

2023 HIGHLIGHTS

The Directors of JMMB Bank (Jamaica) Ltd. (The Bank) share the summary of its audited financials for the year ended March 31, 2023. The Bank has been maintaining consistent growth, in all the major business lines of its operations. The core business of Loans and Deposits continue to show growth, resulting in increases in core income when compared to the prior year.

This improvement reflects the Bank's commitment to providing exceptional client experience while ensuring clients and potential clients are kept at the core of its strategic efforts. The Bank endeavors to offer advanced and unique way of banking to the sector, by expanding the "JMMB way" of partnering with clients to achieve their financial goals.

Financial Performance

Total Assets increased year-over-year by approximately 12% or J\$17.22 billion, moving from J\$147.88 billion to J\$165.10 billion. This is as a result of employment of its strategic objective of growing the core business lines. The major growth was primarily achieved in the various suite of Loans product. This is driven by increased Deposits and Repurchase Agreements consistent with core Banking activities.

JMMB Bank also recorded net operating revenue of J\$7.22 billion for this financial year ended March 31, 2023, up from J\$6.43 billion, for year ended March 31, 2022, an increase of J\$787.62 million or 12.25%.

Net interest income (NII) also saw a 6% upward movement from J\$4.96 billion in 2022 to J\$5.26 billion in 2023, an increase of J\$292.86 million, which was largely due to the growth in the new loans booked throughout the financial year. There was also increases in interest expense. The increase in total revenue was also supported by an increase in other core business lines, namely Foreign Exchange Trading and Translation gains. This moved from J\$1.05 billion to J\$1.49 billion or 42%. There were also increases in Other Income, which saw an increase of 31.62%, moving from J\$285.22 million to J\$375.42 million.

Non-interest expenses moved from J\$5.09 billion to J\$5.46 billion, an increase of 7.31% or J\$372.05 million. This resulted from increases in business line activities as well as normal inflationary cost increase. The highest growth was in staff costs moving from J\$2.18 billion in 2022 to J\$2.43 billion in 2023, resulted in an 11% change.

The Bank recorded a 31% Profit Before Tax of J\$1.76 billion in 2023, or J\$415.57 million above prior year and Profit After Tax of J\$1.31 billion, J\$296.41 million above the J\$1.01 billion of prior financial year.

Loans

JMMB Bank continues to experience strong growth in its Loans portfolio, which increased by 24.17% compared to prior year, moving from J\$90.69 billion to J\$112.61 billion driving an increased market share. The firm movement can be attributed to the growth specifically in retail mortgages and other individual loans. There is a dynamic suite of borrowing solutions offered to both our individual and business clients, including the Micro, Small and Medium sized Enterprises ("MSME") sector.

Management of JMMB Bank has been actively engaged with its clients and remain proactive in implementing the necessary measures to tightly manage the credit quality of its loans book, thereby resulting in non-performing loans ratio of 3.45%, based on the current loan portfolio as at year end, which remained below the internal benchmark.

Deposits

This portfolio grew by approximately 8% or J\$8.93 billion, moving from J\$115.75 billion in 2022 to J\$124.68 billion in 2023. The Bank remains resolute to providing clients with a wide range of value-added deposit solutions to meet the various financial goals of its clients.

There were also increases in the other funding lines mainly growth in the Repurchase Agreements and Due to other Financial Institutions.

The prior years' financial statements have been restated to recognize the unamortized loan origination fees as part of the loan balance and to calculate interest income using the

effective interest basis in accordance with IFRS 9. In addition, the statement of Financial Position and Profit or Loss account for the prior year have been restated to reflect the measurement of deferred tax and tax expense for the year ended 31 March 2022 in respect of unrealized investment gains.

Shareholders' Equity

The Bank's total Shareholders' Equity increased by J\$2.17 billion or 13.03% and is currently at J\$18.79 billion, up from J\$16.63 billion at the end of the prior financial year, thus maintaining a sound capital base. The Bank continues to strategically support its Balance Sheet growth through client partnership and operational efficiency. This fosters investor confidence, while facilitating the opportunity to grow its portfolios.

