071,040)
Other receivables		2,761,496	(1,680,455)
Securities purchased under agreements to resell		2,700,001	(6,000,000)
Customer deposits		24,120,762	40,235,795
Due to other financial institutions		5,816,219	19,717
Other payables		753,294	2,730,671
Securities sold under agreements to repurchase		48,140,306	15,682,089
		61,516,870	15,952,282
Interest received		21,370,535	19,922,586
Interest paid		(11,313,584)	(10,264,730)
Taxation paid		(2,290,022)	(1,918,360)
Net cash provided by operating activities (Page 16)		**69,283,799**	**23,691,778**

JMMB GROUP LIMITED

Consolidated Statement of Cash Flows (Continued)

Year ended 31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2021 $'000	2020 $'000
Cash Flows from Operating Activities (Page 15)		**69,283,799**	**23,691,778**
Cash Flows from Investing Activities			
Investment securities, net		(55,131,693)	4,656,819
Dividends received		819,482	274,399
Purchase of intangible assets	20	(887,508)	(678,639)
Purchase of property, plant and equipment	21	(357,932)	(794,604)
Investment property	19	-	(29,132)
Acquisition of interest in associate	18	-	(34,401,946)
Proceeds from disposal of property, plant and equipment		-	998
Net cash used in investing activities		**(55,557,651)**	**(30,972,105)**
Cash Flows from Financing Activities			
Redeemable preference shares, net	24	9,965,934	-
Proceeds from the issue of shares	24	-	12,251,370
Proceeds from notes payable		9,522,780	8,051,276
Repayment of notes payable	27	(8,772,886)	-
Payment of lease liabilities	23	(408,493)	(375,839)
Dividends paid to ordinary stockholders	11	(488,888)	(867,221)
Net cash provided by financing activities		**9,818,447**	**19,059,586**
Effect of exchange rate changes on cash and cash equivalents		1,112,328	130,345
Net increase in cash and cash equivalents		24,656,923	11,909,604
Cash and cash equivalents at beginning of year		42,636,000	30,726,396
CASH AND CASH EQUIVALENTS AT END OF YEAR	12	**67,292,923**	**42,636,000**

JMMB GROUP LIMITED

Company Statement of Profit or Loss Account and Other Comprehensive Income

Year ended 31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2021 $'000	2020 $'000
Net Interest Income and Other Revenue			
Dividends	29(ii)	280,502	2,191,889
Foreign exchange gains		770,744	143,201
		1,051,246	2,335,090
Operating Expenses	7	(258,705)	(218,238)
		792,541	2,116,852
Interest income	5	1,981,928	1,509,782
Interest expense	5	(2,129,418)	(1,964,019)
Impairment (loss)/reversal on financial assets	8	(25,028)	208,636
Other		20,604	-
Profit before Taxation		640,627	1,871,251
Taxation	9	-	-
Profit for the year, being total other comprehensive income		**640,627**	**1,871,251**

JMMB GROUP LIMITED

Company Statement of Financial Position

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2021 $'000	2020 $'000
ASSETS			
Cash and cash equivalents	12	44,323	12,068
Interest receivable		409,529	223,365
Income tax recoverable		116,413	197,633
Loans and notes receivable	13,29(i)	41,944,982	21,860,210
Other receivables	14	12,636,270	183,185
Securities purchased under agreements to resell	15	1,274,449	1,146,789
Investment securities	16	4,033	4,033
Interest in associate	18	-	34,401,946
Interest in subsidiaries	17	15,533,508	13,533,508
		71,963,507	**71,562,737**
STOCKHOLDERS' EQUITY			
Share capital	24	14,115,924	14,115,924
Retained earnings		1,162,317	1,010,578
		15,278,241	**15,126,502**
LIABILITIES			
Notes payable	27	16,179,947	30,220,403
Redeemable preference shares	24	28,021,391	17,116,952
Interest payable		275,937	517,429
Due to subsidiary	29(i)	12,189,126	8,553,473
Other payables		18,865	27,978
		56,685,266	**56,436,235**
		71,963,507	**71,562,737**

The financial statements on pages 10 to 123 were approved for issue by the Board of Directors on 14 June 2021 and signed on its behalf by:

Archibald Campbell — Chairman

Keith P. Duncan — Group Chief Executive Officer

JMMB GROUP LIMITED

Company Statement of Changes in Stockholders' Equity

Year ended 31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	Share Capital $'000	Retained Earnings $'000	Total $'000
Balances at 31 March 2019		**1,864,554**	**6,548**	**1,871,102**
Profit, being total comprehensive income for the year		-	1,871,251	1,871,251
Shares issued during the year	24	12,251,370	-	12,251,370
Transaction with owners of the Company:				
Dividends paid to ordinary stockholders	11	-	(867,221)	(867,221)
Balances at 31 March 2020		**14,115,924**	**1,010,578**	**15,126,502**
Profit, being total comprehensive income for the year		-	640,627	640,627
Transaction with owners of the Company:				
Dividends paid to ordinary stockholders	11	-	(488,888)	(488,888)
Adjusted balances at 31 March 2021		**14,115,924**	**1,162,317**	**15,278,241**

JMMB GROUP LIMITED

Company Statement of Cash Flows

Year ended 31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2021 $'000	2020 $'000
Cash Flows from Operating Activities			
Profit for the year		640,627	1,871,251
Adjustments for:			
Interest income	5	(1,981,928)	(1,509,782)
Interest expense	5	2,129,418	1,964,019
Impairment loss/(gain) on financial assets	8	25,028	(208,636)
Loss on disposal of property, plant and equipment		-	313
Dividend income	29(ii)	(280,502)	(2,191,889)
Foreign exchange losses/(gains)		938,505	(143,201)
		1,471,148	(217,925)
Changes in operating assets and liabilities:			
Income tax recoverable, net		81,220	(84,866)
Loans and notes receivable		(20,109,799)	1,553,846
Other receivables		(12,453,085)	41,090
Other payables		(9,113)	17,618
Securities purchased under agreements to resell		(127,661)	(120,189)
Due to subsidiaries		21,762,599	(366,059)
		(9,384,691)	823,515
Interest received		1,795,764	1,504,955
Interest paid		(2,370,910)	(1,629,392)
Net cash (used in)/provided by operating activities		**(9,959,837)**	**699,078**
Cash Flows from Investing Activities			
Dividends received		280,502	2,191,889
Investment securities, net		-	15,523
Investment in subsidiaries		(1,500,000)	(1,757,101)
Acquisition of interest in associate		-	(34,401,946)
Net cash used in investing activities		**(1,219,498)**	**(33,951,635)**
Cash Flows from Financing Activities			
Proceeds from issue of shares, net		-	12,251,370
Proceeds from issue of notes payable		9,057,947	21,863,430
Repayment of notes payable		(7,323,403)	-
Issue of redeemable preference shares	24	9,965,934	-
Dividends paid	11	(488,888)	(867,221)
Net cash provided by financing activities		**11,211,590**	**33,247,579**
Net increase/(decrease) in cash and cash equivalents		32,255	(4,978)
Cash and cash equivalents at beginning of year		12,068	17,046
CASH AND CASH EQUIVALENTS AT END OF YEAR	12	**44,323**	**12,068**

JMMB GROUP LIMITED

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification

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

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

Name of Subsidiary and Associate	% Shareholding Held by Parent/Subsidiary		Country of Incorporation	Principal Activities
	Parent	Subsidiary		
Jamaica Money Market Brokers Limited and its subsidiaries	100		Jamaica	Securities brokering
JMMB Securities Limited		100	Jamaica	Stock brokering
JMMB Insurance Brokers Limited		100	Jamaica	Insurance brokering
JMMB Real Estate Holdings Limited		100	Jamaica	Real estate holding
Capital & Credit Securities Limited		100	Jamaica	Investment holding and management
JMMB Fund Managers Limited		100	Jamaica	Fund management
JMMB International Limited	100		Barbados	Investment holding and management
JMMB Bank (Jamaica) Limited	100		Jamaica	Commercial banking
JMMB Money Transfer Limited	100		Jamaica	Funds transfer
Jamaica Money Market Brokers (Trinidad and Tobago) Limited and its subsidiaries	100		Trinidad and Tobago	Financial holding company
JMMB Investments (Trinidad and Tobago) Limited and its subsidiary		100	Trinidad and Tobago	Securities brokering
JMMB Securities (T&T) Limited		100	Trinidad and Tobago	Stock brokering
JMMB Bank (T&T) Limited and its subsidiary		100	Trinidad and Tobago	Commercial banking
JMMB Express Finance (T&T) Limited	100		Trinidad and Tobago	Merchant banking and consumer financing
JMMB Holding Company, SRL and its subsidiaries	100		Dominican Republic	Investment holding and management
JMMB Puesto de Bolsa,S.A.		80	Dominican Republic	Securities brokering
JMMB Sociedad Administradora de Fondos de Inversion, S.A.		70	Dominican Republic	Mutual fund administration
Banco Rio De Ahorro Y Credito JMMB Bank S.A		90	Dominican Republic	Savings and loans bank
AFP JMMB BDI S.A.		50	Dominican Republic	Pension funds administration services
Associate				
Sagicor Financial Company Limited	22.73 (2020: 22.5)		Bermuda	Life and health insurance. pension, banking and investment management

During the year, Jamaica Money Market Brokers Limited transferred ownership of JMMB International Limited to the Company. The direct ownership of Sagicor Financial Company Limited was transferred from the Company to JMMB International Limited. The transfers were made at book value.

2. Statement of Compliance and Basis of Preparation

(a) Statement of compliance:

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the relevant provisions of the Jamaican Companies Act ("the Act").

Certain new and amended standards came into effect during the current financial year. None of these issued had a material impact on the Group's financial statements. Details of the Group's significant accounting policies are included at note 35.

(b) Basis of preparation:

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

(c) Functional and presentation currency:

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

(d) Use of estimates and judgements:

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

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

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

3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

(a) Key sources of estimation uncertainty

(i) Impairment of financial assets

The measurement of the allowances for expected credit loss (ECL) allowance for financial assets measured at amortised cost and fair value through other comprehensive income (FVOCI) is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

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

(a) Key sources of estimation uncertainty (continued)

(i) Impairment of financial assets (continued)

A number of significant judgements are required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increases in credit risk with qualitative factors incorporating the economic impact of Covid-19;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios with increased uncertainties due to Covid-19 for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in notes 31(b) and 35(b).

(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 derived 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, particularly with increased volatility of certain markets due to Covid-19. 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 32).

(iii) Impairment of intangible assets

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

(iv) Impairment of the carrying value of interest in associate

Impairment of interest in associate is dependent upon management's internal assessment of future cash flows from the associate. That internal assessment determines the recoverable value of the associate. The estimate of the amount recoverable from future operations of the associate is sensitive to the discount rates and expected cashflows used.

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

(1) Classification of financial assets:

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

(2) Impairment of financial assets:

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

(3) Income taxes

The current and deferred tax liabilities and assets arising from certain transactions or events may be uncertain in the ordinary course of business. The Group recognises tax assets and liabilities based on its understanding of the relevant tax rules and its judgement. Where, on the basis of a subsequent determination, the final tax outcome in relation to such matters is different from the amount that was initially recognised, the difference will impact the current and deferred income tax provisions in the period in which such determination is made.

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, foreign currency trading and remittance and related services.

(iii) Other represents insurance brokering, investment and real estate holding.

JMMB GROUP LIMITED

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4. Segment Reporting (continued)

	The Group 2021				
	Financial & Related Services $'000	Banking & Related Services $'000	Other $'000	Eliminations $'000	Group $'000
External revenues	22,200,730	11,764,273	303,886	-	34,268,889
Inter-segment revenue	4,565,781	119,410	-	(4,685,191)	-
Total segment revenue	26,766,511	11,883,683	303,886	(4,685,191)	34,268,889
Segment results	5,496,647	2,452,046	142,201	-	8,090,894
Impairment loss on financial assets	-	-	-	-	(2,006,821)
Share of profit of associate	-	-	-	-	1,884,811
Loss on disposal of property, plant and equipment					(8,186)
Profit before tax	-	-	-	-	7,960,698
Taxation	-	-	-	-	(242,201)
Profit for the year	-	-	-	-	7,718,497
Total segment assets	468,661,714	192,806,364	2,158,923	(149,920,122)	513,706,879
Total segment liabilities	413,594,345	173,433,921	1,865,764	(136,398,709)	452,495,321
Interest income	12,344,669	9,769,492	4,874	-	22,119,035
Interest expense	8,451,188	3,207,601	-	-	11,658,789
Operating expenses	7,437,351	6,927,792	162,250	-	14,527,393
Depreciation and amortisation	508,084	483,089	15,620	-	1,006,793
Capital expenditure	611,407	633,975	58	-	1,245,440

	The Group 2020				
	Financial & Related Services $'000	Banking & Related Services $'000	Other $'000	Eliminations $'000	Group $'000
External revenues	21,059,518	10,714,733	211,484	-	31,985,735
Inter-segment revenue	4,836,961	193,319	9,255	(5,039,535)	-
Total segment revenue	25,896,479	10,908,052	220,739	(5,039,535)	31,985,735
Segment results	4,039,147	1,457,449	145,549	-	5,642,145
Impairment loss on financial assets	-	-	-	-	(1,405,505)
Share of profit of associate	-	-	-	-	195,206
Gain on acquisition of associate	-	-	-		2,799,034
Loss on disposal of property plant and equipment	-	-	-	-	(14,357)
Profit before tax	-	-	-	-	7,216,523
Taxation	-	-	-	-	(150,036)
Profit for the year	-	-	-	-	7,066,487
Total segment assets	332,501,293	149,021,206	2,020,815	(83,846,179)	399,697,135
Total segment liabilities	294,764,092	133,422,055	1,841,512	(71,509,678)	358,517,981
Interest income	12,051,669	7,636,261	6,188	-	19,694,118
Interest expense	7,709,266	2,704,514	-	-	10,413,780
Operating expenses	9,387,427	6,386,402	155,981	-	15,929,810
Depreciation and amortisation	555,031	447,315	10,829	-	1,013,175
Capital expenditure	920,726	289,146	320,687	-	1,530,559

JMMB GROUP LIMITED

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5. Net Interest Income/(Expense)

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Interest income, calculated using the effective interest method				
Cash and cash equivalents	102,839	79,261	-	2
Loans and notes receivable	8,774,494	7,117,630	1,917,207	1,446,878
Resale agreements	296,400	24,943	64,721	62,902
Investment securities	12,945,302	12,472,284	-	-
Total interest income	**22,119,035**	**19,694,118**	**1,981,928**	**1,509,782**
Interest expense				
Repurchase agreements	6,076,643	6,277,934	-	-
Notes payable	2,423,708	1,270,405	1,216,368	967,111
Customer deposits	2,147,068	1,750,695	-	-
Lease liabilities	98,319	117,838	-	-
Redeemable preference shares	913,051	996,908	913,050	996,908
Total interest expense	**11,658,789**	**10,413,780**	**2,129,418**	**1,964,019**
Net interest income/(expense)	**10,460,246**	**9,280,338**	**(147,490)**	**(454,237)**

6. Staff Costs

	The Group	
	2021	**2020**
	$'000	**$'000**
Salaries and benefits, including profit-related pay	6,428,851	7,490,106
Statutory payroll contributions	486,343	491,267
Pension costs (note 33)	227,545	255,381
Training and development	55,135	141,919
Other staff benefits	807,146	1,038,003
	8,005,020	**9,416,676**

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Notes to the Financial Statements

