PEOPLE FIRST.

JAMAICA NATIONAL GROUP

2017 DIRECTORS' REPORT & FINANCIAL STATEMENTS

The crest of The Jamaica National Group symbolises the organisation's commitment to uphold the honour, values and traditions arising from the 14 decades of the Jamaica National Building Society, as well as its vow to help its members achieve their goals.

The Jamaica National Group Limited represents one of Jamaica's pre-eminent and most recognizable brands, with over 14 decades of history in Jamaica and overseas. The Group is comprised of several world-leading entities which provide a wide array of financial, technology, creative and fleet management services, among others.

On February 1, 2017, the 142-year old Jamaica National Building Society (JNBS) was restructured and The Jamaica National Group established. The deposit-taking arm of the Society was converted to JN Bank, the third largest commercial bank in Jamaica.

With membership as the ethos of its operations, The Jamaica National Group will, as its predecessor, JNBS, ensure that the Group remains as a leading performer among mixed conglomerates in the region; and that its performance directly benefits the people and communities that its subsidiaries serve.

The Jamaica National Group is committed to the success and growth of its members while using business as a force for good so that, together, we can improve the outcome of Jamaicans wherever they may reside.

Mission Statement

Using **innovative solutions**
to unleash the potential of our people.

Contents

Vision Statement

A globally respected brand –
boldly finding ways to **enrich lives**
and **build communities.**

Mutuality Statement

Founded on the principle of "**mutuality**", The **Jamaica National Group's** main goal is to create long-term value for our members and assist them to achieve their best outcomes.

We strive to manage our members' affairs prudently and to satisfy their needs by offering products and services at the best rates, delivered by a highly competent team and supported by cutting-edge technology.

Our business conduct is guided by our principle of mutuality: one member, one vote, regardless of the level of savings of each member. Therefore, the interest of all members are protected, whether large or small.

Notice of Annual General Meeting

Notice is hereby given that the First Annual General Meeting of Shareholders of The Jamaica National Group will be held at the Jamaica Pegasus Hotel in the parish of Saint Andrew at 4 o'clock in the afternoon of November 14, 2017.

The following items of business will be considered:

1. To receive, consider and adopt the following:
   - i) The Directors' Report for the year ended March 31, 2017
   - ii) The Statement of Accounts for the year ended March 31, 2017
   - iii) The Auditors' Report for the year ended March 31, 2017
2. To elect Directors
3. To appoint Auditors
4. To transact any other business permissible by the Rules at an Annual General Meeting

By Order of the Board
Dated this 17th day of October, 2017

K Miller

Karene Miller
Secretary

2 - 4 Constant Spring Road
Kingston 10
Jamaica, W. I.

Voting Procedures

VOTING

At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded:-

(a) by the Chairman; or

(b) by at least five Members present in person or by proxy.

The demand for a poll may be withdrawn.

In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded, shall be entitled to a second or casting vote.

VOTES OF MEMBERS

One Vote per Member

Every Member shall have one vote.

Representation in Person or by Proxy

On a poll, votes may be given either personally or by proxy.

Extracted from the Articles of Incorporation of The Jamaica National Group


Authenticity.

Group Board of Directors

Hon. Oliver F. Clarke, OJ, JP, Hon. LL.D, FCA, BSc (Econ)

Chairman

The Hon. Oliver F. Clarke worked with the Jamaica National Building Society (JNBS) as Assistant General Manager, and then as General Manager from 1971 to 1976. He held the position of Chairman of JNBS for two decades from 1977 to 1997 and served as Deputy Chairman from 1997 until 2002, when he was reappointed Chairman. On February 1, 2017, Mr Clarke was appointed Chairman of the newly launched subsidiary, JN Bank, as well as the restructured mutual holding company, The Jamaica National Group and the JN Financial Holding Company.

Mr Clarke is the Chairman of JN Money Services Ltd. (JNMS), the parent company of the JNMS overseas companies in the United States of America, Canada, the Cayman Islands and the United Kingdom. He is also a director of JN Small Business Loans Limited.

A Chartered Accountant, Mr Clarke is Chairman and former Managing Director of The Gleaner Company Limited (now 1834 Investments Limited), Chairman of The Gleaner Company (Media) Limited and Deputy Chairman of the RJRGleaner Communications Group. He is also past President of both The Private Sector Organisation of Jamaica (PSOJ) and The Inter American Press Association.

In 1990 he received the Americas Award from the Americas Foundation and in 1996 the PSOJ inducted him into the Private Sector Hall of Fame. The American Foundation for the University of the West Indies recognised him as a Caribbean Luminary in 2004, and in April 2006, the American Friends of Jamaica awarded Mr. Clarke with its International Humanitarian Award.

In 2009, he was awarded an Honorary Degree of Doctor of Laws (LLD) from The University of the West Indies, and an Honorary Degree of Doctor of Laws (Hon. LLD) honoris causa from the University of Technology; and in 2013, he received an Honorary Doctor of Laws degree from the Northern Caribbean University.

Dhiru Tanna, PhD, MA

Deputy Chairman

Dr Dhiru Tanna has been a member of the Board of the Jamaica National Building Society since 1981 and continues to be a director of JN Fund Managers Ltd, which he served as Chairman between 2005 and 2015. He is a long- standing member of the Society's Finance & Investment Committee, now renamed the Risk Committee, which he has chaired since 2015.

With the restructuring of the Jamaica National Building Society on February 1, 2017, Dr Tanna was appointed Chairman of the MCS Group, the non-financial holding company, which falls under the mutual holding company, The Jamaica National Group.

A graduate of the University of London and the University of California, Berkeley, Dr Tanna is an Economist. He is a former Director and Chairman of a number of Jamaican and West Indian companies. His career spans assignments in Uganda, the USA, Puerto Rico and several organisations in Jamaica, and other CARICOM states. Some of these entities include Neal & Massy Holdings Ltd, The University of the West Indies, Jamaica National Investment Co. Ltd. (JNIC) and Capital Development Fund.

He is Executive Chairman of Blue Power Group Ltd., which was listed on the Junior Market of the Jamaica Stock Exchange in 2010.

Between 2007 and 2016, Dr Tanna served as a director of the Development Bank of Jamaica.

Group Board of Directors

Earl Jarrett, CD, JP, Hon. LL.D, FCA, MSc
Chief Executive Officer
The Jamaica National Group

Earl Jarrett was appointed General Manager of the Jamaica National Building Society in October 1999. He joined the Society in 1997 as Executive with responsibility for Compliance and Overseas Subsidiaries. With the launch of JN Bank on February 1, 2017, Mr Jarrett was appointed Chief Executive Officer of the restructured mutual holding company, The Jamaica National Group (JN Group).

He is a member of the Board of JN Bank and all the local and overseas subsidiaries of the JN Group. He is Chairman of the JN Foundation, the Jamaica Automobile Association (Services), JN Cayman and the overseas subsidiary companies of JN Money Services Limited.

A Chartered Accountant and graduate of The University of the West Indies, Mr. Jarrett serves on the boards of several external organisations. He is:

- **Chairman**, Jamaica Cancer Society; Jamaican Diaspora Foundation, JN Foundation and Mona Geoinformatics Institute
- **Director**, The Gleaner Company's UK and North American Boards; Edna Manley College Arts Foundation
- **Trustee**, Dudley Grant Memorial Trust, the YWCA Trust, Caribbean Council (UK)
- **Trustee Member/Secretary**, FIA Foundation
- **Member**, National Council of Jamaica, Order of St John; The University of the West Indies Mona Campus Council

He is former Deputy Chairman of the Jamaica Tourist Board (JTB), former Deputy Chairman JAMPRO, former Council Member of the Institute of Chartered Accountants of Jamaica and past President of the Rotary Club of New Kingston. He has served as a member of the National Task Force on Political Tribalism, and as Honorary Secretary of The Private Sector Organisation of Jamaica (PSOJ).

In 2008, Mr Jarrett received the Order of Distinction, in the rank of Commander (CD), by the Government of Jamaica for service to the financial sector and the Pelican Award from The University of the West Indies Alumni, Florida Chapter, for outstanding work in business development among the Jamaican Diaspora in the USA.

In 2010, he was recognised by the American Foundation of The University of the West Indies as a 2010 recipient of the Caribbean Luminary Awards; received the Pelican Award from the Jamaican Chapter of The University of the West Indies Alumni, for significant contribution to the development of the University and to Jamaica; and the Doctor of Laws (LL.D) degree, honoris causa, by the University of Technology Jamaica. In 2011, Mr Jarrett received a second Doctor of Laws (LL.D) degree from The University of the West Indies.

He was awarded the Kiwanis Club of New Kingston's Man of Excellence award and recognised as the Jamaica Institute of Management (JIM)/ Gleaner 2011 Manager of the Year in 2012; and subsequently inducted as a JIM Fellow.

Mr Jarrett was appointed a member of the Electoral Commission of Jamaica in 2013, and in 2014 was inducted into the Council of Volunteer Social Services (CVSS) Hall of Fame for his contribution to the community. In 2015, he was recognised as the Gleaner Honour Awardee for exceptional voluntary service in 2014 and was the 2015 inductee for The Private Sector Organisation of Jamaica (PSOJ) Private Sector Hall of Fame.

In 2016, Mr Jarrett was presented with the Visionary Award by the Golden Krust Foundation (New York) and Distinguished Member Award by The Institute of Chartered Accountants of Jamaica (ICAJ).

Parris A. Lyew-Ayee, CD, M.Eng., BSc

Parris A. Lyew-Ayee joined the Board of Directors of the Jamaica National Building Society (JNBS) in June 2007, having previously served as a Director of NEM Insurance Company (Ja.) Limited, a subsidiary of JNBS. A board member of the JN Foundation since 2007, he was appointed Chairman, JN Small Business Loans Limited, in 2009.

With the launch of JN Bank on February 1, 2017, Mr Lyew Ayee was appointed a board member of the restructured mutual holding company, The Jamaica National Group (JN Group), as well as the MCS Group.

He is Chairman of the Caribbean Cement Company Ltd and a member of the Boards of Directors of the Jamaica Bauxite Institute; Noranda Jamaica Bauxite Partners Ltd.; and the Mona GeoInformatics Institute. He is a member of the Campus Council, the Finance and General Purposes Committee, the Campus Audit Committee, and the Strategy and Policy Committee of the Mona Campus of The University of the West Indies.

Mr Lyew-Ayee is a member and former President of the Geological Society of Jamaica, and a Council Member of the International Committee for Studies of Bauxites, Alumina and Aluminium (ICSOBA) and the Society of Mining Engineers of the American Institute of Mining, Metallurgical and Petroleum Engineers.

A geologist and mineral engineer, Mr Lyew-Ayee is the Executive Director of the Jamaica Bauxite Institute. For his service to the bauxite/alumina industry in Jamaica throughout his career, the Government of Jamaica awarded him the Order of Distinction (Rank of Officer) in 1988, then the Order of Distinction (Rank of Commander) in 2007.

William Mahfood, Hon. DPS, BA

William Mahfood was appointed to the Board of the Jamaica National Building Society (JNBS) in July 2006. Prior to joining the JNBS Board, Mr. Mahfood was a Director of JN Small Business Loans Ltd.

On February 1, Mr Mahfood was appointed a member of the Board of the restructured mutual holding company, The Jamaica National Group, as well as the JN Financial Group Limited. He is a Director of The Gleaner Company (Media) Ltd. and 1834 Investments Ltd.

Mr Mahfood joined the family business in 1988 and was Managing Director of the Wisynco Group Ltd. from 1994-2013. He was appointed Chairman of the Wisynco Group in January 2014.

He holds the degree of Bachelor of Science in Industrial Engineering & Management Information Systems from Northeastern University, Boston, Massachusetts. He is very active in outreach programmes in Spanish Town and its environs, as well as serving on boards of charitable organisations such as Food For The Poor and The Laws Street Trade Training Centre.

In August 2011, he was conferred with the Honorary Doctor of Public Service degree from the Northern Caribbean University. Mr Mahfood served as President of The Private Sector Organisation of Jamaica, 2014-2016.

Group Board of Directors

Hon. Dorothy Pine-McLarty, OJ

The Hon. Dorothy Pine-McLarty has been a member of the Board of the Jamaica National Building Society (JNBS) since September 1998. She has been a Director of JN Money Services Limited since that time and has held a number of other board positions within the Group.

With the launch of JN Bank and the restructuring of the Society, Mrs Pine-McLarty was appointed to the board of The Jamaica National Group. She is also a member of the Proxy and Loan Committees of The Jamaica National Group.

A practicing Attorney-at-law for some 50 years, she retired from partnership of Myers, Fletcher & Gordon, but remains a Consultant. She served as the head of that firm's Property Department from 1992 to 1995 and was Managing Partner of the firm's London office from its inception in 1995 until June 1998. She was also admitted as a Solicitor of the Supreme Court of the United Kingdom in 1995.

Mrs Pine-McLarty is chairperson of the Electoral Commission of Jamaica. She sits on the Board of Governors of the St. Andrew High School for Girls, and is on the finance committee of the University of Technology.

Mrs Pine-McLarty was awarded the Order of Jamaica in October 2007 for outstanding public service and received the Gleaner Company Honour Award for Public Service in 2016.

Jennifer Martin, JP

Jennifer Alayne Martin, an Attorney-at-Law, has been a Director of the JN Board since the merger of the Jamaica Savings & Loan Building Society and the Jamaica National Building Society in 2001. Mrs Martin was appointed to the boards of The Jamaica National Group and the JN Financial Group in February 2017.

She served as Director of the Jamaica Savings & Loan Building Society from 1996 to 2001. Mrs Martin is a Director of the JN Foundation and a Trustee of the JNBS Group Pension Plan.

A partner with the law firm, Robinson, Phillips & Whitehorne, Mrs Martin is based in the firm's St. Ann office. Mrs Martin was admitted to practice as a Solicitor in Jamaica in 1970 and has extensive experience in conveyancing. She is a member of the Jamaican Bar Association and the Northern Jamaica Law Society.

Elizabeth Ann Jones, CD, FCA, FCCA

Fellow of the Association of Chartered Certified Accountants and of the Institute of Chartered Accountants of Jamaica, Elizabeth Ann 'Betty Ann' Jones is a retired Senior Partner of KPMG in Jamaica and previous Chairman of KPMG CARICOM, a regional governance entity comprising KPMG member firms in the Caribbean.

Ms Jones has over 40 years of professional experience in the accountancy profession in Jamaica, of which over 30 years were as Head of KPMG's Jamaican tax practice. Her work involved advising on local and international tax planning, including double taxation treaties, tax legislation, and liaison between clients and tax authorities on matters of assessment and incentives.

She served on several tax reform committees and was seconded to the Ministry of Finance, between 1989 and 1992, as special advisor to the Minister on taxation and related matters, in particular the implementation of the General Consumption Tax.

Ms Jones joined the board of the Jamaica National Building Society in October 2014 and was appointed Chairman of JN Fund Managers in May 2015. On February 1, Ms Jones was appointed a member of the Board of the newly launched subsidiary, JN Bank, as well as the restructured mutual holding company, Jamaica National Group and the JN Financial Group Limited. She is a Director of Radio Jamaica Ltd., the Gleaner Company (Media) Ltd. and 1834 Investments Ltd.

Ms Jones served as Chairman of both the Trade Board and Fiscal Services Limited, on the Committee to Review and Eliminate Waste in the Public Sector, and represented The Private Sector Organisation of Jamaica on a Committee to review the Government of Jamaica's Tax system. In addition, she also served as a member of the Divestment Committee responsible for the divestment of sugar factories owned by Government, and as a member of the Tax Policy and Tax Administration Working Group under the Partnership for Transformation Project in Jamaica.

John Small, BA, CQSW,FCMI

John Small has been a Director of the Jamaica National Building Society since September 1998, and with the restructuring of the Group, is now a Director of The Jamaica National Group and the JN Financial Group.

He is a graduate of Bradford University, England and a Fellow of the Chartered Management Institute in the UK.

He is a former Deputy Director of Social Services for the London Borough of Hackney, England, former non-executive Director of North London University and former Lecturer, Department of Sociology, Psychology and Social Work, The University of the West Indies.

He was Chairman of The Planning Institute of Jamaica's "Working Group on International Migration" and founder and first President of the National Association of Returning Residents.

Mr Small is a member of the Board of Governors of United Way of Jamaica and is an international consultant in the Management of Human Services.

Group Board of Directors

Peter Morris, MBA, BSc

Mr Peter Morris joined the Board of the Jamaica National Building Society (JNBS) in 1993. With the restructuring of JNBS and the launch of JN Bank on February 1, 2017, he was appointed to the Boards of The Jamaica National Group Limited, JN Financial Group Limited and JN Bank Limited.

Mr Morris is Chairman of JN Life Insurance Company Limited, and a Director of JN Fund Managers Limited and JN General Insurance Company Limited.

He serves on the Finance, Compensation and Proxy Committees of The Jamaica National Group and the Finance and Loans Committees of JN Bank.

Mr Morris has a Bachelor's Degree in Economics from The University of the West Indies and an MBA in Finance from the Columbia University Graduate School of Business.

He has more than 25 years of business experience at the management and Board level in Jamaica, the United Kingdom and the United States.

Kathleen AJ Moss, MBA, BSc, CBV

Mrs Kathleen Moss is a Management Consultant and Chartered Business Valuator with Sierra Associates, an independent advisory and business valuation firm, which she established in 1993.

She was appointed to the Board of the Jamaica National Building Society (JNBS) in November 2012 and was appointed Chairman of the JN General Insurance Company (JNGI) Board in January 2015, having served on the JNGI board since 1996. Mrs Moss has been a member of the JN Audit and Finance Committees since their inception in the mid-1990s.

On February 1, 2017, Mrs Moss was appointed a director of The Jamaica National Group, the JN Financial Group Limited and JN Bank. She remains a member of the Audit and Finance Committees of The Jamaica National Group, JN Financial Group Limited and JN Bank Limited.

Mrs Moss serves on the boards of Jamaica Producers Group, Assurance Brokers Jamaica Limited, Pan Jam Investment Limited and Kingston Wharves Limited. She serves on the Executive Committee of Jamaica Producers Group and chairs the audit committees of Jamaica Producers Group and Pan Jam, the Compensation and Leadership Development Committee of Kingston Wharves and the Governance Committee of Pan Jam.

Prior to establishing Sierra, Mrs Moss worked with the consultancy practice of PriceWaterhouseCoopers. She is a trustee of the Violence Prevention Alliance and is Chairman of the Finance Committee of the Archdiocese of Kingston. She is a member of the Canadian Institute of Chartered Business Valuations and a graduate of The University of the West Indies and McGill University.

Raphael Gordon

FCA (Ja), FCCA (UK), FCMA (UK), CGMA (UK & USA)

Mr Raphael Gordon, retired Managing Partner of KPMG in Jamaica and Chairman of KPMG CARICOM, joined the Board of Directors of the Jamaica National Building Society (JNBS) in November 2009. Mr Gordon was appointed a director of the boards of The Jamaica National Group, JN Financial Group Limited and JN Bank in February 2017. He is also Chairman of the Audit Committee for The Jamaica National Group, the JN Financial Group and JN Bank, as well as the JN Pension Scheme.

A Chartered, Certified and Global Cost and Management Accountant, Mr Gordon is a former Chairman and Deputy Chairman of Caymanas Track Limited, a former Commissioner, The Casino Gaming Commission; a former member of the Air Jamaica Audit and Finance Committee and the EDP Auditors Association Inc., and is a current member of the Public Accountancy Board; past President of the Institute of Chartered Accountants of Jamaica (ICAJ) and a former Director of the Institute of Chartered Accountants of the Caribbean. He is a former Chairman and Trustee of The Management Services Limited 2004 Pension Fund. He has also served as the Jamaican representative on the Association of Chartered Certified Accountants' International Assembly.

In recognition of his outstanding contribution to the accounting profession and development of the ICAJ, Mr Gordon received the Institute of Chartered Accountants of Jamaica Distinguished Member Award in 2008.

Karene Miller, LLB, BA

Corporate Secretary

Karene Miller joined the Jamaica National Building Society in June 2013, providing corporate secretarial services, legal advice and support to assigned entities within the JN Group.

She was previously employed as Corporate Secretary/Legal Officer at JAMPRO, where she served seven years and was responsible to provide support, legal advice and research.

As an Associate at Foga Daley & Company, she provided legal advice in the area of Intellectual Property but primarily trademarks. She has served as judicial clerk intern at the Supreme Court and the Court of Appeal.

Mrs Miller holds a Legal Education Certificate from the Norman Manley Law School, the Bachelor of Laws (Honours), University of Liverpool, Grand Cayman and the Bachelor of Arts, English Literature (Honours), The University of the West Indies.

Back to contents

Group Board of Directors

Kerry Xavier Scott, MBA, CBA

As Head of Real Estate & Properties at JN Properties Limited, Kerry Scott provides property management services for all The Jamaica National Group buildings in Jamaica, planning and implementing minor and major projects and overseeing acquisition and sale of properties.

He joined the Jamaica National Building Society in 1999 as Debt Management Officer and has worked as Acting Assistant Branch Manager, New Kingston. As Branch Team Leader for the Spanish Town Road MoneyShop, he led his team to be among the leading MoneyShops in the Society. In 2012, he was appointed Group Property, Mail & Courier Manager.

Mr Scott gained the Masters of Business Administration (MBA) from Pebble Hills University, USA and is a Chartered Business Administrator (CBA), Canada chapter. He is a licensed real estate agent and is trained in Project Management, Professional Evaluation and Certification, Occupational Safety and Health in the Workplace and Debt Collection.

He has been a member of the Executive Committee of the Kingston Cricket Club since 2011, and has held executive positions with the Jamaica Cricket Association; Jamaica Cricket Umpires Association and the Council of Voluntary Social Service, United Way. He is Chairman of the Eastern Tigers Franchise; former Captain of the Kingston Cricket Club Senior Cricket team; and represented the Jamaica National Cricket team in the Independence Cup Championship, USA.

He is former Chairman of the Building Societies Co-op Credit Union Marketing Committee; Treasurer of the Portmore Cricket Association; and former Chairman of the JNBS Sports & Social Club.

Active in the community, Kerry Scott is Coordinator of the Cumberland Community Golden Age Club and is a Volunteer for the Golden Age Home, JN Cluster H Committee. He was elected Staff Director to the JN Board in June 2016.

Value Statement

We value all our stakeholders
and promise to be

Authentic
Dependable
Transparent

Governance

Corporate Governance Report

External Regulators

The Jamaica National Group Limited (the Company) is the mutual holding company owning all the entities in the Group, which consists of a financial holding company and its subsidiaries and a non-financial holding company and its subsidiaries. The Company was incorporated under the Companies Act, 2004 as a company limited by guarantee with share capital, on the sixteenth day of December, Two Thousand and Sixteen. It is a mutual organisation owned by its members.

The Board

The majority of the Board of Directors is made up of independent directors whose qualifications, skills, expertise, experience and service to Jamaica help to ensure that the Group operates within stipulated ethical and legal guidelines, and that proper records and accountability standards are established, maintained, documented and audited.

The fundamental remits of the Board are to approve strategic direction, oversee the Group's businesses and affairs, and to exercise reasonable business judgment on behalf of the Group.

The activities of the Group are closely monitored by the Board through a well-established governance framework which helps to ensure the selection and appointment of qualified and competent management to administer the management functions of the Company.

The composition of the Board is reviewed each year in order to maintain the appropriate mix of experience and competence. Where it is considered that the Board would benefit from the services of a new director, a critical assessment of qualified candidates is conducted and the most suitable individual selected.

Attendance at Meetings

During the financial year, the Company had two Board meetings, with attendance as follows:

Two Meetings were attended by 12 Directors (including the Staff Director)

Board Committees

The Board Committees include majority independent Board members, as recommended by best practice standards. There are three Committees of the Board:

1 Governance Committee

The Governance Committee ensures application of corporate governance best practices and approves corporate structure. It provides leadership of the Group's governance processes, director's qualification reviews, nominations, appointments, evaluations, retirements and removals; evaluations of the Group Chief Executive Officer, Secretary and Committees; members' proxies; succession planning; Board and organisational structure and Chief Executive Officer's recruitment. This Committee comprises four independent Directors. It meets semi-annually and reports annually to the Board. The committee receives reports on conflict of interest and requests from members, and receives reports from the Secretary and Corporate Governance Officer.

2 Audit Committee

The Audit Committee manages internal audit, the relationship with external auditors and ensures integrity of financial reporting. It has responsibility for review and oversight of the financial statements, internal financial controls, the Group's compliance with laws, regulations; requests/oversees special investigations; reports to members; reviews the performance of the Chief Internal Auditor with authority to terminate; oversees the relationship with the external auditors and the Regulators, and responds to Regulatory reports.

The Committee comprises three independent members selected by the Board Committee and is assisted in its deliberations by the Chief Internal Auditor, Chief Risk Officer, Chief Compliance Officer and Chief Financial Officer. The Committee meets bi-monthly and submits bi-monthly and annual reports to the Board. It also receives periodic reports from the Chief Internal Auditor, Chief Compliance Officer, Chief Risk Officer, Chief Financial Officer and External Auditor.

One Audit Committee meeting was held during the financial year, with 100% attendance.

3 Compensation Committee

The Compensation Committee is responsible for evaluating the Group's executive team. It has oversight of Board and executive compensation systems, to ensure alignment with long term objectives; succession planning; recommends Executive and Board remuneration; commissions industry compensation surveys; reviews compensation and incentives; meets with the Chief Risk Officer and Finance Committee to ensure risks are being managed in this area; makes recommendations on liability insurance and delegates areas of its authority to the Group Human Resources Development (GHRD) Department.

The Committee comprises the Chief Executive Officer and three independent Directors, selected by the Board Committee, and is assisted in its deliberations by the Executive, Group Human Resources Development (GHRD) Department. It meets semi-annually and submits annual reports to the Board and Board Committee. The Committee receives reports on compensation, evaluation and succession planning from the Executive, GHRD.

Internal Controls

In the execution of its mandate to approve strategic direction, oversee the Group's businesses and affairs as well as to exercise reasonable business judgment on behalf of the Group, the Board receives monthly reports from the Finance Committee. The Finance Committee oversees credit, market and operational risk management, monitors risk profile, ensures legal and regulatory compliance and assists the Board in its risk oversight role by overseeing the risk management framework and monitoring the organization's adherence to limits and tolerance levels established by the Board. The Finance Committee ensures that policies for enterprise wide risk management are in place and reviews the performance of the Head - Risk & Compliance Officer.

