

DIRECTORS' STATEMENT

PERFORMANCE HIGHLIGHTS

Net Profit	J\$2.68 billion, up 55%
Earnings per Stock Unit	J\$1.63, up by J\$0.59
Net Operating Revenue	J\$11.06 billion, grew by 30%
Net Interest Income	J\$5.07 billion, up 20%
Gains on Securities Trading	J\$4.17 billion, up 48%
Efficiency Ratio	69%, 74% in 2015

The Directors are pleased to announce that the JMMB Group posted net profit of J\$2.68 billion and earnings per share of J\$1.63 for the nine months ended 31 December 2016.

THE JMMB GROUP CEO'S COMMENTARY

We continue to execute on our Regional Integrated Financial Services Model with the build out of our integrated branches. Our integrated branches provide access to all our financial services to our clients under one roof in an atmosphere that epitomizes our client value proposition. The latest integrated branch is our South Park branch in Trinidad and Tobago which opened during the review quarter.

Further, the JMMB Group responded to the needs of our clients in Trinidad and Tobago by introducing a new service which offers a flexible and affordable way to access international brokerage services including trading access, margin access and wealth management services. Running parallel with increasing access for our clients and offering new products and services was our focus on cost management. During the third quarter, the JMMB Group hit another milestone in our "Go Green" programme with the initiation of a solar energy project at our head office in Kingston.

Looking ahead to the last quarter of the 2016/17 financial year, the Group will continue its focus of enhancing the experience of our clients and maximizing value for all our stakeholders.

GROUP FINANCIAL PERFORMANCE

Net Operating Revenue

Net operating revenue for the JMMB Group for the nine months ended December 31, 2016 was J\$11.06 billion and reflected a 30% growth when compared to the prior period. This was attributable to growth in all business lines – net gains on securities trading, net interest income, fees and commission and net foreign exchange trading.

Net gains on securities trading increased by J\$1.36 billion or 48% ending the period at J\$4.17 billion. The portfolio strategies were very profitable and we capitalized on market opportunities arising from Brexit and the increased appetite

for Emerging Market assets as investors were in search of yields given high cash levels in circulation globally. Notably, the improved economic outlook for Jamaica resulted in higher demand for GOJ Global bonds.

Net interest income grew by 20% or J\$844 million to J\$5.07 billion when compared to the prior period. This was primarily attributable to growth in the investment and loan portfolios coupled with effective spread management.

Fees and commission income grew by 28% or J\$185 million to J\$857.6 million when compared to the prior period. There was significant growth in managed funds and collective investment schemes across the Group. Additionally, total loan processing fees increased given the 21% growth in the loan portfolios across the Group.

Net foreign exchange trading increased by 18% or J\$141.5 million to J\$931.0 million, relative to the prior period. This was on account of increased volume activity across the region coupled with a one-off market opportunity in the first quarter.

Country Contribution

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

Net Operating Revenue (in J\$'000)	31-Dec-16	31-Dec-15	Growth (%)
Jamaica	8,414,689	6,203,625	36%
Trinidad & Tobago	1,760,606	1,565,452	12%
Dominican Republic	881,417	746,463	18%
Total	11,056,712	8,515,540	30%

There was growth in net operating revenue in all three territories. However, due to increased trading activities in Jamaica, a smaller proportion of revenue was generated outside of Jamaica in this period (2016: 24% and 2015: 27%). Net operating revenue in Trinidad and Tobago grew by 12% and this was due mainly to increased net interest income arising from expanded banking business. In the Dominican Republic, net operating revenue increased by 18% and reflected our continued growth across the subsidiaries in the territory.

Operating Efficiency

For the nine months ended December 31, 2016, the efficiency ratio (operating expenses/net operating revenue) was 69% which compared favourably to 74% in the prior period. Operating expenses for the reporting period amounted to J\$7.62 billion and was 21% higher than the corresponding period a year ago. We continued to enhance our integrated Group sales and support frameworks to drive growth and to ensure seamless and standardized operations across the region. Additionally, there were start-up costs in the Dominican Republic and inflationary increases in all territories.