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7. Other Expenses

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Marketing, corporate affairs and donations	507,049	855,987	79,372	86,428
Depreciation and amortisation	1,006,793	1,012,175	-	-
Directors' fees [note 29(iii)]	103,784	128,395	43,197	45,999
Irrecoverable – GCT	322,854	366,016	-	-
Insurance	189,734	144,158	-	-
Auditors' remuneration	139,728	129,483	3,592	8,113
Asset tax	621,598	524,835	-	-
Information technology	836,587	721,375	-	70
Legal and professional fees	1,303,073	1,082,957	130,840	71,394
Repairs and maintenance	235,055	199,074	-	-
Travel and entertainment	11,440	101,994	-	875
Motor vehicle	27,628	29,389	-	-
Office rental	138,838	96,604	-	-
Security	150,259	190,216	1,171	4,844
Stationery, printing and postage	115,216	148,438	-	-
Utilities	367,559	282,492	-	-
Bank charges	179,839	204,904	-	78
Other	265,339	294,642	533	437
	6,522,373	**6,513,134**	**258,705**	**218,238**

8. Impairment Losses on Financial Assets

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Charged/(credited) for the year on:				
Investment securities at amortised cost (note 16)	25,043	8,956	-	-
Investment securities at FVOCI	407,135	217,331	-	-
Loan and notes receivable (note 13)	1,570,507	1,177,235	25,027	(207,121)
Securities purchased under agreement to resell (note 15)	(12)	38	1	(1,515)
Other receivables (note 14)	4,148	1,945	-	-
	2,006,821	**1,405,505**	**25,028**	**(208,636)**

JMMB GROUP LIMITED

Notes to the Financial Statements

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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		The Company	
	2021 $'000	**2020 $'000**	**2021 $'000**	**2020 $'000**
Current income tax	3,053,320	2,317,391	-	-
Tax credit	(375)	-	-	-
Green fund and business levy	27,960	30,527	-	-
Prior year under provision	4,198	27,121	-	-
	3,085,103	2,375,039	-	-
Deferred income tax (note 22)				
Origination and reversal of temporary differences	(2,920,668)	(2,241,216)	-	-
Tax benefit of losses carried forward	77,766	16,213	-	-
	(2,842,902)	(2,225,003)	-	-
	242,201	**150,036**	-	-

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

	The Group		The Company	
	2021 $'000	**2020 $'000**	**2021 $'000**	**2020 $'000**
Profit before taxation	7,960,698	7,216,523	640,627	1,871,251
Tax calculated at 25% (2020: 25%)	1,990,175	1,804,130	160,157	467,813
Adjusted for the effects of:				
Income not subject to tax	(2,159,111)	(2,195,336)	(160,157)	(467,813)
Disallowed expenses	516,320	502,211	-	-
Tax losses recovered	(2,966)	(12,635)	-	-
Deferred tax not recognised	862	-	-	-
Green fund and business levy	16,741	17,353	-	-
Other	(123,642)	7,192	-	-
Prior year under provision	3,822	27,121	-	-
	242,201	**150,036**	-	-

(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 $3,393,344,000 (2020: $3,526,287,000) for the Group and $Nil (2020: $310,737,000) for the Company.

JMMB GROUP LIMITED

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10. Earnings per Stock Unit

Earning per stock unit ("EPS") is computed by dividing the profit attributable to stockholders of the parent of $7,505,902,000 (2020: $6,993,567,000) by the weighted average number of ordinary stock units in issue during the year, numbering 1,955,552,532 (2020: 1,749,541,603).

11. Dividends paid to Ordinary Stockholders

	The Group and the Company	
	2021	**2020**
	$'000	**$'000**
Final dividend in respect of 2019 @ 23.0 cents per stock unit	-	456,555
Interim dividend in respect of 2020 @ 20.0 cents per stock unit	-	410,666
Final dividend in respect of 2020 @ 25.0 cents per stock unit	488,888	-
	488,888	**867,221**

12. Cash and Cash Equivalents

	The Group		The Company	
	2021	**2020**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Cash	58,234,192	32,102,661	-	-
Balances with Central Bank	7,461,360	8,859,527	-	-
Cash equivalents	1,597,371	1,673,812	44,323	12,068
	67,292,923	**42,636,000**	**44,323**	**12,068**

Cash equivalents of the Group include $1,540,259,000 (2020: $1,617,100,000) held by an investment broker as security for funding provided on certain investment securities, which is not available for immediate use. In addition, the Group also has a restricted amount of $7,859,000 (2020: $7,859,000) deposited at an interest rate of 0.5% (2020: 0.5%) 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.

JMMB GROUP LIMITED

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

13. Loans and Notes Receivable

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Corporate	54,174,297	46,322,794	-	-
Financial institutions	5,296,901	5,330,162	42,030,533	21,920,734
Individuals	64,419,206	50,226,573	-	-
	123,890,404	101,879,529	42,030,533	21,920,734
Less: allowance for impairment	(4,434,257)	(3,038,456)	(85,551)	(60,524)
	119,456,147	**98,841,073**	**41,944,982**	**21,860,210**

Allowance for impairment:

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Balance at 1 April	3,038,456	1,853,648	60,524	267,645
Charge for year (note 8)	1,607,407	1,189,911	25,027	(207,121)
Recoveries (note 8)	(36,900)	(12,676)	-	-
Write-offs	(274,014)	(31,797)	-	-
Translation differences	99,308	39,370	-	-
Balance at 31 March	**4,434,257**	**3,038,456**	**85,551**	**60,524**

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

Notes receivable includes the balance on an interest-free revolving advance of $2,458,548,605 (2020: $2,458,548,605) to the trustees of the Group's Employee Share Ownership Plan (ESOP), the repayment date for which has not been fixed. The number of stock units held by the ESOP at 31 March 2021 was182,733,515 (2020: 172,681,449).

JMMB GROUP LIMITED

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14. Other Receivables

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Receivable from related parties	469,325	3,054,939	11,878,103	-
Other receivables	3,750,394	3,304,342	758,167	183,185
Staff loans	19,991	641,925	-	-
	4,239,710	7,001,206	12,636,270	183,185
Less: allowance for impairment	(12,692)	(8,544)	-	-
	4,227,018	**6,992,662**	**12,636,270**	**183,185**

Allowance for impairment:

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Balance at 1 April	8,544	6,599	-	-
Charge for year	4,148	1,945	-	-
Balance at 31 March	12,692	8,544	-	-

15. Securities Purchased Under Agreements to Resell

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Denominated in Jamaican dollars	3,300,000	6,000,000	-	-
Denominated in United States dollars	-	-	719,271	647,049
Denominated in Trinidad and Tobago dollars	-	-	555,189	499,750
	3,300,000	6,000,000	1,274,460	1,146,799
Less: allowance for impairment	(26)	(38)	(11)	(10)
	3,299,974	**5,999,962**	**1,274,449**	**1,146,789**

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15. Securities Purchased Under Agreements to Resell (Continued)

Allowance for impairment:

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Balance at 1 April	38	-	10	1,525
(Credit)/charge for year	(12)	38	1	(1,515)
Balance at 31 March	26	38	11	10

Resale agreements include balances with related parties as set out in note 29. 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 26).

At the reporting date, the fair value of the securities obtained and held under resale agreements was $3,715,174,000 (2020: $6,168,318,000l) and $1,274,460,000 (2020: $1,740,490,000) for the Group and Company, respectively.

16. Investment Securities

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Debt securities at amortised cost:				
Certificates of deposit	54,446	25,953	-	-
Government of Jamaica securities	7,951,068	7,647,759	-	-
Other sovereign bonds	279,919	270,881	-	-
Corporate:			-	-
Government of Jamaica guaranteed	2,170,737	2,316,972	-	-
Other	2,078,848	635,816	-	-
	12,535,018	10,897,381	-	-
Debt securities at fair value through other comprehensive income:				
Government of Jamaica securities	91,245,244	72,141,507	-	-
Certificates of deposit	23,198,367	12,716,403	-	-
Government of Jamaica guaranteed	3,785,902	2,988,926	-	-
Corporate bonds	69,872,864	56,806,509	-	-
Other sovereign bonds	52,865,155	30,495,342	-	-
	240,967,532	175,148,687	-	-
Equity securities at fair value through other comprehensive income:				
Quoted securities	2,551,215	2,430,995	-	-
Balance carried forward to page 32	**256,053,765**	**188,477,063**	-	-

JMMB GROUP LIMITED

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

16. Investment Securities (Continued)

	The Group		The Company	
	2021 $'000	**2020 $'000**	**2021 $'000**	**2020 $'000**
Balance brought forward from page 31	**256,053,765**	**188,477,063**	-	-
Other securities at fair value through other comprehensive income:				
Other	4,033	4,033	4,033	4,033
Debt securities designated at fair value through profit or loss:				
Corporate bonds	1,430,918	1,330,315	-	-
Other sovereign bonds	-	438,808	-	-
	1,430,918	1,769,123	-	-
Equity securities at fair value through profit and loss:				
Quoted securities	4,362,931	1,535,251	-	-
Other securities at fair value through profit and loss:				
Units in unit trusts	515,895	433,323	-	-
Money market funds	67,289	325,079	-	-
Unquoted securities	17,418	17,251	-	-
	600,602	775,653	-	-
	262,452,249	192,561,123	4,033	4,033
Less: allowance for impairment losses for investments at amortised cost	(60,202)	(290,602)	-	-
	262,392,047	**192,270,521**	**4,033**	**4,033**

Allowance for impairment for investments at amortised cost:

	The Group		The Company	
	2021 $'000	**2020 $'000**	**2021 $'000**	**2020 $'000**
Balance at 1 April	290,602	281,034	-	-
Charge for the year	25,043	8,956	-	-
Recoveries	(255,443)	612	-	-
Balance at 31 March	**60,202**	**290,602**	-	-

JMMB GROUP LIMITED

Notes to the Financial Statements

31 March 2021

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16. Investment Securities (Continued)

Investments mature, from the reporting date, as follows:

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Government of Jamaica securities:				
Within 3 months	543,781	-	-	-
Over 3 months to 1 year	10,315,373	1,546,481	-	-
Over 1 year to 5 years	9,638,127	15,737,792	-	-
Over 5 years	78,667,379	62,481,083	-	-
	99,164,660	79,765,356	-	-
Certificates of deposit:				
Within 3 months	223,566	13,383,663	-	-
Over 3 months to 1 year	5,631,838	-	-	-
Over 1 year to 5 years	17,397,409	25,953	-	-
	23,252,813	13,409,616	-	-
Sovereign and corporate bonds:				
Within 3 months	11,449,744	2,666,966	-	-
Over 3 months to 1 year	8,519,924	6,007,743	-	-
Over 1 year to 5 years	50,746,913	40,146,753	-	-
Over 5 years	61,753,077	45,542,020	-	-
	132,469,658	94,363,482	-	-
Other [see (c) below]	7,504,916	4,732,067	4,033	4,033
	262,392,047	**192,270,521**	**4,033**	**4,033**

(a) Government of Jamaica securities and certain other bonds are pledged as security for repurchase agreements (note 26) and notes payable (note 27).

(b) Government of Jamaica securities having an aggregate face value of $620,000,000 (2019: $620,000,000) 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 securities includes quoted equities, unit trust holdings and interest in pooled money market fund, for which there are no fixed maturity dates.

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17. Interest in Subsidiaries

	The Company	
	2021	**2020**
	$'000	**$'000**
Shares at cost:		
Jamaica Money Market Brokers Limited	1,864,054	1,864,054
JMMB International Limited	500,000	-
JMMB Bank (Jamaica) Limited	7,585,176	6,085,176
JMMB Money Transfer Limited	50,789	50,789
Jamaica Money Market Brokers (Trinidad and Tobago) Limited	4,054,726	4,054,726
JMMB Holding Company, SRL and its subsidiaries	1,478,763	1,478,763
	15,533,508	**13,533,508**

18. Interest in Associate

	The Group	
	2021	**2020**
	$'000	**$'000**
At beginning of the year	35,009,306	-
Acquisition cost	-	34,401,946
Share of profits	1,884,811	195,206
Gain on acquisition	-	2,799,034
Dividends received	(698,359)	(225,936)
Movement in other reserves	218,657	(2,160,944)
Translation adjustment	2,516,336	-
At end of the year	38,930,751	35,009,306

The Group owns 22.73% (2020: 22.52%) of the issued and outstanding common shares of Sagicor Financial Company Limited (SFC). The change in percentage shareholding during the year arose from SFC's repurchase of its own shares.

The Group has accounted for this investment as an associate and has applied the equity method of accounting.

The principal activities of SFC are life and health insurance, annuities and pension administration services and banking and investment management services. The main purpose of the acquisition is to diversify the Group's income stream while improving core earnings. SFC is listed on the Toronto Stock Exchange.

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18. Interest in Associate (Continued)

The following table presents the summarised financial information in respect of SFC as indicated in its own financial statements, adjusted for fair value adjustment at acquisition. The table also reconciles the summarized financial information to the carrying amount of the Group's interest in SFC. The Group has used the last audited financial statements of SFC as at and for the year ended 31 December 2020 adjusted for its unaudited results for the three months to 31 March 2021.

	2021	2020
Percentage ownership		
	$'000	**$'000**
Total assets	1,335,606,270	1,133,078,557
Total liabilities	(1,100,544,700)	(916,938,919)
Net assets	235,061,570	216,139,638
Revenue	241,228,532	71,106,043
Profit from continuing operation	8,285,977	867,583
Other comprehensive income/(loss)	5,010,965	(12,637,926)
Total comprehensive income/(loss)	13,296,942	(11,770,343)
Group's share of profit 22.73% (2020: 22.52%)	1,884,811	195,206
Group's share of other comprehensive income	1,126,050	(2,843,533)
Group's share of total comprehensive income	3,010,873	(2,648,327)
Net assets of the associate – 100%	235,061,570	216,239,638
Pre-acquisition goodwill and intangible assets	(12,068,099)	(12,068,099)
Non-controlling interests	(75,623,303)	(75,739,912)
Adjusted net assets	147,370,168	128,431,627
Group's share of adjusted net assets 22.73% (2020: 22.52%)	33,314,443	28,897,116
Intangible assets recognised on acquisition	6,238,343	6,238,343
Translation loss	(622,035)	(126,153)
Carrying amount of interest in associate	38,930,751	35,009,306

The carrying value of SFC and the fair value indicated by its quoted price on the Toronto Stock Exchange (''TSE Indicative Value'') as at 31 March is as follow:

	The Group 2021		The Group 2020	
	Carrying Value	**TSE Indicative Value**	**Carrying Value**	**TSE Indicative Value**
	$'000	**$'000**	**$'000**	**$'000**
Sagicor Financial Company Limited	38,930,751	22,606,201	35,009,306	21,312,222

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18. Interest in Associate (Continued)

Management has conducted an impairment assessment in respect of this investment involving a review of the performance of the entity as well as the fair value of the underlying asset and determined that no impairment in the carrying values has occurred.

19. Investment Property

	The Group	
	2021	**2020**
	$'000	**$'000**
Balance as at 1 April	621,232	489,616
Acquisitions	-	29,132
Fair value gain	77,700	102,484
	698,932	621,232

The properties are measured at fair value, as appraised by professional, independent valuers every three years and in the intervening years by the directors. The valuation model uses a market approach and considers the location and condition of the properties as well as recent comparable transactions in proximity to the investment properties.

Investment properties generated rental income of $1,515,000 (2020: $Nil) and incurred expenses of $18,821,000 (2020: $14,775,000) for the year.