Strategic Focus/Banking Outlook 2023/2024

In the upcoming financial year, the Bank expects to continue its focus on strategic smart growth, focusing on areas most efficient in the use of its resources. This will include targeting optimal mix of longer term cost effective funding in order to drive stable deposit growth.

The Team will also continue to focus on deepening client partnership with an intense focus on improving convenience, filling gaps in the Bank's solutions suite particularly for the business segment and implementing client goal protection measures as required. We intend to continue building out the merchant acquisition product through further deployment of point of sale terminals and ecommerce solutions. The Bank entered the Merchant Acquisition space in late 2022 and experienced immediate demand for the solution. The focus will be on a smart growth initiative in revenue diversification and Balance Sheet management, bolstered on Capital efficiency and low stable cost of funding, given the macroeconomic climate. The growth is expected to be driven by client partnership, wider client access, operational efficiency, and productivity.

The Bank will also be focusing on strategic partnerships and improve technology to deliver new capabilities thereby providing added convenience for clients and reduced any inconvenienced and increased efficiency. JMMB Bank is also looking to roll out its suite of card products and solutions for greater financial inclusion and targeted under-served niche markets. In addition, the Bank will continue to build out its suite of SME and Commercial Banking offerings by designing solutions that cater to clients' demand and market trends, in a bid to help clients to achieve their financial goals.

In keeping with the digital transformation, JMMB Bank is managing its focus on clients satisfaction and improve its digital access portal.

Acknowledgments

The Board of Directors and Management wishes to express sincere gratitude to its dedicated team members and loyal clients, both locally and overseas. We also appreciate all our business associates, regulators, and partners across the JMMB Group for their continued support and commitment, to the growth and development of JMMB Bank (Jamaica) Limited.

As we navigate through the industry upturn from the rebounds of the pandemic, we remain dedicated to all our stakeholders and hope for the very best for all. We will continue to give support to the various industry and look forward to a thriving economy with persistent success for the upcoming year and beyond.



KPMG
P.O. Box 436
6 Duke Street
Kingston
Jamaica, W.I.
+1 (876) 922 6640
firmmail@kpmg.com.jm

INDEPENDENT AUDITORS' REPORT ON THE SUMMARY FINANCIAL STATEMENTS

To the Members of
JMMB BANK (JAMAICA) LIMITED

Opinion

The summary financial statements set out on pages 3 to 8, which comprise the summary statement of financial position as at 31 March 2023, the summary profit or loss account and summary statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited financial statements of JMMB Bank (Jamaica) Limited ("the Bank") for the year ended 31 March 2023.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements, in accordance with Practice Statement 2016-1, *Summary Financial Statements*, issued by the Institute of Chartered Accountants of Jamaica.

Summary financial statements

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards, which were applied in the preparation of the audited financial statements of the Bank. Reading the summary financial statements and our report thereon, therefore, is not a substitute for reading the audited financial statements and our report thereon. The summary financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

We expressed an unmodified audit opinion on the audited financial statements in our report dated July 10, 2023.

Management's responsibility for the Summary Financial Statements

Management is responsible for the preparation of the summary financial statements in accordance with Practice Statement 2016-1, *Summary Financial Statements*, issued by the Institute of Chartered Accountants of Jamaica.

Auditors' Responsibilities

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which are conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), "Engagements to report on Summary Financial Statements".