The Finance Committee is comprised of four (4) Directors nominated by the Governance Committee and appointed by the Board, three (3) of whom are independent. It is assisted in its deliberations by the Group Chief Executive Officer, Group Chief Financial Officer and Head – Risk and Compliance Officer. Meetings are held monthly and the Board receives monthly and annual reports from the Committee. The Credit Committee, Asset & Liability Committee (ALCO), Information Technology Steering Committee, Chief Financial Officer, Head – Risk & Compliance Officer submit monthly reports to the Finance Committee.

Group Audit Committee Report

We are pleased to present our report for the financial year ended March 31, 2017.

Audit Committee members and attendance

The Audit Committee consists of the members listed below. Meetings are scheduled for every other month. During the year, six (6) meetings were held, KPMG was invited to two (2) of these meetings and key members of the audit engagement team attended and discussed significant matters relating to March 31, 2016 year-end audit, and plans for the year ending March 31, 2017. Dates of meetings and attendance by committee members were:

	MEETING DATES					
	19/4/16	14/6/16	29/7/16	18/10/16	6/12/16	14/2/17
Raphael Gordon *(Chairman)*	✓	✓	✓	✓	✓	✓
Earl Jarrett	✓	✦	✦	✦	✦	✦
Kathleen Moss	✓	✓	✓	✓	✓	✓
S. Kumaraswamy	✓	✓	✓	✓	✓	✓

KEYS: Present ✓ Apology received ✦

Audit Committee responsibilities

The Audit Committee has the following key functions and responsibilities:

- Review and discuss with management and the external auditors accounting and financial reporting issues.
- At least annually prior to the filing of the audit report with the Bank of Jamaica or other regulatory bodies, review and discuss reports from the external auditors.
- Consider the effectiveness of internal control systems, including information technology security and controls.
- Review with management, the external auditors and the Chief Internal Auditor plans, activities, staffing and organisational structure of the internal audit function, and any recommended changes thereto, as well as staff qualifications.
- Meet with the external auditors to discuss the external auditors' independence, proposed audit planning, scope, staffing and approach, including coordination of its effort with internal audit.
- Review the effectiveness of the system for monitoring compliance with laws and regulations.
- Meet with management to review the company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the company's risk assessment and risk management policies.
- Regularly report to the Board of Directors about Committee activities, issues and related recommendations.
- Annually review the Committee's own performance.
- Evaluate the Internal Audit Unit on an annual basis.

The effectiveness of Internal Controls

The main objectives of the internal controls system are:

a. to ensure adherence to management policies and directives in order to achieve efficiently and economically the organisation's objectives;
b. to safeguard assets;
c. to secure the relevance, reliability and integrity of information, so ensuring as far as possible the completeness and accuracy of records; and
d. to ensure compliance with regulatory and statutory requirements.

Based on the work undertaken during the year and the implementation by management of the recommendations made, Internal Audit can provide reasonable assurance that the Group has adequate and effective governance and internal control processes in place. Some compliance issues and non adherence to policies were noted, communicated and are being followed up by management, Internal Audit and the Compliance Department to avoid recurrence.

Training and Development

In today's rapidly changing financial landscape, the aim is to ensure that the Unit's employees keep abreast of the latest technical knowledge and best practice standards to effectively carry out their functions. To achieve this, members of the department participated in various internal and external training sessions including one overseas conference. The training sessions covered Anti Money Laundering, Credit Risk Assessment, IFRS Update, Taxation & Accounting, Corporate Governance, IT Audit /Security Essentials, Supervisory Management, Critical Thinking and Data Analysis. Additionally, members of the Unit are pursuing internationally recognized Professional Designation programmes including Certified Internal Auditors (CIA) and Association of Chartered Certified Accountants (ACCA). One person successfully completed all three (3) parts of the CIA exams and another received certification as an Information Systems Auditor (CISA).

Content and Quality of reports prepared by the Internal Audit Unit

In keeping with its mandate, the Committee received regular updates from the Chief Internal Auditor. Significant areas requiring improvements in internal controls were noted by the internal auditors. The final reports which include management's risk corrective action plans were presented to the Committee at the scheduled meetings. Significant matters were brought to the attention of the boards at Board meetings. In addition, minutes of each audit committee meeting and quarterly Group Audit Committee reports were submitted to the Board for the period April 2016 to March 2017.

External Auditors

We had meetings and discussions with the external auditors to identify any significant audit issues arising from their examination and issues communicated in their management letters. There were no major issues arising from their examination. Internal Audit followed up on the matters included in the external auditors' management letters to have management deal with them. Their independence was also evaluated and we are satisfied that they have maintained their independence as required by the Institute of Chartered Certified Accountants of Jamaica's Code of Ethics. A 2017 audit planning meeting was also held at which we discussed the:

- Auditors' responsibilities in relation to the audit.
- Audit engagement team has complied with relevant ethical requirements regarding independence.
- Planned scope and timing of the audit, including materiality, areas of significant risks of misstatement, auditors' approach to internal controls, significant accounting policies (based on significance and/or complexity), significant accounting policies requiring use of judgment, initiatives to increase audit efficiency and the audit timetable.
- Standards applicable for the year ending March 31, 2017 and probable effect on the audited financial statements, and
- Significant difficulties which were encountered during the 2016 audit and plans to avoid them in 2017.

The new Audit Report which became effective for December 2016 and later were discussed. Proposed major changes to IFRS 9 was discussed and plans to prepare for them.

New Audit Committees

Audit Committees comprising Raphael Gordon (chairman), Kathleen Moss and Sethuraman Kumaraswamy were appointed in March 2017 for The Jamaica National Group Limited, JN Financial Group Limited and JN Bank Limited.

Evaluation of Financial Statements

The audit approach to be used by the external auditors KPMG for financial years ended December 31, 2016 and March 31, 2017 was presented at the December 2016 Audit Committee Meeting. A meeting will also be held with KPMG to discuss the 2017 audited financial statements. The Committee will then make its recommendation to the Board.

The Audit Committee reviewed and approved audited financial statements for:

- The Society and all its subsidiaries as at and for the year ended March 31, 2016.
- Mutual Building Societies Foundation as at and for the year ended March 31, 2016.
- Companies with December 31, 2016 year end namely, JN General Insurance Company Limited (JNGI) and JN Life Insurance Company Limited.
- Jamaica Automobile Association (JAA) Services Limited, the JN Foundation and JN Individual Retirement Scheme as at and for the year ended December 31, 2015.
- JNBS & Subsidiaries Pension Schemes as at and for the year ended December 31, 2015.

The 2016 directors' reports for JN General Insurance Company Ltd (JNGI) and JN Life Insurance and the JNBS 2016 annual report were also reviewed and approved.

Comments on subsidiaries

Internal audit reviews were conducted at JNBS (now JN Bank) and other related subsidiaries during the year. The scope of the reviews included following up on points raised in internal audit and external audit reports and regulatory reports (where applicable). Reports for JN Money Services Ltd. (JNMS) Group and JN Life Insurance Company were discussed at meetings of their Group Compliance and Audit Committee, respectively. Matters discussed in respect of JN Fund Managers Limited (JNFM) were submitted to their General Manager for submission to JNFM's Board. Meetings were held quarterly for JNGI and JN Life. Summaries of the issues discussed were included in the monthly reports to the Jamaica National Building Society Board, now The Jamaica National Group board. Reports for the other subsidiaries were discussed at Jamaica National Building Society (JNBS), now The Jamaica National Group Audit Committee meetings. The committee is satisfied that issues raised in audit reports were addressed or are being addressed by management.

Annual evaluation

The Audit Committee and the Internal Audit evaluations for the year ended March 31, 2017 were discussed and agreed at the April 11, 2017 audit committee meeting.

Raphael Gordon

Raphael Gordon
Chairman of the Audit Committee

Group Finance Committee Report

We are pleased to present our report for the financial year ended March 31, 2017.

Finance Committee members and attendance

The Committee consists of members listed in the table below. Dates of meetings and attendance by committee members are as follows –

	MEETING DATES										
MEMBERS	**20/4/16**	**01/6/16**	**25/6/16**	**17/8/16**	**21/9/16**	**21/11/16**	**12/12/16**	**18/1/17**	**22/2/17**	**15/3/17**	**22/3/17**
Dr Dhiru Tanna *(Chairman)*	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Earl Jarrett (Director)	✓	✓	✓	✓	✓	✓	✓	✦	✓	✓	✓
Peter Morris (Director)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Kathleen Moss (Director)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✦	✓

KEYS: Present ✓ Apology received ✦

Finance Committee responsibilities

In preparation for the transition from a Building Society to a Commercial Bank, the committee reviewed various policy documents and deliberated on issues relating to products, revenues and the fee structure for the JN Bank.

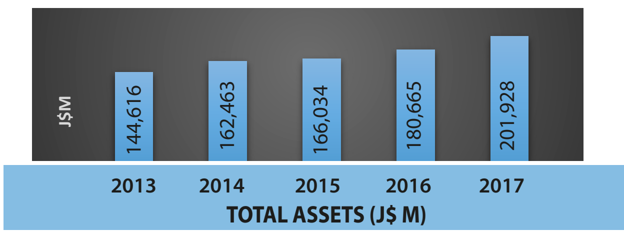
Additionally, the Committee performed the following functions during the year:

- Establish risk policies, including risk tolerances;
- Monitor exposures against established limits;
- Ensure that senior management implement processes to identify, measure, monitor and control risks (credit, market, liquidity, operational and strategic);
- Review the adequacy of the organization's capital and allocation to various business units considering the types and sizes of risks in those businesses;
- Establish an enterprise wide risk management framework for all business units;
- Review and approve items consistent with the organization's Credit and Risk policies; and
- Review monthly financial statements and monitor performance against established targets.

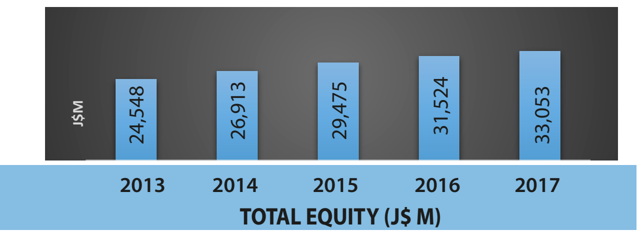
Dr Dhiru Tanna
Chairman of the Finance Committee

Group Financial Highlights

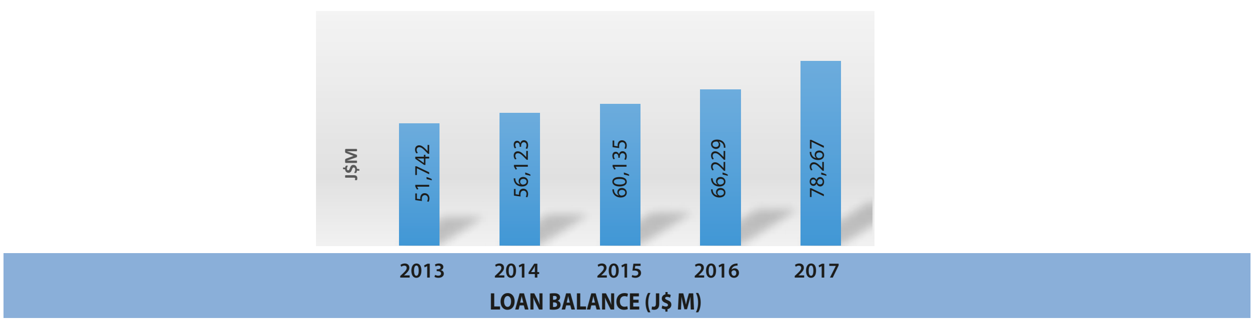
	2013	2014	2015	2016	2017	2014v 2013	2015 v 2014	2016 v 2015	2017 v 2016
Total Assets (J$M)	144,616	162,463	166,034	180,665	201,928	12.3%	2.2%	8.8%	11.8%
Total Equity (J$M)	24,548	26,913	29,475	31,524	33,053	9.6%	9.5%	7.0%	4.9%
Loan Balance (J$M)	51,742	56,123	60,135	66,229	78,267	8.5%	7.1%	10.1%	18.2%
Total Savings Fund (J$M)	79,642	86,616	90,498	101,057	114,163	8.8%	4.5%	11.7%	13.0%
Liquid Funds (J$M)	83,571	96,128	94,569	101,332	110,772	15.0%	-1.6%	7.2%	9.3%
Total Operating Revenue (J$M)	14,694	15,687	17,734	17,552	19,000	6.8%	13.0%	-1.0%	8.3%
Surplus before taxes (J$M)	1,594	3,393	3,620	2,047	2,157	112.9%	6.7%	-43.5%	5.4%



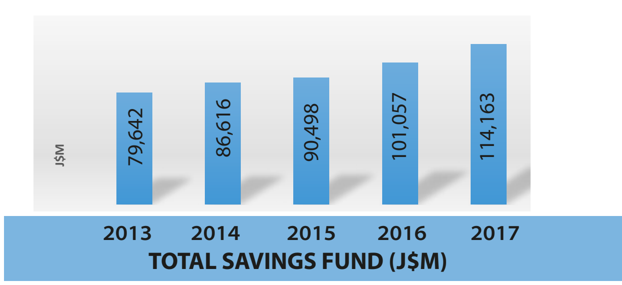
Total Assets up 11.8%
from $180.7B to $201.9B



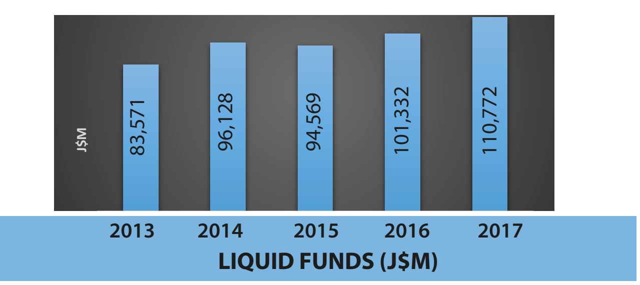
Total Equity up 4.9%
from $31.5B to $33.1B



Loans to Members up 18.2%
from $66.2B to $78.3B



Members' Savings balances up 13.0%
from $101.1B to $114.28B



Liquid Funds up by 9.3%
from $101.3B to $110.8B

Group Chairman's Report

Hon. Oliver F Clarke, OJ, JP, Hon. LL.D

I am pleased to report on the performance of **The Jamaica National Group Limited**, in its first year of formation. This report focuses mainly on the restructuring of the Group and the transition of the building society to a commercial bank. The financials under review consist mainly of the performance of the building society for ten months; and the remaining two months, highlight the operations of The Jamaica National Group.

Group Reorganisation

The financial year 2016/2017 will be remembered as a significant milestone and the biggest transformation which Jamaica National has undergone in its recent history. It also marks the end of an eight-year campaign to reshape the organisation. Changing global environments; increased market realignment and competition; as well as, the determination of your directors and management team, resulted in the achievement of this historic transformation.

This journey began in 2004, when proposals were made to implement changes to the JN Group which comprised the Jamaica National Building Society and its subsidiaries. This included expanding the range of services offered by the building society; and subsequently, our application for a commercial banking licence. The changing global financial landscape and the increasing demands of our members highlighted the need for us to revise our modus operandi; however, regulatory approval was slow in coming.

We intensified our push for the reorganisation during the past four years by resubmitting our bank licence application and developing a detailed group reorganisation plan. Approval was granted in the courts for the restructuring exercise and regulatory approval received near the end of the financial year. While the process to get us here took much longer than anticipated, due to extraordinarily painful legal and regulatory environments, it is finally here. We faced the challenges encountered with confidence – while remaining open, agile and positive – knowing that it presented an opportunity for continuous improvement and to set new goals for ourselves.

You may recall that at previous Annual General Meetings, we outlined the key objectives of the restructuring programme, which were to:

1. Allow the JN Group to conform to legal requirements under the Banking Services Act, 2014 which took effect in September 2015.
2. Preserve the existing mutuality rights of members by transferring those rights from the building society to a mutual holding company, which would own all subsidiaries within the Group.
3. Facilitate the conversion of the building society to a commercial bank, with the capacity to provide the full range of banking services to its members; and with the flexibility to raise capital, where necessary.

As a mutual organisation, it was mandatory that the membership of the Society approve the proposed changes. Eight members' meetings were held between October and November 2016 to explain the reorganisation process. Five of these meetings were held overseas in Toronto, New York, Florida, London and Birmingham; while local meetings were held in Westmoreland, Manchester, St. James and Kingston.

I was particularly pleased to meet JN members from across the country and those overseas, who travelled long distances to discuss the future of the organisation. The dialogue was rich and engaging, as we heard first-hand, the concerns of members; and used those occasions to discuss how the changes would benefit them. We also used the opportunity to receive the proxies of members who would not be able to attend the special meetings mandated by the Supreme Court of Jamaica at which the decision would be made.

On November 14 of last year, members of the building society were invited to the Jamaica Conference Centre to vote on the new formation of the JN Group and the conversion of the building society to a commercial bank. I am pleased to report that members voted overwhelmingly to: adopt a Scheme of Arrangement to formalise the changes being proposed; convert the building society to a commercial bank; and approve Articles of Incorporation for the new companies. More than 99 per cent of the members who voted were in favour of the changes.

This stamp of approval paved the way for the final steps in the process which was to advise the courts and regulators of the decision of the membership. And, at the end of January 2017, after months and years of satisfying the necessary regulatory requirements, the reorganisation was sanctioned and the licence to operate a commercial bank granted by the Bank of Jamaica. Therefore, February 1, 2017 signalled the official restructuring of the JN Group and the launch of the commercial bank. This now marks an important date on the historical timeline of Jamaica National.

With the approval of the restructuring exercise, the building society was converted to a commercial bank; and its subsidiary companies reorganised in keeping with new regulatory financial requirements. Three new companies were also formed to provide management oversight in the new structure: **The Jamaica National Group Limited** as the parent holding company with **JN Financial Group Limited** and **MCS Group Limited** as subsidiaries of the parent company. The creation of **JN Bank Limited** also opened new doors, by allowing us to offer additional new, relevant financial products and services to our members and customers; as well as, to broaden the base of persons we can now serve.

Governance

The governance framework within the reorganised group reflects the appointment of boards of directors at each level of the Group.

The Jamaica National Group Limited is now the parent company of all the companies in the group, with responsibility for the effective oversight of the entire JN Group. This is also the company where the principle of mutual ownership of the Group now resides. The board of directors consists of the directors who previously served as directors of the building society. The role of the board is to oversee the Group's businesses and affairs; and to exercise reasonable business judgment on behalf of the Group, ensuring maximum shareholder/member value.

Group Chairman's Report cont'd

In addition to serving on the parent board, directors also serve on the **JN Financial Group Limited**, which oversees the financially regulated companies, and the **MCS Group Limited** that oversees the non-financial companies. And, the majority of the directors of T**he Jamaica National Group Limited** also serve on the boards of the subsidiaries within the wider Group. Of note, eight of the 12 mutual holding company's directors serve on the board of the newly established JN Bank. They also serve on the Audit, Governance, Compensation and Proxy subcommittees of the various boards.

This new organisational structure will result in clearer lines of supervision and accountability, and make the JN Group more efficient and compliant with current financial regulations.

Membership and Mutuality

Our transition to this new group structure has not impacted the values and principles on which Jamaica National was established 143 years ago. Mutuality remains at the core of who and what we are. The principle of "one member, one vote," remains the same. Within the new structure, former members of the building society are now members of the **JN Bank**, and as such, members of the parent company, **The Jamaica National Group Limited.** This company will meet each year to have its Annual General Meeting and elect directors; receive the directors' financial reports on the viability of all the companies; and have a first-hand perspective about the strategies which will guide the companies in the JN Group.

Financial Performance

I am pleased to report that The Jamaica National Group achieved growth in key indicators. A review of the consolidated performance of the companies over the past financial year indicates a Net Surplus of $1.5 billion for the year. This was achieved, in part, due to a 13 per cent growth in the Savings Fund which moved from $101 billion to $114 billion. This supported an increase in assets from $181 billion to approximately $202 billion, led by an upward movement in loans, from $66 billion to $78 billion. The surplus achieved has strengthened our equity, which moved from $31 billion to $33 billion. Further details of our financial performance and the accompanying Financial Statements are recorded elsewhere in this Report.

Auditors

The firm, KPMG, Chartered Accountants and Auditors of the Society, retires in accordance with the Articles of Incorporation of The Jamaica National Group Limited; and, being eligible, offers itself for re-appointment.

Retiring Directors

Pursuant to Sections 97 and 98 of the Articles of Incorporation of The Jamaica National Group Limited, the retiring Directors by rotation are:

1. **Oliver Clarke**, Chairman, The Jamaica National Group Limited
2. **Dhiru Tanna**, Deputy Chairman, The Jamaica National Group Limited
3. **Earl Jarrett**, Chief Executive Officer, The Jamaica National Group Limited

These three directors, being eligible, offer themselves up for re-election. And, I take this opportunity to thank all the Directors of the Boards of the companies within the JN Group for their unstinting service to the success and growth of the Group; and, by extension, the members and customers we serve. In addition, we welcome new directors to the boards and look forward to their support.

I take this opportunity to extend our best wishes to Mr Earl Jarrett, Chief Executive Officer, during this period of rest and recuperation, and look forward to his return to office.

I also express our profound sadness at the passing of two of our directors during the year: Dr Peter Fletcher and Christopher Roberts, who both served on several boards for many years; and made significant contributions to the success of the Group.

Employee Value

The employees in the JN Group have contributed significantly to the success that we have achieved. They have delivered this change while, at the same time, working tirelessly to meet and surpass customers' expectations. Our people are professional, positive and dedicated to our customers. Wherever in the system they work, there is a great sense of pride in working for Jamaica National. Therefore, on behalf of the Board of Directors, I thank them all for their commitment to the process and to the Group.

Proposal for Change

While we have entered the 2017/2018 financial year with the restructuring of the JN Group fully completed, the process has forcibly brought home areas which have intensified the pressure on the successful operation and profitability of financial institutions. And, this will continue unless lobbying is done to effect change.

The transition to the banking sector and the establishment of the JN Bank has highlighted the steep regulatory requirements to be met by members of the sector. The high cost of doing business in banking; the lack of repayment of withholding taxes by the government; high reserves requirements and onerous Assets Tax have significantly impacted the financial performance of entities in the financial sector.

These financial requirements result in increased compliance costs for institutions, low interest rate returns on investments and savings, high fees for banks, and limited availability of funds for domestic investments in the sector. Essentially, it amounts to a transfer of resources from members and customers to government.

Regulation of the banking industry can be used more efficiently to facilitate greater contributions by banks to strategic areas of national development. And, as such, lobbying efforts have been made to the government to remove the current Assets Tax and introduce an ATM transaction tax.

It is also proposed that the government lowers the cash reserve requirements for banks that provide financing for student loans, small business loans, mortgages and agriculture loans. This reduction would increase the ability of banks to extend more credit to assist in the growth of the productive sector and support financial inclusion programmes. With regard to the outstanding withholding tax due to the commercial banking industry, this should be repaid with interest by the government, or allow banks to offset their withholding tax against their income tax liabilities, as permitted by the current legislation.

As the Jamaican economy continues to make progress, it is important that the regulatory environment that undergirds this process is less complex and costly. Given the strides made, more thoughtful and effective regulation is needed to encourage further growth and to positively impact the average Jamaican. We believe that if consideration is given to these proposals, it will reinforce the financial sector and contribute significantly to a more vibrant and productive economy.

Hon. Oliver F Clarke, OJ, JP, Hon. LL.D

Group CEO's Report

Earl Jarrett, CD, JP, Hon. LL.D

Members first! This declaration captures the essence of the "JN Way." We are deeply committed to this principle which provides the motivation that fuels our promise to: unleash the potential of our people; enrich lives; manage our members' affairs prudently; and value all our stakeholders. It has guided our business ethos for 142 years as a building society; and has laid the foundation for our transition to the new "JN," and a new era of service.

The 2016-2017 year was one of great expectations. This was heightened by the progress made to complete the restructuring of the JN Group; and transition of the building society to a commercial bank. Most of our focus was placed on ensuring that all areas were covered - from satisfying the various requirements of the Bank of Jamaica (BOJ); finalising the necessary legal documentation; hosting members' meetings in Jamaica, the United Kingdom, the United States of America and Canada to obtain the approval of members for the Schemes of Arrangement; staging the Special General Meeting to enable members to vote for the change; to receiving the commercial banking licence from the BOJ on January 31, 2017 and launching **JN Bank** the next day.

There was a sense of palpable excitement on February 1, as members, employees and specially invited guests witnessed the official launch of the JN Bank at Half-Way-Tree in Kingston; as well as, launch ceremonies at JN Financial Services, Catherine Hall, St. James; the Ocho Rios Branch, St Ann; and ribbon-cutting ceremonies at all JN locations in Jamaica.

And, in keeping with our pledge, we marked our entry into the commercial banking arena with a promise to members and customers, which is embodied in the JN Bank covenant. It states that we vow to:

- Treat them with dignity and deliver service consistent with their expectations.
- Provide convenient and innovative solutions supported by the best technology.
- Offer competitive interest rates while charging fees lower than market rates.
- Provide clear, relevant and timely information to assist them in making the right decisions.
- Handle their requests, suggestions and complaints with care and with the greatest level of confidentiality, fairness, integrity and urgency.

February 1 also formalised the official restructuring of the companies within the JN Group; and their alignment into two groups: financially regulated and non-regulated entities.

The objective is to strengthen our network; and give us the flexibility to provide more integrated and inter-related services to members and customers.

The financially regulated companies fall under the **JN Financial Group Limited**, which overseas banking, general and life insurance, microfinance and money services including remittances; while the non-regulated companies are under the umbrella of the **MCS Group Limited** that delivers property management, transportation, technology, communication and advertising, and debt management services.

These two holding companies - JN Financial Group Limited and the MCS Group Limited - are subsidiaries of the ultimate parent company, **The Jamaica National Group Limited**, which is owned by you, our members. This represented the first such conversion and reorganisation of a financial institution in Jamaica and the Caribbean; and positioned the group as one of the largest indigenous, multi-national financial conglomerates in Jamaica.

Connecting With Members

Even as we continued our thrust to repurpose The Jamaica National Group, our focus remained on conducting our business in a manner that delivers value to customers and members. As a precursor to the transition to a commercial bank, the building society engaged in various activities which indicated the new direction to be undertaken following the conversion. These actions included embarking on a loan financing drive to promote unsecured and no-collateral loans; auto loans and credit cards; and enabling members whose customer information was current to start the account opening process online.

JN Bank was the first financial entity to respond to the change in the mortgage environment by reducing rates to 8.5 per cent for new applicants residing in Jamaica and across the Diaspora; as well as, increasing the loan amount for approved housing developments. We continue to invest in innovation and technology to better serve members and improve the service quality of our transactions, while responding to the competitive and changing financial environment.