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

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 assumed intention to dispose of the property in an open market transaction • The assumed sale would take place on the basis of a willing seller and willing buyer; • A reasonable period in which to negotiate a sale, taking into account the nature of the property and state of the market; • Values are expected to remain stable throughout the period of market exposure and disposal (hypothetical); and • The property will be freely exposed to the market.	• 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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20. Intangible Assets

	The Group					
	Computer Software	Customer List and Core Deposits	Licence	Goodwill	Other	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost						
31 March 2019	2,065,292	605,680	283,432	29,270	358,423	3,342,097
Additions	678,639	-	-	-	-	678,639
Exchange rate adjustment	(6,671)	17,662	15,418	40	10,365	36,814
31 March 2020	2,737,260	623,342	298,850	29,310	368,788	4,057,550
Additions	887,508	-	-	-	-	887,508
Exchange rate adjustment	1,852	21,719	18,578	1,164	12,659	55,972
31 March 2021	**3,626,620**	**645,061**	**317,428**	**30,474**	**381,447**	**5,001,030**
Accumulated Amortisation						
31 March 2019	950,739	355,017	-	-	278,773	1,584,529
Charge for the year	187,533	41,146	-	-	-	228,679
Exchange rate adjustment	(148)	28,576	-	-	10,365	38,793
31 March 2020	**1,138,124**	**424,739**	**-**	**-**	**289,138**	**1,852,001**
Charge for the year	168,684	54,475	-	-	-	223,159
Exchange rate adjustment	1,363	11,428	-	-	12,659	25,450
31 March 2021	**1,308,171**	**490,642**	**-**	**-**	**301,797**	**2,100,610**
31 March 2021	**2,318,449**	**154,419**	**317,428**	**30,474**	**79,650**	**2,900,420**
31 March 2020	**1,599,136**	**198,603**	**298,850**	**29,310**	**79,650**	**2,205,549**

Impairment testing for intangible assets with indefinite useful lives

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

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

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

	2021	2020
Discount rate:	14%; 16%	14.5%; 17%
Long-term growth rate	3%	3%
Time to obtain licence	3-4 years	3-4 years

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20. Intangible Assets (Continued)

Impairment testing for intangible assets with indefinite useful lives (continued)

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

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

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

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

21. Property, Plant and Equipment

	The Group					
	Freehold Land and Buildings	Leasehold Improvement	Motor Vehicles	Computer Equipment	Equipment, Furniture and Fittings	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost						
31 March 2019	**2,175,749**	**849,203**	**62,899**	**1,186,228**	**2,368,701**	**6,642,780**
Additions	345,642	78,041	38,469	239,048	93,404	794,604
Transfer	(73,760)	4,837	-	5337	63,586	-
Reclassification	(60,407)	27,605	-	848,364	(815,826)	(264)
Disposals	-	(144,139)	(12,966)	(164,188)	(44,213)	(365,506)
Exchange rate adjustment	6,102	36,564	53	3,459	86,116	132,294
31 March 2020	**2,393,326**	**852,111**	**88,455**	**2,118,248**	**1,751,768**	**7,203,908**
Additions	48,045	154,819	5,573	37,189	112,306	357,932
Disposals	(7,233)	(393)	-	(368,800)	(7,688)	(384,114)
Exchange rate adjustment	839	41,458	13	62,940	44,975	150,225
31 March 2021	**2,434,977**	**1,047,995**	**94,041**	**1,849,577**	**1,901,361**	**7,327,951**

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21. Property, Plant and Equipment (Continued)

	The Group					
	Freehold Land and Buildings	Leasehold Improvement	Motor Vehicles	Computer Equipment	Equipment, Furniture and Fittings	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Depreciation						
31 March 2019	**238,631**	**561,164**	**40,078**	**940,710**	**1,578,865**	**3,359,448**
Charge for the year	34,079	78,992	9,102	190,848	156,800	469,821
Reclassification	-	(40)	(8,438)	780,981	(780,941)	(8,438)
Disposals	-	(143,826)	(45)	(162,828)	(43,452)	(350,151)
Exchange rate adjustment	-	22,813	15	328	70,079	93,235
31 March 2020	**272,710**	**519,103**	**40,712**	**1,750,039**	**981,351**	**3,563,915**
Charge for the year	34,935	79,781	13,027	108,566	241,625	477,934
Disposals	-	-	-	(368,477)	(7,451)	(375,928)
Exchange rate adjustment	-	24,553	13	57,489	23,085	105,140
31 March 2021	**307,645**	**623,437**	**53,752**	**1,547,617**	**1,238,610**	**3,771,061**
Net Book Value						
31 March 2021	**2,127,332**	**424,558**	**40,289**	**301,960**	**662,751**	**3,556,890**
31 March 2020	**2,120,616**	**333,008**	**47,743**	**368,209**	**770,417**	**3,639,993**

22. Deferred Income Tax

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

Deferred income tax is calculated in full on temporary differences under the balance sheet method using the principal tax rate applicable to the jurisdictions in which the temporary differences arise.

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

	The Group	
	2021	**2020**
	$'000	**$'000**
Deferred income tax assets	4,593,139	5,508,584
Deferred income tax liabilities	(270,749)	(49,778)
	4,322,390	**5,458,806**

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22. Deferred Income Tax (continued)

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

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Deferred income tax assets -				
Investments	499,075	4,094,599	-	-
Unrealised foreign exchange losses	3,084,354	1,067,945	-	-
Property, plant and equipment	69,593	22,163	-	-
Other payables	75,383	55,263	-	-
Interest payable	639,595	405,417	-	-
Tax losses carried forward	203,419	124,790	-	-
Notes receivable	344,423	172,887	-	-
Other	3,823	-	-	-
Lease liabilities	23,390	11,602	-	-
	4,943,055	5,954,666	-	-
Deferred income tax liabilities -				
Interest receivable	(620,665)	(495,860)	-	-
Net deferred income tax assets	**4,322,390**	**5,458,806**	**-**	**-**

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22. Deferred Income Tax (Continued)

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

	2021			
	The Group			
	Balance at Beginning of Year	Recognised in Income (note 9)	Recognised in Other Comprehensive Income	Balance at End of Year
	$'000	$'000	$'000	$'000
Tax losses carried forward	124,790	77,766	-	202,556
Investments	4,094,599	510,134	(3,979,318)	625,415
Accounts payable	55,263	20,120	-	75,383
Property, plant and equipment	22,163	47,430	-	69,593
Interest payable	405,417	234,178	-	639,595
Unrealised foreign exchange loss	1,067,945	1,890,932	-	2,958,877
Notes receivable	172,887	171,536	-	344,423
Other	-	3,823	-	3,823
Lease liabilities	11,602	11,788	-	23,390
Interest receivable	(495,860)	(124,805)	-	(620,665)
	5,458,806	**2,842,902**	**(3,979,318)**	**4,322,390**

	2020			
	The Group			
	Balance at Beginning of Year	Recognised in Income (note 9)	Recognised in Other Comprehensive Income	Balance at End of Year
	$'000	$'000	$'000	$'000
Tax losses carried forward	141,003	(16,213)	-	124,790
Investments	910,738	135,771	3,048,090	4,094,599
Accounts payable	27,374	27,889	-	55,263
Property, plant and equipment	(24,824)	46,987	-	22,163
Interest payable	430,109	(24,692)	-	405,417
Unrealised foreign exchange loss	-	1,067,945	-	1,067,945
Unrealised foreign exchange gains	(810,606)	810,606	-	-
Notes receivable	-	172,887	-	172,887
Lease liabilities	-	11,602	-	11,602
Interest receivable	(488,081)	(7,779)	-	(495,860)
	185,713	**2,225,003**	**3,048,090**	**5,458,806**

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23. Leases

The Group leases properties for office space and other uses. The leases run for periods of 1 to 15 years. Certain leases have an option to renew for further periods of 1 to 15 years.

The Group leases IT equipment with contract terms of one to three years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

(i) Amounts recognised in the statement of financial position shows the following amounts relating to leases:

	The Group	
	2021	**2020**
	$'000	**$'000**
Right-of-use assets - properties:		
Balance as at 1 April	1,849,321	1,639,357
Additions	885	460,093
Charge for the year	(305,700)	(314,675)
Remeasurement	(190,686)	-
Foreign currency translation differences	80,153	64,546
Balance at 31 March	**1,433,973**	**1,849,321**
Lease liabilities:		
Current	305,679	303,300
Non-current	1,282,892	1,645,368
	1,588,571	**1,948,668**

(ii) Amounts recognised in the profit and loss account show the following amounts relating to leases:

	The Group	
	2021	**2020**
	$'000	**$'000**
Depreciation charge of right-of-use assets	305,700	314,675
Foreign exchange loss on lease liabilities	22,306	42,664
Interest expense on lease liabilities	98,319	117,838
Expense relating to short-term and low-value leases (included in administration expenses)	97,561	90,335

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23. Leases (Continued)

(iii) Amounts recognised in the statement of cash flows

	The Group	
	2021	**2020**
	$'000	**$'000**
Total cash outflows for leases	408,493	375,839

(iv) Extension options

Some property leases contain extension options exercisable by the Group up to twelve months before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Group has estimated that the potential future lease payments, should it exercise the extension option, would result in an increase in lease liability of $442,461,000 (2020:$1,137,014,000).

24. Share Capital

	2021	**2020**
	Number of Shares	**Number of Shares**
	('000)	**('000)**
Authorised ordinary stock units at no par value: unlimited		
Fixed rate cumulative redeemable preference shares of no par value	10,000,000	10,000,000

	2021	**2020**
	Number of Shares	**Number of Shares**
	('000)	**('000)**
Issued ordinary share capital:		
Ordinary stock units in issue at no par value	1,955,552	1,955,552

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24. Share Capital (Continued)

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Stated capital:				
1,955,552,532 (2020: 1,955,552,532) ordinary stock units	14,115,924	14,115,924	14,115,924	14,115,924
9,434,000 7.25% cumulative redeemable preference stock units	14,151	14,151	14,151	14,151
1,827,548,000 7.50% cumulative redeemable preference stock units	1,827,548	1,827,548	1,827,548	1,827,548
213,500 5.75% cumulative redeemable preference stock units	46,398	42,901	46,398	42,901
42,783,500 US$ 6.00% cumulative redeemable preference stock units	6,198,473	5,731,278	6,198,473	5,731,278
32,177,000 7.00% cumulative redeemable preference stock units	64,354	64,354	64,354	64,354
1,848,937,000 7.25% cumulative redeemable preference stock units	3,697,874	3,697,874	3,697,874	3,697,874
155,000 US$ 5.50% cumulative redeemable preference stock units	44,913	41,527	44,913	41,527
21,265,000 US$ 5.75% cumulative redeemable preference stock units	6,161,746	5,697,319	6,161,746	5,697,319
3,206,485,000 J$ 7.35% cumulative redeemable preference stock units	9,619,455	-	9,619,455	-
115,493,000 J$ 7.15% cumulative redeemable preference stock units	346,479	-	346,479	-
	42,137,315	31,232,876	42,137,315	31,232,876
Less: redeemable preference stock units classified as liability	(28,021,391)	(17,116,952)	(28,021,391)	(17,116,952)
	14,115,924	**14,115,924**	**14,115,924**	**14,115,924**

On 19 March 2021, the Company issued 3,206,485,000 and 115,493,000 7.35% and 7.15% JMD fixed rate cumulative redeemable preference shares respectively at a price of J$3.00 by public offering. The redeemable preference shares mature on 19 March 2028.

24. Share Capital (Continued)

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 capital in priority to the ordinary shareholders; and

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

The rights attaching to the ordinary shares include the following:

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

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

25. Reserves

(a) Retained Earnings Reserve

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

(b) Investment Revaluation Reserve

The investment revaluation reserve comprises the cumulative net change in the fair value of debt securities at fair value through other comprehensive income, impairment losses on such securities, net of deferred tax, until the assets are derecognised or impaired.

(c) Cumulative Translation Reserve

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

26. Securities Sold Under Agreements to Repurchase

	The Group	
	2021	**2020**
	$'000	**$'000**
Denominated in Jamaica dollars	59,198,864	60,876,875
Denominated in United States dollars	133,508,770	90,626,003
Denominated in Pound Sterling	110,129	1,262,252
Denominated in Euro	149,446	164,472
Denominated in Dominican Republic Peso	26,921,286	21,419,026
Denominated in Canadian dollars	-	51,728
Denominated in Trinidad and Tobago dollars	7,841,791	5,189,624
	227,730,286	**179,589,980**

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26. Securities Sold Under Agreements to Repurchase (Continued)

Repurchase agreements are collateralised by certain securities and other instruments held by the Group with a carrying value of $243,449,245,800 (2020:$186,673,921,000) (notes 15 and 16).

27. Notes Payable

		The Group		The Company	
		2021	**2020**	**2021**	**2020**
		$'000	**$'000**	**$'000**	**$'000**
(i)	Senior Unsecured US$ Fixed Note	2,799,661	2,588,643	-	-
(ii)	Subordinated debt	2,159,000	1,999,000	-	-
(iii)	Subordinated debt	-	579,483	-	-
(iv)	Senior secured TT$ Fixed Note	2,228,088	2,218,890	-	-
(v)	Senior secured US$ Fixed Note	1,678,463	1,493,333	-	-
(vi)	Promissory Note US$ Note	1,086,600	1,071,680	-	-
(vii)	Promissory Note US$ Fixed Note	21,732,000	20,094,000	-	-
(viii)	Unsecured US$ Fixed Note	-	971,478	-	971,478
(ix)	Unsecured J$ Fixed Note	-	472,425	-	472,425
(x)	Unsecured J$ Fixed Note	-	5,879,500	-	5,879,500
(xi)	Unsecured J$ Fixed Note	3,500,000	3,500,000	3,500,000	3,500,000
(xii)	Unsecured US$ Fixed Note	3,622,000	3,349,000	3,622,000	3,349,000
(xiii)	Senior secured J$ Fixed Note	-	870,000	-	9,520,000
(xiv)	Secured US$ Index Bond	-	-	-	6,528,000
(xv)	Unsecured J$ Fixed Note	7,509,800	-	7,509,800	-
(xvi)	Unsecured US$ Fixed Note	1,548,147	-	1,548,147	-
(xvii)	Unsecured TT$ Fixed note	464,833	-	-	-
		48,328,592	**45,087,432**	**16,179,947**	**30,220,403**

(i) The note is unsecured and bears interest at 5.5% per annum, with interest payable on a quarterly basis and a maturity date of 15 June 2023.

(ii) This represents subordinated debt of TT$100M issued by a subsidiary for a term of eight (8) years, maturing on 28 March 2027 at a fixed rate of 5% per annum.

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

(iv) This represents a fixed rate debt issued in three tranches bearing interest at 3.25% and 3.70% per annum, payable on a semi-annual basis. The first tranche matured in November 2020 and was repaid. The remaining two tranches matures in November 2021 and November 2022 and are secured by investment securities (note 16).

27. Notes Payable (Continued)

(v) This represents a fixed rate US$ indexed debt issued in two tranches bearing interest at 3.15% and 3.55% per annum, payable on a semi-annual basis. These notes mature in November 2021 and November 2022 and are secured by investment securities (note 16).

(vi) This represents a short-term unsecured funding facility from Citibank, N.A. of US$7,500,000 at an interest rate of 4.51% (2020: 4.32%) for the period 10 November 2020 to 7 May 2021.

(vii) This note is unsecured and bears interest at 2.5% per annum, payable quarterly. The note matures on 30 April 2021.

(viii) This represents unsecured fixed rate US$ debt issued in three tranches bearing interest at 5.5%, 5.65% and 5.80% per annum, payable on a quarterly basis. These notes matured on 20 June 2020 and 21 December 2020 respectively and were repaid during the year.

(ix) This represents unsecured fixed rate J$ debt issued in three tranches bearing interest at 5.65%, 6.0% and 6.25% per annum, payable on a quarterly basis. These notes matured on 20 June 2020 and 21 December 2020 respectively and were repaid during the year.