Chartered Accountants
Kingston, Jamaica

July 25, 2023

**SUMMARY FINANCIAL STATEMENTS
PREPARED FROM THE AUDITED FINANCIAL STATEMENTS**

**Profit or Loss Account
Year ended 31 March 2023**

(expressed in Jamaican dollars unless otherwise indicated)

	2023 \$'000	Restated 2022 \$'000
Net Interest Income		
Interest income calculated using the effective interest method	10,376,263	8,017,875*
Interest expense	(5,119,072)	(3,053,539)
Net Interest Income	5,257,191	4,964,336
Other Revenue		
Fee income	95,604	129,172*
Foreign exchange gains on trading and translation	1,491,416	1,053,276
Other income	375,418	285,223
Total other operating revenue	1,962,438	1,467,671*
Net Interest Income and Other Revenue	7,219,629	6,432,007*
Non-interest Expenses		
Impairment losses on financial assets	813,559	980,647
Staff costs	2,428,637	2,181,835
Bank charges	267,675	198,865
Property expenses	210,736	164,414
Depreciation and amortisation	184,623	236,100
Information technology costs	353,274	352,475
Marketing and corporate affairs	40,110	39,324
Professional fees	89,128	76,901
Management fees	150,000	120,000
Regulatory costs	203,265	149,841
Irrecoverable General Consumption Tax	134,947	102,425
Asset tax	334,684	262,764
Other operating expenses	252,545	225,542
Total Non-interest Expenses	5,463,183	5,091,133
Profit before Taxation	1,756,446	1,340,874
Taxation	(444,912)	(325,746)*
Profit for the Year	1,311,534	1,015,128

The notes on page 8 are an integral part of these summary financial statements.

**SUMMARY FINANCIAL STATEMENTS
PREPARED FROM THE AUDITED FINANCIAL STATEMENTS**

**Statement of Profit or Loss and Other Comprehensive Income
Year ended 31 March 2023**

(expressed in Jamaican dollars unless otherwise indicated)

	2023 \$'000	Restated 2022 \$'000
Profit for the Year	<u>1,311,534</u>	<u>1,015,128*</u>
Other Comprehensive Loss		
Items that may be reclassified to profit or loss:		
Unrealised losses arising on revaluation of debt investments at FVOCI, net of tax	<u>(145,587)</u>	<u>(219,735)</u>
Total comprehensive income for the year	<u>1,165,947</u>	<u>795,393</u>

**Statement of Financial Position
31 March 2023**

(expressed in Jamaican dollars unless otherwise indicated)

	2023 \$'000	Restated 2022 \$'000	Restated 2021 \$'000
Assets			
Cash and balances with banks	28,153,118	27,697,237	31,213,586
Income tax recoverable	-	8,252*	- *
*Investment in securities	8,353,913	21,926,260	9,779,474
Reverse repurchase agreements	6,023,431	4,014,345	2,156,453
Pledged assets	6,936,168	1,129,357	2,443,005
Loans and notes receivable	112,608,307	90,689,387*	68,465,165*
Accounts receivable	816,050	595,703	389,882
Intangible assets	708,382	749,421	733,051
Property, plant and equipment	503,325	234,595	156,870
Deferred tax assets	948,290	757,408*	605,206*
Right-of-use assets	<u>38,031</u>	<u>82,737</u>	<u>116,710</u>
Total Assets	<u>165,089,015</u>	<u>147,884,702</u>	<u>116,059,402</u>

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**SUMMARY FINANCIAL STATEMENTS
PREPARED FROM THE AUDITED FINANCIAL STATEMENTS**


Statement of Financial Position (Continued)

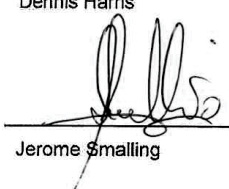
31 March 2023

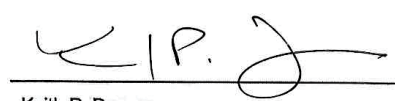
(expressed in Jamaican dollars unless otherwise indicated)