GROUP FINANCIAL POSITION

Total Assets

At the end of December 2016, the JMMB Group's asset base totalled J\$253.81 billion, up J\$23.21 billion or 10% relative to end-March 2016. The growth was reflected in larger investment and loan portfolios. The investment portfolio increased

by J\$17.96 billion or 11% to J\$175.16 billion. In addition, net loans and advances was J\$44.15 billion, up 18% or J\$6.70 billion. The credit quality of the portfolio continues to perform well against international standards.

The growth in the asset base was funded by customer deposit, preference share and repurchase agreements. Customer deposits increased by J\$6 billion or 15% to J\$47.30 billion, while repurchase agreements were 8% higher at J\$160.84 billion.

Capital

The Group continued to be adequately capitalized as its equity base increased by 11% or J\$2.58 billion to end the period at J\$25.30 billion. This was largely due to net profits generated over the period. The individually regulated companies within the Group continued to exceed the regulatory capital requirements. The regulatory ratios for major subsidiaries in the Group are shown in the table below.

Company	Regulatory Ratio	Minimum Requirement	31-Dec-16
Jamaica Money Market Brokers Limited	Regulatory capital to risk weighted assets ratio	10%	15.89%
JMMB Merchant Bank Limited	Regulatory capital to risk weighted assets ratio	10%	16.65%
JMMB Bank (T&T) Limited formerly, Intercommercial Bank Limited	Regulatory capital to risk weighted assets ratio	10%	17.32%
JMMB Puesto de Bolsa, S.A.	Minimum capital	RD\$5 million	RD\$1,167 million

Off-Balance Sheet Funds under Management

In alignment with the Group's strategy to provide complete customized financial solutions for each client, we experienced growth in our off-balance sheet products which include pension funds, unit trusts and money market funds. Consequently, the total invested in off-balance sheet products as at December 2016 stood at J\$107.33 billion compared to J\$79.73 billion as at end of December 2015.

Corporate Social Responsibility

In keeping with its mandate to be a responsible corporate citizen, the JMMB Group continues to actively participate and support a range of initiatives focused on education, entrepreneurship, transformational leadership and community outreach initiatives. The Group was recognized this year with a nomination for the Jamaica Observer Business Leader Awards which had as its theme "*Business Leader Corporate Philanthropy*".

As part of its educational and entrepreneurial thrust, the JMMB Group signed an MOU with UWI and the Mona School of Business Management (MSBM) for a US\$1 million endowment fund. This will provide scholarships to undergraduate and graduate level MSBM students who are specializing in business, management or accounting. Also, the Joan Duncan Foundation continues to support the Vincent HoSang UWI Venture Competition which is designed to nurture young entrepreneurs.

The Foundation along with six partners have enrolled 19 schools across Jamaica in its national project, Conversations for Greatness. The initiative is being implemented in collaboration with the Ministry of Education and is aimed at inspiring school teachers, administrators and other support staff to unearth the greatness in them and become transformational educators. The project is being implemented on a phased basis across approximately one hundred and thirty (130) schools identified as part of Operation Turnaround which is aimed at improving the educational performance of these schools.

In a continued effort to transform lives, the JMMB Group donated over J\$1 million to assist in the rehabilitation efforts in Haiti, after the passage of Hurricane Matthew. The donation was made through Food For The Poor (FFP) in Jamaica.

In the Dominican Republic, the team remains committed to partnering with UNPHU Emprende, the entrepreneur division of the Universidad Nacional Pedro Henriquez Ureña, by facilitating mentorship opportunities for businesses. We have established one of four national entrepreneurship centres with UNPHU and looks forward to the formation of a second centre in La Vega. This will be a joint initiative with the government, the education ministry and private sector.

The Group also provides ongoing financial assistance to selected children's homes in support of the welfare of these orphaned children.

Team members in Trinidad and Tobago engaged in outreach efforts by bringing Christmas cheer to four children's homes while also equipping the homes with much needed facilities to enhance the welfare of the children.

General

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

A handwritten signature in blue ink that reads 'Archibald Campbell'.

Archibald Campbell
Chairman

A handwritten signature in blue ink that reads 'Keith P. Duncan'.