(x) This represents unsecured fixed rate J$ debt bearing interest at 6.75% per annum, payable on a quarterly basis. The note matured on 27 July 2020 and was repaid.

(xi) This represents unsecured fixed rate J$ debt bearing interest at 6.6% per annum, payable on a quarterly basis. The note matures on 2 December 2022.

(xii) This represents unsecured fixed rate US$ debt bearing interest at 5.6% per annum, payable on a quarterly basis. The note matures on 2 December 2022.

(xiii) This represents a fixed rate debt issued in two tranches bearing interest at 6.6% and 7.25% per annum, payable on a semi-annual basis. These debts were repaid during the year.

(xiv) This represents a fixed rate US$ indexed debt issued in two tranches bearing interest at 5.6% and 6.25% per annum, payable on a semi-annual basis. These debts were repaid during the year.

(xv) This represent unsecured fixed rate J$ debt bearing interest at 6.25% per annum, payable on a quarterly basis. The note matures on 27 July 2022.

(xvi) This represents a fixed rate US$ indexed debt bearing interest at 5.25% per annum, payable on a quarterly basis. The note matures on 27 July 2022.

(xvii) This represents a fixed rate TT$ debt bearing interest at 3.25% per annum payable on a semi-annual basis. The note is unsecured and matures in November 2021.

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28. Due to Other Financial Institutions

	The Group	
	2021	**2020**
	$'000	**$'000**
Development Bank of Jamaica (a)	432,350	148,334
National Housing Trust (b)	523,674	62,271
Inter-American Investment Corporation (c)	5,070,800	-
	6,026,824	**210,605**

(a) The balance consists of J$432,350,650 (2020: J$148,334,000) due to Development Bank of Jamaica (DBJ), at interest rates of 5% to 7% per annum for periods up to 7 years (2020: 5% to 7% per annum for periods up to 8 years). The loans are for on-lending to customers to finance development and agricultural projects within the terms and conditions specified by the DBJ and are repayable in monthly instalments.

(b) The balance due to National Housing Trust (NHT) consists of $523,674,000 (2020: $62,271,000) at interest rates of 0.50% to 2.5% per annum for periods of 25 years. The loan is for on-lending to customers to finance home acquisition within the terms and conditions specified by the NHT and are repayable in monthly instalments.

(c) The balance represents US$35,000,000 (2020: $Nil) due to Inter-American Investment Corporation (IDB Invest) at an interest rate of 4.4375% per annum for a period of 5 years. The loan is for on-lending to small and medium enterprises within the terms and conditions specified by the IDB Invest and are repayable in semi-annual instalments.

29. Related Party Transactions and Balances

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

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

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

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Directors-				
Loans and notes receivable	362,234	239,093	-	-
Interest payable	(705)	(1,104)	-	-
Customer deposits	(100,202)	(215,008)	-	-
Securities sold under agreements to repurchase	(151,473)	(1,351,676)	-	-
Major shareholders -				-
Notes receivable	2,458,549	2,458,549	-	-

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29. Related Party Transactions and Balances (Continued)

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

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Subsidiaries -				
Securities purchased under agreements to resell	-	-	1,274,449	1,146,789
Loans and notes receivable	-	-	41,944,982	21,860,210
Other receivables	-	-	12,099,040	130,230
Other payables	-	-	(12,189,126)	(8,553,473)
Managed funds -				
Cash equivalents	1,433,160	504,600	-	-
Accounts receivable	570,035	3,432,986	-	-
Investments	206,797	-	-	-
Accounts payable	(103,291	(42,332)	-	-
Securities sold under agreements to repurchase	(886,231)	(814,852)	-	-
Notes payable	(22,275,294	(20,094,000)	-	-
Customer deposits	(2,338,323)	(2,555,819)	-	-

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

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Directors:				
Interest income	18,913	27,262	-	-
Interest expense	(3,345)	(4,037)	-	-
Subsidiaries:				
Dividend income	-	-	70,712	2,191,889
Associated company				
Dividend income	-	225,936	209,790	225,936
Managed funds:				
Gain on sale of securities	71,598	247,322	-	-
Fee income	868,020	892,180	-	-
Interest income	7,164	1,675	-	-
Interest expense	(381,068)	(847,561)	-	-

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29. Related Party Transactions and Balances (Continued)

(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	
	2021	**2020**
	$'000	**$'000**
Directors emoluments:		
Fees (note 7)	103,784	128,395
Management remuneration	73,792	67,384
Other key management compensation:		
Short-term employee benefits	476,498	487,876
Post-employment benefits	15,020	16,261
	669,094	699,916

30. Non-Controlling Interest

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

(a) Statement of financial position:

	2021	**2020**
NCI percentage	**20%**	**20%**
	$'000	**$'000**
Total assets	45,373,503	33,998,848
Total liabilities	(39,642,005)	(30,920,601)
Net assets	5,731,498	3,078,247
Carrying amount of NCI	1,563,047	952,183

30. Non-Controlling Interest (continued)

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

	2021	2020
	$'000	20%
(b) Profit or loss account and other comprehensive income/(loss):		
Revenue	4,334,236	3,727,401
Profit	1,000,705	585,032
Other comprehensive income	1,077,235	706,120
Profit allocated to NCI, net	212,595	72,920
Other comprehensive income allocated to NCI	610,864	(131,686)
(c) Statement of cash flows:		
Cash flows from operating activities	9,312,185	1,651,504
Cash flows from investing activities	(8,991,670)	(576,592)
Cash flows from financing activities	198,793	-
Net increase in cash and cash equivalents	519,308	1,074,912

31. 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 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.

31. Financial Risk Management (Continued)

(a) Introduction and overview (continued)

Risk management framework (continued)

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

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

(i) Risk Management Committee

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

(ii) Board Credit Committees

The respective Bank Board Credit Committees are responsible for approving all credit requests above a specified threshold and ensuring that all lending facilities conform to standards agreed by the Board and embodied in the Credit Risk Policy. The committees are ultimately responsible for determining the composition and management of the credit portfolios and have available a number of measures they can employ in this respect, including making specific and general allowances against actual or potential impairment. The committees are supported in their work by the Management Credit Committee.

(iii) Audit Committees

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

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

(iv) Investment Committees

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

31. Financial Risk Management (Continued)

(a) Introduction and overview (continued)

Risk management framework (continued)

(v) Asset and Liability Committees (ALCOs)

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

Impact of Covid-19

The World Health Organisation declared the novel Coronavirus (Covid-19) outbreak a pandemic on March 11, 2020 and the Government of Jamaica declared the island a disaster area on March 13, 2020. As the global economy continues to weather the impact of the Covid-19 pandemic, nations around the world have taken extraordinary steps to mitigate the impact of the dual public health and financial crisis. We anticipate continued disruption to daily commerce, depressed travel/tourism, entertainment and other related sectors and a reduction in demand for exported goods such a bauxite, alumina and energy related products. These have materially impacted the countries in which the JMMB Group operates with a slow recovery expected in the short to medium term.

Given the economic fallout, personal and corporate income may continue to be materially impacted with rising unemployment. Corporate clients, including SMEs, are expected to be experiencing significant declines in their revenue. This impact may include potential closures particularly in those sectors directly affected by the pandemic as a result of the measures taken to combat the spread which include restrictions on movement, travel and gatherings. Economies globally have been faced with reduced economic activity and consequently reduced revenue flows, increased expenditure to support the vulnerable and therefore widening fiscal deficits. In most cases, the countries in which JMMB operates have faced increased debt/GDP levels. On the positive side however, all of the countries in which JMMB operates have fiscal room to absorb the effects of the pandemic, at least in the short term, with Jamaica and the Dominican Republic in particular, experiencing improved debt levels.

In response to the challenges, governments globally and regionally, have reduced interest rates to unprecedented lows and have increased direct cash transfers to members of their society. The result has been an increase in liquidity levels in the financial markets with some assets experiencing historically low yields. Financial markets have also responded with risk aversion. While these risks have been mitigated to some extent by the actions of governments and regulators in the various jurisdictions, there is the risk that a resurgence in the spread of the virus and/or slow rollout or lack of effectiveness of the vaccines may cause market conditions to deteriorate.

The JMMB Group operates in multiple segments of the financial sector in territories that face unique challenges and are highly susceptible to the impact of the Covid-19 pandemic. The Group continues to monitor its exposure to systemic risk and has increased its focus on active management of capital, liquidity and operational risks.

31. Financial Risk Management (Continued)

(a) Introduction and overview (continued)

Impact of Covid-19 (continued)

There is a framework in place to ensure that all entities within the Group are adequately capitalised through the Internal Capital Adequacy Assessment Process (ICAAP) and that these entities have sufficient liquid assets and ready access to financing to support business operations and growth. Furthermore, the Group has developed contingency plans to ensure that the impact on the JMMB Group would be manageable and to facilitate timely responses. Across the region, the Group has activated its Business Continuity Plan (BCP) to ensure that our clients, team members and other key stakeholders remain safe and that the Group is prepared for any eventuality. We are following all announcements and advisories by the respective Ministries of Health in all territories and our actions will be guided accordingly. We continue to operate with a high level of urgency to ensure that the Group is well prepared and actively responding to the Covid-19 pandemic.

In response to the pandemic, management has adopted several measures specifically around financial risk management. These measures include the following:

(i) Enhanced monitoring of market movements by the Risk Unit and the impact on the credit and investment portfolios and the resulting impact on capital and liquidity to support timely decision making.

(ii) The Management Credit Committee, Liquidity Management Committee and the Asset and Liability Committees within the Group meet regularly to discuss strategies and plans around managing the liquidity and the capital needs of the Group.

(iii) Ensuring that the Group's recovery plan for banking and investments subsidiaries is kept up to date. The key aspects of the plan include:

- Measures to secure sufficient funding and adequate availability;
- Contingency arrangements that enable continuation of operations as recovery measures are being implemented;
- Actions that can be taken to strengthen the entity's capital base;
- A clear description of the escalation and decision-making process to ensure that the plan can be executed in a timely manner; and
- Crisis Management and Communication plan to ensure that stakeholders (internal and external) are given timely and appropriate information during the recovery process.

(iv) The implementation of measures to assist clients during this pandemic, such as:

- Payment holidays on loans – The Group continues to work with clients that are impacted by the pandemic in keeping with the guidelines set out by the regulators in the various jurisdictions. The Group will continue to proactively assess the credit portfolio and work with clients to ensure adequate support is provided which may include the restructuring of select credit facilities;

31. Financial Risk Management (Continued)

(a) Introduction and overview (continued)

Impact of Covid-19 (continued)

(v) The implementation of measures to assist clients during this pandemic, such as (continued):

- Management overlays – In recognition of the likely financial impact, the Group has proactively reclassified a portion of the credit portfolio with extended payment holidays to Stage 2 and has taken increased specific provisions based on management's assessment. The Group also continues to provide for expected credit losses in accordance with IFRS 9 and has adjusted its forward looking-information factor to reflect the impact of the expected socio-economic conditions; and

- Special arrangements with clients, such as amending their collateral/margin requirements on select products based on their needs.

(b) Credit risk

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

(i) Management of credit risk

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

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty or groups of related counterparties and to geographical and industry segments.

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

The Covid-19 pandemic has caused significant market volatility which has increased the Group's credit risk. The downgrading of credit ratings and/or the outlook for investments securities has resulted in an increase in the credit risk of debt securities and loans.

31. Financial Risk Management (Continued)

(b) Credit risk (continued)

(i) Management of credit risk (continued)

Key financial assets are managed as follows:

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

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

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

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

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

Loans and notes receivable that are cash-secured are included in the credit classification as Risk Rated 1, based on the Group's rating grades.

(ii) Investments and resale agreements

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

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

(iii) Cash and cash equivalents

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

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31. Financial Risk Management (Continued)

(b) Credit risk (continued)

(ii) Credit risk analysis

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

Loans and notes receivable at amortised cost (note 13):

	The Group			
	2021			
	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
Credit grade				
Standard monitoring	104,415,121	4,174,029	-	108,589,150
Special monitoring	2,412	8,072,270	-	8,074,682
Default	-	-	7,226,572	7,226,572
	104,417,533	12,246,299	7,226,572	123,890,404
Loss allowance [note 31(b)(vi)(v)]	(1,161,969)	(719,547)	(2,552,741)	(4,434,257)
	103,255,564	11,526,752	4,673,831	119,456,147

	2020			
	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
Credit grade				
Standard monitoring	89,063,460	1,489,535	-	90,552,995
Special monitoring	3,883	5,660,300	-	5,664,183
Default	-	-	5,662,351	5,662,351
	89,067,343	7,149,835	5,662,351	101,879,529
Loss allowance [note 31(b)(vi)(v)	(930,166)	(300,961)	(1,807,329)	(3,038,456)
	88,137,177	6,848,874	3,855,022	98,841,073

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31. Financial Risk Management (Continued)

(b) Credit risk (continued)

(ii) Credit risk analysis (continued)

Loans and notes receivable at amortised cost (note 13) (continued):

	The Group			
	2021			
	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
Ageing of loans and notes receivable				
Neither past due nor impaired	94,413,228	7,023,343	-	101,436,571
Past due 1-30 days	10,004,305	559,066	-	10,563,371
Past due 31-60	-	3,444,240	-	3,444,240
Past due 61-90	-	1,219,650	-	1,219,650
More than 90 days	-	-	7,226,572	7,226,572
Total	104,417,533	12,246,299	7,226,572	123,890,404

	2020			
	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
Ageing of loans and notes receivable				
Neither past due nor impaired	80,711,497	1,738,632	-	82,450,129
Past due 1-30 days	8,355,846	647,879	-	9,003,725
Past due 31-60	-	2,975,633	-	2,975,633
Past due 61-90	-	1,787,691	-	1,787,691
More than 90 days	-	-	5,662,351	5,662,351
Total	89,067,343	7,149,835	5,662,351	101,879,529

For financial assets not recognised at the reporting date:

	The Group	
	2021	2020
	Stage 1 $'000	Stage 1 $'000
Loan commitments	4,239,470	7,168,273
Guarantees and letters of credit	969,433	707,380
	5,208,903	7,875,653

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31. Financial Risk Management (Continued)

(b) Credit risk (continued)

(ii) Credit risk analysis (continued)

Loans and notes receivable at amortised cost (continued):

	The Company	
	2021	**2020**
	Stage 1	**Stage 1**
	$'000	**$'000**
Credit grade		
Standard monitoring	42,030,533	21,920,734
Loss allowance [note 31(b)(vi)(v)]	(85,551)	(60,524)
	41,944,982	**21,860,210**

	The Company	
	2021	**2020**
	Stage 1	**Stage 1**
	$'000	**$'000**
Ageing of loans and notes receivable		
Neither past due nor impaired	**42,030,533**	**21,920,734**

Debt securities at amortised cost (note 16):

	The Group	
	2021	**2020**
	Stage 1	**Stage 1**
	$'000	**$'000**
Credit grade		
Watch	12,535,018	10,897,381
Loss allowance [note 31(b)(vi)(v)]	(60,202)	(290,602)
	12,474,816	**10,606,779**

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31. Financial Risk Management (Continued)

(b) Credit risk (continued)

(ii) Credit risk analysis (continued)

Debt securities at FVOCI (note 16):

	The Group			
	2021			
	Stage 1	Stage 2	Stage 3	Total
	$'000	$'000	$'000	$'000
Credit grade				
Investment grade	10,822,258	-	-	10,822,258
Watch	223,431,007	3,002,577	-	226,433,584
Speculative	3,353,774	13,868	-	3,367,642
Default	-	-	344,048	344,048
	237,607,039	**3,016,445**	**344,048**	**240,967,532**
Loss allowance [note 31(b)(vi)(v)]	**1,218,112**	**68,895**	**144,210**	**1,431,217**

	2020			
	Stage 1	Stage 2	Stage 3	Total
	$'000	$'000	$'000	$'000
Credit grade				
Investment grade	8,731,862	-	-	8,731,862
Watch	162,256,810	30,435	-	162,287,245
Speculative	3,462,731	521,150	-	3,983,881
Default	-	-	145,699	145,699
	174,451,403	**551,585**	**145,699**	**175,148,687**
Loss allowance [note 31(b)(vi)(v)]	**900,519**	**121,291**	**2,272**	**1,024,082**

Securities purchased under agreement to resell at amortised cost (note 15):

	The Group	
	2021	2020
	Stage 1	Stage 1
	$'000	$'000
Watch	3,300,000	6,000,000

31. Financial Risk Management (Continued)

(b) Credit risk (continued)

(ii) Credit risk analysis (continued)

Securities purchased under agreement to resell at amortised cost (note 15) (continued):

	The Company	
	2021	**2020**
	Stage 1	**Stage 1**
	$'000	**$'000**
Watch	1,274,460	1,146,799
Loss allowance [note 31 (b)(vi)(v)]	(11)	(10)
	1,274,449	**1,146,789**

(iii) Exposure to credit risk

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

Repossessed properties are sold as soon as practicable with the proceeds used to reduce the outstanding indebtedness. The Group does not occupy repossessed properties for business or other use. The carrying value of the loans on which the collateral was repossessed during the year was $44,275,000 (2020: $149,388,000).