	2023 \$'000	Restated 2022 \$'000	Restated 2021 \$'000
Liabilities			
Repurchase agreements	6,202,669	943,093	2,233,492
Deposits	124,678,576	115,747,156	92,109,592
Due to other financial institutions	14,186,216	11,870,450	6,075,582
Accounts payable	1,122,324	1,435,698	997,070
Promissory note	-	1,160,196	1,105,930
Lease liabilities	49,038	101,749	123,631
Taxation payable	57,885	- *	83,138*
Total Liabilities	146,296,708	131,258,342	102,728,435
Stockholders' Equity			
Share capital	7,932,888	6,932,888	4,432,888
Statutory reserve fund	1,802,199	1,605,469	1,390,254
Retained earnings reserve	7,365,442	6,465,442	5,715,442
Capital redemption reserve	85,488	85,488	85,488
Fair value reserve	(75,135)	70,452	290,187
Loan loss reserve	1,261,700	904,254	669,281
Retained earnings	419,725	562,367*	747,427*
Total Liabilities and Stockholders' Equity	165,089,015	147,884,702	116,059,402

The summary financial statements on pages 3 to 8 were approved by the Board of Directors on July 25, 2023 and signed on its behalf by :


Dennis Harris Director


Jerome Smalling Director


Keith P. Duncan Director


Carolyn DaCosta Secretary

The notes on page 8 are an integral part of these summary financial statements.

**SUMMARY FINANCIAL STATEMENTS
PREPARED FROM THE AUDITED FINANCIAL STATEMENTS**

**Statement of Changes in Equity
Year ended 31 March 2023**

(expressed in Jamaican dollars unless otherwise indicated)

	Share Capital	Statutory Reserve Fund	Retained Earnings Reserve	Capital Redemption Reserve	Fair Value Reserve	Loan Loss Reserve	Retained Earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balances at 31 March 2021, as restated	4,432,888	1,390,254	5,715,442	85,488	290,187	669,281	747,427	13,330,967
Profit for the year 2022, as restated	-	-	-	-	-	-	1,015,128	1,015,128
Other comprehensive loss for the year 2022:								
Unrealised losses on FVOCI investments, net of tax	-	-	-	-	(219,735)	-	-	(219,735)
Total comprehensive income for the year, as restated	-	-	-	-	(219,735)	-	1,015,128	795,393
Transfer to loan loss reserve	-	-	-	-	-	234,973	(234,973)	-
Transfer to retained earning reserve	-	-	750,000	-	-	-	(750,000)	-
Transfer to statutory reserve fund	-	215,215	-	-	-	-	(215,215)	-
Transactions with owners:								
Shares issued	2,500,000	-	-	-	-	-	-	2,500,000
Restated Balances at 31 March 2022	6,932,888	1,605,469	6,465,442	85,488	70,452	904,254	562,367	16,626,360
Profit for the year 2023	-	-	-	-	-	-	1,311,534	1,311,534
Other comprehensive loss for the year 2023:								
Unrealised losses on FVOCI investments, net of tax	-	-	-	-	(145,587)	-	-	(145,587)
Total comprehensive income for the year	-	-	-	-	(145,587)	-	1,311,534	1,165,947
Transfer to loan loss reserve	-	-	-	-	-	357,446	(357,446)	-
Transfer to retained earning reserve	-	-	900,000	-	-	-	(900,000)	-
Transfer to statutory reserve fund	-	196,730	-	-	-	-	(196,730)	-
Transactions with owners:								
Shares issued	1,000,000	-	-	-	-	-	-	1,000,000
Balances at 31 March 2023	7,932,888	1,802,199	7,365,442	85,488	(75,135)	1,261,700	419,725	18,792,307

The notes on page 8 are an integral part of these summary financial statements.