Keith P. Duncan
Group Chief Executive Officer

JMMB GROUP LIMITED

Consolidated Profit and Loss Account

Period ended 31 December 2016

(Expressed in Jamaican dollars unless otherwise indicated)

	Unaudited Three Months Ended 31-Dec-16 \$'000	Unaudited Three Months Ended 31-Dec-15 \$'000	Unaudited Nine Months Ended 31-Dec-16 \$'000	Unaudited Nine Months Ended 31-Dec-15 \$'000
Net Interest Income and Other Revenue				
Interest income	3,461,374	3,398,983	10,718,839	9,923,075
Interest expense	(1,651,047)	(1,941,222)	(5,648,227)	(5,696,036)
Net interest income	1,810,327	1,457,761	5,070,612	4,227,039
Fee and commission income	302,123	231,320	857,647	672,636
Gains on securities trading, net	974,351	714,402	4,167,639	2,809,959
Foreign exchange trading, net	242,243	227,472	931,022	789,484
Dividends	12,210	3,674	29,792	16,422
Operating revenue net of interest expense	3,341,254	2,634,628	11,056,712	8,515,540
Operating Expenses	(2,540,786)	(2,006,361)	(7,615,365)	(6,299,164)
Profit before Taxation	800,468	628,267	3,441,348	2,216,376
Taxation	(147,238)	(106,133)	(757,924)	(483,656)
Profit for the period	653,230	522,134	2,683,424	1,732,720
Attributable to:				
Equity holders of the parent	628,163	518,764	2,650,277	1,700,695
Non-controlling interest	25,067	3,370	33,147	32,025
	653,230	522,134	2,683,424	1,732,720
Earnings Per Stock Unit	\$0.39	\$0.32	\$1.63	\$1.04

JMMB GROUP LIMITED

Consolidated Statement of Comprehensive Income

Period ended 31 December 2016

(Expressed in Jamaican dollars unless otherwise indicated)

	<u>Unaudited</u> <u>Three Months</u> <u>Ended</u> <u>31-Dec-16</u> <u>\$'000</u>	<u>Unaudited</u> <u>Three Months</u> <u>Ended</u> <u>31-Dec-15</u> <u>\$'000</u>	<u>Unaudited</u> <u>Nine Months</u> <u>Ended</u> <u>31-Dec-16</u> <u>\$'000</u>	<u>Unaudited</u> <u>Nine Months</u> <u>Ended</u> <u>31-Dec-15</u> <u>\$'000</u>
Net profit for the period	653,230	522,134	2,683,424	1,732,720
Other comprehensive income:				
Unrealised gains / (loss) on available for sale investments	(2,422,314)	(483,767)	365,696	(1,598,900)
Foreign exchange translation differences	6,347	98,485	171,612	103,494
	<u>(2,415,967)</u>	<u>(385,281)</u>	<u>537,307</u>	<u>(1,495,406)</u>
Total comprehensive income for period, net of tax	<u>(1,762,737)</u>	<u>136,852</u>	<u>3,220,731</u>	<u>237,314</u>
Total comprehensive income attributable to:				
Owners of the parent	(1,752,409)	152,714	3,161,960	258,438
Non-controlling interest	(10,328)	(15,862)	58,771	(21,124)
	<u>(1,762,737)</u>	<u>136,852</u>	<u>3,220,731</u>	<u>237,314</u>

JMMB GROUP LIMITED

Consolidated Statement of Financial Position

Nine-month period ended 31 December 2016

(Expressed in Jamaican dollars unless otherwise indicated)