Renegotiated loans and leases

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

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31. Financial Risk Management (Continued)

(b) Credit risk (continued)

(iv) Concentration of credit risk

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

	The Group				
	2021				
	Cash and cash equivalents	Loans and notes receivable	Resale agreements	Investment securities	Total
	$'000	$'000	$'000	$'000	$'000
Concentration by sector:					
Government of Jamaica	-	-	-	105,111,447	105,111,447
Other sovereign bonds	-	-	-	54,390,360	54,390,360
Bank of Jamaica	13,832,716	-	-	23,198,366	37,031,082
Corporate	-	55,808,377	-	58,305,321	114,113,698
Financial institutions	53,460,207	4,719,931	3,299,973	683,342	62,163,453
Retail	-	58,927,839	-	-	58,927,839
Other	-	-	-	20,703,211	20,703,211
	67,292,923	**119,456,147**	**3,299,973**	**262,392,047**	**452,441,090**
Concentration by location:					
Jamaica	30,381,281	72,636,433	3,299,973	149,313,387	255,631,074
North America	11,396,379	1,367,097	-	3,626,546	16,390,022
Trinidad and Tobago	18,043,490	32,501,450	-	39,647,687	90,192,627
Dominican Republic	3,062,874	6,429,955	-	45,791,469	55,284,298
Other	4,408,899	6,521,212	-	24,012,958	34,943,069
	67,292,923	**119,456,147**	**3,299,973**	**262,392,047**	**452,441,090**

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31. Financial Risk Management (Continued)

(b) Credit risk (continued)

(iv) Concentration of credit risk (continued)

	The Group				
	2020				
	Cash and cash equivalents	Loans and notes receivable	Resale agreements	Investment securities	Total
	$'000	$'000	$'000	$'000	$'000
Concentration by sector:					
Government of Jamaica	-	-	-	85,064,156	85,064,156
Other sovereign bonds	-	-	-	31,723,649	31,723,649
Bank of Jamaica	10,841,573	-	-	12,716,402	23,557,975
Corporate	-	45,960,449	-	61,981,994	107,942,443
Financial institutions	31,794,427	3,407,233	5,999,962	784,320	41,985,942
Retail	-	49,473,391	-	-	49,473,391
	42,636,000	**98,841,073**	**5,999,962**	**192,270,521**	**339,747,556**
Concentration by location:					
Jamaica	19,427,572	56,555,635	5,695,952	115,979,967	197,659,126
North America	4,193,158	921,456	-	4,454,356	9,568,970
Trinidad and Tobago	14,139,344	33,073,988	304,010	29,266,595	76,783,937
Dominican Republic	2,673,494	3,787,156	-	33,142,596	39,603,246
Other	2,202,432	4,502,838	-	9,427,007	16,132,277
	42,636,000	**98,841,073**	**5,999,962**	**192,270,521**	**339,747,556**

	The Company				
	2021				
	Cash and cash equivalents	Loans and notes receivable	Resale agreements	Investment securities	Total
	$'000	$'000	$'000	$'000	$'000
Concentration by sector:					
Financial institutions	44,323	41,944,982	1,274,449	4,033	43,267,787
Concentration by location:					
Jamaica	44,323	40,471,422	719,272	-	41,235,017
Trinidad and Tobago	-	1,473,560	555,177	-	2,028,737
North America	-	-	-	4,033	4,033
	44,323	**41,944,982**	**1,274,449**	**4,033**	**43,267,787**

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31. Financial Risk Management (Continued)

(b) Credit risk (continued)

(iv) Concentration of credit risk (continued)

	The Company				
	2020				
	Cash and cash equivalents	Loans and notes receivable	Resale agreements	Investment securities	Total
	$'000	$'000	$'000	$'000	$'000
Concentration by sector:					
Financial institutions	12,068	21,860,210	1,146,789	4,033	23,023,100
Concentration by location:					
Jamaica	12,068	20,386,650	647,039	-	21,045,757
Trinidad and Tobago	-	1,473,560	499,750	-	1,973,310
North America	-	-	-	4,033	4,033
	12,068	**21,860,210**	**1,146,789**	**4,033**	**23,023,100**

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

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

The main types of collateral obtained are as follows:

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

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

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

The Group holds collateral against loans and advances to customers and others in the form of mortgage interests over property, other registered securities over other assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired. Collateral generally is not held for balances with banks or broker/dealers, except when securities are held under resale agreements. Collateral is generally not held against investment securities.

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31. Financial Risk Management (Continued)

(b) Credit risk (continued)

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

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

	The Group				The Company			
	Loans and notes receivable		Resale agreements		Loans and notes receivable		Resale agreements	
	2021	2020	2021	2020	2021	2020	2021	2020
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Against neither past due nor impaired financial assets:								
Cash secured	3,925,206	5,458,390	-	-	42,030,533	21,920,734	1,274,460	1,740,460
Property	59,237,721	28,513,217	-	-	-	-	-	-
Debt securities	18,941,785	19,887,457	3,715,174	6,168,318	-	-	-	-
Liens on motor vehicles	20,217,699	15,570,198	-	-	-	-	-	-
Equities	220,615	-	-	-	-	-	-	-
Other	21,617,363	2,430,794	-	-	-	-	-	-
Subtotal	**124,160,389**	**71,860,056**	**3,715,174**	**6,168,318**	**42,030,533**	**21,920,734**	**1,274,460**	**1,740,460**
Against past due but not impaired financial assets:								
Cash secured	3,157,520	833,755	-	-	-	-	-	-
Property	6,741,506	7,858,236	-	-	-	-	-	-
Liens on motor vehicles	2,366,777	2,034,305	-	-	-	-	-	-
Debt securities	2,768,268	529,804	-	-	-	-	-	-
Equities	1,906	-	-	-	-	-	-	-
Other	1,355,700	261,229	-	-	-	-	-	-
Subtotal	**16,391,677**	**11,517,329**	-	-	-	-	-	-
Against past due and impaired financial assets:								
Cash secured	9,009	25,213	-	-	-	-	-	-
Debts securities	84,732	106,929	-	-	-	-	-	-
Property	3,721,191	23,088,081	-	-	-	-	-	-
Liens on motor vehicles	536,759	465,578	-	-	-	-	-	-
Equities	-	162,319	-	-	-	-	-	-
Other	538,758	10,803,530	-	-	-	-	-	-
Subtotal	**4,890,449**	**34,651,650**	-	-	-	-	-	-
Total	**145,442,515**	**118,029,035**	**3,715,174**	**6,168,318**	**42,030,533**	**21,920,734**	**1,274,460**	**1,740,460**

31. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) Expected credit loss measurement

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

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

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

(i) Significant increase in credit risk

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

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

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

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

31. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

(i) Significant increase in credit risk (continued)

Credit risk grades:

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

The Group uses internal credit risk gradings that reflect its assessment of the probability of default of individual counterparties. The Group uses internal rating models tailored to the various categories of counterparty.

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

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

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

Retail

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

Commercial & Corporate

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

31. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

(i) Significant increase in credit risk (continued)

Credit risk grades (continued)

Treasury

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

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

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

Generating the term structure of PD:

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

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

Determining when credit risk has increased significantly:

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

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

31. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

(i) Significant increase in credit risk (continued)

Determining when credit risk has increased significantly (continued)

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

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

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

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

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

(ii) Definition of default:

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

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

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

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

31. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

(iii) Incorporation of forward-looking information

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

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

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

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

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

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

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

The Group has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments, and using the scorecard approach has estimated relationships between macro-economic variables and credit risk and credit losses. The Group has assessed that the key drivers of its sovereign portfolio are debt to GDP ratio, current account to GDP ratio and net international reserves with weightings of 30%, 20% and 50%, respectively. The drivers for the corporate portfolio are debt to GDP ratio, annual inflation rate and GDP annual growth rate with weightings of 10%, 30% and 60%, respectively. The drivers for the retail (individual) loan portfolio are interest rate (i.e. policy rates as issued by central banks), unemployment rate and consumer price index with weightings of 30%, 35% and 35% respectively.

31. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

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

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

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

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

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

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

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

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

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

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

The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation.

EAD is no longer taken as the gross carrying amount at the time of default. Instead, EAD is computed as the sum of the amortized amount and accrued interest to reflect contractual cash flows.

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

31. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

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

The Group employs a simplified scorecard in estimating its forward-looking indicator factors. This model differentiates between sovereign, corporate and retail loan exposures. A minimum of three leading macroeconomic variables are used for each asset class. There were no other significant changes in estimation techniques or significant assumptions made during the reporting period.

(v) Loss allowance

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

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

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

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31. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

(v) Loss allowance (continued)

Loans and notes receivable at amortised cost (see note 13):

	The Group			
	2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Balance at 1 April	930,187	300,959	1,807,310	3,038,456
Transfer from Stage 1 to Stage 2	(284,501)	284,501	-	-
Transfer from Stage 1 to Stage 3	(365,919)	-	365,919	-
Transfer from Stage 2 to Stage 3	-	(40,496)	40,496	-
Transfer from Stage 2 to Stage 1	18,336	(18,336)	-	-
Transfer from Stage 3 to Stage 2	-	2,695	(2,695)	-
Transfer from Stage 3 to Stage 1	1,223	-	(1,223)	-
Financial assets derecognised during period	(452,566)	(86,604)	(629,398)	(1,168,568)
New financial assets originated or purchased	595,007	63,977	167,435	826,419
Paydowns	578,362	11,755	320,789	910,906
Net remeasurement of loss allowance	(1,216)	1,625	123,954	124,363
Foreign exchange and other movements	143,056	199,471	360,154	702,681
Balance at 31 March	1,161,969	719,547	2,552,741	4,434,257

	The Group			
	2020			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Balance at 1 April	363,824	214,888	1,274,936	1,853,648
Transfer from Stage 1 to Stage 2	(70,680)	70,680	-	-
Transfer from Stage 1 to Stage 2	(212,478)	-	212,478	-
Transfer from Stage 1 to Stage 2	-	(77,149)	77,149	-
Transfer from Stage 1 to Stage 2	7,454	(7,454)	-	-
Transfer from Stage 1 to Stage 2	-	650	(650)	-
Transfer from Stage 1 to Stage 2	3,722	-	(3,722)	-
Financial assets derecognised during period	(329,581)	(12,183)	(71,910)	(413,674)
New financial assets originated or purchased	789,356	35,831	98,605	923,792
Paydowns	378,513	48,142	18,654	445,309
Net remeasurement of loss allowance	13,969	-	6,891	20,860
Foreign exchange and other movements	(13,912)	27,554	194,879	208,521
Balance at 31 March	930,187	300,959	1,807,310	3,038,456

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31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

31. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

(v) Loss allowance (continued)

Loans and notes receivable at amortised cost (see note 13) (continued):

	The Company	
	2021	**2020**
	Stage 1 $'000	**Stage 1 $'000**
Balance at 1 April	60,524	267,645
Net re-measurement of loss allowance	25,027	(207,121)
Balance at 31 March	85,551	60,524

Debt securities at amortised cost (see note 16):

	The Group			
	2021			
	Stage 1 $'000	**Stage 2 $'000**	**Stage 3 $'000**	**Total $'000**
Balance at 1 April	100,157	-	190,445	290,602
Financial assets derecognised during period	(68,214)	-	(190,445)	(258,659)
Financial assets transferred during period	7,100	-	-	7,100
New financial assets originated or purchased	4,179	-	-	4,179
Net remeasurement of loss allowance	16,980	-	-	16,980
Balance at 31 March	60,202	-	-	60,202

	The Group			
	2020			
	Stage 1 $'000	**Stage 2 $'000**	**Stage 3 $'000**	**Total $'000**
Balance at 1 April	90,589	-	190,445	281,034
Financial assets derecognised during period	(7,939)	-	-	(7,939)
New financial assets originated or purchased	20,500	-	-	20,500
Net remeasurement of loss allowance	(2,993)	-	-	(2,993)
Balance at 31 March	100,157	-	190,445	290,602

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31. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

(v) Loss allowance (continued)

Securities purchased under agreements to resell (see note 15):

	The Group	
	2021	**2020**
	Stage 1	**Stage 1**
	$'000	**$'000**
Balance at 1 April	38	-
Net remeasurement of loss allowance	(12)	38
Balance at 31 March	26	38

	The Company	
	2021	**2020**
	Stage 1	**Stage 1**
	$'000	**$'000**
Balance at 1 April	10	1,525
Net remeasurement of loss allowance	1	(1,515)
Balance at 31 March	11	10

Debt securities at FVOCI:

	The Group			
	2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Balance at 1 April	900,519	121,291	2,272	1,024,082
Transfer from Stage 1 to Stage 2	(3,859)	3,859	-	-
Transfer from Stage 1 to Stage 3	(1,343)	-	1,343	-
Financial asset derecognised	(245,685)	(118,693)	(2,273)	(366,651)
Financial asset transferred	111,747	-	-	111,747
New financial assets originated or purchased	632,019	136	418	632,573
Foreign exchange and other movements	(175,286)	62,302	142,450	29,466
Balance at 31 March	1,218,112	68,895	144,210	1,431,217

31. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vi) Expected credit loss measurement (continued)

(v) Loss allowance (continued)

Securities purchased under agreements to resell (see note 15):

	The Group			
	2020			
	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
Balance at 1 April	604,544	3,025	20,576	628,145
Transfer from Stage 1 to Stage 2	(19,733)	19,733	-	-
Financial asset derecognised	(198,378)	(2,460)	(20,311)	(221,149)
New financial assets originated or purchased	573,736	120,156	1,997	695,889
Foreign exchange and other movements	(59,650)	(19,163)	10	(78,803)
Balance at 31 March	900,519	121,291	2,272	1,024,082

(c) Liquidity risk

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

A Liquidity Management Committee meets at least monthly and more frequently where management considers that heightened monitoring and coordination of liquidity exposures across the Group is warranted.

The Group is exposed to daily calls on its available cash resources from overnight placement of funds, maturing placement of funds and loan draw-downs. The Group does not maintain cash resources to meet all of these needs as experience shows that a minimum level of fund outflows 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 damage to the Group's reputation.