This led to our roll out of the **JN VISA Classic** and **JN VISA Gold** credit card products, with attractive interest rates and balance transfer options. To simplify the banking process, we added the "card-less cash deposit" functionality to our full-service Automated Teller Machines (ATMs). Now account holders can make cheque and cash deposits to their accounts with the updates being reflected immediately, on completion of the transaction. This new feature makes it easier for customers to make deposits to their accounts without having to join a line in our banking halls.

Upgrading these machines complement our efforts to encourage members to use our alternative banking channels: **JN LIVE Text Banking** service which allows members to check their account balances using their phones; our **JN LIVE** online banking platform; and to make purchases using the JN debit cards at JN and Multilink Point-of-sale counters.

We have also improved **JN LIVE** to allow for viewing credit card transactions, inclusive of statements and real time transfer of funds; and introduced bundled products, under our **Sure Cover** promotion, which combines a motor vehicle loan with insurance to give members and customers more creative financial options. And since the start of this financial year, members who have requested JN chequing accounts can now access and monitor these accounts online.

Several initiatives were also implemented to coincide with the launch of the bank. The **JN Rewards** programme was launched in Fort Lauderdale; and "smart phones" with features, such as the JN LIVE app, awarded to members who purchased a JN product or utilised our services during the first two weeks following the bank's opening. We also unveiled the new JN Bank website with features such as: online account opening and appointment scheduling. The **JN Premier Unit** was established to reward a special group of members for their loyalty to The Jamaica National Group and for having the bank as their primary financial partner.

Following the successful staging of the **JN Blue Tag Loan Sale** in 2016, which proved to be a market disruptor, the second promotion was staged from January 28 to March 31, 2017 to celebrate the opening of JN Bank, during which members accessed special product bundles and reduced interest rates on loan products.

Of key interest is the creation of a deposit instrument for overseas members called J**N Diaspora Certificate of Deposit**, which was rolled out to Jamaicans living in the three main diaspora markets that JN currently operates in the United States of America (USA), Canada and the United Kingdom (UK). This product allows persons overseas to earn attractive returns on their deposits, while simultaneously contributing to the growth and development of social enterprises in Jamaica through the JN Foundation's **Social Enterprise Boost Initiative** (SEBI) project.

This JN Diaspora Certificate was introduced to the Jamaican Diaspora at the **JN Group Expo**, hosted by the **Toronto Representative Office** in Canada, where approximately 5,000 Jamaicans and friends of Jamaica came out to learn about the products and services offered by the JN Group and select Jamaican government entities. As an added service to members, the Toronto Office has increased the number of days it is opened to include Sundays, in response to requests by members. Regulators in Florida have granted permission for the JN Representative Office there to facilitate JN members to update their personal records at the location.

In the United Kingdom, several factors impacted the operations of our UK Representative Office. This included an approximate ten per cent devaluation of the British Pound which was, among other things, due to the UK's vote to leave the European Union. Continued challenges in establishing bank accounts as a result of the withdrawal of correspondent banking services by Barclays Bank; and the difficulties associated with transacting pension transfers; as well as, other standing order payments, negatively impacted savings inflow to JN accounts.

Following intense negotiation and lobbying, accounts were opened with Citibank London to facilitate the provision of these services. Despite the challenges, we are committed to maintaining a strong presence in the Jamaican Diaspora by continuing to provide a valuable and solid "financial bridge" between Jamaicans living overseas and Jamaica.

We also continuously engage in customer feedback activities to ensure that we are aware of the needs of our members and customers. For example, our most recent customer satisfaction survey reveals that we have maintained a more than 90 per cent satisfaction rating for the tenth year. While we are proud of this achievement, we also acknowledge that there are areas for improvement; and we are committed to addressing them. As a result, we conduct focus group sessions to improve our understanding of our members and customers' financial needs and what drives their decision-making.

JN Bank maintained our International Organisation for Standardisation Accreditation, having completed our third consecutive year as the only ISO-certified financial institution in Jamaica. To formalise our presence in the banking sector, we finalised testing, which confirmed our membership in the Automated Clearing House that allows for the exchange of cheques, electronic debit and credit transactions, between JN Bank and other local banks.

Our Financial Performance

The financial figures reflect the performance of the three new companies established under the revised structure. Our business performed relatively well, although our financial performance was impacted by several variables, primarily related to the associated costs to effect the restructuring of the Group.

The consolidated performance of the companies in the JN Financial Group ended the year with assets of $200 billion, net surplus of $1.7 billion and equity of some $31 billion. Meanwhile, the MCS Group recorded approximately $3 billion in assets, net surplus of $251 million and equity of approximately $2 billion.

The Jamaica National Group Limited, the ultimate parent company, with assets of nearly $6 billion and equity of approximately $5.5 billion returned a Net Surplus of $5.4 billion. Although the MCS Group Limited, which manages the non-financial companies, experienced a loss of approximately $8 million, it ended the period under review with an asset base of $176 million and equity of $78 million. JN Financial Group Limited, the parent entity for the financially regulated institutions, booked assets and equity of over $5 billion while returning Net Surplus of just under $430 million for the period.

Key Subsidiary Highlights

A closer look at the performance of the individual companies within the Group indicates that the subsidiaries performed creditably in providing a comprehensive range of services and benefits for members and customers in the areas of: finance, insurance, technology, transportation, property management, debt collection and creative services. More detailed review of these performances can be found elsewhere in this Report.

On the financial side, we accomplished our objective to establish the **JN Bank** with a strategy of market segmentation incorporating retail and corporate banking. This strategy involved the introduction of new products and services during the third quarter of the fiscal year, to familiarise the public with our planned expansion strategy.

We also spent a significant amount of time to ensure that our employees were knowledgeable about the new products, including the credit card, which grew by 32 per cent within the last quarter of the fiscal year. Our competitively priced credit cards, with no annual fees for the first year and preferential credit terms, have been gaining traction, with persons visiting our locations and websites to learn more.

We have introduced the public sector and workplace banking programmes, to generate increased commercial banking services to the sector; and facilitate deeper involvement and service to these groups. A review of our loan portfolio performance at the end of the financial year shows that we have room for improvement in our motor vehicle loan product, while our unsecured loans achieved strong growth during the same period.

The financial year was a transitional year for **JN Cayman** as the building society worked on improving its financial performance. This was supported by the appointment of Damion Hylton in April 2016 as Managing Director. Through the determined resolve of the team, the loan portfolio improved by 30 per cent and Capital Reserves by 12 per cent.

Given the regulatory requirement for closer alignment of its deposits to the mortgage book, the company realised a slight decline in its savings portfolio, decreasing to approximately CI$50 million from CI$51 million. This also resulted in an 11 per cent reduction in the number of savings accounts at the institution. We are pleased that the Net Surplus has improved substantially to CI$668,000. We are proud of the team for this remarkable turnaround in the business.

The investment subsidiary in the group, **JN Fund Managers Limited**, remained strong in its financial performance, with a 54 per cent profit in its operations for the year. This was attributable mainly to the prudent investment of the management portfolio.

The company's foray also expanded its range of investment product offerings with its successful application for a broker licence from the Jamaica Stock Exchange and its entry into the mutual funds market. Significant preparations were undertaken for the latter, including the installation of new software to support the management of the mutual funds; and staff members trained to promote and sell the product.

The launch of the mutual funds product was well received with the first offer being oversubscribed within hours of its opening. During the course of the year, the company experienced a change in its leadership with the appointment of Allan Lewis as Managing Director; and the relocation of its offices to the **JN Financial Centre** at 2 Belmont Road in St. Andrew.

JN Small Business Loans Limited (JNSBL) posted its best performance to date; and further established itself as one of the leading microfinance entities in the Caribbean. The company remained focused on delivering on an excellent customer experience, nurturing client relationships which remain core to its success. High emphasis was placed on growing the loan portfolio in respect of both number and value through ambitious targets and a structured sales plan. This financial year the company disbursed 26,543 new loans for a value of $4 billion recording an increase of approximately 15 and 30 per cent over the previous year's 23,050 new loans for a value of $3 billion respectively. This performance contributed to the achievement of an approximately 46 per cent growth in the loan portfolio over the previous year. The mandate to provide access to credit through a suite of products continues to be integral to the development of the sector and to the creation and maintenance of over 200,000 jobs with corresponding multiplier effects on families and communities.

During the year JNSBL focused on stabilizing its loan management system which was implemented in the previous financial year; which included exploiting new opportunities the platform provides and utilizing its analytic capabilities to greater manage prospecting and delinquency. The organization was also pleased to continue to deliver improved service to its clients through improved processing and approval times, a core deliverable from the new system. JNSBL remains dedicated to developing the sector not only through access to credit but through creating opportunities for clients to develop on their skills and gain needed exposure through competitive platforms as well as through structured training programmes. Also critical to our engagement with our clients, is our commitment to continually assist them during times of difficulty or extreme challenges such as critical illness and natural disasters. JNSBL also prides itself on continuing to support Jamaica through the efforts of the JN Foundation, the corporate social responsibility arm of the JN Group.

During the year, **JN Money Services Limited** (JNMS) expanded its operations from primarily remittances to other money services. The process began in Canada and the USA with a change in its brand name from "**JN Money Transfe**r" to "**JN Money**." The objective was to roll out the rebranding exercise across its markets during the financial year.

JNMS also launched its e-commerce website www.jnmoneytransfer.com to facilitate more convenient movement of funds from its main diaspora markets to Jamaica. The primary focus for the company during the year was to address issues related to its correspondent banking relationships; and responding to customer calls for a reduction in fees. And, while these factors negatively impacted the performance of the individual companies, the JNMS Group recorded marked improvement at the end of the financial year.

The provision of insurance services is a critical component of The Jamaica National Group suite of financial products and services. The Group's general insurance company, **JN General Insurance Company Limited** (JNGI) performed creditably during the period. Among the highlights of the year was the launch of an application that allows customers to quote and buy new motor insurance or renew existing policies online.

Another new product was the JN Auto Loan Sure Cover, which is designed for JN members; and allows the payment of motor insurance premiums monthly as a part of the loan repayment amount. Of note, the premium remains the same for the life of the loan regardless of the claims experience. JNGI also upgraded its core technology system to enable more efficient delivery of services to customers, brokers and agents at reduced cost.

While there was improvement in many key performance indicators, the motor portfolio continued to generate an underwriting loss. This was the main driver of lower overall profits than the previous year. In response to the challenges being faced, the JNGI team implemented a comprehensive programme to improve the motor underwriting performance going forward. This is based on the rigorous use of analytics to drive risk selection and win more business from the JN membership base.

The **JN Life Insurance Company Limited** (JN Life) has made significant strides since it was established approximately four years ago. Through its existing group life and mortgage creditor life products, it has made substantial gains, positioning itself as a serious contender in the life insurance industry, posting an 18 per cent increase in Gross Premium Income for the year.

In a bid to strengthen its operational capacity, the company revised its broker service to increase its competitiveness. JN Life also signed a contract to develop and install a technology platform that will serve as a launching pad for its entry into the individual life insurance market. This is expected to improve its policy sale and administration system, by providing a comprehensive overview of the client database; and, thereby, enable better customer prospecting and customer service. It is anticipated that the project will be completed in the next financial year.

While the company has a commendable customer service record, it intends to further improve the settlement time for claims; reduce the delivery time for contracts; and improve direct follow up contact with clients, as part of its strategy to build customers' confidence in the company.

Management Control Systems Limited continues to be a leading software developer and technology services provider in the Caribbean Region. It was recognised and awarded the Governor-General's Cup for Champion Exporter 2016 by the Jamaica Exporters' Association; along with the Service Champion winner, Category III. This was a result of its work in the development of technology services for many banking entities in Jamaica. A major achievement in February 2017 was the soft launch of Bizpay Cash, a new mobile platform for salary advances and on-demand loan. It also continues to support the technology initiatives of the Group as the power behind the JN Money website and mobile app; the bank's card-less deposit products and the payment access for JN Small Business Loans.

One of the highlights of the financial year was the subsuming of the operations of **Manufacturers Credit & Information Services Limited** (MCIS) into the **Jamaica Automobile Association** (JAA). As a result, MCIS became a division of the JAA with emphasis on the provision of fleet management services. Focus was placed on completing the merger of the two companies; and the smooth integration of the functions of the two entities into one. The process occurred with minimal disruption. One main objective was to leverage the JAA brand and to rebrand the MCIS card to become the JAA Advance Card.

For its part, the **JAA** continued its comprehensive road side assistance and transport services. As one of its strategies to improve road safety, the JAA established a no-cost 24-hour air pump station at its Central Avenue office. And, in keeping with our strategy of offering integrated service to our members, the JAA is now involved in the processing of JNGI motor claims at scene of accidents.

JN in the Community

Jamaica National continues to enhance its presence in the local and international community through its engagement activities, which reinforces the value of placing members/customers at the centre of its operations. In that vein the **JN Foundation** hosted its second staging of the **Social Enterprise Boost Initiative** (SEBI) Summit, to encourage continued focus on social enterprises, as a game changer for communities and residents.

Through the SEBI project many small entities have achieved improvements in their governance and operations; and are now experiencing further growth by attracting capital expertise and trained personnel. This year, it is anticipated that we can integrate the SEBI project with our programme of providing micro finance through JN Small Business Loans Limited. We strongly believe that this could be a great enabler for economic growth.

As a team, we also place high value in supporting worthwhile initiatives that impact the lives of others. We embrace the principle of "mutuality," knowing that what affects others, affects us. As such, annually we renew our support for the work of organisations such as the **Jamaica Cancer Society**; and its quest to raise funds for programmes through **Relay For Life**.

We also continued our strong advocacy for workable solutions to the correspondent banking crisis affecting financial institutions in the Caribbean region. Correspondent banking represents the relationships that exist among a network of banks around the world which facilitates the movement of funds. However, many multi-national banks have decided to de-risk their portfolios because the Caribbean is considered a "high risk" region. As a result, the accounts of many financial institutions in the region, including Jamaica National accounts, have been closed by international banks, which in turn, hamper our ability to provide seamless financial service across countries such as the USA, UK and Cayman Islands.

It is also of concern that the region does not have an adequate network of friends and relationships at the highest levels, internationally, to lobby on its behalf in this matter. Therefore, we have been encouraging regional leaders and organisations, such as the Caribbean Development Bank, to adopt this objective as a central issue, to ensure that the region remains a part of the international payment system.

Staff Members

We are blessed to have dynamic staff members who possess great determination to accomplish our goals. This was evident throughout the year, as we laboured to finalise the steps to complete the restructuring of The Jamaica National Group. We have also recruited new team members and strengthened the Executive Management team across The Group, ensuring that their skills and knowledge complement those of our existing team. Our aim is to create a balanced team of established expertise and experience.

This financial year was a period of hard work; and, our team rose to the challenge of being leaders and boldly ventured where no one had gone before. Consequently, the celebration of our accomplishment is encapsulated in the **JN Proud** staff video, which was launched on January 27, 2017. In it, our team members reaffirmed their pride in the organisation and their united goal to advance Team JN.

On behalf of the Boards of Directors, I thank our employees wholeheartedly for their support. I also thank our business partners, members, and customers for their part in our success.

Our Future

As we embark on this exciting chapter in the Jamaica National journey, we look forward to the success of the Bank and all entities within The Jamaica National Group. For the coming year, we aim to reposition ourselves; and ultimately build on the strong foundation to maintain our place as a truly international, top-tier group of companies.

We commit to investing in our people, to grow the countries in which we operate; and recognise that our destiny is tied to those whom we serve. We have a vision of where we want to go and a clear understanding of what we want to accomplish. Therefore, it is about adding value to the people who chose to be our members and customers.

Earl Jarrett, CD, JP, Hon. LL.D

Incorporated on August 18, 2016, the **JN Financial Group Limited** is a wholly-owned subsidiary of The Jamaica National Group Limited with its principal activity being that of an investment holding company. As the parent company of all the financial companies in The Jamaica National Group, it earned $429 million for the financial year ended March 31, 2017, with operating revenue of $459 million.

The member companies of the JN Financial Group provide an array of financial products and services that include life and general insurance, money services, investment management, and banking services. Collectively the group earned $1.74 billion for the 2016/17 financial year. Interest on loans amounted to $7.5 billion while Interest on investment amounted to $5.2 billion.

After more than 140 years of influencing and shaping the lives of Jamaicans, locally and overseas, on February 1, 2017, the Jamaica National Building Society (JNBS) emerged as JN Bank: the country's first commercial bank, fully-owned by its Jamaican savers and borrowers.

JN Bank's entry into the commercial banking sector coincided with an increase in private sector lending and a lowering of lending rates. According to the Bank of Jamaica, private sector credit grew to 27.8 per cent of Gross Domestic Product, while lending rates fell by 1.75 per cent.

JN Bank earned a profit of $479 million, as at the end of the financial year. Net Savings Intake increased by 22 per cent to some $12 billion up from approximately $10 billion. The Savings Fund improved to $109 billion reflecting a modest growth of 13 per cent. This was a direct result of the roll out of various initiatives which were introduced before and during the period of the launch of the bank, to increase deposits.

The total loan portfolio increased by 16 per cent from some $61 billion to $70 billion. Mortgage origination moved to just over $10 billion from $9 billion, while the loan disbursement portfolio climbed to $20 billion up from $14 billion in the previous year. This occurred within a context of a constantly declining arrears portfolio which fell by 16 per cent for the year.

In the new financial year, JN Bank will implement several strategies to strengthen the bank's financial position. Exciting and targeted public campaigns will also be launched to improve savings retention and increase deposits, among other initiatives. It is anticipated that products, such as the JN Bank VISA credit card and chequing accounts; targeting of specific sectors; and the bank's strategic move to offer lower fees on products and services, will continue to attract new members and increase profitability.

During the 2016/2017 financial year, JN Cayman benefited from the increased visibility provided by sales activities and the fact that prospective clients recognized the company as a member of The Jamaica National Group. The enhanced visibility supported the company's strategic objectives, which included loans growth and the deepening of relationships with new and existing clients.

The company's focus was to further improve collections on delinquent accounts, as well as to increase overall income. The strategies implemented during the financial year were successful, as JN Cayman moved from a loss of CI$219,000 in the prior year to a profit of CI$668,000.

JN Fund Managers had a good year, having introduced new services to clients, under the direction of Allan Lewis, who was appointed Managing Director in October 2016, replacing Brando Hayden. The new service offerings were accompanied by a substantial boost in profits. The firm earned unaudited pre-tax profits of $638.7 million for the year, a 54 per cent increase over the $414 million earned in the previous accounting period.

JN Fund Managers launched its JN Mutual Funds in December 2016, structuring the portfolio to have a broad appeal. They included: Local Money Market fund, Global Money Market fund, Global Fixed Income fund, Global Diversified Income fund and Global Equity fund.

The company's acquisition of a broker license from the Jamaica Stock Exchange in February is allowing for greater flexibility in the fee structure of these operations. This, along with the rollout of its new Investment Banking division, followed the move to the new "JN Financial Centre," located at 2 Belmont Road, in New Kingston, last September.

JN General Insurance Company Limited had a rewarding year, with premium income growing by 11 per cent, which was three times the industry average; profits before tax fell to $681 million, but customer count increased by eight per cent and the number of motor vehicles insured grew 11 per cent.

This was achieved while maintaining its customer satisfaction target of 90 per cent, and improving its market leading broker satisfaction score to 81 per cent, as measured by the Johnson Research Group.

JNGI has embarked on a programme of embedding service excellence in its day-to-day operations, which guides management decisions and is a driver for developing intermediary relationships, to optimize service provision to clients.

The insurer has continued to promote the Online Fatal Crash Map as a vital tool for road users to analyze Jamaican crash data, so they can identify high-frequency crash locations. The Online Crash Map spatially maps police accident data, which makes it easy to locate trouble spots on the roads.

In 2016, **JN Life Insurance** continued its path to develop life insurance solutions to meet the needs of its client base and provide affordable insurance to persons in the underserved areas of the life insurance market.

For the 2016 financial year, JN Life provided Group Life insurance for 18 companies and Creditor Life contracts for 13 entities, covering a total of 25,590 lives across all its products for a total Sum Assured of $70.5 billion. The company settled 37 Death Claims for a payout of $159 million during the course of the year. All Death claims were settled within a week of receipt of all documents.

The company had Gross Premium Income of $415 million in comparison to $352 million for the previous year. JN Life's underwriting profits for 2016, stood at $227 million, compared to $199 million for 2015.

JN Money Services Limited (JNMS) proved itself an innovator during the year, becoming the first local remittance company to launch an e-commerce website, www.jnmoneytransfer.com. This gave Jamaicans living in Canada and the United Kingdom the opportunity to remit funds online directly to the bank accounts of their loved ones in Jamaica.

The company also reduced its fees to as low as 1.99 in the respective currencies for its three main markets, the United States of America, Canada and the United Kingdom, which was influenced by requests from JNMS customers for lower, affordable fees.

These innovations resulted in the Group's improved financial performance, with increased revenue of approximately 2.8 per cent, moving from $2.3 billion in 2016 to $2.4 billion in 2017. The Group also posted an after-tax profit of $256 million during the year, while its total assets and shareholders' equity stood at $3.1 billion and $1.8 billion respectively, as at March 31, 2017.

JN Money Services continued to build on its series of highly creative marketing strategies to maintain the positive image of the JN Money Transfer brand with its "Fast, Affordable, Convenient" campaign, to affirm its status as a company built on innovation.

JN Small Business Loans Limited (JNSBL) enhanced its status in the 2016-2017 financial year as one of the premier micro and small business institutions in Jamaica.

The company further consolidated its presence in the sector through partnerships with the Development Bank of Jamaica, EXIM Bank, Micro Investment Development Agency, United States Agency for International Development (USAID), National Investment Fund, Tourism Enhancement Fund, and other key partners; as well as, direct contact with clients.

JNSBL also signed a Memorandum of Understanding with the Ministry of Economic Growth and Job Creation, to offer a climate-change loan facility to entrepreneurs in agriculture and tourism, to mitigate against the impact of climate change. In addition, JNSBL managed loans valued at more than $2.5 billion to small business operators, to reinforce the capacity of businesses in the MSME sector.

These loans reflected positively on the company's financial performance during the year, with JNSBL disbursing 26,543 loans valued at $ $4.2 billion. The loans supported more than 100,000 jobs in the micro, small and medium business sectors; and assisted entrepreneurs to sustain viable and profitable business operations.

Membership of Boards and Committees

JAMAICA AUTOMOBILE ASSOCIATION (SERVICES) LIMITED
Earl Jarrett, CD, Chairman
Phillip Bernard
Christopher Hind
Phillip Powe
Wendell Smith
Errol Ziadie
Onika Miller

JN BANK LIMITED
Hon. Oliver F. Clarke, OJ, Chairman
Dr Dhiru Tanna
Earl Jarrett, CD
Elizabeth Ann Jones, CD
Raphael Gordon
Jennifer Martin
Peter Morris
Kathleen Moss
Maureen Hayden-Cater
Kerry Scott (Staff Director)

JN CAYMAN LIMITED
Earl Jarrett, CD, Chairman
Robert Hamaty, OD
Derek Jones
Gladstone Lewars

JN FINANCIAL GROUP LIMITED
Hon. Oliver F. Clarke, OJ, Chairman
Dr Dhiru Tanna
Hon. Dorothy Pine-McLarty, OJ
Earl Jarrett, CD
Raphael Gordon, CD
Elizabeth Ann Jones, CD
Parris Lyew-Ayee, CD
William Mahfood
Jennifer Martin
Peter Morris
Kathleen Moss
John Small

JN FOUNDATION
Earl Jarrett, CD, Chairman
Parris Lyew-Ayee, CD
Jennifer Martin
Mary Smith

JN FUND MANAGERS LIMITED
Elizabeth Ann Jones, CD, Chairman
Earl Jarrett, CD
Dr Dhiru Tanna
Caryl Fenton
Monica Ladd
Peter Morris
Allan Lewis
Keith Senior
Errol Ziadie

JN GENERAL INSURANCE COMPANY LIMITED
Kathleen Moss, Chairman
Hon. Oliver F Clarke, OJ
Hon. Shirley Tyndall, OJ
Earl Jarrett, CD
Sethuraman Kumaraswamy
Sherry Ann McGregor
Peter Morris
Errol Ziadie
Christopher Hind
Wendell Smith

JN LIFE INSURANCE COMPANY LIMITED
Peter Morris, Chairman
Earl Jarrett, CD
Christopher Barnes
Kay Osborne
Errol Ziadie

JN MONEY SERVICES LIMITED
Hon. Oliver F. Clarke, OJ, Chairman
Hon. Dorothy Pine-McLarty, OJ
Earl Jarrett, CD
Michelle Clarke
Alfred Simms
David Jessop
Angella Rainford

THE JAMAICA NATIONAL GROUP LIMITED
Hon. Oliver F. Clarke, OJ, Chairman
Dr Dhiru Tanna
Hon. Dorothy Pine-McLarty, OJ
Earl Jarrett, CD
Elizabeth Jones, CD
Parris Lyew-Ayee, CD
Raphael Gordon
Jennifer Martin
Peter Morris
John Small
Kathleen Moss
William Mahfood
Kerry Scott (Staff Director)

JN PROPERTIES LIMITED
Onika Miller, Chairman
Earl Jarrett, CD

JN SMALL BUSINESS LOANS LIMITED
Parris Lyew-Ayee, CD, Chairman
Hon. Oliver F. Clarke, OJ
Earl Jarrett, CD
Randolph Cheeks
Cosma Earle
Mary Smith

MANAGEMENT CONTROL SYSTEMS LIMITED
Onika Miller, Chairman
Hon. Molly Rhone, OJ
Dianne Smith-Sears
Earl Jarrett, CD
Wendell Smith
Shereen Jones

MCS GROUP LIMITED
Dr Dhiru Tanna, Chairman
Earl Jarrett, CD
Onika Miller
Wendell Smith
Molly Rhone
Rachel McLarty
Dan Theoc

THE CREATIVE UNIT LIMITED
Onika Miller, Chairman
Earl Jarrett, CD
Donna Carroll

TOTAL CREDIT SERVICES LIMITED
Onika Miller, Chairman
Earl Jarrett, CD
Carlton Earl Samuels, CD
Suzette Campbell
Leon Mitchell