	Unaudited as at 31-Dec-16 \$'000	Unaudited as at 31-Dec-15 \$'000	Audited as at 31-Mar-16 \$'000
ASSETS			
Cash and cash equivalents	22,825,640	23,679,093	25,509,721
Interest receivable	3,136,308	3,007,395	2,677,626
Income tax recoverable	1,341,394	1,761,409	1,446,489
Loans and notes receivable, net of provision	44,146,033	36,495,584	37,450,257
Other receivables	2,378,312	1,366,642	1,791,238
Investments and resale agreements	175,158,229	154,215,760	157,197,596
Investment properties	457,591	457,591	457,591
Deferred tax asset	40,327	127,994	165,892
Property, plant and equipment and intangible assets	4,133,001	3,678,460	3,787,254
Customers' liability under acceptances, guarantees and letters of credit as per contra	197,402	67,513	123,622
	253,814,237	224,857,441	230,607,286
EQUITY AND LIABILITIES			
Equity			
Share Capital	1,864,554	1,864,054	1,864,554
Retained earnings reserve	9,605,055	9,605,055	9,605,055
Investment revaluation reserve	1,500,940	555,196	1,152,069
Cumulative translation reserve	203,967	(69,436)	41,155
Retained earnings	11,259,539	8,697,589	9,261,483
	24,434,055	20,652,458	21,924,316
Non-controlling interest	865,211	737,227	792,265
Total equity	25,299,266	21,389,686	22,716,581
Liabilities			
Customer deposits	47,303,098	40,954,632	41,296,373
Due to other banks	439,069	502,841	499,166
Notes payable	5,137,287	4,301,698	4,414,355
Securities sold under agreements to repurchase	160,842,374	147,798,572	149,262,369
Redeemable preference shares	8,809,160	4,228,705	8,556,784
Interest payable	1,191,778	1,379,217	1,170,402
Income tax payable	305,698	461,233	117,795
Other payable	3,194,380	3,148,509	1,772,308
Deferred tax liability	1,094,725	624,835	677,531
Liabilities under acceptances, guarantees and letters of credit as per contra	197,402	67,513	123,622
	228,514,971	203,467,755	207,890,705
	253,814,237	224,857,441	230,607,286

JMMB GROUP LIMITED

Consolidated Statement of Changes in Stockholders' Equity

Nine-month period ended 31 December 2016

(Expressed in Jamaican dollars unless otherwise indicated)

	Share Capital	Retained Earnings Reserve	Investment Revaluation Reserve	Cumulative Translation Reserve	Retained Earnings	Attributable to holders of the Parent	Non- Controlling Interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balances at March 31, 2015 (Audited)	1,864,054	9,605,055	2,037,032	(109,014)	7,567,587	20,964,713	758,351	21,723,064
Profit for the period	-	-	-	-	1,700,695	1,700,695	32,025	1,732,720
Other comprehensive income for period	-	-	(1,481,835)	39,578	-	(1,442,257)	(105,327)	(1,547,584)
Total comprehensive income for period	-	-	(1,481,835)	39,578	1,700,695	258,438	(73,302)	185,136
Paid in capital	-	-	-	-	-	-	52,178	52,178
Dividends paid	-	-	-	-	(570,693)	(570,693)	-	(570,693)
Balances at 31 December 2015 (unaudited)	1,864,054	9,605,055	555,196	(69,436)	8,697,589	20,652,459	737,227	21,389,685
Balances at March 31, 2016 (Audited)	1,864,554	9,605,055	1,152,069	41,155	9,261,483	21,924,316	792,265	22,716,581
Profit for the period	-	-	-	-	2,650,277	2,650,277	33,147	2,683,424
Other comprehensive income for period	-	-	348,871	162,812	-	511,683	25,624	537,307
Total comprehensive income for period	-	-	348,871	162,812	2,650,277	3,161,960	58,771	3,220,731
Paid in capital	-	-	-	-	-	-	14,175	14,175
Dividends paid	-	-	-	-	(652,221)	(652,221)	-	(652,221)
Balances at 31 December 2016 (unaudited)	1,864,554	9,605,055	1,500,940	203,967	11,259,539	24,434,055	865,211	25,299,266

JMMB GROUP LIMITED

Consolidated Statement of Cash Flows

Nine-month period ended 31 December 2016

(Expressed in Jamaican dollars unless otherwise indicated)

	Unaudited Nine Months Ended 31-Dec-16 \$'000	Unaudited Nine Months Ended 31-Dec-15 \$'000
Cash Flows from Operating Activities		
Profit for the period	2,683,424	1,732,720
Adjustments for:		
Unrealised gains on trading securities	(62,173)	(115,036)
Depreciation and amortisation	366,181	353,227
	2,987,432	1,970,911
Changes in operating assets and liabilities	12,330,857	1,379,576
Net cash provided by operating activities	15,318,289	3,350,487
Cash Flows from Investing Activities		
Net (purchase)/sale of investment securities	(17,361,153)	2,340,107
Acquisition of subsidiary net of cash acquired	-	10,497
Purchase of property, plant and equipment and computer software	(711,928)	(722,607)
Net cash (used in)/provided by investing activities	(18,073,081)	1,627,997
Cash Flows from Financing Activities		
Notes payable	722,932	598,914
Dividends paid	(652,221)	(570,693)
Net cash provided by financing activities	70,711	28,221
Net (decrease)/increase in cash and cash equivalents	(2,684,081)	5,006,705
Cash and cash equivalents at beginning of year	25,509,721	18,672,388
Cash and cash equivalents at end of period	22,825,640	23,679,093