The Group has implemented a liquidity risk response strategy, including stress testing for entities within the Group

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31. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

Liquidity risk management process

The Group's liquidity management process includes:

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

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

(iii) Optimising cash returns on investments; and

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

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

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

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

	2021				
	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	69,866,521	54,591,169	8,857,035	133,314,725	128,303,836
Due to other banks	-	2,623	7,481,041	7,483,664	6,026,824
Securities sold under agreements to repurchase	171,529,145	59,415,592	-	230,944,737	227,730,286
Notes payable	25,042,943	5,492,921	24,075,139	54,611,003	48,328,592
Lease liabilities	67,931	256,039	1,363,585	1,687,555	1,588,571
Redeemable preference shares	417,139	1,251,418	36,217,015	37,885,572	28,021,391
Other payables	5,934,581	-	-	5,934,581	7,530,340
	272,858,260	121,009,762	77,993,815	471,861,837	447,529,840

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31. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

Liquidity risk management process (continued)

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

	2020				
	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	47,659,303	54,252,707	3,636,090	105,548,100	104,183,074
Due to other banks	-	47,308	231,953	279,261	210,605
Securities sold under agreements to repurchase	138,788,945	42,268,359	-	181,057,304	179,589,980
Notes payable	6,066,933	14,488,605	31,124,963	51,680,501	45,087,432
Lease liabilities	102,982	308,760	1,999,098	2,410,840	1,948,668
Redeemable preference shares	1,061,676	2,259,129	23,016,661	26,337,466	17,116,952
Interest payable	1,633,703	-	-	1,633,703	1,633,703
Other payables	6,777,046	-	-	6,777,046	6,777,046
	202,090,588	113,624,868	60,008,765	375,724,221	356,547,460

	2021				
	The Company				
	Within 3 Months	3 to 12 Months	1 to 5 Years	Contractual Cash Flow	Carrying Amount
	$'000	$'000	$'000	$'000	$'000
Financial Liabilities					
Notes payable	109,349	904,973	17,669,607	18,683,929	16,179,947
Redeemable preference shares	417,139	1,251,418	36,217,015	37,885,572	28,021,391
Interest payable	275,937	-	-	275,937	275,937
Due to subsidiary	12,189,126	-	-	12,189,126	12,189,126
Other payables	18,865	-	-	18,865	18,865
	13,010,416	2,156,391	53,886,622	69,053,429	56,685,266

31. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

Liquidity risk management process (continued)

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

	2020				
	The Company				
	Within 3 Months	3 to 12 Months	1 to 5 Years	Contractual Cash Flow	Carrying Amount
	$'000	$'000	$'000	$'000	$'000
Financial Liabilities					
Notes payable	110,815	7,365,937	29,508,555	36,985,307	30,220,403
Redeemable preference shares	182,025	1,638,227	20,774,273	22,594,525	17,116,952
Interest payable	517,429	-	-	517,429	517,429
Due to subsidiary	8,553,473	-	-	8,553,473	8,553,473
Other payables	27,978	-	-	27,978	27,978
	9,391,720	9,004,164	50,282,828	68,678,712	56,436,235

(d) Market risk

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

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

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

31. Financial Risk Management (Continued)

(d) Market risk (continued)

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

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

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

A summary of the VaR position of the Group's overall portfolio as at 31 March 2021 and during the year then ended is as follows:

	31 March	Average for Year	Maximum during Year	Minimum during Year
	$'000	$'000	$'000	$'000
2021 Overall VaR	9,193,285	12,085,707	28,597,903	5,948,407
2020 Overall VaR	18,247,038	19,948,529	22,747,933	18,247,038

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.

The Covid-19 pandemic has caused increased volatility in asset prices which has increased the Group's market risk. While market conditions have generally improved since the onset of the pandemic, we anticipate continued volatility as the impact on many countries will likely continue in the short to medium term.

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31. Financial Risk Management (Continued)

(d) Market risk (continued)

(i) Currency risk

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

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

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

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
United States dollars	8,031,629	(16,307,169)	18,737	(523,621)
Great Britain Pounds	758,122	120,699	-	-
Euros	40,299	63,670	-	-
Trinidad and Tobago dollars	636,033	575,956	55	499,914
Canadian dollars	407,954	205,055	-	-
Peso	44,891	-	-	-

Foreign currency sensitivity

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

	The Group			
	2021		2020	
	Change in Currency Rate	Effect on Profit	Change in Currency Rate	Effect on Profit
	%	$'000	%	$'000
Currency:				
USD	6	481,898	6	(978,430)
GBP	6	45,487	6	7,242
EUR	6	2,418	6	3,820
TT	6	38,162	6	34,557
CAD	6	24,477	6	12,303
Peso	6	2,693	-	-
		595,135		(920,508)

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31. Financial Risk Management (Continued)

(d) Market risk (continued)

(i) Currency risk (continued)

Foreign currency sensitivity (continued)

	The Group			
	2021		2020	
	Change in Currency Rate %	Effect on Profit $'000	Change in Currency Rate %	Effect on Profit $'000
Currency:				
USD	-2	(160,633)	-2	326,143
GBP	-2	(15,162)	-2	(2,414)
EUR	-2	(806)	-2	(1,273)
TT	-2	(12,721)	-2	(11,519)
CAD	-2	(8,159)	-2	(4,101)
Peso	-2	(898)	-	-
		(198,379)		**306,836**

	The Company			
	2021		2020	
	Change in Currency Rate %	Effect on Profit $'000	Change in Currency Rate %	Effect on Profit $'000
Currency:				
USD	6	11,243	6	(31,417)
TT	6	33	6	29,995
		11,276		**(1,422)**
USD	-2	(375)	-2	10,472
TT	-2	(11)	-2	(9,998)
		(386)		**474**

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31. Financial Risk Management (Continued)

(d) Market risk (continued)

(ii) Interest rate risk

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

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

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

	The Group					
	2021					
	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	67,268,895	-	-	-	24,028	67,292,923
Interest receivable	-	-	-	-	4,253,222	4,252,222
Loans and notes receivable	36,632,960	5,684,460	22,855,585	52,998,297	1,284,845	119,456,147
Securities purchased under agreements to resell	3,299,973	-	-	-	-	3,299,973
Investment securities	17,548,089	2,385,393	22,774,062	214,690,055	4,994,448	262,392,047
Other receivables	-	-	117,886	100,537	4,008,595	4,227,018
Total interest bearing assets	124,749,917	8,069,853	45,747,533	267,788,889	14,565,138	460,921,330
Financial Liabilities						
Customer deposits	76,337,306	24,551,334	24,565,087	2,850,109	-	128,303,836
Due to other financial institutions	-	-	2,485	6,024,339	-	6,026,824
Securities sold under agreements to repurchase	169,069,973	30,127,058	28,533,255	-	-	227,730,286
Notes payable	11,052,577	-	6,058,038	31,217,977	-	48,328,592
Lease liabilities	78,986	74,868	151,822	1,282,895	-	1,588,571
Redeemable preference shares	729,785	-	5,603,927	21,687,679	-	28,021,391
Interest payable	-	-	-	-	1,978,908	1,978,908
Other payables	-	672,929	12,628	936,551	5,908,232	7,530,340
Total financial liabilities	257,268,627	55,426,189	64,927,242	63,999,550	7,887,140	449,508,748
Total interest rate sensitivity gap	(132,518,710)	(47,356,336)	(19,179,709)	203,789,339	6,677,998	11,412,582
Cumulative interest rate sensitivity gap	(132,518,710)	(179,875,046)	(199,054,755)	4,734,584	11,412,582	

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31. Financial Risk Management (Continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

	The Group					
	2020					
	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	28,574,658	-	16,152	-	14,045,190	42,636,000
Interest receivable	-	-	-	-	3,504,722	3,504,722
Loans and notes receivable	15,879,238	26,911,683	2,762,143	51,981,714	1,306,295	98,841,073
Other receivables	-	-	-	-	6,992,662	6,992,662
Investment securities	20,558,590	10,711,125	1,183,552	154,940,074	4,877,180	192,270,521
Securities purchased under agreements to resell	5,153,732	846,230	-	-	-	5,999,962
Total financial assets	70,166,218	38,469,038	3,961,847	206,921,788	30,726,049	350,244,940
Financial Liabilities						
Customer deposits	70,271,104	13,909,599	16,714,193	3,288,178	-	104,183,074
Due to other financial institutions	-	-	46,025	164,580	-	210,605
Securities sold under agreements to repurchase	138,293,865	27,575,942	13,720,173	-	-	179,589,980
Notes payable	6,521,287	12,334,211	1,154,694	25,077,240	-	45,087,432
Lease liabilities	75,226	76,027	156,019	1,641,396	-	1,948,668
Redeemable preference shares	672,683	-	5,603,927	10,840,342	-	17,116,952
Interest payable	-	-	-	-	1,633,703	1,633,703
Other payables	-	-	-	-	6,777,046	6,777,046
Total financial liabilities	215,834,165	53,895,779	37,395,031	41,011,736	8,410,749	356,547,460
Total interest rate sensitivity gap	(145,667,947)	(15,426,741)	(33,433,184)	165,910,052	22,315,300	(6,302,520)
Cumulative interest rate sensitivity gap	(145,667,947)	(161,094,688)	(194,527,872)	(28,617,820)	(6,302,520)	-

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31. Financial Risk Management (Continued)

(d) Market risk (continued)

(ii) Interest rate risk (continued)

	The Company					
	2021					
	Within 3 Months $'000	3 to 6 Months $'000	6 to 12 Months $'000	1 to 5 Years $'000	Non-Interest Bearing $'000	Total $'000
Financial Assets						
Cash and cash equivalents	44,323	-	-	-	-	44,323
Interest receivable	-	-	-	-	409,529	409,529
Loans and notes receivable	9,965,934	-	-	31,979,048	-	41,944,982
Other receivables	-	-	-	-	12,636,270	12,636,270
Securities purchased under agreements to resell	1,274,449	-	-	-	-	1,274,449
Investment securities	-	-	-	-	4,033	4,033
Total financial assets	11,284,706	-	-	31,979,048	13,049,832	56,313,586
Financial Liabilities						
Notes payable	-	-	-	16,179,947	-	16,179,947
Redeemable preference shares	-	-	5,603,926	22,417,465	-	28,021,391
Interest payable	-	-	-	-	275,937	275,937
Other payables	-	-	-	-	18,865	18,865
Due to subsidiary	-	-	-	-	12,189,126	12,189,126
Total financial liabilities	-	-	5,603,926	38,597,412	12,483,928	56,685,266
Total interest rate sensitivity gap	11,284,706	-	(5,603,926)	(6,618,364)	565,904	(371,680)
Cumulative interest rate sensitivity gap	11,284,706	11,284,706	5,680,780	(937,584)	(371,680)	-

	The Company					
	2020					
	Within 3 Months $'000	3 to 6 Months $'000	6 to 12 Months $'000	1 to 5 Years $'000	Non-Interest Bearing $'000	Total $'000
Financial Assets						
Cash and cash equivalents	12,068	-	-	-	-	12,068
Interest receivable	-	-	-	-	223,365	223,365
Loans and notes receivable	854,598	6,443,362	-	14,562,250	-	21,860,210
Other receivables	-	-	-	-	183,185	183,185
Securities purchased under agreements to resell	1,146,789	-	-	-	-	1,146,789
Investment securities	-	-	-	-	4,033	4,033
Total financial assets	2,013,455	6,443,362	-	14,562,250	410,583	23,429,650
Financial Liabilities						
Notes payable	868,692	6,454,711	-	22,897,000	-	30,220,403
Redeemable preference shares	-	-	5,603,927	11,513,025	-	17,116,952
Interest payable	-	-	-	-	517,429	517,429
Other payables	-	-	-	-	27,978	27,978
Due to subsidiary	-	-	-	-	8,553,473	8,553,473
Total financial liabilities	868,692	6,454,711	5,603,927	34,410,025	9,098,880	56,436,235
Total interest rate sensitivity gap	1,144,763	(11,349)	(5,603,927)	(19,847,775)	(8,688,297)	(33,006,585)
Cumulative interest rate sensitivity gap	1,144,763	1,133,414	(4,470,513)	(24,318,288)	(33,006,585)	

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31. 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 probably change in interest rates, on the Group's interest income and gains recognised in other comprehensive income, with all other variables held constant.

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

	The Group			
	2021		2020	
	Effect on Profit	Effect on Equity	Effect on Profit	Effect on Equity
	$'000	$'000	$'000	$'000
Change in basis points				
JMD/USD				
-100 (2019: -100)	61,656	14,306,457	126,101	9,518,742
+100 (2019:+100)	61,656	(8,334,500)	126,102	(9,226,584)

(iii) Equity price risk

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

The Group's equity securities are listed on the Jamaica and Trinidad and Tobago Stock Exchanges. A 5% (2020: 5%) increase in quoted bid prices at the reporting date would result in an increase of $345,707,000 (2020: $198,312,000) and $218,147,000 (2020: $76,763,000) in equity and profit respectively. A 10% (2020: 10%) decrease in quoted bid prices would result in a decrease of $691,415,000 (2020: $396,625,000) and $436,293,000 (2020: $153,525,000) in equity and profit, respectively.

(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.

31. Financial Risk Management (Continued)

(e) Operational risk (continued)

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 controls and procedures;
- requirements for the periodic assessment of operational risks faced and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of a contingency plan; and
- risk mitigation, including insurance where this is effective.

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

(f) Capital management

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

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

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

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

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

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

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

JMMB GROUP LIMITED

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31. Financial Risk Management (Continued)

(f) Capital management (continued)

The regulated authorities require each regulated entity to:

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

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

Certain subsidiaries' regulatory capital is divided into two tiers:

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

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

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

The regulated companies within the Group with prescribed capital requirements are Jamaica Money Market Brokers Limited (JMMB), JMMB Securities Limited (JMMBSL), JMMB Fund Managers Limited (JMMBFM), JMMB Insurance Brokers Limited (JMMBIB), JMMB Puesto de Bolsa, S.A., Banco Rio De Ahorro Y Credito JMMB Bank S.A (JMMBDR), JMMB Sociedad, S.A. (SAFI), AFP JMMB BDI S.A.(AFP), JMMB Bank (Jamaica) Limited (JMMBBJL) JMMB Bank (T&T) Limited (JMMBBTT), JMMB Express Finance (T&T) Limited (JMMBETT), JMMB Investments (Trinidad and Tobago) Limited (JMMBITT) and JMMB Securities Limited (T&T) (JMMBSTT), Jamaica Money Market Brokers (Trinidad and Tobago) Limited(JMMBTTH).

The table and notes below summarise the composition of regulatory capital and the ratios of the regulated companies within the Group for the years ended 31 March 2021 and 31 March 2020.