JN REAL ESTATE LIMITED **(Dissolved)**

JAMAICA POPULAR INVESTMENT LIMITED **(Dissolved)**

MANAGEMENT CREDIT AND INFORMATION SERVICES LIMITED **(Dissolved)**

JN FINANCE LIMITED **(Dissolved)**

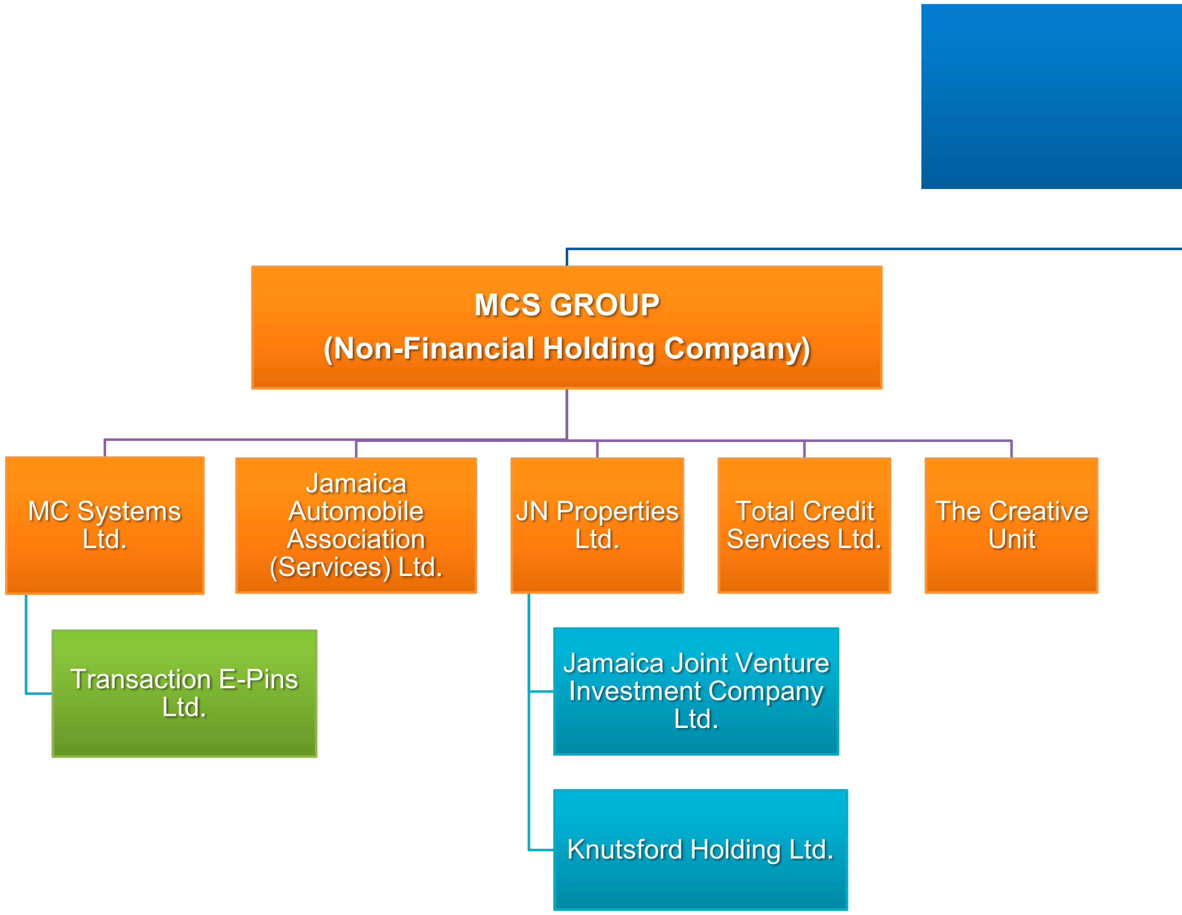
COMMITTEES OF THE JAMAICA NATIONAL GROUP BOARD

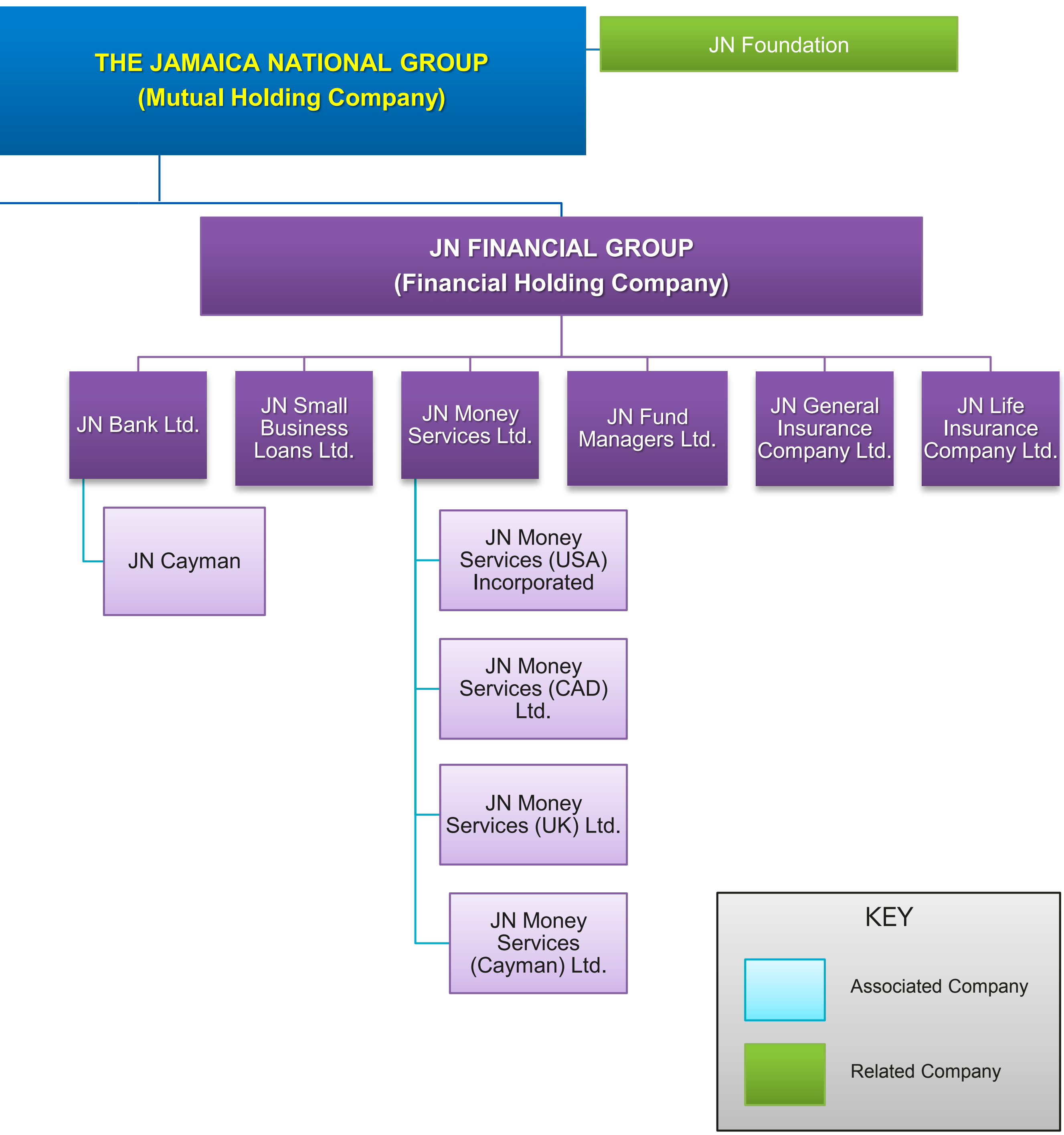
AUDIT COMMITTEE
Raphael Gordon, Chairman
Seth Kumaraswamy
Kathleen Moss

BOARD COMMITTEE
Hon. Oliver Clarke, OJ, Chairman
Hon. Dorothy Pine-McLarty, OJ
Parris Lyew-Ayee, CD
Jennifer Martin

COMPENSATION COMMITTEE
Hon. Oliver F. Clarke, OJ, Chairman
Earl Jarrett, CD
Peter Morris
Dr Dhiru Tanna

Organisational Chart




THE JAMAICA NATIONAL GROUP
(Mutual Holding Company)
JN Foundation
JN FINANCIAL GROUP
(Financial Holding Company)
JN Bank Ltd.
JN Small Business Loans Ltd.
JN Money Services Ltd.
JN Fund Managers Ltd.
JN General Insurance Company Ltd.
JN Life Insurance Company Ltd.
JN Cayman
JN Money Services (USA) Incorporated
JN Money Services (CAD) Ltd.
JN Money Services (UK) Ltd.
JN Money Services (Cayman) Ltd.
KEY
Associated Company
Related Company

Group Executives
C-Suite

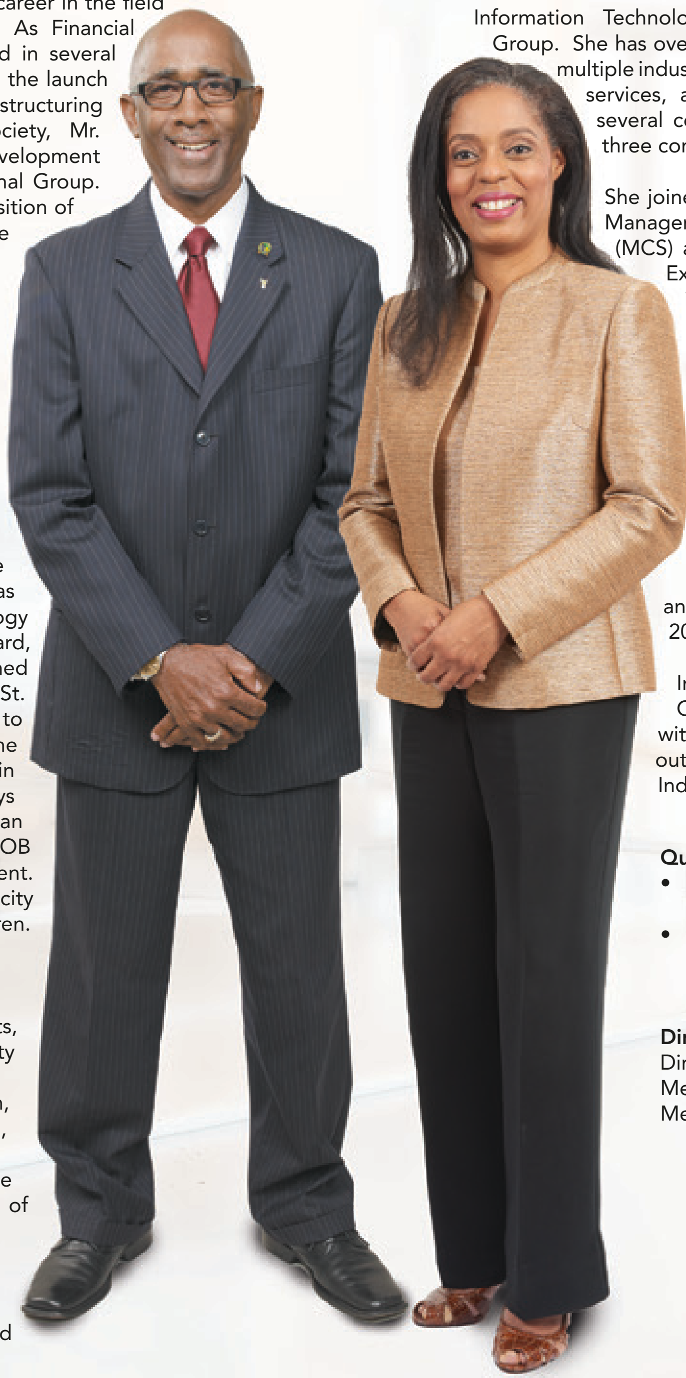
Carlton Earl Samuels, **CD, JP, FCCA, FCA, MBA**
Chief Development Financing Officer

Carlton Earl Samuels has a distinguished career in the field of Financial and General Management. As Financial Manager and Consultant, he has worked in several private and statutory organizations. With the launch of JN Bank on February 1, 2017 and the restructuring of the Jamaica National Building Society, Mr. Samuels was appointed Chief Development Financing Officer for The Jamaica National Group. Prior to this appointment, he held the position of Assistant General Manager, Group Finance and Mortgage Operations.

In recognition of his outstanding leadership as Managing Director of the National Housing Trust and his contribution to the housing sector in Jamaica, he was awarded the National Honour, Order of Distinction (Commander Class) in 2006.

He has served on several civic boards and societies, thereby contributing to community and national development. Currently, he serves as Trustee for the Cornwall College Trust. In 1997, he was the recipient of the University of Technology (UTECH) Outstanding Alumnus Award, and in 2006, he received the Distinguished Rotarian Award from the Rotary Club of St. Andrew. In recognition of his contribution to the development of Cornwall College, he was awarded the Man of Might Award in 2012 from the Cornwall College Old Boys Association (CCOB). In 2016 he received an award from the Kingston Chapter of CCOB for his contribution to national development. Mr Samuels, a Justice of the Peace for the city of Kingston, is married and has three children.

Qualifications:
- Diploma in Accounting, College of Arts, Science and Technology, now University of Technology
- Masters in Business Administration, The Chapman Graduate School, Florida International University
- Certificate, Wharton Real Estate Business School, University of Pennsylvania
- Chartered Accountant by profession
- Fellow, Association of Chartered Certified Accountants (UK)
- Fellow, Institute of Chartered Accountants of Jamaica



Shereen Jones, **MSc, BSc**
Chief Information Officer

Shereen Jones is tasked with overall responsibility for Information Technology across The Jamaica National Group. She has over 25 years experience in IT, spanning multiple industries with significant focus on financial services, and has managed engagements in several countries, both regionally and across three continents.

She joined the JN Group in 2006 as General Manager of Management Control Systems (MCS) and assumed the position of Group Executive – Information Technology, in October 2009. However, her association with the Jamaica National Building Society began in 1999 when she assisted with the implementation of the Phoenix Banking system as a consultant. Mrs Jones was appointed Assistant General Manager of the JN Group in February 2013. Her title was changed to Chief Information Officer for The Jamaica National Group when JNBS was restructured and JN Bank launched on February 1, 2017.

In October 2013, the Jamaica Computer Society presented her with a lifetime achievement award for outstanding contribution to the ICT Industry.

Qualifications:
- MSc, Computer Science, Honours, Pennsylvania State University
- BSc, Computer Science, First Class Honours, The University of the West Indies

Directorships/Affiliations:
Director, SwimJamaica
Member, Toastmasters International
Member, Jamaica Computer Society

C-Suite

Leon Mitchell, MBA, BBA
Chief Marketing & Sales Officer

Leon Mitchell is responsible for identifying and implementing strategic business opportunities, locally and overseas for The Jamaica National Group. Since joining the Jamaica National Building Society (JNBS) in 1999, he has been appointed to several positions, including Overseas Business Development Executive; CEO JNO (UK, USA, and Canada) Ltd.; and JN Group Executive, Marketing, Sales & Promotions. He was appointed Assistant General Manager for JNBS in 2011.

With the restructuring of the Society and the launch of JN Bank on February 1, 2017, Mr Mitchell was appointed Chief Marketing and Sales Officer for The Jamaica National Group.

Qualifications
- Master of Business Administration (MBA), Florida International University, Beta Gamma Sigma
- Bachelor, Business Administration, University of Technology

Directorships/Affiliations:
- Chairman, Fund Raising Committee, Jamaica Red Cross
- President, Boys' Town Football Club
- Immediate Past President, Jamaica Hockey Federation

Member
- Kiwanis Club of Kingston
- Kingston Cricket Club
- Technical Director/Coach, Rockfort Football Club

Curtis Martin, MBA, BSc
Chief Financial Officer

With more than three decades of experience in banking, corporate finance, treasury and investment management, Curtis Martin joined the Jamaica National Building Society in July 2013 as Assistant General Manager, Treasury and Investments. He currently holds the position of Group Chief Financial Officer for The Jamaica National Group.

He oversees the Group financial performance and provides leadership in matters relating to capital structure, dividend policy, capital raising and capital allocation across all companies within The Jamaica National Group.

Mr Martin previously worked in a number of capacities with the Bank of Jamaica, Pan Caribbean Merchant Bank (now Sagicor), Capital and Credit Finance Group and the Jamaica Money Market Brokers. As Chairman of the Jamaica Stock Exchange & Jamaica Central Securities Depository (2006-2011), he led the diversification of the organisation's revenue stream through the development and launch of Junior Stock Market, JSE Trustee Services, JSE E-Learning Institute and the Caribbean Exchange Network (CXN).

Qualifications:
- MBA, Finance, Columbia University, New York
- BSc, Management Studies, The University of the West Indies (UWI)
- Level 2, Association of Chartered Certified Accountants (ACCA) Accreditation

Directorships/Affiliations:
- Director, Jamaica Central Security Depository Ltd
- Director, JCSD Trustee Services
- Member, Kingston College Old Boys' Association

Group Executives

Claudine Allen, MSc, BA
Member Ombudsman
Executive - Member Relations and Quality Assurance

Claudine Allen was appointed Executive for the Enterprise Contact Centre and Member Ombudsman for the Jamaica National Building Society (JNBS) in January 2015. With the restructuring of the Society and the launch of JN Bank on February 1, 2017, she was appointed Executive – Member Relations and Quality Assurance for The Jamaica National Group. In this capacity, she leverages global best practices and standards to ensure memorable customer service delivery at customer touch points across the JN footprint. As Member Ombudsman, she champions the rights of members, providing an avenue for recourse on complaints and ensuring the operations of businesses in the JN Group maintain focus on adding value for members.

She also serves as the Management Representative for JN Bank's ISO 9001:2008 certified Quality Management Systems, ensuring adherence to standards throughout its operations. As the champion of the interest of members, Miss Allen and her team works to resolve customer issues, facilitates measurement and analysis of customer experience and leverages member feedback to inform the direction of the Group.

Miss Allen joined the Jamaica National Building Society as Communications Specialist in the Corporate Communications department in 2006 and has also served as Special Assistant to the General Manager - a position she held for six years.

She brings to the Group expertise in corporate affairs and public relations, customer service, business administration, and advertising.

Qualifications:

- Master of Science, Public Relations, Syracuse University
- BA, Media and Communication, The University of the West Indies (UWI)
- Diploma, Business Administration, UWI

Directorships/Affiliations:

- Director, Jamaica Customer Service Association
- Director, United Way of Jamaica
- Member, International Customer Service Association

Joy Brady, ACCA, FCCA
Executive, Finance

Joy Brady is a chartered accountant by training with more than twenty years of financial management experience in the commercial industry and more than fifteen years of experience in auditing.

She joined the Jamaica National Building Society in 2004 as Group Finance Manager and was promoted to Executive in August 2011. With the restructuring of the Society on February 1, 2017, her responsibilities include monitoring the financial accounting and reporting for The Jamaica National Group and its subsidiaries.

Qualifications:

- Association of Chartered Certified Accountants (ACCA) Level III (1992)
- Association of Accounting Technician (AAT), Level III (1984)
- Fellow, Institute of Chartered Accountants of Jamaica (ICAJ)
- Fellow, ACCA

Simone Hylton-Chambers, MBA, BSc (Hons)
Executive, Strategy Management

Simone Hylton-Chambers joined the JN family in 2001 as Business Analyst in the then Corporate Planning and Special Projects department. In 2011, she was promoted to Senior Manager, and in May 2016, was appointed Executive, Corporate & Strategic Planning, JN Group. With the restructuring of the Society and the launch of The Jamaica National Group and JN Bank on February 1, 2017, Mrs Chambers was appointed Executive, Strategy Management for The Jamaica National Group.

With over 16 years experience in Corporate and Strategic Planning and almost two decades in the financial services industry, Mrs Hylton-Chambers has a wealth of experience in Strategic Planning & Execution, Finance, Research & Analysis as well as Credit Management. She is responsible for managing the strategic planning and management process for The Jamaica National Group and its subsidiaries, and over the years has been integral in the development and attainment of significant organisational goals.

Qualifications

- MBA, Banking & Finance, The University of the West Indies (UWI)
- BSc (Hons), Management Studies & Economics, UWI
- Certificate, Strategic Intuition, Columbia Business School

Affiliations

Member, Jamaica Chamber of Commerce Conference Board

Tonya Grant, FCCA, FCA, CPA
Chief Internal Auditor

Mrs Tonya Grant was appointed Chief Internal Auditor for The Jamaica National Group on February 1, 2017. In this role, she facilitates the accomplishment of systematic and disciplined methodologies to improve the effectiveness of the organisation's risk management, control and governance processes. Mrs Grant was previously employed to the Jamaica National Building Society as Chief Internal Auditor for more than 15 years.

As Chief Internal Auditor, Mrs Grant was instrumental in improving the level of efficiency within the internal audit function, by automating the audit risk assessment, work paper documentation, review and reporting processes as well as a centralised audit issues tracker. Automation has contributed to easier accumulation and analysis of data; sharing of knowledge; and, consistent audit methodology, through the use of templates. In addition she has been instrumental in implementing continuous auditing routines through the use of data analytics solution for some key business processes.

She previously worked for more than 10 years at KPMG and has participated in diverse internal audit, data analytics, Anti-Money Laundering and leadership conferences and seminars.

Qualifications:

- Fellow, Association of Chartered Certified Accountants (FCCA)
- Fellow, Institute of Chartered Accountants of Jamaica (FCA)
- US Certified Public Accountant (CPA)
- Certified internal Auditor (CIA) candidate
- Diploma, Business Administration, University of Technology

Directorships/Affiliation:

- Member, American Institute of Certified Public Accountants (AICPA)
- Member, Institute of Internal Auditors (IIA)
- Member, Information Systems Audit and Control Association (ISACA)
- Member, Shortwood Teachers' College Board of Management & Finance Committee
- Member, UCJ Business & Management Standards Committee

Group Executives

Aditi Dhiman, CA, BA
Executive, JN Group Loyalty Programmes

Mrs Aditi Dhiman was appointed Executive – JN Group Loyalty Programmes in July 2017, with responsibility for the Group's member/customer loyalty programme, which seeks to recognize our loyal members and customers and enhance their experience.

In this position, Mrs Dhiman is responsible to develop initiatives to continuously improve JN Rewards and JN Premier programmes; to implement loyalty programmes throughout all JN Group companies.

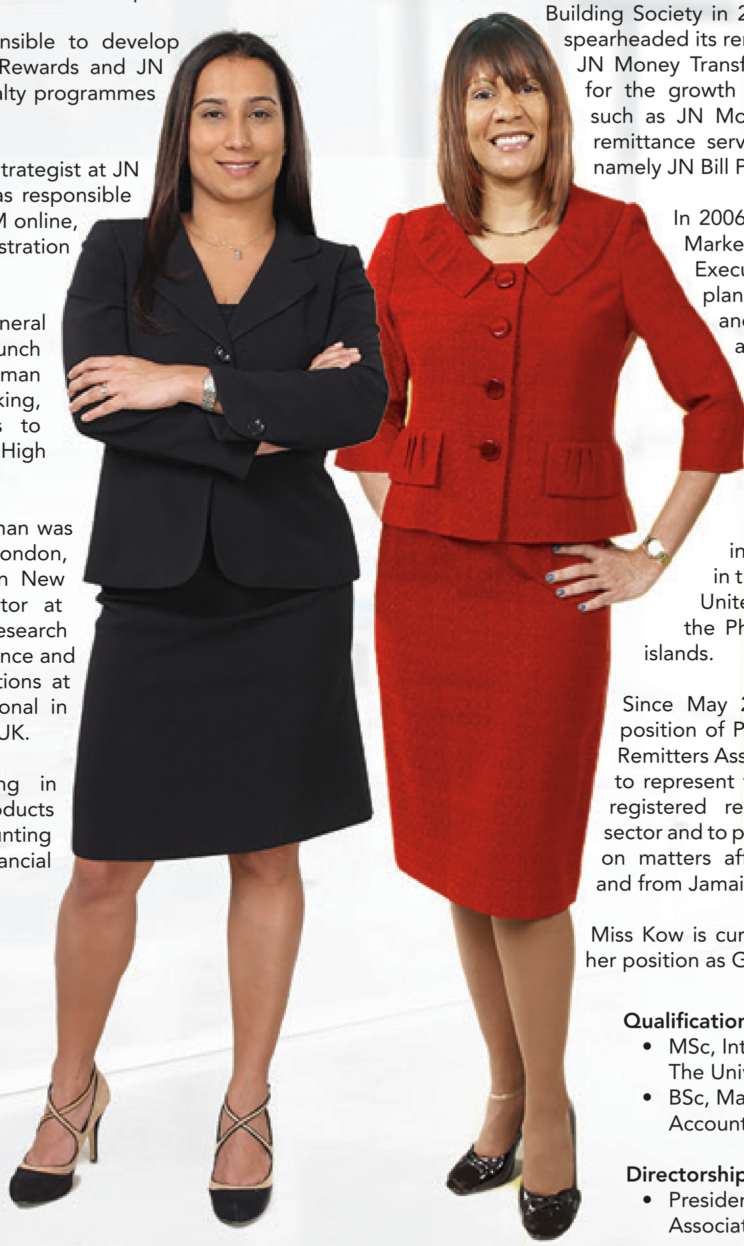
She joined the JN Group as a Business Strategist at JN Fund Managers Limited in 2008 and was responsible for the development and launch of JNFM online, as well as overseeing the pension administration unit at JNFM.

In 2012, Mrs Dhiman was appointed General Manager of JN Finance Ltd. With the launch of JN Bank on February 1, 2017, Mrs Dhiman assumed the role of Chief – Premier Banking, responsible for developing strategies to provide Premier Banking Services to JN High Net Value clients.

Prior to joining the JN Group, Mrs Dhiman was an Associate Director at UBS AG in London, UK, trained as an Auditor at KPMG in New Delhi, India and worked as an Auditor at KPMG, Switzerland. She worked as a Research Associate at INSEAD, Fontainebleau, France and carried out Treasury Management functions at World Wide Fund for Nature International in Switzerland and CMC Markets, London, UK.

Mrs Dhiman has professional training in investment products, interest rate products and bonds; KPMG International Accounting Standards; Forensic Accounting; and financial and assurance services.

Qualifications
- CA (Institute of Chartered Accountants, India)
- BA (Hons) Economics, Delhi University, India



Leesa Kow, MSc, BSc
Executive

Leesa Kow, an experienced business developer, researcher and sales and marketing professional, has worked in the financial services, insurance, remittance and telecommunications industries, locally and internationally. She joined the Jamaica National Building Society in 2003 as a Senior Manager; and spearheaded its remittance operations, through its JN Money Transfer brand; and was responsible for the growth and development of services, such as JN Money Transfer Card, intra-island remittance service and bill payment facilities, namely JN Bill Pay.

In 2006, she was appointed JN Group Marketing, Sales & Promotions Executive, with responsibility for the planning, marketing, promotions and sales functions of the Society and its subsidiary companies. Subsequently, in 2008, Miss Kow was appointed General Manager of JN Money Services (JNMS) and has strengthened the brand's position, as one of the largest remittance service providers in Jamaica, with an international distribution network in the United States of America, the United Kingdom, Canada, Ghana, the Philippines and seven Caribbean islands.

Since May 2012, Miss Kow has held the position of President of the Jamaica Money Remitters Association (JMRA), a body formed to represent the best interest of the island's registered remittance businesses and the sector and to promote and encourage dialogue on matters affecting money transmission to and from Jamaica.