JMMB GROUP LIMITED

Notes to the Financial Statements

Nine-month period ended 31 December 2016

(Expressed in Jamaican dollars unless otherwise indicated)

Segment Reporting

	Nine months period ended 31 December 2016				
	Financial & Related Services	Banking & Related Services	Other	Eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
External revenues	12,185,217	4,422,159	97,564	-	16,704,939
Intersegment revenue	1,019,259	240,940	2,226	(1,262,425)	-
Total segment revenue	13,204,476	4,663,099	99,790	(1,262,425)	16,704,939
Profit before tax	2,531,471	912,940	(3,063)	-	3,441,348
Taxation					(757,924)
Profit for the period					2,683,424
Total segment assets	230,913,775	73,074,515	1,381,968	(51,556,021)	253,814,237
Total segment liabilities	206,994,573	61,951,935	1,326,364	(41,757,901)	228,514,971
Interest income	7,672,489	3,042,414	3,935	-	10,718,839
Operating expenses	4,908,048	2,604,463	102,854	-	7,615,365
Depreciation and amortisation	273,555	83,538	9,088	-	366,181
Capital expenditure	231,524	232,983	247,421	-	711,928

JMMB GROUP LIMITED

Notes to the Financial Statements

Nine-month period ended 31 December 2016

(Expressed in Jamaican dollars unless otherwise indicated)

Segment Reporting

	Nine months period ended 31 December 2015				
	Financial & Related Services	Banking & Related Services	Other	Eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
External revenues	10,828,094	3,321,070	62,411	-	14,211,575
Intersegment revenue	372,012	92,321	8,388	(472,721)	-
Total segment revenue	11,200,107	3,413,391	70,799	(472,721)	14,211,575
Profit before tax	1,670,455	542,657	3,264	-	2,216,376
Taxation					(483,656)
Profit for the period					1,732,720
Total segment assets	199,164,842	61,702,815	1,213,720	(37,223,937)	224,857,440
Total segment liabilities	177,655,509	52,427,663	1,149,232	(27,764,648)	203,467,756
Interest income	7,396,135	2,526,939	-	-	9,923,074
Operating expenses	4,933,211	1,263,518	102,435	-	6,299,163
Depreciation and amortisation	272,601	80,248	378	-	353,227
Capital expenditure	548,338	174,269	-	-	722,607

JMMB GROUP LIMITED

Notes to the Financial Statements

Nine-month period ended 31 December 2016

(Expressed in Jamaican dollars unless otherwise indicated)

1. Identification

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

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

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

JMMB GROUP LIMITED

Notes to the Financial Statements

Nine-month period ended 31 December 2016

(Expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies

(a) Basis of preparation

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

There have been no changes in accounting policies since the most recent audited accounts as at 31 March 2016.

All amounts are stated in Jamaican dollars unless otherwise indicated.

(b) Basis of consolidation

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

Subsidiaries are all entities over which the company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the company controls another entity. Subsidiaries are consolidated from the date on which control is attained by the Group. They are no longer consolidated from the date that control ceases.

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

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

(c) Comparative Information

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

(d) Earnings per stock unit

Earnings per stock unit ("EPS") is computed by dividing profit attributable to the equity holders of the parent of J\$2,650,277,000 (2015 – J\$1,700,695,000) by the weighted average number of stock units in issue during the period, numbering 1,630,552,532 (2015 – 1,630,552,530).

(e) Managed funds

The company acts as agent and earns fees for managing clients' funds on a non-recourse basis under a management agreement. At 31 December 2016, funds managed in this way amounted to J\$107,334,917,781 (2015 – J\$79,734,590,548).