	JMMB		JMMBSL		JMMBIB	
	2021 J$'000	2020 J$'000	2021 J$'000	2020 J$'000	2021 J$'000	2020 J$'000
Regulatory capital –						
Tier 1 capital	19,966,642	13,632,986	647,028	733,729	231,587	178,987
Tier 2 capital	7,298,358	9,401,406	-	-	-	-
Total regulatory capital	27,265,000	23,034,392	647,028	733,729	231,587	178,987
Risk-weighted assets –						
On-balance sheet	182,875,356	140,567,586	2,005,502	1,798,906	-	-
Foreign exchange exposure	1,756,989	25,585,935	243,044	169,216	-	-
Total risk-weighted assets	184,632,345	166,153,521	2,248,546	1,968,122	-	-
Actual regulatory capital to risk weighted assets	15%	14%	29%	37%	-	-
Required regulatory capital to risk weighted assets	10%	10%	10%	10%	-	-

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31. Financial Risk Management (Continued)

(f) Capital management (continued)

	JMMBETT		JMMBBTT		JMMBBJL	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**
	TT$'000	**TT$'000**	**TT$'000**	**TT$'000**	**J$'000**	**J$'000**
Regulatory capital –						
Tier 1 capital	21,183	19,111	210,035	210,035	10,805,533	8,553,285
Tier 2 capital	1,403	1,324	113,652	98,083	671,306	489,810
Total regulatory capital	22,586	20,435	323,685	308,118	11,476,839	9,043,095
Total required capital	-	-	-	-	8,830,291	6,856,463
Risk-weighted assets –						
On balance sheet	132,301	105,064	2,104,111	1,690,752	82,667,324	62,148,246
Off balance sheet	-	-	-	-	3,866,872	4,950,922
Foreign exchange exposure	-	-	-	-	1,769,709	1,465,461
	132,601	105,064	2,104,111	1,690,752	88,303,905	68,564,629
Actual regulatory capital to risk weighted assets	17%	19%	15%	16%	13%	13%
Required regulatory capital to risk weighted assets	10%	10%	10%	10%	10%	10%

	JMMTTH		JMMBFM	
	2021	**2020**	**2021**	**2020**
	TT$'000	**TT$'000**	**$'000**	**$'000**
Tier 1 capital	285,266	300,610	813,361	689,394
Tier 2 capital	136,082	88,354	-	-
Actual regulatory capital	421,348	388,964	813,361	689,394
Required level of regulatory capital	-	-	95,784	171,332
Total risk-weighted assets	3,880,628	2,034,142	684,170	934,945
Ratio of total regulatory capital to risk-weighted assets	11%	13	119%	74%

(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 S.A. is RD$153 million.

(iii) The capital requirement of JMMB Investments (Trinidad and Tobago) Limited and JMMB Securities (T&T) Limited is to maintain a minimum capital base of TT$15 million and TT$6 million respectively.

31. Financial Risk Management (Continued)

(f) Capital management (continued)

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

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

(vi) The capital requirement for Banco Rio De Ahorro Y Credito JMMB Bank S.A is to maintain a minimum capital to risk weighted asset (CAR) in excess of 10%. The company's CAR at 31 March was 12%.

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

32. 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.

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32. Financial Instruments - Fair Value (Continued)

(b) Techniques for measuring fair value of financial instruments

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

(c) Accounting classifications and fair values

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

Where the carrying amounts of financial assets and financial liabilities are measured at fair value, their levels in the fair value hierarchy are also shown. Fair value information is not disclosed 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. These are included in the level 2 fair value hierarchy.

JMMB GROUP LIMITED

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32. Financial Instruments - Fair Value (Continued)

(c) Accounting classifications and fair values (continued)

	The Group						
	2021						
	Carrying amount				Fair value		
	Amortised Cost $'000	At fair value through other comprehensive income $'000	At fair value through profit or loss $'000	Total $'000	Level 1 $'000	Level 2 $'000	Total $'000
Financial assets measured at fair value							
Government of Jamaica securities	-	91,245,244	-	91,245,244	-	91,245,244	91,245,244
Certificates of deposit	-	23,198,367	-	23,198,367	-	23,198,367	23,198,367
Government of Jamaica guaranteed	-	3,785,902	-	3,785,902	-	3,785,902	3,785,902
Corporate bonds	-	69,872,864	1,430,918	71,303,782	-	71,303,782	71,303,782
Foreign Government Securities	-	52,865,155	-	52,865,155	-	52,865,155	52,865,155
Ordinary shares quoted	-	2,551,215	4,201,087	6,752,302	6,752,302	-	6,752,302
Units in unit trusts	-	-	515,895	515,895	-	515,895	515,895
Money market funds	-	-	67,289	67,289	-	67,289	67,289
Ordinary shares unquoted	-	-	17,418	17,418	-	17,418	17,418
Other	-	4,033	-	4,033	-	4,033	4,033
	-	**243,522,780**	**6,232,607**	**249,755,387**	**6,752,302**	**243,003,085**	**249,755,387**
Financial assets not measured at fair value							
Cash and cash equivalents	67,292,923	-	-	67,292,923	-	67,292,923	67,292,923
Loans and notes receivable	119,456,147	-	-	119,456,147	-	119,456,147	119,456,147
Securities purchased under agreements to resell	3,299,974	-	-	3,299,974	-	3,299,974	3,299,974
Certificate of deposits	54,446	-	-	54,446	-	54,446	54,446
Government of Jamaica Securities	7,951,068	-	-	7,951,068	-	8,825,113	8,825,113
Sovereign bonds	279,919	-	-	279,919	-	279,919	279,919
Government of Jamaica guaranteed	2,170,737	-	-	2,170,737	-	2,183,624	2,183,624
Others	2,240,692	-	-	2,240,692	-	2,078,848	2,078,848
Interest receivable	4,253,222	-	-	4,253,222	-	4,253,222	4,253,222
Other receivables	4,227,018	-	-	4,227,018	-	4,227,018	4,227,018
	211,226,146	-	-	**211,226,146**	-	**211,951,234**	**211,951,234**

JMMB GROUP LIMITED

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32. Financial Instruments - Fair Value (Continued)

(c) Accounting classifications and fair values (continued)

	The Group						
	2021						
	Carrying amount				Fair value		
	Amortised Cost $'000	At fair value through other comprehensive income $'000	At fair value through profit or loss $'000	Total $'000	Level 1 $'000	Level 2 $'000	Total $'000
Financial liabilities not measured at fair value							
Securities sold under agreements to repurchase	227,730,286	-	-	227,730,286	-	227,730,286	227,730,286
Notes payable	48,328,592	-	-	48,328,592	-	48,328,592	48,328,592
Lease liabilities	1,588,571	-	-	1,588,571	-	1,588,571	1,588,571
Redeemable preference shares	28,021,391	-	-	28,021,391	-	28,021,391	28,021,391
Deposits	128,303,836	-	-	128,303,836	-	128,303,836	128,303,836
Due to other financial institutions	6,026,824	-	-	6,026,824	-	6,026,824	6,026,824
Interest payable	1,978,908	-	-	1,978,908	-	1,978,908	1,978,908
Other liabilities	7,530,340	-	-	7,530,340	-	7,530,340	7,530,340
	449,508,748	-	-	449,508,748		449,508,748	449,508,748

JMMB GROUP LIMITED

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31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

32. Financial Instruments - Fair Value (Continued)

(c) Accounting classifications and fair values (continued)

	The Group						
	2020						
	Carrying amount				Fair value		
	Amortised Cost $'000	At fair value through other comprehensive income $'000	At fair value through profit or loss $'000	Total $'000	Level 1 $'000	Level 2 $'000	Total $'000
Financial assets measured at fair value							
Government of Jamaica securities	-	72,141,507	-	72,141,507	-	72,141,507	72,141,507
Certificates of deposit	-	12,716,403	-	12,716,403	-	12,716,403	12,716,403
Government of Jamaica guaranteed	-	2,988,926	-	2,988,926	-	2,988,926	2,988,926
Corporate bonds	-	56,806,509	1,330,315	58,136,824	-	58,136,824	58,136,824
Foreign Government Securities	-	30,495,342	438,808	30,934,150	-	30,934,150	30,934,150
Ordinary shares quoted	-	2,430,995	1,535,251	3,966,246	3,966,246	-	3,966,246
Units in unit trusts	-	-	433,323	433,323	-	433,323	433,323
Money market funds	-	-	325,079	325,079	-	325,079	325,079
Ordinary shares unquoted	-	-	17,251	17,251	-	17,251	17,251
Other	-	4,033	-	4,033	-	4,033	4,033
	-	**177,583,715**	**4,080,027**	**181,663,742**	**3,966,246**	**177,697,496**	**181,663,742**
Financial assets not measured at fair value							
Cash and cash equivalents	42,636,000	-	-	42,636,000	-	42,636,000	42,636,000
Interest receivable	3,504,722			3,504,722		3,504,722	3,504,722
Securities purchased under agreements to resell	5,999,962	-	-	5,999,962	-	5,999,962	5,999,962
Loans and notes receivable	98,841,073	-	-	98,841,073	-	98,841,073	98,841,073
Other receivables	6,992,662			6,992,662		6,992,662	6,992,662
Certificate of deposits	25,953	-	-	25,953	-	25,918	25,918
Government of Jamaica Securities	7,647,759	-	-	7,647,759	-	7,595,906	7,595,906
Sovereign bonds	270,881	-	-	270,881	-	21,433	21,433
Government of Jamaica guaranteed	2,316,972	-	-	2,316,972	-	2,329,660	2,329,660
Others	635,816	-	-	635,816	-	617,937	617,937
	168,871,800	-	-	**168,871,800**	-	**168,565,273**	**168,565,273**

JMMB GROUP LIMITED

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31 March 2021

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32. Financial Instruments - Fair Value (Continued)

(c) Accounting classifications and fair values (continued)

	The Group						
	2020						
	Carrying amount				Fair value		
	Amortised Cost $'000	At fair value through other comprehensive income $'000	At fair value through profit or loss $'000	Total $'000	Level 1 $'000	Level 2 $'000	Total $'000
Financial liabilities not measured at fair value							
Customer deposits	104,183,074	-	-	104,183,074	-	104,183,074	104,183,074
Due to other financial institutions	210,605	-	-	210,605	-	210,605	210,605
Securities sold under agreements to repurchase	179,589,980	-	-	179,589,980	-	179,589,980	179,589,980
Notes payable	45,087,432	-	-	45,087,432	-	45,087,432	45,087,432
Lease liabilities	1,948,668	-	-	1,948,668	-	1,948,668	1,948,668
Redeemable preference shares	17,116,952	-	-	17,116,952	-	17,116,952	17,116,952
Customer deposits	1,633,703			1,633,703		1,633,703	1,633,703
Interest payable	6,777,046	-	-	6,777,046	-	6,777,046	6,777,046
Other liabilities	104,183,074	-	-	104,183,074	-	104,183,074	104,183,074
	460,730,534	-	-	460,730,534		460,730,534	460,730,534

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32. Financial Instruments - Fair Value (Continued)

(c) Accounting classifications and fair values (continued)

The Company

	2021					
	Carrying amount				Fair value	
	Amortised Cost $'000	At fair value through other comprehensive income $'000	At fair value through profit or loss $'000	Total $'000	Level 2 $'000	Total $'000
Financial assets measured at fair value						
Other	-	4,033	-	4,033	4,033	4,033
	-	**4,033**	-	**4,033**	**4,033**	**4,033**
Financial assets not measured at fair value						
Cash and cash equivalents	44,323	-	-	44,323	44,323	44,323
Interest receivable	409,529	-	-	409,529	409,529	409,529
Loans and notes receivable	41,944,982	-	-	41,944,982	41,944,982	41,944,982
Other receivables	12,636,270			12,636,270	12,636,270	12,636,270
Securities purchased under agreements to resell	1,274,449	-	-	1,274,449	1,274,449	1,274,449
	56,309,553	-	-	**56,309,553**	**56,309,553**	**56,309,553**
Financial liabilities not measured at fair value						
Notes payable	16,179,947	-	-	16,179,947	16,179,947	16,179,947
Redeemable preference shares	28,021,391	-	-	28,021,391	28,021,391	28,021,391
Interest payable	275,937	-	-	275,937	275,937	275,937
Other payables	18,865	-	-	18,865	18,865	18,865
Due to subsidiary	12,189,126	-	-	12,189,126	12,189,126	12,189,126
	56,685,266	-	-	**56,685,266**	**56,685,266**	**56,685,266**

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31 March 2021

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32. Financial Instruments - Fair Value (Continued)

(c) Accounting classifications and fair values (continued)

	The Company	
	2021	
	Carrying amount	Fair value
	At fair value through other comprehensive income $'000	Level 2 $'000
Financial assets measured at fair value		
Other	4,033	4,033

	The Company	
	2020	
	Carrying amount	Fair value
	At fair value through other comprehensive income $'000	Level 2 $'000
Financial assets measured at fair value		
Other	4,033	4,033

33. Post-employment Benefits

Pensions are the only post-employment benefits to which the Group is committed. A subsidiary company manages 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 2017 by Eckler Jamaica Limited, independent actuaries. The valuation report revealed a funding surplus.

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

The Trinidadian subsidiaries operate a two-tiered defined contribution plan, which is in compliance with section 134(6) of the Income Tax Act of Trinidad & Tobago. 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.

33. Post-employment Benefits (Continued)

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

The contributions for the Group for the year amounted to $277,545,000 (2020: $255,381,000).

34. Managed Funds

The Group acts as agent and earns fees for managing clients' and investment funds on a non-recourse basis under management agreements. This includes some of the assets of the Group's pension fund (note 33). Although the Group is the custodian of the securities in which the clients participate, it has no legal or equitable right or interest in these securities. Accordingly, the securities in which the clients' funds are invested are not recognised in the statement of financial position.

At 31 March 2021, funds managed in this way by the Group amounted to $155,427,132,000 (2020: $135,079,008,000) which includes assets of the Group's pension fund (note 33) amounting to $4,870,416,000 (2020: $4,075,222,000). The Group's financial statements include the following assets/(liabilities) relating to the funds:

	The Group	
	2021	**2020**
	$'000	**$'000**
Investments	67,289	325,079
Interest payable	(920)	(820)
Securities sold under agreements to repurchase	(49,019,616)	(43,482,627)
Customer deposits	(2,338,323)	(3,111,184)
Notes payable	(21,732,000)	(20,094,000)

35. Significant Accounting Policies

The significant accounting policies below conform in all material respects to IFRS.

(a) Basis of consolidation:

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

35. Significant Accounting Policies (Continued)

The significant accounting policies below conform in all material respects to IFRS (continued).

(a) Basis of consolidation (continued):

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

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

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

The Group uses the 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 interest

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

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(ii) Loss of control

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

(iii) Interest in associate

Associates are those entities in which the Group has significant influence, but not control or joint control, over the relevant financial and operating policies. Interest in associate is accounted for using the equity method in the consolidated financial statements.

35. Significant Accounting Policies (Continued)

(a) Basis of consolidation (continued):

(iii) Interest in associate (continued)

They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to zero and recognition of further losses is discontinued, except to the extent that the Group has incurred legal or constructive obligations, or made payments on behalf of an associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of profits equals the share of accumulated losses not recognised.

(b) Financial Instruments

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

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

(i) Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.

In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

35. Significant Accounting Policies (Continued)

(b) Financial Instruments (continued)

(ii) Classification and subsequent remeasurement

Financial assets

The Group has classified its financial assets in the following measurement categories:

- Fair value through profit or loss (FVTPL);
- Fair value through other comprehensive income (FVOCI); or
- Amortised cost.

The classification requirements for debt and equity instruments are described below:

(a) Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse.

Classification and subsequent measurement of debt instruments depend on:

- the Group's business model for managing the asset; and
- the cash flow characteristics of the asset.

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:

- *Amortised cost*: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVTPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described at note 35(b)(vii). Interest income from these financial assets is included in 'Interest income from securities using the effective interest method'.

- *Fair value through other comprehensive income (FVOCI):* Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVTPL, are measured at fair value through other comprehensive income (FVOCI).

- *Fair value through profit or loss:* Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss. Interest income from these financial assets is included in 'Interest income' using the effective interest method.

Business model: That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL.

35. Significant Accounting Policies (Continued)

(b) Financial Instruments (continued)

(ii) Classification and subsequent remeasurement (continued)

Financial assets (continued)

(a) Debt instruments (continued)

Factors considered by the Group in determining the business model for a group of assets include:

1. Past experience on how the cash flows for these assets were collected;
2. How the asset's performance is evaluated and reported to key management personnel;
3. How risks are assessed and managed; and
4. How managers are compensated.

For example, securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVTPL.

Solely payments of principal and interest (SPPI): Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e., interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

(b) Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Group subsequently measures all equity investments at fair value through profit or loss, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Group's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns.