Miss Kow is currently on sabbatical leave from her position as General Manager of JNMS.

Qualifications
- MSc, International Business (distinction), The University of the West Indies (UWI)
- BSc, Management Studies and Accounting (First Class Hons), UWI

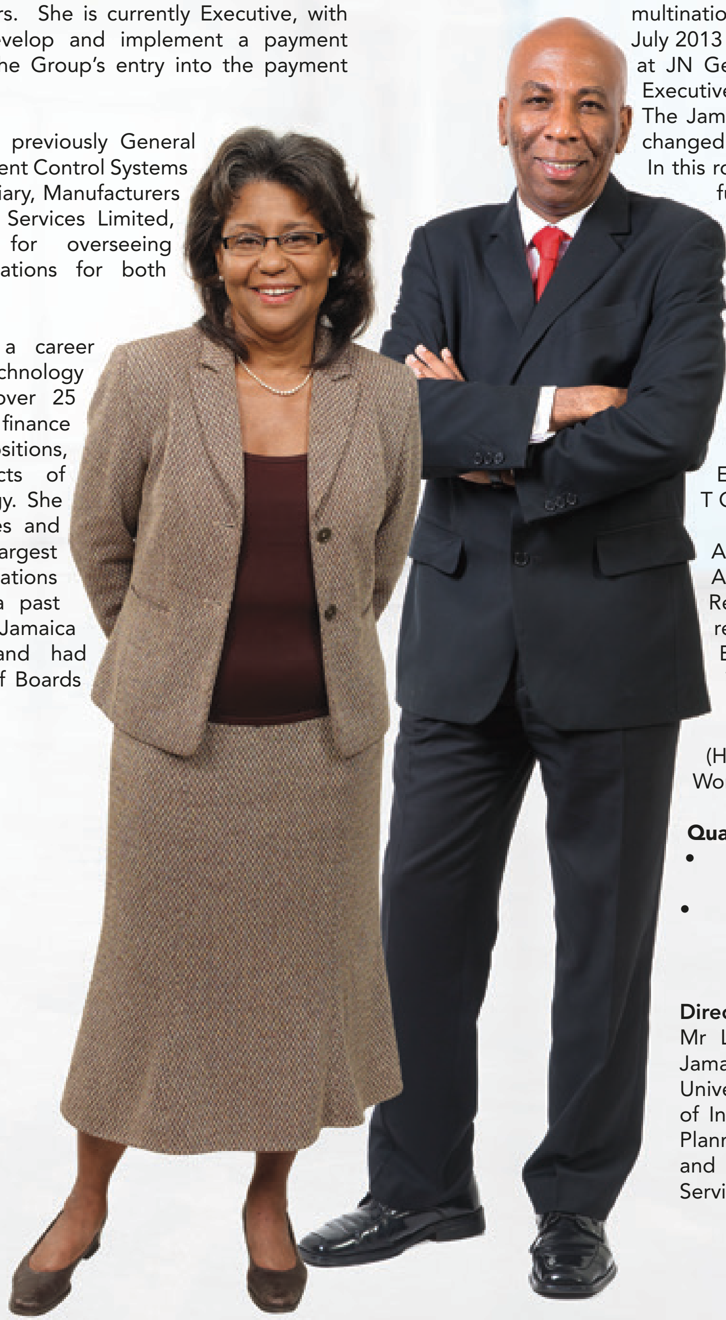
Directorships/Affiliations
- President, Jamaica Money Remitters' Association

Diane Smith-Sears
Executive

Mrs Dianne Smith-Sears joined the Jamaica National Building Society in 2005 and has undertaken a number of roles over the years. She is currently Executive, with responsibility to develop and implement a payment network to support the Group's entry into the payment acquisition business.

Mrs Smith Sears was previously General Manager of Management Control Systems Limited and its subsidiary, Manufacturers Credit & Information Services Limited, with responsibility for overseeing the sales and operations for both companies.

Mrs Smith-Sears is a career Information Technology specialist who has over 25 years working in the finance sector in leadership positions, governing all aspects of information technology. She has also led the sales and operations of the largest card services operations in Jamaica. She is a past Vice President of the Jamaica Computer Society and had served on a variety of Boards in the past.



G. Andre Latty, MSc, BSc
Executive, People and Culture
Group Human Resources Development

With almost three decades of experience in Human Resource and Customer Service Management, for both local and multinational companies, G Andre Latty joined the JN Group in July 2013 as Senior Manager, Human Resource Development, at JN General Insurance Company. He was promoted to Executive, Group Human Resources Development for The Jamaica National Group in May 2016 and his title was changed in February 2017 to Executive, People and Culture. In this role, he is charged with aligning the human resource function to the business strategy, through effective talent acquisition and management, performance management, communications, labour and industrial relations management and human capital analytics.

Mr Latty previously worked in a number of senior human resources capacities with diverse companies, including Advantage General Insurance Company Limited, National Commercial Bank, Kraft Foods Jamaica Limited, Cable & Wireless Jamaica Employees Co-operative Credit Union Limited and T Geddes Grant Caribbean Limited.

As Vice President, Human Resource & Training at Advantage General, he repositioned the Human Resource department to strategic partner status, resulting in the company receiving the Jamaica Employer's Federation Employer of Choice Award in 2008; achieving the Honourable Mention Awards in 2008 for Best HR Innovation from the Human Resource Management Association of Jamaica (HRMAJ); and First Place Award – Best HIV/AIDS Workplace Practices from the Ministry of Health.

Qualifications
- MSc, Human Resource Development, The University of the West Indies (UWI)
- BSc, Public Administration (Honours), UWI SPHR designation, Society of Human Resources Management (SHRM)

Directorships/Affiliations
Mr Latty has served on numerous bodies, including Jamaica Advisory Board for the Florida International University, The Education Committee of the College of Insurance and Professional Studies, The Convention Planning Committee of Jamaica Employers Federation and the Board of the Jamaica Institute of Financial Services, formerly the Jamaica Institute of Bankers.

Group Executives

Dana Morris Dixon, PhD, MSc
Executive, Business Advisory Services

Dr. Dana Morris Dixon was appointed Executive, Business Development and Research at Jamaica National Building Society (JNBS) in June 2013. Starting in 2014, she led the Business Transformation Project to ensure the seamless and successful reorganisation of The Jamaica National Group, as well as the conversion of the Society to a commercial bank.

Subsequent to the reorganisation of the Group, Business Development and Research was renamed Business Advisory Services. As head of one of the major units of the Group, Dr. Morris Dixon is charged with identifying and exploring new business opportunities, as well as development and promotion of the Group's thought leadership agenda with a view to enriching the lives of its members and propelling innovation. She also serves as the chief research officer, developing and driving the use of research for the expansion of new opportunities as well as the development of existing lines of business.

Dr. Morris Dixon previously worked at the Jamaica Promotions Corporation (JAMPRO), in various capacities including as Acting President in March 2013. She joined JAMPRO as Manager, Caribbean, Latin America & Emerging Markets Department, on secondment from the Office of the Prime Minister in October 2009 and was appointed Vice President, Planning & Corporate Development in April 2010. Among the policies developed under her watch were the Diaspora Business Strategy and Linkages Strategy. She played an integral role in managing the National Competitiveness Council, and was a significant part of the project management team for signature events such as the Jamaica Investment Forum (2012) and Jamaica House at the London 2012 Olympics.

Prior to joining JAMPRO, Dr. Morris Dixon was the Director of Development Policy, Planning and Strategy at the Office of the Prime Minister. She is also a former lecturer at The University of the West Indies, Mona where she taught both undergraduate and graduate courses.

She has served as a board member: International Women's Forum (Jamaica), National Land Agency, Runaway Bay Development Company Limited, Grand Jamaica Homecoming Advisory Council and the Jamaica Fulbright-Humphrey Alumni Association.

Most recently, Dr. Morris Dixon was appointed Chairperson of the Jamaica's National Family Planning Board/Sexual and Reproductive Health Agency as well as Deputy Chairperson, National Health Fund.

Qualifications
- PhD, International Studies, University of Denver, Graduate School of International Studies
- MSc, Government, specializing in International Relations, The University of the West Indies (UWI)
- BSc, Economics and International Relations (First Class Honours), UWI

Awards
- Fulbright Scholar
- Recipient, George Beckford Award for Economic Development, 2003
- Awardee, UWI Department of Government Fellowship, 2001
- Inducted into the Faculty of Social Sciences, Dean's Honour Society, 2002

Hilret Hanson
Executive, Industrial Relations Specialist

Hilret Hanson was appointed Executive, Group Industrial Relations Specialist in June 2017. His responsibilities include guiding the Group's industrial relations strategy, promoting industrial relations harmony and compliance with labour legislation.

He has worked with the Jamaica National Building Society (JNBS) for more than 30 years, serving in various capacities during his tenure, such as Branch Manager, Finance Manager and Senior Regional Manager. He also worked as Executive, with responsibility for Branch Retail Operations, and most recently, Executive in charge of Business Relationship and Sales. He has also served as president of the JNBS managers' association and as staff director.

Qualifications:
- Certificate in Jamaican securities, Jamaica Institute of Management
- Financial Management courses, College of Art, Science and Technology, now University of Technology

Directorships/Affiliations
- Chairman, St. Elizabeth Technical High School
- Past President, Jamaica National Managers Association (JANMAS)
- Former Board Member, Building Societies Credit Union
- Member, Manchester Chamber of Commerce

Paulette Simpson, CIM, MBA, BA
Corporate Affairs & Public Policy

Miss Paulette Simpson has responsibility for Corporate Affairs for The Jamaica National Group in the United Kingdom (UK). In this role, she seeks to initiate, manage and deliver strategies to enhance the organisation's corporate reputation, brand, relationship with members and the wider community in the UK.

She also provides strategic management support for The Voice, which has been Britain's leading Black newspaper for the last 35 years, seeking to reposition the newspaper to achieve greater efficiencies and deeper market penetration.

Ms Simpson has held several other positions within the JN Group, including

- Chief Representative Officer for the UK Representative Office of the Jamaica National Building Society
- General Manager of the remittance company, JN Overseas (UK) Limited, now renamed JN Money Services (UK) Limited.

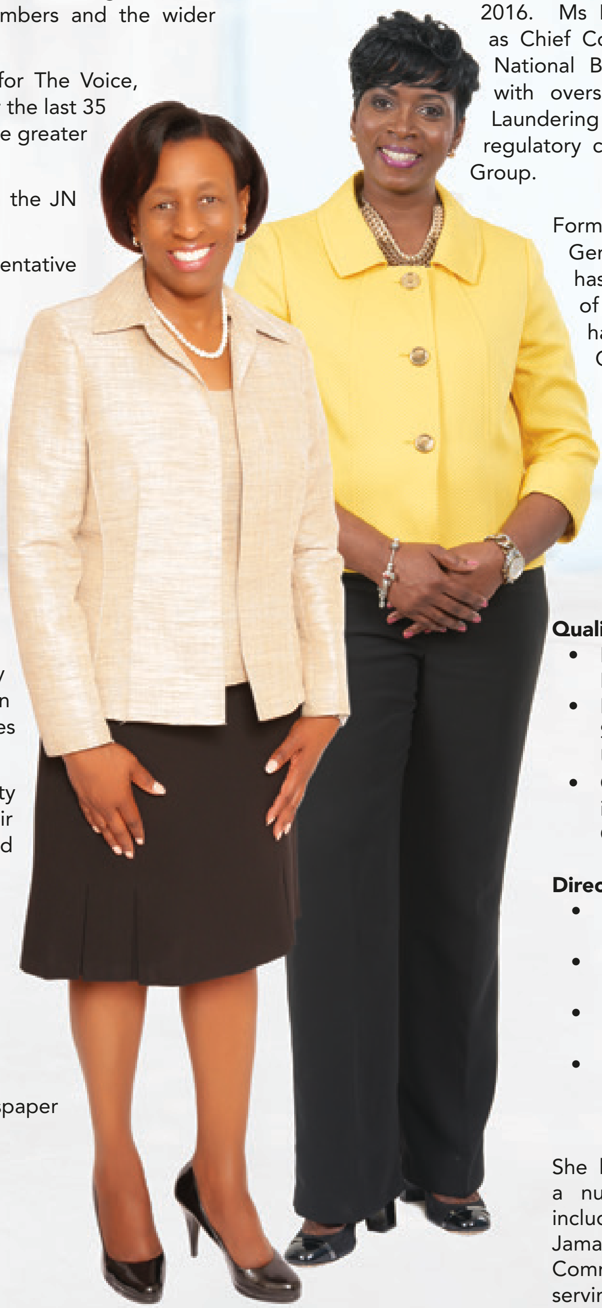
She has previously worked with the UK operations of National Commercial Bank, Jamaica and began her career with PriceWaterhouseCoopers, where she specialized in business development, training and marketing for six years. During that period, she was seconded to the Commonwealth Secretariat to develop and deliver a training programme for young women in business in Zambia.

Miss Simpson represented the UK community on the Jamaica Diaspora Advisory Board, and in that capacity advised the Minister of State in the Ministry of Foreign Affairs and Foreign Trade for four years about issues relating to the Jamaican Diaspora in the UK.

She continues to be very active in the community and assists various charities across the UK with their work to improve the lives of Jamaicans in the UK and Jamaica.

Qualifications
- MBA, University of Westminster
- BA (Hons), Business Studies (Finance and Marketing), University of Stirling, Scotland

Directorships/Affiliations
- Director, JN Money Services (UK) Ltd.
- Director, GV Media, publishers of The Voice newspaper
- Member, Chartered Institute of Marketing



Tasha Manley, CAMS, LLB, BSc
General Legal Counsel

An accomplished Attorney-at-Law and Certified Anti-Money Laundering Specialist, Tasha Manley is General Legal Counsel for The Jamaica National Group, assuming this position in September 2016. Ms Manley was previously employed as Chief Compliance Officer at the Jamaica National Building Society since July 2011, with oversight for the global Anti-Money Laundering programme and the broader regulatory compliance framework for the JN Group.

Former Crown Counsel in the Attorney General's Department, Ms. Manley has represented the Government of Jamaica in all local courts and has appeared before the Judicial Committee of the Privy Council, UK, on two occasions.

She has worked as an International Fellow at the Commodities Futures Trading Commission, Washington DC.

Qualifications
- Legal Education Certificate, Norman Manley Law School
- Bachelor of Laws and BSc, Political Science (First Class Honours), The University of the West Indies
- Currently pursuing the internationally acclaimed Chartered Banker MBA

Directorships/Affiliations
- Member, UK Chartered Banker Institute (student member)
- Member, Association of Certified Anti-Money Laundering Specialists
- Member, UK Money Transmitter's Association
- Member, Jamaica Banker's Association Compliance Committee

She has also served as a Director on a number of public sector Boards, including the Development Bank of Jamaica, chairing the board's Audit Committee; the Chase Fund (later serving as Corporate Secretary); the Jamaica Civil Aviation Authority and the Water Resources Authority.

Group Executives

Polmae 'Pam' Thompson, MSc, BA
Executive – Enterprise Project Management Office (EPMO)

Polmae "Pam" Thompson was appointed Executive - Enterprise Project Management Office (ePMO) of The Jamaica National Group in August 2017. She has worked as both an internal and external Consultant in several companies, both here in Jamaica and in the United Kingdom.

She held the position of Assistant General Manager, I.T. Consulting Services at Management Control Systems (MC Systems) prior to being seconded to the Jamaica National Building Society (JNBS) in 2009, assuming the position of Senior Manager in the Enterprise Project Management Office.

While she leads the entity that offers project management services to the Group, particularly for strategic projects, she also has responsibility for the development of systems, policies and procedures that promote organisational efficiency across the Group.

Under her stewardship, JNBS was awarded Project Management Organisation of the year, both in 2012 and 2013, by the Doctor Bird chapter of the Project Management Institute. Mrs. Thompson was also awarded Project Manager of the Year 2013 by the Project Management Global Institute-(PMGI). Additionally, in 2016, the ePMO was invited to be a contributor to an international project Management primer, A Compendium of PMO Case Studies.

Qualifications

- MSc, Business Systems Analysis and Design, City University, London, England
- BA, Economics and International Relations, The University of the West Indies

Affiliations

- Member, Project Management Institute (USA) and (JA)
- Member, Management Services Institute (UK)
- Member, International Records and Information Management Association (ARMA)
- Former President, Jamaica Association of Record Management Association (JARMA)

Group Senior Managers

Tanya Pringle
Corporate Communications

Tawana Gray
Finance

Joscelyn Campbell
Corporate Integrity

Renee Rattray, Ed.D
Learning, Development and Culture

Anthony Robinson
Strategic Data
Management

Casita Burte
Compensation & Benefits
Office of the CEO

Marie Stewart Lewin, JP
Special Assistant
Office of the CEO

Group Senior Managers

Nigel Thomas
Technical Services

Carla Farquharson
Internal Audit

Dwayne Brown
Cyber Security

Phillip Powe
Applications and
Database Management

Annissa Thompson
Enterprise Project
Management Office

Elaine Williams
Legal


Dependability.

Group Pictorial Corporate

1. Distinguished Member Award
Bruce Scott (right), President of the Institute of Chartered Accountants of Jamaica (ICAJ), presents the ICAJ Distinguished Member Award for 2016 to Earl Jarrett , General Manager, JNBS, at the organisation's annual awards banquet, held at the Jamaica Pegasus Hotel on December 1, 2016.

2. Water Efficiency Technology Signing
Earl Jarrett (seated left), Chief Executive Officer, The Jamaica National Group; and Therese Turner Jones (seated centre) sign an agreement that will see the IDB loaning JN Bank US$5.75 million to finance housing developers to integrate water efficiency technologies into their new developments. Witnessing the signing are Dr Horace Chang (seated right), Minister without portfolio in the Ministry of Economic Growth and Job Creation with responsibility for Water, Works and Housing; Tasha Manley, General Legal Counsel, The Jamaica National Group; and Wayne Beecher, Senior Specialist, Multilateral Fund, IDB. The signing took place at the JN Financial Services building on March 10, 2017.

3. Sponsorship Appreciation
His Excellency the Most Honourable Sir Patrick Allen (left), Governor-General of Jamaica, presents a plaque of appreciation to Earl Jarrett, General Manager, JNBS, in recognition of the Society's annual sponsorship of the Governor-General's Achievement Awards (GGAA). The presentation was made at the GGAA Pinning Ceremony and Reception held at King's House on November 10, 2016.

4. Cyber Security Conference
Adekunle Ajiboye (left), Systems Innovator and Entrepreneur, Ontario, Canada; Trevor Forrest (centre), Advisor, Ministry of Science, Energy and Technology, and Dwayne Brown, Senior Manager, Cyber Security, JNBS, in discussion at the 4th Cyber Security Conference held at the UWI Regional Headquarters, Mona, on November 29, 2016 under the theme: Mobile Money, Online Banking and Citizen Awareness.

5. IDB Foromic Conference

Onika Miller (second right), then Executive, Government Relations and Public Policy, JNBS, makes a point to (from left) Guillermo Rishchynski, Executive Director, Inter- American Development Bank (IDB); David Bloomgarden, Private Sector Development Specialist, IDB; and Saffrey Brown, General Manager, JN Foundation. The occasion was the IDB Foromic Conference held at the Montego Bay Convention Centre from October 24-26, 2016.

6. JN Blue Tag Sale

Javon Spence (right), Member Service Representative at the JNBS Half-Way-Tree Branch, answers a customer's query at the JN Blue Tag Sale held at the JNBS Chief Office on January 28, 2017. The Society launched specials to promote accessible and affordable loan solutions to members and customers. The promotion highlighted the Society's Auto, Personal Unsecured and Mortgage Loans, as well as JN VISA Classic and Gold cards.

7. Expo Jamaica

Visitors to the JN Group booth at Expo Jamaica 2016 get information from Alexis Williams, Supervisor, Call Centre, JNBS, and Paul Lettman, Mobile Loan Officer, JNBS. The expanded Expo Jamaica 2016 was held at Independence Park, St. Andrew, Jamaica, from April 14 to 17, 2016.

Group Pictorial JN Votes

1. JN Members' Meeting, Kingston
Damian Johnson, Member Service Representative in the JN Half-Way-Tree branch, collects ballots from members at a special JNBS members' meeting held at the Terra Nova All-Suite Hotel on November 2, 2016.

2. JN Proxy Verification
Jamaica National employees (from left to right) Alicia Francis Pinnock, Antoinette Thomas and Sebastian Wanliss, work diligently during the proxy verification process at JN Chief Office on November 12, 2016.

3. JN Members' Meeting, Montego Bay
Dana Morris Dixon (left), Business Development and Research Executive, Jamaica National Building Society, presents a token to a member at a special members' meeting held at the Wexford Court Hotel in Montego Bay on October 26, 2016.

Special General Meeting Highlights

Members cast their ballots and unanimously voted yes to the resolutions for the transformation of the JN Group and the conversion of JNBS to JN Bank at a Special General Meeting held at the Jamaica Conference Centre on November 14, 2016.

Group Pictorial

JN Bank Launch Highlights – February 1, 2017

1 & 2 Unveiling of the new JN Bank

3. Half-Way-Tree Branch Opening
The Hon. Dr. Patricia Dunwell (left), Custos of St. Andrew, prepares to cut the ribbon during the opening ceremony of the JN Bank at the Half-Way-Tree branch on February 1, 2017. Sharing in the occasion are (from left to right): Maureen Hayden-Cater, Managing Director, JN Bank; Hon. Oliver Clarke, Chairman, The Jamaica National Group; Rev. Canon Major Sirrano Kitson, Rector, St. Andrew Parish Church; and Earl Jarrett, Chief Executive Officer of The Jamaica National Group.

4. First Account Holder
Percival LaTouche (right), President of the Jamaica Association for the Resettlement of Returning Residents, smiles as he deposits funds to his JN Bank account on February 1. Mr LaTouche was the first person to open a JN Bank account at the Half-Way-Tree branch.

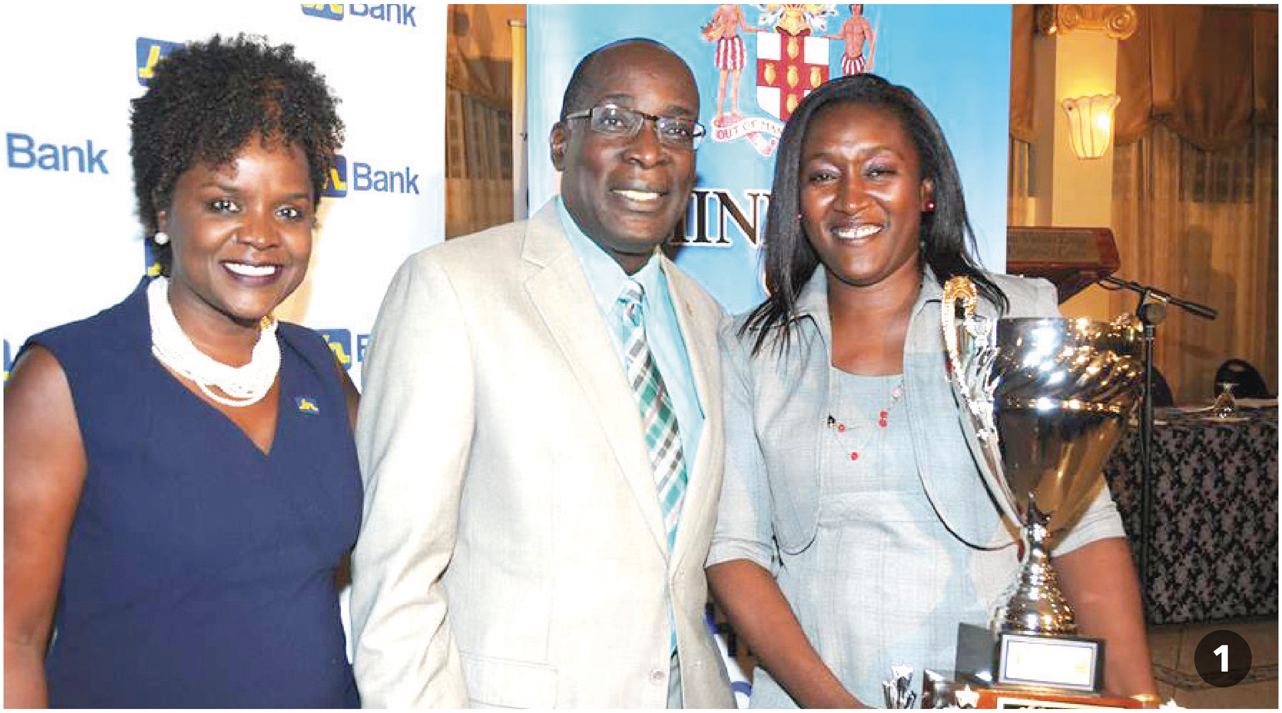
JN Bank Roadshow – February 3, 2017

4. St. Ann's Bay Members
Maureen Hayden-Cater (right), Managing Director, JN Bank, shares the JN promise with members at the St. Ann's Bay branch.

5. JN Promise Taken to the Business Community
Members of the JN executive team took to the streets of Catherine Hall to bring the JN Promise to the business community.

6. JN Financial Services centre
A marching band entertains outside the JN Financial Services centre at Catherine Hall.

Group Pictorial Education



1. National Mathematics Teacher of the Year
Neisha Grant Lawrence (right), 2017 National Mathematics Teacher of the Year, celebrates with Minister of Education, Senator Ruel Reid (centre) and Dr Renee Rattray, Senior Manager, Learning, Development and Culture at The Jamaica National Group. The award, which is a joint initiative of the Ministry of Education and JN Bank, was announced at the Mona Visitors' Lodge on March 6, 2017.

2. JN School Savers' Programme Conference
Michelle Webster-Gauntlette (right), Youth Marketing Officer, JN Bank, congratulates Denise Blythe, 2015-2016 JN School Savers' Teacher of the Year, and Avalyn Samuels, Champion Teacher in the JN School Savers' Programme. They were attending the JN School Savers' Programme Conference which was held at Knutsford Court Hotel on July 15, 2016.

3. JN Summer Innovation and Mentorship Programme
Earl Samuels (centre), then Assistant General Manager, JNBS; Elaine Williams (third left), Senior Manager, Legal department; and Stacie-Ann Christmas (third right), Manager, Legal department, along with summer interns, celebrate their first place finish in the inaugural JN Summer Innovation and Mentorship programme. The awards were presented at the JN Chief Office on August 26, 2016. The interns were challenged to undertake a project that could improve the Society's operational efficiency.

4. TVJ Schools' Challenge Quiz
Alpha Sparks (right), coach of the Titchfield High School Quiz team, accepts a gift from Edison Taylor, JN Senior Branch Relationship Manager for Portland and St. Thomas. The presentation took place at the school on April 4, 2016 in recognition of the team winning the 2016 TVJ Schools' Challenge Quiz.