**SUMMARY FINANCIAL STATEMENTS
PREPARED FROM THE AUDITED FINANCIAL STATEMENTS**

**Statement of Cash Flows
Year ended 31 March 2023**

(expressed in Jamaican dollars unless otherwise indicated)

	2023 \$'000	Restated 2022 \$'000
Cash Flows from Operating Activities		
Profit for the year	1,311,534	1,015,128*
Adjustments for:		
Interest income	(10,376,263)	(8,017,875)*
Interest expense	5,119,072	3,053,539
Net impairment loss – investment securities & receivables	43,516	96,952
Net impairment loss on loans and notes receivable	770,043	883,695
Depreciation and amortisation	184,623	236,100
Taxation	444,912	325,746*
Profit on sale of property, plant and equipment	(1,471)	-
	<u>(2,504,034)</u>	<u>(2,406,715)</u>
Changes in operating assets and liabilities -		
Accounts receivable	(262,202)	(222,532)
Loans receivable	(22,550,734)	(23,113,347)*
Accounts payable	(314,858)	438,627
Reverse repurchase agreements	(1,505,837)	-
Deposits	8,192,780	23,508,379*
Repurchase agreements	5,242,269	(1,174,659)*
Due to other financial institutions	2,247,988	5,762,879*
Cash used in operations	(11,454,628)	2,792,632
Interest received	10,151,114	8,002,889
Interest paid	(4,301,265)	(3,010,219)
Taxation paid	(496,863)	(459,471)
Cash (used in)/provided by operating activities	<u>(6,101,642)</u>	<u>7,325,831*</u>
Cash Flows from Investing Activities		
Acquisition of property and equipment, and intangible asset	(380,084)	(296,222)
Purchase of investments	(4,744,338)	(17,318,503)*
Proceeds from maturity of investments	11,236,262	2,179,369*
Cash provided by/(used in) investing activities	6,111,840	(15,435,356)
Cash Flows from Financing Activities		
Promissory note	(1,149,825)	63,225
Lease payments	(42,147)	(42,913)
Proceeds from share issue	1,000,000	2,500,000
Cash (used in)/ provided by financing activities	<u>(191,972)</u>	<u>2,520,312*</u>
Net decrease in cash and cash equivalents	<u>(181,774)</u>	<u>(5,563,740)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(14,314)</u>	<u>25,473</u>
Cash and cash equivalents at beginning of year	<u>22,117,193</u>	<u>27,680,933</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>21,921,105</u></u>	<u><u>22,117,193</u></u>

The notes on page 8 are an integral part of these summary financial statements.

**SUMMARY FINANCIAL STATEMENTS
PREPARED FROM THE AUDITED FINANCIAL STATEMENTS**

1. Identification and Activities

- a. JMMB Bank (Jamaica) Limited (“the Bank”) is domiciled and incorporated in Jamaica. Effective 31 March 2023, the ownership of the Bank was transferred to an intermediate holding company, JMMB Financial Holdings Limited, incorporated in Jamaica, which is itself a wholly owned subsidiary of JMMB Group Limited (“parent”), also domiciled and incorporated in Jamaica. The registered office of the Bank is located at 6 – 8 Grenada Way, Kingston 5.
- b. The Bank’s main business is that of taking deposits, granting loans and trading in foreign currencies.
- c. The Bank is licensed under the Banking Services Act (2014), and the Banking Services Regulations (2015). The Bank is regulated by the Bank of Jamaica (the Supervisor or regulator).

2. Basis of preparation

- a. These summary financial statements comply with the provisions of the Practice Statement 2016-1, *Summary Financial Statements*, issued by the Institute of Chartered Accountants of Jamaica. They do not include all the disclosures provided in the complete set of financial statements prepared under IFRS and cannot be expected to provide as complete an understanding as provided by the complete financial statements.
- b. An unmodified audit opinion has been issued on the complete financial statements as at and for the year ended 31 March 2023, from which these summary statements have been extracted, and were authorised for issue by the directors on June 7, 2023. A copy of the audited full financial statements are available on the Bank’s website at www.jmmb.com.
- c. The complete financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards (IFRS) and relevant provisions of the Jamaica Companies Act. They have been prepared on the historical cost basis, except for certain financial assets which are measured at fair value.
- d. Certain amounts previously reported in the complete financial statements of prior years, were restated in the financial statements for the year ended 31 March 2023. Detailed disclosures in respect of these restatements are set out in note 33 of the complete financial statements.