Gains and losses on equity investments at FVTPL are included in the 'Net trading income' line in the statement of profit or loss.

35. Significant Accounting Policies (Continued)

(b) Financial Instruments (continued)

(ii) Classification and subsequent remeasurement (continued)

Financial liabilities

Financial liabilities are classified as subsequently measured at amortised cost, except for:

- Financial liabilities at fair value through profit or loss: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in the trading booking) and other financial liabilities designated as such at initial recognition. Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, which is determined as the amount that is not attributable to changes in market conditions that give rise to market risk) and partially profit or loss (the remaining amount of change in the fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in the credit risk of the liability are also presented in profit or loss;
- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby a financial liability is recognised for the consideration received for the transfer. In subsequent periods, the Group recognises any expense incurred on the financial liability; and
- Financial guarantee contracts and loan commitments [See note 35(b)(v)].

(iii) Derecognition of financial assets and financial liabilities

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income (OCI) is recognised in profit or loss.

Cumulative gains or losses recognised in OCI in respect of equity investment securities designated as at FVOCI are not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

The Group enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities lending and sale-and-repurchase transactions.

35. Significant Accounting Policies (Continued)

(b) Financial Instruments (continued)

(iii) Derecognition of financial assets and financial liabilities (continued)

In transactions in which the Group neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

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

The exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment.

If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

(iv) Modifications

Financial assets:

If the terms of a financial asset are modified, then the Group evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised [see (b)(iii)] and a new financial asset is recognised at fair value plus any eligible transaction costs. Fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms, rather than to originate a new asset with substantially different terms. If the Group plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see below for write-off policy). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

35. Significant Accounting Policies (Continued)

(b) Financial Instruments (continued)

(iv) Modifications (continued)

Financial assets (continued):

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Group first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower (see (vii)), then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest method.

Financial liabilities:

The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and consideration paid is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

(v) Measurement and gains and losses

The 'investment securities' caption in the statement of financial position includes:

- debt investment securities measured at amortised cost, which are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method;
- equity investment securities mandatorily measured at FVTPL or designated as at FVTPL which are at fair value with changes recognised immediately in profit or loss;
- debt securities measured at FVOCI; and
- equity investment securities designated as at FVOCI.

For debt securities measured at FVOCI, gains and losses are recognised in other comprehensive income OCI, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost:

35. Significant Accounting Policies (Continued)

(b) Financial Instruments (continued)

(v) Measurement and gains and losses (continued)

The 'investment securities' caption in the statement of financial position includes:

- debt investment securities measured at amortised cost which are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method;
- equity investment securities mandatorily measured at FVTPL or designated as at FVTPL which are at fair value with changes recognised immediately in profit or loss;
- debt securities measured at FVOCI; and
- equity investment securities designated as at FVOCI.

For debt securities measured at FVOCI, gains and losses are recognised in other comprehensive income OCI, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost:

- interest income, calculated using the effective interest method;
- ECL charges and reversals; and
- foreign exchange gains and losses.

When a debt security measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

The Group elects to present in OCI changes in the fair value of certain investments in equity instruments that are not held for trading. The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable.

When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Specific financial instruments:

Cash and cash equivalents

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

35. Significant Accounting Policies (Continued)

(b) Financial Instruments (continued)

(v) Measurement and gains and losses (continued)

Specific financial instruments (continued):

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 less impairment. 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.

Loans and notes receivable and other receivables

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

Accounts payable

Accounts payable are classified and measured at amortised cost.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are measured at amortised cost, with any difference between cost and redemption recognised in the profit or loss over the period of the borrowings on an effective yield basis.

Embedded derivatives

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

35. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(v) Measurement and gains and losses (continued)

Financial guarantee contracts and loan commitments

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The amount of the loss allowance [calculated as described in note 35(b)(vii)]; and
- The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

Loan commitments provided by the Group are measured as the amount of the loss allowance. The Group has not provided any commitment to provide loans at a below-market interest rates, or that can be settled net in cash or by delivering or issuing another financial instrument.

For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Group cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognised as a provision.

(vi) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

(vii) Impairment

The Group recognises loss allowances for expected credit losses (ECL) on debt financial instruments measured at fair value through other comprehensive income (FVOCI) and amortised cost.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition.

35. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(vii) Impairment (continued)

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

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1 financial instruments'.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as 'Stage 2 financial instruments'.

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the group expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group expects to recover.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised costs are credit-impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

35. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(vii) Impairment (continued)

Credit-impaired financial assets (continued)

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Group on terms that it would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a loan that is overdue for 90 days or more is considered credit-impaired even when the regulatory definition of default is different.

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Group considers the following factors:

- The market's assessment of creditworthiness as reflected in the bond yields.
- The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.
- The probability of the debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Presentation of allowance for ECL in the statement of financial position

Allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets.
- loan commitments and financial guarantee contracts: generally, as a provision.
- debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss is recognised in profit or loss as a reclassification from OCI.

Write-off

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

35. Significant Accounting Policies (Continued)

(b) Financial instruments (continued)

(vii) Impairment (continued)

Write-off (continued)

Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the statement of profit or loss and OCI.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(c) Property, plant and equipment

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

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

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

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

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

(d) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets acquired in a business combination are recognised at fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and impairment losses. Internally generated intangible assets, excluding capitalised development costs meeting the criteria of IAS 38, are not capitalised and the expenditure is charged against profits in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

35. Significant Accounting Policies (Continued)

(d) Intangible assets (continued)

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 life of the assets ranging from 20% to 25% per annum, from the date it is available for use.

(ii) Goodwill

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

(iii) Customer lists and core deposits

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

(iv) Licences

These assets represent the value of JMMB Securities Limited's seat on the Jamaica Stock Exchange and the banking licence and securities licence acquired for JMMB Bank (T&T) Limited and JMMB Securities (T&T) Limited, which have indefinite useful lives. These assets are tested for impairment annually, and whenever there is an indication that the asset is impaired, the carrying amount is reduced to the recoverable amount.

(v) Other intangibles

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

35. Significant Accounting Policies (Continued)

(e) Leases (continued)

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

35. Significant Accounting Policies (Continued)

(e) Leases (continued)

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(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 currency.

(ii) Transactions and balances

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rates at the reporting date.

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

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

35. Significant Accounting Policies (Continued)

(f) Foreign currency translation (continued)

(iii) Group companies

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

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

(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 liabilities.

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

(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 in other comprehensive income or equity, in which case it is recognised accordingly.

(i) Current income tax

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

(ii) Deferred income tax

Deferred income tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

35. Significant Accounting Policies (Continued)

(h) Taxation (continued)

(ii) Deferred income tax (continued)

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amounts of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plan for the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted at the reporting date.

(i) Impairment of non-financial assets

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

(i) Calculation of recoverable amount

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

(ii) Reversals of impairment

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

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

(j) Revenue recognition

The principal types of revenue and the manner in which they are recognised are as follows:

(i) Interest income

Interest income is recognised in profit or loss using the effective interest method. The "effective interest rate" is the rate that exactly discounts the estimated future receipts through the expected life of the financial instruments to its gross carrying amount.

35. Significant Accounting Policies (Continued)

(j) Revenue recognition (continued)

The principal types of revenue and the manner in which they are recognised are as follows (continued):

(i) Interest income (continued)

When calculating the effective interest rate for financial instruments, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not ECL.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition of a financial asset.

The 'amortised cost' of a financial asset is the amount at which the financial asset is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

The effective interest rate of a financial asset is calculated on initial recognition. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) and is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Interest income calculated using the effective interest method presented in the statement of profit or loss and OCI, includes interest on financial assets measured at amortised cost, other interest income presented in the statement of profit or loss and OCI includes interest income on finance leases.

(ii) Fees and commissions

Fee and commission income from contracts with customers is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a service to a customer.

35. Significant Accounting Policies (Continued)

(j) Revenue recognition (continued)

The principal types of revenue and the manner in which they are recognised are as follows (continued):

(ii) Fees and commissions (continued)

The nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies are as follows:

Type of service	*Nature and timing of satisfaction of performance obligations, including significant payment terms.*	*Revenue recognition under IFRS 15.*
Investment banking services	The Group provides investment banking related services, including execution of customers' transactions and maintenance of customers' investments records. Fees are charged when the transaction takes place and are based on fixed rates.	Revenue from investment banking related services is recognised at the point in time when the service is provided.
Portfolio and asset management services	The Group provides portfolio and asset management services to customers. Fees are calculated based on a fixed percentage of the value of the assets and are charged at various time intervals based on the investment agreement but at no time period exceeding twelve months.	Revenue from portfolio and asset management services is recognised over time as the service is provided.
Capital market services	The Group provides capital market services including from debt issuances, equity issuance and merger and acquisition advisory services. Fees are charged when services have been successfully executed.	Revenue is recognised at the point in time when the transaction is successfully executed.

(iii) Dividends

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

(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.

35. Significant Accounting Policies (Continued)

(k) Employee benefits (continued)

Pensions are the Group's only post-employment benefit. Pension fund costs included in Group profit or loss represent contributions to the defined-contribution fund which the Group operates to provide retirement pensions for the Group's employees (Note 33). Contributions to the fund, made on the basis provided for in the rules, are accrued and charged as expense when due.

(l) Segment reporting

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

(m) Interest expense

Interest expense is recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to the amortised cost of the financial liability.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the issue of financial liability.

(n) Borrowings

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

(o) Investment properties

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

(p) New and amended standards and interpretations issued but are not yet effective

At the date of authorisation of these financial statements, certain new and amended standards and interpretations have been issued which were not effective for the current year and which the Group has not early-adopted. The Group has assessed them with respect to its operations and has determined that the following are relevant:

35. Significant Accounting Policies (Continued)

(p) New and amended standards and interpretations issued but are not yet effective (continued)

- Amendments to IFRS 16 *Leases* is effective for annual periods beginning on or after 1 June 2020, and provides guidance for COVID-19 related rent concessions.

  The amendments introduce an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications, and accounts for them in accordance with other applicable guidance. The resulting accounting will depend on the details of the rent concession. For example, if the concession is in the form of a one-off reduction in rent, it will be accounted for as a variable lease payment and be recognised in profit or loss.

  The practical expedient will only apply if:

  - the revised consideration is substantially the same or less than the original consideration;
  - the reduction in lease payments relates to payments due on or before 30 June 2021; and
  - no other substantive changes have been made to the terms of the lease.

  Lessees applying the practical expedient are required to disclose:

  - that fact, if they have applied the practical expedient to all eligible rent concessions and, if not, the nature of the contracts to which they have applied the practical expedient; and

  - the amount recognised in profit or loss for the reporting period arising from application of the practical expedient.

  No practical expedient is provided for lessors. Lessors are required to continue to assess if the rent concessions are lease modifications and account for them accordingly.

  The Group does not expect the amendments to have a significant impact on its financial statements.

- Amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement*, IFRS 7 *Financial Instruments: Disclosures,* IFRS 4 *Insurance contracts and* IFRS 16 *Leases, are* effective for annual accounting periods beginning on or after 1 January 2021 and address issues affecting financial reporting in the period leading up to interbank offered rates **(**IBOR) reform. The second phase amendments apply to all hedging relationships directly affected by IBOR reform. The amendments principally address practical expedient for modifications. A practical expedient has been introduced where changes will be accounted for by updating the effective interest rate if the change results directly from IBOR reform and occurs on an 'economically equivalent' basis. A similar practical expedient will apply under IFRS 16 *Leases* for lessees when accounting for lease modifications required by IBOR reform. In these instances, a revised discount rate that reflects the change in interest rate will be used in remeasuring the lease liability.

  The amendments also address specific relief from discontinuing hedging relationships as well as new disclosure requirements.

  The Group does not expect the amendments to have a significant impact on its financial statements.

35. Significant Accounting Policies (Continued)

(p) New and amended standards and interpretations issued but are not yet effective (continued)

- Amendments to IAS 1 *Presentation of Financial Statements*, will apply retrospectively for annual reporting periods beginning on or after 1 January 2023. The amendments promote consistency in application and clarify the requirements on determining if a liability is current or non-current.

  Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the requirement for a right to be unconditional has been removed and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. A entity classifies a liability as non-current if it has a right to defer settlement for at least twelve months after the reporting period. It has now been clarified that a right to defer exists only if the entity complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date.

  With the amendments, convertible instruments may become current. In light of this, the amendments clarify how an entity classifies a liability that includes a counterparty conversion option, which could be recognised as either equity or a liability separately from the liability component under IAS 32. Generally, if a liability has any conversion options that involve a transfer of the entity's own equity instruments, these would affect its classification as current or non-current. It has now been clarified that an entity can ignore only those conversion options that are recognised as equity when classifying liabilities as current or non-current.

  The Group does not expect the amendments to have a significant impact on its financial statements.

- Amendments to IAS 37 *Provision*, C*ontingent Liabilities and Contingent Assets* is effective for annual periods beginning on or after 1 January 2022 and for the purpose of assessing whether a contract is onerous, clarifies those costs that comprise the costs of fulfilling the contract.

  The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs – e.g. direct labour and materials; and an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.

  This clarification will require entities that apply the 'incremental cost' approach to recognise bigger and potentially more provisions. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated.

  The Group does not expect the amendments to have a significant impact on its financial statements.

- Annual Improvements to IFRS Standards 2018-2020 cycle contain amendments to certain standards and are effective for annual periods beginning on or after 1 January 2022. Those that affect the Group's operations are IFRS 9 *Financial Instruments* and IFRS 16 *Leases*.

  (i) IFRS 9 Financial Instruments amendment clarifies that – for the purpose of performing the ''10 per cent test' for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

  (ii) IFRS 16 *Leases* amendment removes the illustration of payments from the lessor relating to leasehold improvements.

  The Group does not expect the amendments to have a significant impact on its financial statements.

JMMB GROUP LIMITED

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

36. Prior year adjustment

During 2021, the Group determined that acceptances, guarantees and letters of credit have not met the requirement for recognition as an asset or as a liability. Consequently, total assets and total liabilities were overstated. The Group has restated each of the affected financial statements line items for prior periods. Expected credit losses on acceptances, guarantees and letters of credit were not recognised in the financial statements as the amounts are considered to immaterial for the periods presented. However, under BOJ regulations the Group recognised a general provision of $3,440,565 for 2020, ($5,254,912 for 2019) as at the reporting date for acceptances, guarantees and letters of credit and the amounts are reported under the loan loss reserve. This prior period adjustment did not have an impact on the Group's statement of profit or loss, statement of profit or loss and other comprehensive income and changes in Shareholders' equity and cash flows for the year ended 31 March 2020. The following tables summarise the impact on the Bank's financial statements.

	The Group					
	31-Mar-20			31-Mar-19		
	As previously Reported	Adjustments	As Restated	As previously Reported	Adjustments	As Restated
	$'000	$'000	$'000	$'000	$'000	$'000
Customers' liabilities under guarantees	525,491	(525,491)	-	213,042	(213,042)	-
Others	399,697,135	-	399,697,135	319,823,215	-	319,823,215
Total assets	**400,222,626**	**(525,491)**	**399,697,135**	**320,036,257**	**(213,042)**	**319,823,215**
Customers' liabilities under guarantees	525,491	(525,491)	-	213,042	(213,042)	-
Others	358,517,981	-	358,517,981	288,718,939	-	288,718,939
Total liability	**359,043,472**	**(525,491)**	**358,517,981**	**288,931,981**	**(213,042)**	**288,718,939**
Total equity	**41,179,154**	**-**	**41,179,154**	**31,104,276**	**-**	**31,104,276**
Total liability and equity	**400,222,626**	**(525,491)**	**399,697,135**	**320,036,257**	**(213,042)**	**319,823,215**

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