Group Pictorial
Corporate Social Responsibility

1. Bringing Christmas Cheer
Shellina Ivy Ellis (left), Operations Support Officer, and Dyshone Clarke (right), Member Service Representative, both of the JNBS Half-Way-Tree branch, brought holiday cheer to 92-year-old Felix Rhule by fulfilling his wish for groceries. The presentation took place in the studios of TVJ on December 22, 2016. Following the airing of Mr. Rhule's wish during the TVJ Annual Wish List promotion, the employees of the branch pooled funds to respond to the request.

2. Washing Machine Donation
Opal Bailey (second right), Manager, and Christine Watson (second left), Matron, Sophie's Place, welcome an industrial washing machine presented to the Home on September 29, 2016. The donation was a joint initiative of JN employees and the Royal Optimist Club of Kingston. JN employees have been providing financial and other support to the Home for the past eight years.

3. Relay for Life
The JN Group employees supported the Jamaica Cancer Society's Relay for Life, which was held at the Police Officers' Club on June 11, 2016. The annual fundraising event seeks to create cancer awareness and celebrate survivors.

4. Mentorship Programme
Maureen Hayden-Cater, Managing Director, JN Bank, engages high school girls who dropped by to visit her. Executives and senior managers of The Jamaica National Group met with girls in high schools across the Corporate Area and hosted them to lunch on March 7, ahead of International Women's Day.

5. Donation of Stroller
Hillary Reid (right), newspaper vendor in the Barbican area, was in for a pleasant surprise on February 10, when she received a stroller/rocker for baby Sukyina, courtesy of JN Bank. The vendor works from 6 a.m. to noon each day with the baby in her arms. Nichola Kesson, Operations Support Officer at the JN Barbican MoneyShop, was on hand for the presentation.

6. Caribbean Development Bank Board of Governors Luncheon
President of the Barbados-based regional financial institution, the Caribbean Development Bank (CDB), Dr Warren Smith, is warmly greeted by Earl Jarrett, General Manager, Jamaica National Building Society, as he arrives for a luncheon sponsored by JNBS for the Board of Governors of the CDB at the Hyatt Ziva, St James, May 17, 2016. The luncheon was part of events to mark the CDB's 46th Annual General Meeting held at the Montego Bay Convention Centre from May 16-20.

Group Pictorial Overseas

1. FLORIDA

JN REWARDS LAUNCHED IN FLORIDA

Hazelle Rogers (centre), Mayor of the city of Lauderdale Lakes, supported the JN team of Debbie-Ann Williams (left), Partnership and Community Relations Officer, JN Bank and Carmen Bartlett, Regional Manager of JN Money Services Ltd. (USA), during the JN Rewards launch event held at the JN Money Transfer Office in Lauderdale Lakes on January 26, 2017.

2. UK

'LAFF FROM ABROAD' COMEDY TOUR

Leon Hamilton (centre), Chief Representative Officer at the JN UK Representative Office, engages Jamaican comedians, Ity (left) and Fancy Cat during a welcome reception hosted for visiting comedians participating the JN UK Representative Office sponsored 'Laff from Abroad' comedy tour. The reception was held at the Black Cultural Archives, London on May 25, 2016.

STAY FOUNDATION SUPPORTED BY JN UK REPRESENTATIVE OFFICE

3. Clevon Crawford (right), Senior Member Service Representative at the UK Representative Office, presents a gift package to Marilyn Dennis, Director of the Stay Foundation in the United Kingdom. The Foundation received the backing of the JN Representative Office for its annual fundraising event, which is held to support Jamaican immigrants in the United Kingdom who are in need of assistance for housing and legal immigration representation.

4. CANADA

JN GROUP EXPO, CANADA

Some 5000 Jamaican-Canadians and friends of Jamaica benefited from investment information from The Jamaica National Group and government agencies in Jamaica. The occasion was the JN Group Expo held at the Pearson Convention Centre in Brampton, Ontario on March 25, 2017.

Group Pictorial Member Companies

JN MONEY SERVICES

1. JN Money Transfer Escape to the Caribbean Promotion

Lisa Hall (centre) is presented with her prize for a trip to a Caribbean destination of her choice from Lisa Reynolds-Poorman, Agent Coordinator, North East JN Money Services USA Inc. and Harry Bhoorasingh, Regional Manager, North East JN Money Services USA Inc. Mrs. Hall was one of two winners chosen in the JN Money Transfer Escape to the Caribbean Promotion, which ran from February to April 2016.

2. JNMS Christmas Luncheon

Jeremiah Welsh (left) a resident at the Marie Atkins Night Shelter, poses for a photo with Natasha Levy, Marketing Manager, JN Money Services, owners and operators of the JN Money Transfer brand. Welsh was one of almost 200 persons treated to a Christmas luncheon on December 19, 2016 by JN Money Transfer.

JN SMALL BUSINESS LOANS LTD.

3. JNSBL Luncheon and Board Tour

Errol Frith (left) of My Own Creations, shows a drawstring bag he made to Karl Samuda (centre), Minister of Industry, Commerce, Agricultures and Fisheries and Thelma Yong, Deputy General Manager, JN Small Business Loans Ltd. (JNSBL). They were at the JNSBL Luncheon and Board Tour held at the Jamaica Conference Centre on December 9, 2016.

4. JNSBL Barber and Beauty Battle

Marlon Phillips (right) winning barber in the JN Small Business Loans (JNSBL) Barber and Beauty Battle, is presented with a replica of his cheque by Gillian Hyde, General Manager of JNSBL. They were at the finals of the JNSBL Barber and Beauty Battle held at the National Indoor Sports Centre on April 10, 2016.

Group Pictorial Member Companies

JN FUND MANAGERS LTD

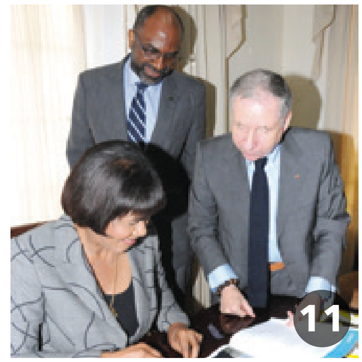
5. Junior Achievement Company of Entrepreneurs
Abigail Smith (left) tells Delories Jones, Senior Vice-President, JN Fund Managers, about her Strawberry Surprise, Glorious Guava and Apple cupcakes. The young entrepreneur was able to start three businesses through the Junior Achievement Company of Entrepreneurs programme, managed by Junior Achievement Jamaica. JN Fund Managers sponsors eight schools participating in the programme.

6. Staff Invest Your Bonus and Win Promotion
Gayon Knight (left), Compliance Manager, JN Fund Managers (JNFM) and Delories Jones (right), Senior Vice-President, JNFM, present a 40-inch Samsung Smart TV to grand prize winner, Shandyholl Walker, in the staff 'Invest Your Bonus and Win' Promotion. The presentation was made at the JNFM offices on January 30, 2017. The Promotion was open to all employees who signed up for a JN Mutual Fund during the promotional period.

JN GENERAL INSURANCE COMPANY LTD

7. Chris Hind (second right), General Manager, JN General Insurance Company Ltd., in discussion with (from left), Dr. Parris Lyew-Ayee, Director of the Mona GeoInformatics Institute (MGI); Orville Johnson, Executive Director, Insurance Association of Jamaica; and Errol Gregory, Economist, University of Technology, Jamaica. They were discussing an MGI-developed virtual reality representation of New Kingston used in disaster simulations.

8. Chris Hind (left) General Manager, JN General Insurance Company (JNGI) and Gregory Mair of the Royal Jamaica Yacht Club fishing tournament committee, entertain students of the Port Royal Basic School on new swings on October 12, 2016. They were participating in the handing over ceremony after the Port Royal Basic School was refurbished by contributions from the Royal Jamaica Yacht Club Fishing Tournament, along with JNGI and members of the angling community.



JAMAICA AUTOMOBILE ASSOCIATION

9. Road Safety Rules

William Hill, Project Officer for the JAA Junior Club, secures a directional sign to the wall of a passage way of the Spanish Town High School as part of the 'Know the Road, Know the Code' project. The aim of the project is to sensitise students to the importance of being aware of road safety rules and signs to encourage better road use practices.

10. Helping Members

Horace Douglas (left), JAA chauffer services driver, and Clint Guthrie, JAA Driving instructor, use ply boards to secure the windows of a member's house in anticipation of the high winds that were expected to accompany Hurricane Matthew.

11. Road Safety

Earl Jarrett (rear), Chairman of the Jamaica Automobile Association, looks on as Jean Todt (right), the United Nations Special Envoy for Road Safety and President of the Fédération Internationale de l'Automobile (FIA), guides Portia Simpson Miller, then Leader of the Opposition People's National Party, through materials published by the FIA. The occasion was a courtesy visit to her office on August 9, 2016 by a team from the FIA.

JN LIFE INSURANCE COMPANY LTD

12. Oliver Tomlinson (second right), General Manager, and Dr. Damian Ffriend (right), Sales and Services Manager, JN Life Insurance Company, explain the various products offered by the subsidiary to two soldiers from the 3rd Battalion of the Jamaica Defence Force. The occasion was the signing of a Memorandum of Understanding between JN Group and the Jamaica Defence Force on July 27, 2016.

13. Community Health Expo

A JN Foundation Act!on Jamaica volunteer and children provided entertainment at the JN Life Insurance Community Health Expo at the Florence Hall Community Centre in Trelawny in May 2016. The community health expo was staged to promote healthy lifestyles among a wider cross section of Jamaicans, particularly those in rural communities.

Group Pictorial Sports

1. JN VISA/KSAFA Jackie Bell Knockout Competition Launch

Ambassador A.B. Stewart Stephenson (left), President of the Kingston and St Andrew Football Association (KSAFA), accepts a sponsorship cheque from Leon Mitchell, then Assistant General Manager, Jamaica National Building Society, at the launch of the JN VISA/KSAFA Jackie Bell Knockout Competition Launch held at the JN Chief Office on December 6, 2016.

2. JN-sponsored 20th Inter Kindergarten & Basic School Championships

More than 200 students, ranging from three to six years, from 12 schools, participated in the JN-sponsored 20th Inter Kindergarten & Basic School Championships held at the Constant Spring Mini Football Club on May 13, 2016.

3. JN Open Tennis Championship Kiddies Clinic

Young tennis players learn tennis techniques from Yuki Kawase, a Japanese Coach on loan to Jamaica for two years via the Japanese Embassy, and assigned to the governing body, Tennis Jamaica. More than 50 primary school students, who are members of the JN School Savers' Programme, participated in the second JN Open Tennis Championship Kiddies Clinic held at the Liguanea Club on December 4, 2016.

Sports

4. JN Open Tennis Championship
Damion Johnson emerged first place in the men's singles of the JN Open Tennis Championship played at the Liguanea Club on December 10, 2016. Michaela Stephens won the women's singles.

5. JN Racers Grand Prix
From left to right: 100-metre and 200-metre sprinters, Nickel Ashmeade, Usain Bolt, world record holder; and Yohan Blake, proudly display their trophies at the JN Racers Grand Prix held at the National Stadium on June 1, 2016. Several local and international athletes competed in the one-day event.

6. JN Bank Parish Netball Open League
Carlene Edwards (second right), Sales Promotions & Events Manager, JN Bank, presents a sponsorship cheque to (from left) Ali McNab, special adviser to Minister Olivia Grange and Dr. Paula Daley Morris, President of Netball Jamaica for the islandwide expansion of the JN Bank Parish Netball Open League. Denzil Wilks, General Manager, Sports Development Foundation, witnesses the presentation, which took place at the JN Bank Chief Office on February 23, 2017.

Group Pictorial
Staff

1. JN Group First Retreat
JN Senior Managers and Executives share a group photo with CEO, Earl Jarrett (standing fifth from left) at the first retreat of The Jamaica National Group Ltd. held at the Jamaica Pegasus Hotel on March 21, 2017.

2. JN Speakers' Bureau launched
Tanya Pringle (left), Senior Manager, Corporate Communications, The Jamaica National Group, presents the JN Speakers' Bureau gavel to Nakeeta Nembhard (centre), then President, JN Toastmasters Club at the launch of the JN Speakers' Bureau website, www.jnspeakersbureau.com on February 28, 2017. Sharing in the occasion is Distinguished Toastmaster Essie Gardner.

3. Independence Day Celebrations
Employees in the JN UK Representative Office celebrate Independence Day - August 2016.

4. Florida Netball Classics
The JN Netball team, which won the dress parade, accepts the trophy at the 25th Annual Florida Netball Classics at Carter Park, Sunrise, Florida on November 20, 2016. More than 20 teams from across the world competed in the tournament.

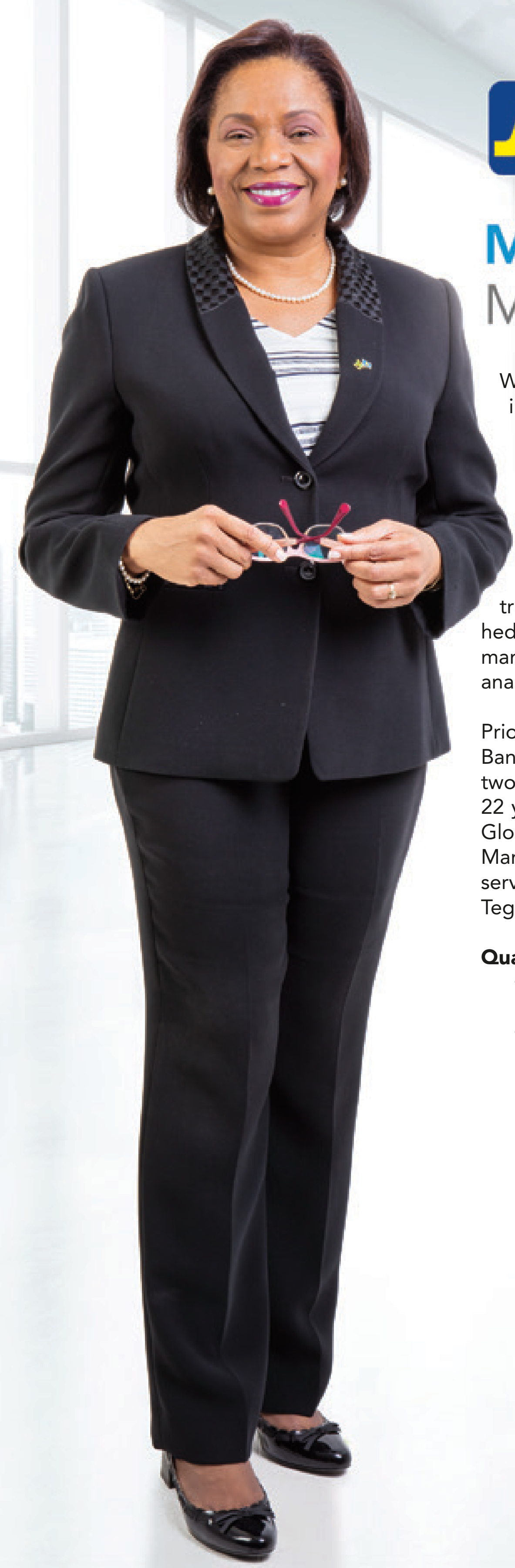
Staff

5. Together We are Strong
Employees participate in the shooting of the 'Together We are Strong' music video at Hope Zoo in December 2016. The song was released to commemorate the historic transition of the Jamaica National Building Society to JN Bank and to demonstrate Group employees' pride.

6. JN Finance team donates to Sophie's Place
Opal Bailey (left), Manager of Sophie's Place - an apostolate of the Mustard Seed Communities; and Christine Watson (second left), Matron, Sophie's Place; are delighted to receive a donation of supplies from the Finance Team at Jamaica National. The presentation took place at Sophie's Place in Gordon Town on December 15, 2016. Sophie's Place is home to 20 mentally and or physically challenged children. For the past eight years, JN employees have been providing financial and other support to children they have adopted at the Home.

7. JN Wall of Fame
Earl Jarrett (left), General Manager, and G. Andre Latty, Group Human Resource Development Executive, Jamaica National Building Society, look admiringly at the achievements of eight outstanding employees on the JN Wall of Fame. It is the first of its kind in the JN Group and was unveiled on Floor One at the Society's Chief Office on October 18, 2016.

8. JNBS Special General Meeting
Earl Jarrett (left) General Manager, JNBS, has the captive attention of Sheree Lee (centre), Corporate Planning Manager, JNBS; and Curtis Martin, Assistant General Manager, JNBS; at the Special General Meeting at the Jamaica Conference Centre on November 14, 2016.



Maureen Hayden-Cater

Managing Director

With more than 30 years of experience in the local and international financial services industry, Maureen Hayden-Cater brings a wealth of knowledge to the JN Bank with her appointment as Managing Director, effective October 2015.

Ms Hayden-Cater, an exceptional corporate leader, has extensive experience in transforming business models into greater profits and productivity. She also has a proven track record in developing and implementing corporate vision, hedging organizational risks, operational efficiency and expense management, Credit Risk management, economic and market analysis, Trade Finance and Change management.

Prior to her appointment, she served as President of First Global Bank and as President of the Jamaica Bankers Association for two consecutive terms. She has served Citibank NA Jamaica for 22 years in a number of executive positions, including Head of Global Transaction Services and Commercial Bank, Head of Risk Management and Head of International Trade Finance. She also served as Corporate Bank Head and Country Risk Manager in Tegucigalpa, Honduras, for four years.

Qualifications

- Master of Science, Quantitative Economics and Econometrics, The University of the West Indies (UWI)
- Bachelor of Arts Degree, Economics and Mathematics, UWI

1 **Saniah Spencer**
Chief – Marketing &
Product Development

2 **Janice Longmore Robinson,** CFA
Chief – Operations

3 **Keisha Melhado-Forrest**
Chief – Credit Risk
Management

4 **Steve Distant**
Chief – Sales

Fund Managers Ltd.

Allan Lewis

Managing Director

Allan Lewis joined JN Fund Managers (JNFM) as Managing Director in October 2016 and has already immersed himself within the JN Fund Managers and wider JN Group families. An astute, dynamic and experienced financial services professional, his 30-year career has spanned a wide variety of financial markets, and he has an excellent track record of developing and leading teams to achieve results.

Prior to joining JNFM, Allan worked with several local financial institutions, the most recent being Victoria Mutual Building Society, where he was responsible for Enterprise Risk Management, Enterprise Project Management, mergers and acquisitions, as well as the business units providing wealth management, money transfer, and pension funds management and administration services.

Allan is an Associate of the Society of Actuaries. He also achieved a BSc (Hons), Actuarial Science degree from Western University, Ontario, Canada, as well as an MBA, Actuarial Science and the Ed.M., Urban Education degrees from Temple University, Philadelphia, USA. He received USAID and Commonwealth scholarships to pursue his graduate studies.

He has served as Chairman of the Pension Funds Association of Jamaica, and led the advocacy body to improve the relationship and communication with its regulators. Up until June 2016, he served as Chairman of the Jamaica Stock Exchange (JSE), focusing the organisation to maximize shareholder value. During his tenure as Chairman, the JSE was recognized by Bloomberg as the number one performing stock market index in the world in 2015.

Allan is deeply involved in his community. He currently serves as Chairman of the Operations Committee of the Professional Football Association of Jamaica, is a member of the Kiwanis Club of North St. Andrew and continues to mentor final year students at The University of the West Indies. He is a Director of Consolidated Foods Limited in St. Lucia.

JN Fund Managers Ltd.

1 **Patrick Blake**
Senior Manager, Accounting

2 **Delories Jones**
Senior Vice President, Sales and Business Development

3 **Jermaine Deans**
Deputy General Manager

4 **Sharon Whitelocke**
Deputy General Manager

JN GENERAL INSURANCE

Chris Hind

General Manager

Chris Hind brings a wealth of experience in risk management within the Jamaican financial sector and sound knowledge of fiscal regulatory procedures to the oldest general insurance company in Jamaica. He has served as Head of Operational Risk for the JN Group; and, prior to entering the financial sector, was in charge of Special Investigations at the Revenue Protection Division of the Ministry of Finance and Planning.

He was appointed General Manager of NEM Insurance Company (JA) Limited in 2007; and was instrumental in guiding the re-branding of the company to become JN General Insurance Company Limited (JNGI) in 2012. Under his leadership, JNGI has delivered a much improved underwriting performance, rolled out an industry leading corporate outreach program and achieved excellent satisfaction ratings from its brokers and customers.

Chris is a graduate of the University of Bristol and the Cranfield School of Business in the United Kingdom. He is a member of the Executive Committee of the Area Four Police Civic Committee and President of the Jamaica Squash Association. He likes to travel, is a keen student of current affairs and modern history and plays squash to keep fit.

JN GENERAL INSURANCE

1 **Andrea Gordon Martin**
Assistant General Manager
Operations

2 **Karlene Leveridge**
Senior Manager
Human Resource Development

3 **Shelley-Ann Walker**
Senior Manager, Compliance

4 **Lynford Reece**
Senior Manager, Distribution

5 **Deanne Pryce**
Assistant General Manager
Finance and Administration

6 **Harrel Linton**
Senior Manager, Management
Information Systems

Life Insurance
COMPANY LIMITED

Oliver Tomlinson, JP
General Manager

Oliver Tomlinson has been at the helm of JN Life Insurance since it began underwriting life insurance business in 2013. He has been working in the financial industry for the past twenty years, with managerial experience in remittances, foreign exchange trading and life insurance. Prior to joining the private sector, he worked as a teacher for five years, specializing in deaf education and the teaching of mathematics.

As the head of JN Life Insurance, Mr. Tomlinson established the strategic direction and has guided the company on a profitable growth path since its commencement of business. He has guided the team at JN Life to develop products designed to meet the needs of JN Life's parent company, as well as to provide insurance coverage for other institutions.

He is Chairman of the Board of Trustees for the Jamaica Business Council for Health Awareness (JaBCHA), an executive member of the Insurance Association of Jamaica (IAJ) and a member of the Jamaica Association of Insurance and Financial Advisors (JAIFA).

Mr Tomlinson holds a Master in Business Administration from the Florida International University, a Bachelor of Science degree in Government from The University of the West Indies and a Teaching Diploma in Special Education from the MICO University College.

Life Insurance
COMPANY LIMITED

Damian Ffriend, Ph.D, JP
Sales and Service Manager

Davia Brown
Senior Manager
Finance and Investment

Sandrina Watkins
Operations and Product
Development Manager

Horace Hines
General Manager

A strong team player and professional with more than 20 years of experience at the Jamaica National Building Society, Horace Hines has served the Society in several capacities, as Supervisor at the Annotto Bay and Port Antonio branches and User Support Office. He assumed the role of Acting General Manager of JN Money Services in 2016, following his appointment as Assistant General Manager in 2015. He was appointed General Manager in 2017.

He was previously Money Transfer Network Development Officer at the Jamaica National Building Society in 2003, before transitioning to JN Money Services as Operations Manager. He was part of the project team that led the acquisition of Quik Cash in the Cayman Islands in 2010, and established and managed JN Money Services (Cayman) Ltd. as Country Manager for four years.

Mr Hines holds a Bachelor of Science in Management and a Masters in Business Administration, both from the Nova Southeastern University. He has received certification in Project Management and Marketing from the Mona School of Business and the University of Technology respectively. He has also completed the Jamaican Securities Course (Jamaican Institute of Management) and Stepping up Management – Knowledge Works (Harvard).

Actively involved in the wider community, Horace Hines is a member of the Kingston Cricket Club and former board member of the Building Societies Credit Union. He has served as Staff Director at Jamaica National Building Society and Chairman of the JNBS Sports and Social Club.

JN MONEY SERVICES LTD.

1 **Carmen Bartlett**
Regional Manager, South East
JN Money Services (USA) Inc.
Florida

2 **Harry Bhoorasingh**
Regional Manager, North East
JN Money Services (USA) Inc.
New York

3 **Paula Fennell**
Business Development and Agent Coordination Manager
JN Money Services (Canada) Limited

4 **Martin Gooden**
Assistant General Manager
Finance & Strategic Planning, Performance Measurement and Reporting

5 **Glenroy Henry**
Country Manager
JN Money Services (Cayman) Limited

6 **Diane Augustin**
Territory Manager
JN Money Services (UK) Limited

Gillian Hyde
General Manager

In 2015, Mrs Gillian Hyde was appointed General Manager of JN Small Business Loans Ltd., Jamaica's premier microfinance institution, a company which prides itself in providing access to credit for the MSME sector, thereby enhancing the sector's growth and development.

Mrs Hyde joined the Jamaica National family in 2003 and has served at the building society in several areas: Finance & Accounting, as well as Corporate and Strategic Planning, where she spent a number of years and was integral in charting the path for the achievement of significant milestones throughout the Society. She later assumed the role as Member Ombudsman and Executive in charge of Customer Service with responsibility for delivering a great customer experience through all channels.

Mrs Hyde holds a Master of Science in Management Information Systems and Bachelor of Science in Management Studies & Psychology from The University of the West Indies. She has also participated in key development programmes, including a certificate course in Strategic Leadership in Inclusive Finance from the Harvard Business School.

She is an active member of the school community and has served as President of the Parent Teacher Association at Mona Preparatory School and currently serves as Team Manager of the St. Andrew High School for Girls.

SMALL BUSINESS LOANS

Keisha Bent
Senior Manager - Finance, IT and Administration

Thelma Yong
Deputy General Manager

Marcia Patterson-Baugh
Senior HR Business Partner

JN CAYMAN

Damion Hylton
Managing Director

Damion Hylton was appointed Managing Director of JN Cayman, formerly the National Building Society of Cayman (NBSC) in April 2016. With more than 13 years experience working in the financial sector, he is an experienced change manager, with the proven ability to improve operations, achieve strategic goals, increase deposit and loans growth and generate sustained profits.

He has previously worked with the JMMB Merchant Bank and the National Commercial Bank.

Damion Hylton received the Masters in Business Administration (Distinction), Banking & Finance, from the Mona School of Business, The University of the West Indies (UWI) and has a first degree in Management Studies (First Class Hons), with a minor in Economics from UWI.


JN Rewards
Everyday Savings
GET GREAT
DISCOUNTS
WHEN YOU
SHOP WITH...
JN Bank
JN Rewards
VISA
GOLD
1-888-456-5483
www.jnrewards.com • www.jngroup.com

The transformation of the Jamaica National Building Society and its subsidiaries on February 1, 2017 has led to the creation of a mutual holding company, The Jamaica National Group Limited, which sits at the helm of a new corporate structure. The non-financial entities previously owned by the Society were re-organised and placed under the direct ownership of an intermediary holding company, the MCS Group Limited, which in turn is wholly owned by The Jamaica National Group.

This streamlined corporate architecture conforms to the requirements of the Banking Services Act and importantly, positions the group of companies to leverage its diversity and respond more effectively to emerging business opportunities. As a non-financial holding company, the MCS Group fosters conditions for the optimal growth of each subsidiary business unit and the Group as a whole.

Headed by Managing Director, Onika Miller, the company was incorporated on August 18, 2016 under the Jamaican Companies Act. Its principal activities include the provision of management services and holding of investments in entities that engage in non-financial services as their main business line/activity.

For the seven and a half months ended March 31, 2017, the total equity attributable to equity holders of the company was $1.88 billion.

The MCS Group consists of the following subsidiaries: **Management Control Systems Limited**, one of the leading information and communication technology companies in the Caribbean; **Jamaica Automobile Association (Services) Limited** is an automobile club which offers premier roadside assistance, transportation services and promotes road safety; **The Creative Unit Limited**, which provides advertising, digital printing, branding and event planning services; **JN Properties**, that provides property management, maintenance and rental services; and **Total Credit Services Limited**, which offers debt recovery services.

For the year ended March 31, 2017, the Group's profit after taxation was $247.8 million and operating revenue was $2.64 billion.

During the year, the MCS Group embarked on a process of establishing a solid foundation upon which to grow each of the non-financial services businesses, paying attention to systems, institutional capacity and defining its strategic intents.

During the financial year, Management Control Systems Limited (MC Systems) successfully generated in excess of J$1.6 billion in gross revenue, which represented a 28.5 per cent increase over the previous year. It also expanded its products and services with the launch of three innovative new products: the **Cardless Cash Deposit ATMs**, **Bizpay Cash** and **PAME**, "**Payroll Audit Made Easy**", a sophisticated suite of audit tests designed to improve payroll processes.

MC Systems has been improving its export business during the past five years, which contributed to its recognition by the Jamaica Exporters' Association as Champion Exporter for 2016.

During the fiscal year, the Jamaica Automobile Association (JAA) completed the merger of its operations with Manufacturers Credit and Information Services Limited (MCIS), within the restructuring of The Jamaica National Group. This resulted in the expansion of its product offerings, as JAA continued to meet its mandate as a road safety advocate and mobility stakeholder.

The new products and service offerings include the JAA ADVANCE card, fleet management services, and related customer-engagement activities. This enabled the Association to boost its service to its membership and corporate customers, while providing revised packages for new customers.

During the period, the Association responded to 10,000 emergency calls, reflecting a 15 per cent increase of the company's core mandate of providing roadside assistance to members; the Driving Academy experienced moderate growth of 10 per cent; and the JAA Chauffeur Services commenced the provision of shuttle services for entertainment and corporate events across the country.

A dynamic innovative force, The Creative Unit has helped to strengthen the JN Brand over the years and with the reorganisation of The Jamaica National Group, is expanding its capacity to attract additional business outside of the Group. For the fiscal year, TCU generated operating revenues in excess of $300 million.

The highly innovative and distinctive services offered by TCU include creative design and production, advertising placement, branding, event planning and execution and digital printing. During this financial year, the TCU team successfully planned and seamlessly executed the rebranding of all JN Bank locations; staged three simultaneous launch events; and designed and produced 'THE BANK YOU OWN' advertising campaign.

JN Properties Limited provides property and project management, valuations and advisory services for the real estate portfolio of The Jamaica National Group, which includes the supervision of their attendant maintenance, janitorial and related services contracts. The portfolio mix includes commercial buildings, land, residential buildings, ATM locations and parking lots.

The JN Properties team manages all renovation and construction projects for the Group, from start to finish. During the upcoming year, the company, led by Lieutenant Colonel (Retired) Garfield Prendergast, will be focused on building further institutional capacity, refining its processes, and expanding its client base and property portfolio.

Total Credit Services Limited (TCS) seeks to satisfy its clients by providing exceptional service in asset recovery. To achieve this, TCS is committed to the highest level of ethical standards, respect and excellence in its dealings with customers, colleagues, members, suppliers, regulators and the communities that they serve.

Under the guidance of former General Manager, Suzette Campbell, for more than a decade, TCS increased its debt management portfolio from $2 billion in 2003 to $6.3 billion in 2017. During the past three years, TCS assisted the Jamaica National Building Society (JNBS), now JN Bank, to significantly reduce its principal balance of accounts in arrears from a high of 5 to 6 per cent to a low of 3 to 4 per cent.

TCS will continue to play a leadership role in the development of the debt management industry in Jamaica and the Caribbean region, and expand its suite of services beyond banking clients to other sectors including education, government and utilities.

Onika Miller
Managing Director

Onika Miller was appointed Executive for Government Relations and Public Policy, Jamaica National Building Society in October 2015. In this role, she focused on strategic engagements with government agencies and other public sector entities, developed strategies to identify and create new business opportunities for JN, as well as maintained linkages with regulators, governing bodies and corporate entities.

With the restructuring of The Jamaica National Group on February 1, 2017, Ms Miller was appointed Managing Director of the MCS Group, leading the subsidiaries of the JN non-financial group.

She previously served as Permanent Secretary in the Office of the Prime Minister for nearly six years, where she provided technical and policy support to three Prime Ministers. As Permanent Secretary and Accounting Officer she was responsible for the direct management and control of the Office of the Prime Minister and for the supervision and oversight of the various public bodies falling within the portfolio of the Ministry. Ms. Miller also provided technical support and advice regarding the visits of Heads of Government/State to Jamaica. Additionally, on many occasions, she represented Jamaica in bilateral meetings with Government leaders of CARICOM countries and with Heads of State of several other countries.

As a sure-footed public servant employed to the Government of Jamaica since 1996, she has also worked in several other capacities, including Chief Technical Director of the Office of the Cabinet and Director of the Local Government Reform Programme.

Ms. Miller was the Chairperson of the Policy Committee of the Permanent Secretaries Board. She previously served as a board member on several public bodies, including the PetroCaribe Development Fund, Jamaica Social Investment Fund, Jamaica National Heritage Trust and Fiscal Services Ltd.

Qualifications

- Master of Business Administration (Hons.), University of New Orleans
- BSc (Hons.), Zoology, The University of the West Indies

Donna Mesquita
Senior Manager, Marketing

Paul Samuels
Chief Financial Officer

Dwayne Russell
General Manager

Dwayne Russell joined Management Control Systems Limited (MC Systems) in 1995 as a Senior Accountant. In May 2016, he was appointed General Manager of the company, then a subsidiary of the Jamaica National Building Society. As the building society was restructured in 2017, Mr Russell continues to head MC Systems, now a subsidiary of The Jamaica National Group.

In his more than two decades at MC Systems, Mr. Russell has held several leadership roles in the areas of finance, sales & marketing, business development, product development and support.

As Finance Manager, he was instrumental in restructuring the department, incorporating the Solomon Accounting Software, which enabled the integration of all software and resulted in improve efficiencies. He also spearheaded a credit policy that led to a 75 per cent reduction in the company's annual bad debts and implemented cash management strategies, which resulted in cash reserves in excess of $150 million.

The company's Electronic Phone Card Division grew during his tenure as Assistant General Manager, as his team fused marketing, sales, information technology and customer service strategies to make their division the most profitable in the company.

He also managed the implementation of new business lines, which gave MC Systems access to companies in countries across the Caribbean, improving MC Systems' export business; and contributed to its recognition by the Jamaica Exporters Association (JEA), as Service Champions or Runners up for the years 2012 to 2015 and emerging as the Champion Exporter for 2016.

Mr. Russell holds the ACCA certification and a Diploma in Business Administration, Accounting major, from the University of Technology, Jamaica. He also holds certificates in Project Management, Business Analysis, Data Analytics and Unix Database Administration.

He is a member of the Jamaica Computer Society, Electronic Transaction Association (ETA) Payment Sales and Strategy Committee, Institute of Internal Auditors and the Institute of Jamaica (IOJ) Finance Committee for: ACL Audit Command Language; Project Management and Microsoft Projects; and UNIX Database Management.

MC SYSTEMS

Horace Sinclair
Senior Consultant
Services

Joseph McKinson
Senior Consultant
Partner Relationships

Colin McGann
Assistant General
Manager

William Dewar
Assistant General
Manager

Donna Carroll
General Manager

Donna Carroll, a skillful "brand designer" and noted "corporate image maker", has been at the helm of the creative machine behind the JN Group since 2001. Mrs Carroll brought her expertise, along with a talented team of professional designers, graphic artists and event planners, to put a new "face" on the Jamaica National Building Society (JNBS) and its subsidiary companies in the JN Group.

From 2004, under her dynamic leadership as General Manager of The Creative Unit (TCU), Donna Carroll's team members demonstrated their individual competences in designing logos, conducting dynamic print and electronic media advertising campaigns and orchestrating memorable events.

A 'no-nonsense' stickler for professionalism, Mrs Carroll was instrumental in guiding the logistics for the organisation of several major local and regional conferences, in which the Society had direct or partnership responsibilities. Some of these events included: The Northern Caribbean Conference on Economic Cooperation, held in The Cayman Islands, in 2010; Jamaican Diaspora Conferences in 2011 and 2013; and the Caribbean Association of Banks' Regional Conference, held in Montego Bay, St. James in 2012. Under her stewardship, TCU won numerous awards for "Best Booth," in its promotion of JN's products and services.

Mrs. Carroll's advertising and promotional skills were honed and tested during her distinguished services to recognised entities such as: Springer Verlag Publishing Company, New York 1973-74; Lindo FCB, 1974-85; Creative Sounds Limited, 1985-86; and Dunlop Corbin Communications, 1986-2000.

Back to contents

THE Creative Unit LIMITED

Terence Tracey
Art Director

Tiffany Recas-Hay
Production Manager

Therese Pasmore
Senior Account Executive

Duane Ellis
General Manager

Duane Ellis, a professional trainer, joined the JN Group in 2005 and was appointed Operations Manager of the Jamaica Automobile Association (JAA) in October 2006, with responsibility for the Association's automotive services, information systems and client services. Following his successful achievements in this area, Mr Ellis was appointed General Manager in 2010.

Mr Ellis was instrumental in expanding the auto club's fleet management business; and carried out research and training of the technical staff, in collaboration with the American Automobile Association. He also conceptualized and established the Approved Auto Repairer (AAR) programme, aimed at raising and setting new maintenance standards for service delivery in the auto repairs sector. A strong advocate for road safety, he works closely with the National Road Safety Council; pilots road safety initiatives in schools; is an active participant in the Federation Internationale de l 'Automobile (FIA), the global motoring organisation and has been representing the JAA at international conferences and training seminars with the FIA since 2007.

Mr Ellis has over 19 years experience in automotive repairs and a very keen understanding of the automotive industry. He is the current president of the Jamaica Driving Instructors Association (JDIA). He also has membership in the NAFA Fleet Management Association, International Association of Emergency Managers, DIA Driving Instructors Association and in the Rotary Club of St Andrew North.

He is a graduate of the Mico University College and has recently completed Leadership Training with the FIA University, in conjunction with ESADE Business School. He has also received training in Business Management and Development from Harvard Business School and Mona School of Business.

Kevin Nightingale
Acting General Manager

Kevin Nightingale was appointed Acting General Manager of Total Credit Services (TCS) on July 1, 2017. He joined the Jamaica National Building Society (JNBS) in 2004 as a Mortgage Collector and subsequently joined Total Credit Services Limited in 2006 as Loan Recovery Manager, where he managed the day-to-day collection and recovery operations of the company.

He began his career in the financial sector in 1985, working at National Commercial Bank (NCB), Bank of Nova Scotia and Dennis Joslin Ja (Inc). Over the years, he has acquired invaluable experience in loan recovery and has logged more than two decades of knowledge and experience in handling bad debt portfolios.

Mr Nightingale has developed a unique ability to negotiate payment resolutions with the owners of distressed loans, employing a 'win win' strategy. He is also highly informed about debt collection software solutions, such as: Debt Manager, Tsys, and Integrated Collection Management System (ICMS).

A past student of York Castle High School, he is actively involved in community life. He has served as President of his community's Citizens' Association for eight years and is still an executive member. His other interests include: sports, music, travelling and photography.

Lieutenant Colonel (Retired)

Garfield Sean Prendergast, JP

General Manager

Lieutenant Colonel (Retired) G S Prendergast joined the Jamaica National Building Society in 2014 as Executive, Administration. In June 2017, he was appointed General Manager of JN Properties Limited, with responsibility to guide property and project management services for The Jamaica National Group.

He has served as a Commissioned Officer in the Jamaica Defence Force (JDF) for over thirty (30) years and was previously seconded from the JDF to the post of Commissioner of Corrections, Department of Correctional Services during the period 22 March 2010 to 30 June 2013.

He successfully completed an Officer's Selection Board and joined the JDF in June 1983. He underwent basic military training and was commissioned in the rank of Second Lieutenant in 1984. He was promoted to Lieutenant in 1986, Captain in 1990, Major in 1998 and Lieutenant Colonel in 2005.

Lieutenant Colonel (Retired) Prendergast has held a number of major military appointments, including Infantry Company Commander, Battalion Intelligence Officer, HQ JDF Assistant Staff Officer (Personnel), acted as the Training Major for the Third Battalion the Jamaica Regiment (National Reserve) and Commanding Officer of an Infantry Battalion. He was also appointed Standards Officer for the Caribbean Junior Command and Staff Course in 2002 and again in 2003.

Qualifications

- Master of Arts Degree in International Studies, King's College London, UK
- Master of Science Degree in National Security and Strategic Studies, The University of the West Indies
- Diploma in Human Resource Management, Institute of Management and Production, Jamaica
- Diploma in Counter-Terrorism Studies, National Defence University, Washington, DC, USA
- Certificate, General Management Studies, Management Institute for National Development, Jamaica

Military Training

- Royal College of Defence Studies Course in London, UK
- Regional Defence Counter-Terrorism Fellows Program, National Defence University, Fort McNair, Washington, DC, USA
- US Army Command and General Staff Course, Fort Leavenworth, Kansas, USA
- Regimental Signals Officer Course and All Arms Tactics Course, School of Infantry, Warminster, UK
- Basic Officer Training, Indian Military Academy, Dehra Dun, Uttar Pradesh, India
- Basic Military Training, Jamaica Defence Force, Newcastle, St Andrew

Achievements

- Medal of Honour for Meritorious Service to the Jamaica Defence Force
- Distinguished Graduate Award, National Defence University, Washington, DC, USA

SEBI

SOCIAL ENTERPRISE BOOST INITIATIVE

SOCIAL ENTERPRISE:

noun: so·cial en·ter·prise

A purpose-driven business + a profit-making approach that works for our people & planet

= **UNLIMITED PO$$IBILITIE$**

USAID FROM THE AMERICAN PEOPLE

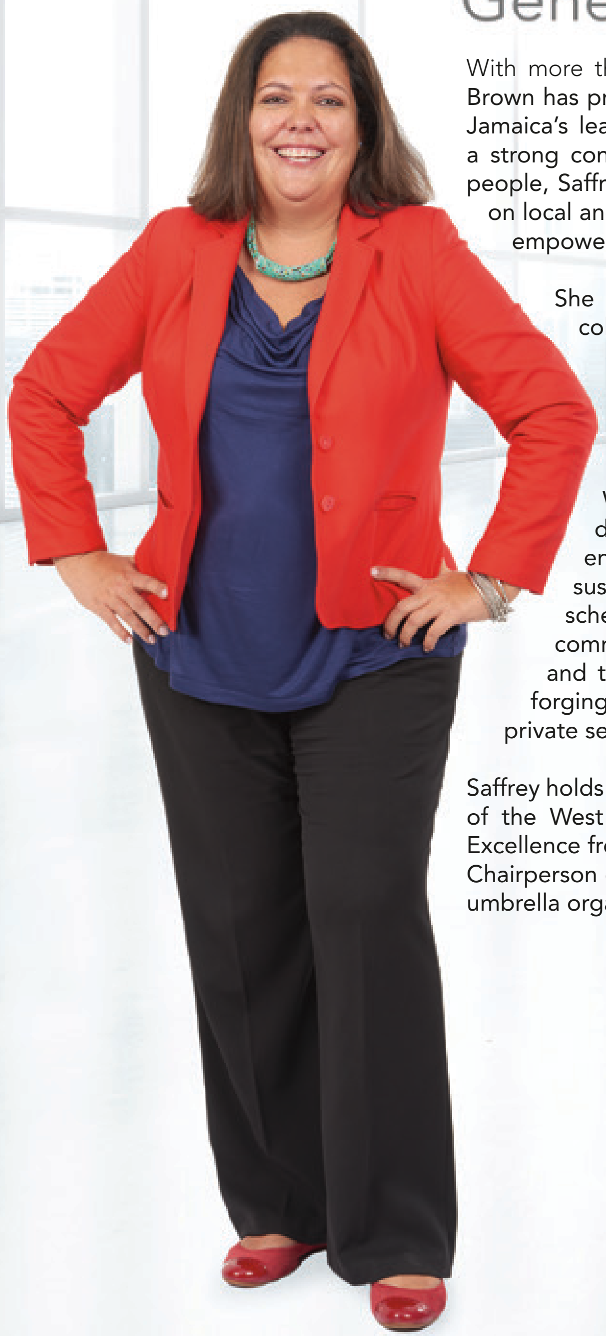
JN FOUNDAT!ON

SUPPORT THE COMMUNITY

E: sebijm@jnbank.com **T**: 1-876-926-1344

@Sebijm

Saffrey Brown
General Manager



With more than 20 years of extensive experience, Saffrey Brown has propelled the JN Foundation to become one of Jamaica's leading corporate foundations in Jamaica. With a strong conviction that the power of a nation lies in its people, Saffrey has forged projects and partnerships, both on local and global platforms, with the prime objective of empowering Jamaicans.

She dedicates a significant amount of time collaborating with partners, stakeholders and communities to identify, develop and provide support to programmes that focus on issues relating to sustainable socio-economic development.

With twenty years of extensive experience in development work, Saffrey specializes in social enterprise and economic development projects, sustainable programming and community grant schemes; and has effectively implemented community regeneration programmes in Jamaica and the United Kingdom. She is also an expert in forging partnerships and has worked in the NGO and private sectors.

Saffrey holds a BA degree in Geography from The University of the West Indies, Mona, and a Certificate in Business Excellence from Columbia Business School. She is currently Chairperson of the Council of Voluntary Social Services, the umbrella organisation for the voluntary sector in Jamaica.

Message from the General Manager

The year 2016 was a year of change for the 142-year old Jamaica National Building Society. During the year, the Society worked to restructure its operations, to transition the building society to a commercial bank.

And with that came the customary inward look, to assess where we are coming from and to ensure we chart the right course for where we want to end up. For the JN Group and indeed the Foundation the plan is the same – help every Jamaican, wherever they may be, achieve their full potential.

So as we prepared for change across the group, we were charged to stay the course within the Foundation, even as we resolved to be leaders and partakers in the change Jamaica needs.

Throughout our member engagement in 2016 we used the theme "This is Your JN" as a reminder to our members about the type of company they have a stake in. As a way of extending that message and affirming the JN DNA we highlight the project activities for the year, talk a little about the beneficiaries and hear a few words from our internal donors.

As the nation's foremost social innovators we have been proud to take on common issues and finish them off with an uncommon touch.

Such was the case for the over-subscribed JN Foundation School Leadership Summit, held in Kingston in July. The **iLead** Team, led by Dr Renee Rattray, staged a global-standard education leadership event that brought together hundreds of educators determined to change the outcome for schools and students. A roster of local and international speakers, including change agent Salome Thomas-El and the dynamic Dr Chris Emdin the Colombia University professor who uses hip-hop music to teach science, bolstered this effort. Even now the education revolution that happened is still reverberating among the interest groups.

Similarly, we championed the cause of the **social enterprise** sector, with a programme extension funded by our partners, USAID, and provided leadership on a policy review process toward the inclusion of a policy framework for social enterprises as part of the MSME revised policy document.

Our BeWi$e **Financial Empowerment** programme continued its work to bring about a financially literate population, filled with people who know how to create their own wealth, and is poised to lead the charge in the new JN Bank in 2017.

All this served to reinforce the JN DNA – a commitment to helping Jamaica and Jamaicans find a way – with the shared value of community development, which exists among the subsidiaries in the group. It is this shared value that keeps the companies in the JN Group committed to the financial support of the Foundation and part of the reason we will feature them in this issue.

The entire JNF team, our partners and our volunteers are motivated by the need to always choose the most innovative path to a solution, and that that solution should be sustainable and have meaningful impact on the community and the people involved.

Who We Are

The JN Foundation focuses on helping to make life better for every Jamaican. Operating on the ethos of the JN Group – using business as a force for good, we seek out the most innovative and sustainable solutions to the nation's greatest social needs.

Consequently when we partner with communities, or people to solve a problem, we hold true to the fact that we are part of the solution the country seeks. But most significantly, success for us is a model where we strengthen and empower community members so they can build and sustain their communities themselves.

What We Do

Our members take centre stage on our **Members' Advisory Council**, where we execute projects that they propose.

We use our Be Wise Financial **Empowerment** programme, along with **Act!on Jamaica**, **The Source Savanna-la-Mar** and the **Social Enterprise Boost Initiative** (SEBI) as our way of ensuring we equip our people to chart their own course and take charge of their own success.

With our decades-old **scholarship programme** – including the recently established, uniquely structured, University of Birmingham-focused Legacy Scholarship, the youth advocacy programme, the **Resolution Project** and the school leadership programme, **iLead,** we are **transforming education and inspiring our youth** toward a better future.

We are **creating safer communities** with our **Road Safety** programme, which comprises the *Police in Schools*, Community First Responders and the *JAA Junior Club*. The amazing stories that make up our **Parish Histories** programme are but one of the ways we promote the preservation of our art, culture and heritage in 'Sweet Jamdung'.

Since 2015 we have partnered with the **Usain Bolt Foundation** – the eponym of the World's Greatest Sprinter – to host an annual Run/Walk in historic Falmouth for the benefit of at-risk girls in the Western part of the island.

Our call to action is **innovate, inspire, impact!** And we make that call to every Jamaican here at home, in the Diaspora and beyond, so that one day we will all be able to experience the stability and prosperity we commonly associate with first world countries.

INTERNAL PROGRAMMES:

Members' Corner

Heroes In Action Run\Walk

Renewing our partnership with the Usain Bolt Foundation for the second staging of the Heroes in Action Run/Walk was one thing. Introducing new features to the event was quite another. For the 2016 staging we wanted to make the event more fun and memorable for the participants. The result? An 8K/4K route – instead of the 5K only that we did in 2015 – complete with a 4K Fun Run with features for the whole family.

The beneficiary for 2016 was the team at the Victim Services Division in the Ministry of Justice, based in the Western parts of Jamaica, specifically, the victim support services that cater to the needs of children who are witnesses in court trials.

In the end we attracted **over 1086 participants.** The activity was made even more special with the participation of Falmouth native, Hon. Usain Bolt, who though he did not run, registered his commitment to support our efforts to improving the realities for the young girls and boys in the parish.

Garth Wilkinson,Trelawny Mayor; Hon. Dr. Christopher Tufton, Minister of Health; Earl Jarrett, CEO, JN Group; Hon. Usain Bolt, Olympic champion.

Haiti Cuba Relief Donation

Jamaica was spared the damage of Hurricane Mathew, but Haiti and Cuba were not. Tapping into the Jamaican spirit of giving and 'caring for thy neighbour' the JN Group, including the Foundation, mounted a call encouraging our internal and external members to make financial donations to the relief effort. The effort, which also used the crowd-funding platform, ISupportJamaica.com, to secure funds, raised about $94,000. The funds were handed over to United Way. We continue to have hope of a complete recovery of our Caribbean neighbours.

Labour Day 2016

Opting to follow the Government's lead to eradicate mosquito-breeding sites and decrease the likelihood of emerging cases of mosquito borne diseases, we, along with a group of our Action Volunteers, offered well-needed support to the administrators of the Kingston Public Hospital (KPH) for the Labour Day clean-up activities at the city's major public health care facility.

The group of nearly 30 volunteers and the staff of the Foundation laboured alongside the National Solid Waste Management Authority, to help with clearing away old furniture and other out-dated equipment in the maintenance area of the hospital grounds, close to the Victoria Jubilee Hospital on the compound.

Diseases such as Dengue Fever, Chikungunya and most recently Zika virus, have become threatening epidemics in the island, affecting the population, work force production and overburdening the health care system.

Twenty-eight Member Advisory Council groups (MACs) outside the locale of the main projects also helped to organize clean-up activities in other parts of the country.

Action Volunteers led by Grants Manager, Rose Miller (right) share a moment with our shutterbug after clearing away the old furniture and out-dated equipment at the Kingston Public Hospital for Labour Day

The donation of two Starkey Hearing Aids means that 14 year-old Johnathan Henry can hear again after an illness led to hearing loss when he was just two years old.

With the donation of office furniture to replace the worn-out and damaged pieces at the St. Ann's Bay Police Station, our MAC members played their part to add a little comfort to the environment of those who serve and protect their community.

On the occasion of the special presentation, Winsome Wilkins, chair of the Usain Bolt Foundation (2nd right) shares a photo-worthy moment with colleagues. The 2015 Heroes In Action Run/Walk resulted in funding to construct a new building at the Granville Place of Safety, in Trelawny, that will house appropriate learning facilities to improve the potential of the girls in the home.

Equipping People

Opal Whyte, Project Manager, SEBI

Inclusion. Innovation. Transformation. These are just a few of the words that come to mind when I think about the work of the Social Enterprise Boost Initiative (SEBI).

Since the project expansion in June 2016, the team and I have been working along with the social enterprises and entrepreneurs to ensure their businesses are more efficient, by providing capacity development and a steadfast focus on the triple bottom line – people, planet and profit.

Consequently, we have been working with incubator participants – which now has 21 entities, up from the 15 we had in the initial phase – to provide them with customized business development services geared towards improving the profitability and growth.

Building a Social Enterprise ecosystem

The JN Foundation and SEBI are the chief architects of the new social enterprise policy framework, which is being included in the revised MSME & Entrepreneurship Policy! This is great for the burgeoning community as it ensures that Social Enterprise is brought into the national dialogue and planning in a strategic fashion.

Even with this development, however, we understand that further growth of the Social Enterprise sector is largely dependent on development in key areas, such as, improved access to finance. To this end, we engaged with the Development Bank of Jamaica (DBJ) to steer financial sector recognition of value creation within the Social Enterprise sector. It should also be noted that the Social Enterprise business model is now identified as an important component of DBJ's strategy for future growth.

Other **Key wins for SEBI since the launch of the new phase:**

- **Social Enterprise 101**

  The seminal publication, Social Enterprise 101, was launched in July 2016. This reference book packages the lessons learnt during the first phase of the SEBI project and makes them available through this easy-to-use guide. While largely based on Jamaican realities, it mirrors many of the issues experienced by social enterprises in the wider region. The guidance provided by Social Enterprise 101 is therefore applicable for setting up, operating and managing social enterprises across the Caribbean.

- **Reference Material**

  SEBI has developed a full complement of manuals and reference material covering areas such as business strategy, marketing, finance and quick-books software.

  In keeping with our inclusive approach, all publications have been converted to braille to accommodate the needs of members of our blind and the visually impaired community.

- **Open Network Sessions**

  We have created an Open Network with members of the wider social enterprise sector, which seeks to promote and strengthen the work and needs of its members and their ability to operate profitably. Some 100 individuals have benefited from training to date.

  Maxine, Doreen, Anna, Peter and I enjoy our work immensely and are committed to helping the sector realize its full potential.

Congrats, Kadeem!

JN Foundation extends congratulations to Kadeem Petgrave, SEBI Incubator member and co-founder of the Social Enterprise, EducaTours JA on his selection and participation for President Obama Young Leaders for the Americas Initiative. Kadeem was one of eight young achievers from Jamaica who were given the opportunity to learn through an internship with a successful US-based industry player.

Kadeem Petgrave, CEO EducaTours JA (right), and Simier Lansend, COO EducaTours JA at the launch event of Social Enterprise 101 Toolkit in Kingston

EducaTours JA is a home-grown tour operator and Social Enterprise that is ensuring that Jamaica's youth have access to visiting cultural and heritage attractions and to experiencing them in new and unforgettable ways through the use of technology.

BeWise Financial Empowerment

Source Savanna-la-Mar

The Source Savanna-la-Mar continues to add value and remains a chief connector of the communities of Russia, Barracks, Seaton Crescent and Grotto in the parish of Westmoreland.

The hosting of 120 events in 2016 is among the highlights of the entity's achievement, as is the staging of the GSAT boot camp, which resulted in five of the 11 students getting their school of choice. With over 3,400 visitors to the centre, summer camp with over 70 children, plus the 49 students who participate in the homework centre programme and the 10 adults who completed computer skills classes, the social enterprise franchise rounded out a year of considerable engagement with the constituents. The entity remains on track to fulfil its mandate of reinvesting its profits into the communities it serves.

The other source franchise locations are: August Town and Marverly (St. Andrew), Ocho Rios (St. Ann) and Treasure Beach (St. Elizabeth).

JN Foundation (re)Sourcing Communities

INNOVATION

The Source franchise is a social enterprise; the profits earned are reinvested into the surrounding communities. There are five franchise locations namely: August Town, Marverly, St. Ann, Savanna-la-Mar and Treasure Beach. With the exception of the Savanna-la-Mar location, all Source locations are independently managed. The Source Savanna-la-Mar is part of the SEBI incubator.

Inspiring our Youth, Transforming Education

Renee Rattray, Ed.D
Director, Education Programmes, JN Foundation

Education is magical!

Education is fun! It's exciting! It's magical!

It is packed with possibilities and limitless rewards. It has the power to transform and empower people and communities. It levels the proverbial "playing field" by creating opportunities for equality, and providing a platform for sustainable economic growth.

Education is awesome!

At the JN Foundation, we keenly understand the power of education; and over the years, we have harnessed its power to assist our schools and consequently our children, to achieve their best outcomes.

In that vein, we have consistently implemented extraordinary programmes to revolutionise the delivery of education in Jamaica, so that our educators can breathe new life into lessons and transform our classrooms into miniature worlds of endless learning possibilities.

Through the innovative Centres of Excellence programme; and the iLead leadership transformation initiative, we have trained leaders and assisted them to embrace new approaches that make teaching fun and learning exciting. In addition, through projects such as, Science Genius Jamaica, to be launched in February 2017, complex formulas and scientific processes will become easily understood songs, which spurted effortlessly from the lips of students hungry for knowledge and eager to learn.

And, armed with cameras, students engaged in the Foundation's Resolution Project have also learned to capture their experiences and express them through the magic of photography.

These programmes are supported by several scholarships awarded at the primary, secondary and tertiary levels, annually, to give our student achievers opportunities and the motivation to learn and succeed.

The power of education is boundless. To tap into it, is to consistently discover new and exhilarating realms, which unlock secrets to achieving impossibilities. By harnessing the power of education, the JN Foundation is transforming lives and providing opportunities for our nation's children and adults; because, like magic, education revolutionises results.

iLead

As iLead continues its work of empowering principals to be effective instructional leaders, Monique Grant-Facey, Principal, Happy Grove High School, Portland, who joined the programme in 2015, shares reflections on the impact that the programme has had on the school:

"It has been a privilege to be part of the JN Foundation iLead project. Undoubtedly as a leader, I have benefited from the varying sessions over the last year, which has helped me to manage the school's resources more efficiently and effectively.

The school's middle managers have also benefited from the training and each has shown improvement in the performance of their duties. This has allowed me to spend more time focusing on being the instructional leader. As a result, we are experiencing improvements in teaching and, most importantly, learning. While these improvements are not where we want them to be, the process of transformation has begun. There is a new emphasis on the culture of learning not only for students but also teachers, as we seek to make our school a better place.

iLead's focus on data has helped us to develop an awareness of using empirical information to drive our decisions. We are so data driven that the Curriculum Implementation Team is constantly carrying out surveys to improve students' performances.

Personally, I want to say thanks to the entire team. You have inspired me so that I can positively impact my students."

Scholarship Programme

Our long-standing scholarship programme provided yet another opportunity for us to contribute to the academic ambitions of nearly 40 students and their families. This included GSAT scholars by parish, our school savers programme and from among our staff population, totalling 37 recipients. We handed out an additional 15 tertiary scholarships, along with a few special awards and our legacy scholarship to the University of Birmingham. We are also pleased to present one of our Resolution Project alumni with a scholarship to Edna Manley College, taking our total awards for the period to 56.

Twenty year old UWI International Relations student Ketrina Codner is the first from her family to pursue tertiary education. Raised by a single mother Ketrina explains that the scholarship programme is "a ray of hope, not only does it provide financial support but it allows for growth and development at the interpersonal level." She also stated that "tertiary education and the opportunities it possesses is a symbol of fundamental change and progress for my family and I – the limitations that were placed on us are no longer relevant to who we decide to become."

Star football player Romario Pusey, like many of our recipients, faced extensive financial hurdles and found himself working as a construction site worker to keep occupied, and out of trouble after graduating from Glenmuir High with eight CXCs and eight CAPE subjects. Through a community intervention initiative by Northern Caribbean University, Romario enrolled at NCU and his 3.68 GPA proves he deserves a place there. Romario sites his "volatile" community of York Town, Clarendon as his biggest motivation – "I can make a difference, rather than becoming a product of utter disparity and segregation. I have decided to rise above this". He likens JN Foundation's scholarships to oxygen as it gave him "life in a semester that was dying, financially".

Ahead of his departure to begin his Master's degree at the University of Birmingham (UoB), scholarship awardee Chevano Baker (2nd right), the 3rd recipient of the JN Foundation/University of Birmingham Legacy Scholarship, paid a courtesy visit to His Excellency, Sir Patrick Allen, Governor General of Jamaica. The party for the visit include JN Group team members (from left) Tanya Pringle, Senior Manager, Corporate Communications, Curtis Martin, Assistant General Manager and Dr Renee Rattray, Senior Manager, Learning Development and Culture and Director, Education Programmes, JN Foundation. Chevano, who hails from rural Manchester, is determined to turn his struggles into a sustainable solution, vowing to "fix Jamaica's financial problem". With a deep and personal understanding of what it is like to struggle to get ahead he intends to complete his studies at UoB, return to Jamaica, work as an actuary and eventually become the governor of the Bank of Jamaica.

Resolution Project

The "Out of Many, One Jamaica" exhibition of the Resolution Project, took on Europe and Mexico in 2016.

Images from the exhibition were featured in activities that commemorated the 50th anniversary of Jamaica's diplomatic relations with Mexico, which ran as part of 'Jamaica Week', March 14-18, as well as part of EU-LAC Foundation's contribution to "Europawoche 2016"- Europe Week 2016, which ran from April 30 to May 9.

A special part of Europe Week was the sale of some of the photos through a silent auction, the proceeds of which were donated to Eve for Life, a project aimed at supporting women and children living with HIV in Jamaica.

In September these 35 GSAT scholarship recipients increased the total of the JN Scholars to 125-strong, enabling the Group to reach into more communities, utltimately making a meaningful difference for many more families across the island.

General Manager, Saffrey Brown, explains one of the JN Foundation Project Resolution images at the opening of the refurbished Jamaica College PTA Shoppe, for which the Foundation provided partial funding.

Some of the 2016 Tertiary Scholarship Award winners. This year four additional awardees were named taking the total to 20 instead of the annual number of 16 recipients.

Creating Safer Communities

Police in Schools Officer: Mi family, we yu se di primary school de?

Community member: Oh afisa! jus fala di road straight an it de pon da side ya (raising his right hand) aafta you pass di deep kawnah!

And that's the GPS for our Jamaican roads. For although the road is neither straight nor the corner really deep, no surer location system exists than a helpful Jamaican from the community.

By the end of 2016, 53,000 students and 3000 parents and teachers give the Police in Schools programme officers the highest grades, complete with reviews such as: "this is what is needed!" "This is practical, down-to-earth and exactly in the way the children can understand".

With that, the Foundation's Road Safety Programme logged another successful period of intervention targeting the nation's children, teaching them road safety practices using real-life scenarios, practical-and-theory-based demonstrations from the Jamaica Constabulary Force (JCF) team.

JAA Junior Club

The JAA Junior Club, powered by the Jamaica Automobile Association and the JN General Insurance Company (JNGI), empowers high schoolers across the island to be responsible road users. The over 150 strong JAA Junior Club members throughout Jamaica have rallied for the cause, involving themselves in educating their peers through posters and brochures that are circulated throughout their schools. Additionally, the implementation of the Big Brother and Big Sister programme has created opportunities for mentoring among students from primary schools in the respective communities. This has set the stage for expansion of the Club programme in the New Year.

First Responders

The community first responders is a partnership with Jamaica Automobile Association, St. John Ambulance, JCF, Jamaica Fire Brigade and the Ministry of Health. Using funds from the Federation Internationale de L'Automobile (FIA) Road Safety grant, 15 participants in the parish of St. Ann, along a crash-prone stretch of roadway, were trained in 2015 to offer emergency post crash care to victims of road traffic accidents. Of the cadre, four have so far saved the lives of six people, sparing at least six families the grief and pain associated with the loss of a loved one. The way these First Responders are prepared to continue giving of themselves is nothing short of heroic. But they will tell you that it is pure joy to be able to help their fellow man.

For us at the Foundation that is 'mission: accomplished'.

The Volunteer: Meet the Foundation's own #CommunityChangeMakers

They come from different places but they share a common philosophy. They are volunteers. Jodi-Ann Bowen, Sebrina Brown, Chevanese Peters and Dwight Walters all work full time with the JN Foundation, but before that they all volunteered with a Foundation activity.

For her part Chevanese or Chev, as she is affectionately called, testified that Act!on Jamaica was the best avenue for her to volunteer, having been raised with a culture of volunteerism. "With Act!on Jamaica I could just volunteer freely on activities that I felt passionate about. Areas such as child care, youth development, homelessness and senior care interested me," she explained.

After hearing about the JN Foundation's volunteer service and meeting Chev at UWI Rotaract Club Jodi went with her on a visit to the Golden Age Home in Vineyard Town, Kingston. It was Jodi's first time doing anything like that. "It was truly an eye-opening experience, because I had not been to a retirement home before", she reflected while adding "When you volunteer, you get a feeling of serene satisfaction knowing that you were able to contribute to a bigger cause, you are able to make a difference in someone else's life."

Sebrina's reason for volunteering with the Foundation was the uniqueness which she explained as follows: "the scope of projects and opportunities were broad and diverse, offering an opportunity to learn something new with each venture."

Dwight was a little more practical. "At the time it (Act!on Jamaica) was the only way you could take part in an all-island project without costing you a dime. JN catered not just to the beneficiaries but also to the individual/volunteers who took the time to chip in with a helping hand."

The four have a range of activities that keep them busy every day but they each still find ways to volunteer for causes. From Dwight's involvement at a basic school in his community in Linstead, St Catherine, Sebrina's participation in the Run/Walks put on by other corporates that support causes dear to her, to Jodi's approach of lending a hand to various charitable initiatives to Chev's involvement with various JN Group initiatives, these valiant change makers keep the spirit of volunteerism alive.

Putting her own twist on a famous Ghandi quote Chev parts with: "People need to volunteer because whatever change you wish to see has to begin with you, sounds cliché, but the truth often does."

"Sweet Jamdung" (Arts, Culture and Heritage)

Imagine Anancy stories or your favourite Duppy story being just one shareable click away? Or maybe some previously unknown historical fact involving one of our national heroes waiting to be discovered on the website www.historyjamaica.org. Such is the value of the Parish Histories of Jamaica project, which the Foundation manages in collaboration with UWI Department of History and Archeology.

One of the main objectives of this project is to make historical content about Jamaica easily accessible to all. To date the site hosts a plethora of diverse historical content on both Westmoreland and St. Thomas. In 2016 we were able to upload images of all major historical sites as well of interactive videos from people and community elders in St. Thomas.

We have our sights set on using Reminiscence Days, where people would gather at a community site and share various historical memorabilia and interesting folk tales on their parish, which we would document and post to the site. It is our hope that such a strategy will form a main component of our engagement strategy for the project in 2017 and beyond. Another component will focus on youth engagement as a means of getting the nation's young people to contribute to the narrative, thereby writing their own parish history.

Parish History… Students of Robert Lightbourne High School celebrate the launch of the Parish History project.

Grant-Funding and its "one-one-coco" role in national development

Rose Miller, Grants Manager

Grant funding has a special role in national development. And, at the JN Foundation, it has been our absolute pleasure and privilege to support projects and programmes initiated by various Community Based Organizations, (CBOs) and other established institutions, which are all geared at creating change and improving the lives of Jamaicans.

Whether the initiative focuses on capacity building, finding solutions to social problems, promoting social empowerment, education, health, safety and security or skills and personal development, the JN Foundation works along with these fellow change agents; positively impacting lives and creating improved social and economic environments where Jamaicans can achieve their highest potential.

Our work and contribution towards attaining goals and realizing dreams for CBOs and the people they serve as well as other institutions, has been very rewarding. We consider ourselves part of the solution and watching the change created by projects we have funded brings joy, hope and great fulfillment. We are constantly looking for ways to assist even more people especially those who are underserved so that many more can experience fulfillment of their dreams.

2016 Programme

Through several strategic partnerships, JNF supported many educational initiatives during 2016. In addition to our iLead Programme, we partnered with Food for the Poor and other institutions to implement the School Sanitation Programme aimed at eradicating pit latrines from 50 primary schools. Those selected by the Foundation were Penlyne Castle All Age, Winchester Primary and Woburn Lawn All Age, all located in St. Thomas. All now boast modern sanitary conveniences complete with water harvesting facilities.

Sanitation project: Members of the JN team visits with a beneficiary of the sanitation programme in St. Mary.

It was a joy to see the smiles and glee on the faces of the students at Jamaica College at the opening of the restructured PTA Shoppe. Moments like these are simply priceless. Funds were provided for the creation of a docu-centre to provide computer and Internet services. Finally many students who do not have these facilities at home would be able to access these services, which will guarantee improved outcomes of research for assignments, School Based Assessment (SBAs) and Internal Assessments.

In this year also, working with Music Unites Foundation, Jamaica saw the staging of the first Music Symposium aimed at highlighting the role played by Jamaican composers, such as Samuel Felstead, who made an outstanding contribution to the development of classical and church music in Jamaica.

In keeping with our focus on health, safety and security JN Foundation partnered with UWI Solutions for Developing Countries (SODECO) on the ELIXIR Project. When fully operational SODECO will run a medical services charity designed to improve the health and well-being of Jamaicans especially those with obesity, and some non-communicable diseases. It will also directly target individuals seeking to sustain a healthy lifestyle as they age.

Forging strong partnerships in development

Onyka Barrett, Partnerships and Development Manager

We simply cannot achieve our long-term goal of helping to create a skilled and educated workforce that supports the sustainable growth and development of Jamaica, without partnerships. The value of our contribution is much greater when we work with others. This year, we forged partnerships with a wide range of agencies. In each instance the key interest was to create solutions that would provide access and upliftment to even more Jamaicans.

For instance, to further the work being done by the Foundation in economic empowerment, we were pleased to extend our partnership with the United States Agency for International Development (USAID) for the benefit of the Social Enterprise Boost Initiative (SEBI) project, for an additional two years. Moreover, our work to make social enterprises more efficient businesses and raise awareness on the sector was furthered by deep engagement with the Planning Institute of Jamaica and the Ministry of Industry, Commerce, Agriculture and Fisheries (MICAF). A partnership with Cuso International and Academics for Development resulted in us having the support of key voluntary skills to aid the process. Having a strong partnership with the Office of Social Entrepreneurship, UWI Mona was another critical ingredient.

Together, these partnerships should result in lasting changes to the policy infrastructure to better support the growth of the social enterprise sector – a sector which is allowing for youth, women, blind and visually impaired, the deaf and many other groups to be included in the economic fabric of the country.

Our work in the iLead education project stands out as a stellar example of the gains to be had through informed and sustained focus on solving systemic challenges in our education sector. This approach has allowed for a ready synergy and partnership with the Ministry of Education and the Peace Corps to benefit the leadership and students of the many rural schools we continue to support.

I am saddened at the continued loss of life on our nation's roadways. I can only imagine how difficult this is for the many families and communities that are affected. The JN Foundation continues to do its part to change this reality. We were happy to partner with the Federation Internationale de l'Automobile (FIA), National Road Safety Council, Road Safety Unit, Mona GeoInformatics as well as our very own Jamaica Automobile Association (JAA) and JN General Insurance Company Limited (JNGI) to help make the roadways safe.

My deepest thanks to the Usain Bolt Foundation, Child Development Agency, Granville Place of Safety, Victim Services Division, Ministry of Justice and the countless JN members who stood in solidarity with our quest to create happier realities for the young girls and boys in Falmouth, through our 5K event in the historic township. Their smiles make all the hard work worthwhile.

The JN Group serves as such an inspiration, continuing to demonstrate that businesses are in fact powerful forces for good. Thanks to each of the companies in the Group for the many partnerships that have helped to open doors for countless Jamaicans. Is there any better way to empower Jamaicans, wherever they may be, so they are able to achieve their fullest potential?

Follow our Digital Footprint as we take the opportunity to extend the causes we support online, inspiring others to take action as we continue to be inspired by Jamaica's change makers.

CONNECT WITH US:

876-926-1344

@JNFoundation

JNFoundation

JNFoundation

Jamaicanationalfoundation

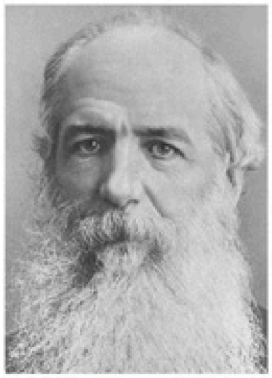
jnfoundation.com

#JNFoundation

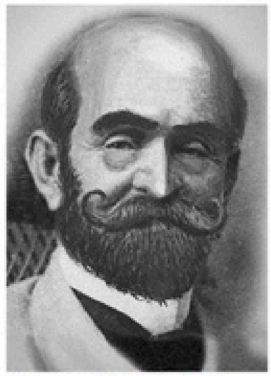
Transparency

Our History

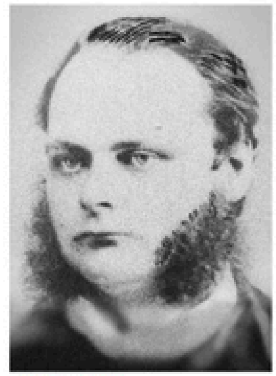
Founders



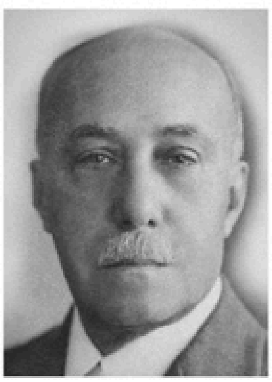
Reverend Henry Clarke
Founder, **Westmoreland Building Society (1874)**



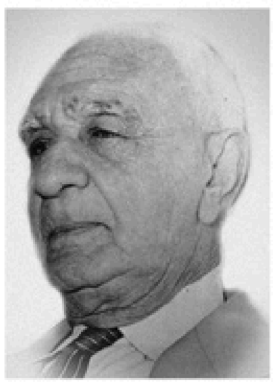
Reverend Josias Cork
Founder, **St Ann Benefit Building Society (1874)**



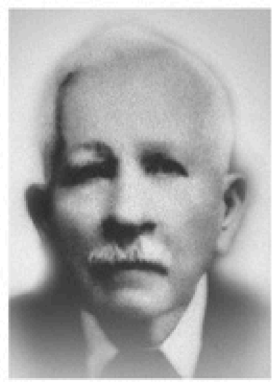
John E. Kerr
Chairman, **St James Building Society (1883-1903)**



J.H. Allwood
Solicitor and founder
Brown's Town Building Society (1893)



John Gerrard Marchalleck, JP
St Thomas Mutual Building Society (1897)



Reverend Edwin James Touzalin, JP
Founder, **St Mary Benefit Building Society (1915)**

Ernest Clark
Founder, first Chairman
Manchester Mutual Building Society (1955)

Mergers & Acquisitions

Westmoreland Building Society
(founded August 13, 1874)

1967
Manchester Mutual Building Society

1970
St James Benefit Building Society
Brown's Town Benefit Building Society
St Ann Benefit Building Society

December 1970
Change of name to
The Jamaica National Building Society

1976
St Thomas Mutual Building Society

1977
Jamaica Permanent Building Society

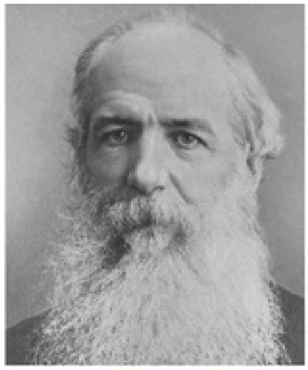
1983
St Mary Benefit Building Society

1996
Hanover Benefit Building Society

2001
Jamaica Savings & Loans Building Society

2017
Reorganisation of structure and change of name to **The Jamaica National Group** and launch of **JN Bank**

Chairpersons

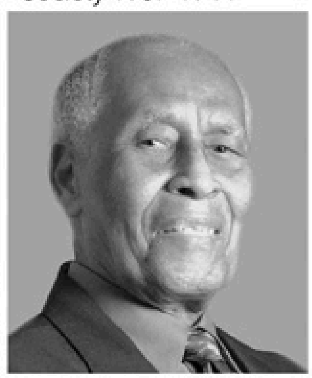


Reverend Henry Clarke
Westmoreland Building Society 1874-1907

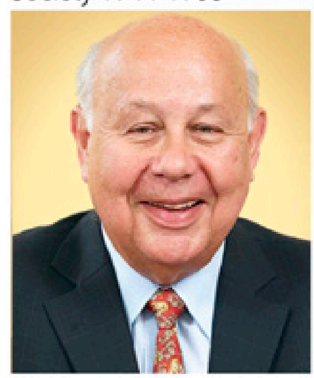
Hugh Clarke
Westmoreland Building Society 1907-1944

Eric Clarke
Westmoreland Building Society 1944-1966

J. Osmond H. Hudson Snr.
Westmoreland Building Society Jamaica National Building Society 1966-1976

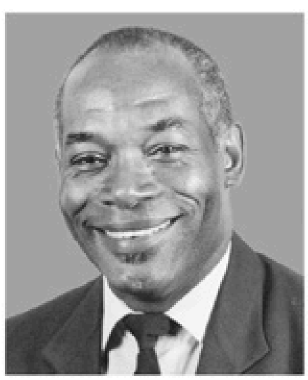


Keith Francis, JP
Jamaica National Building Society 1997-2002

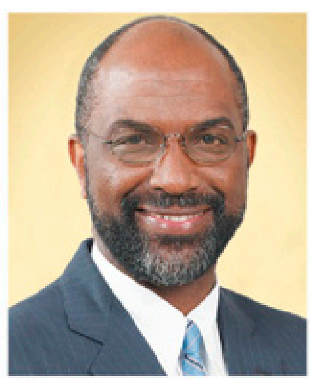


Hon. Oliver Clarke, OJ,
Jamaica National Building Society 1977 -1997
Jamaica National Building Society 2002 -2016
The Jamaica National Group 2017

General Managers



Lancelot Reynolds, OD, JP
Jamaica National Building Society 1976 -1999



Earl Jarrett, CD
Jamaica National Building Society 1999 -2016
Chief Executive Officer
The Jamaica National Group 2017

All the Chairmen, with the exception of Mr Keith Francis, were also General Managers.

Auditors' Report & Financial Statements

KPMG
Chartered Accountants
P.O. Box 76
6 Duke Street
Kingston
Jamaica, W.I.
+1 (876) 922 6640
firmmail@kpmg.com.jm

INDEPENDENT AUDITORS' REPORT

To the Members of
THE JAMAICA NATIONAL GROUP LIMITED
(A company limited by guarantee with share capital)

Report on the Audit of the Financial Statements

Opinion

We have audited the separate financial statements of The Jamaica National Group Limited ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), set out on pages 121 to 217 which comprise the statements of financial position as at March 31, 2017, the statements of revenue and expenses, other comprehensive income, changes in equity and cash flows for the year/period 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 March 31, 2017, and of the Group's and Company's financial performance and cash flows for the year/period 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 Code of Ethics for Professional Accountants (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.

KPMG

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
THE JAMAICA NATIONAL GROUP LIMITED
(A company limited by guarantee with share capital)

Report on the Audit of the Financial Statements (continued)

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 Company'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.

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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
THE JAMAICA NATIONAL GROUP LIMITED
(A company limited by guarantee with share capital)

Report on the Audit of the Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- 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 Company'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
THE JAMAICA NATIONAL GROUP LIMITED
(A company limited by guarantee with share capital)

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.

KPMG
Chartered Accountants
Kingston, Jamaica

October 18, 2017

THE JAMAICA NATIONAL GROUP LIMITED
(A company limited by guarantee with share capital)

Statements of Financial Position
March 31, 2017

	Notes	Group 2017 $'000	Group 2016 $'000	Company 2017 $'000
ASSETS				
Cash and cash equivalents	6	25,589,665	6,928,581	200,396
Securities purchased under resale agreements	7	10,522,277	12,738,008	-
Investments	8	74,659,894	81,665,331	-
Taxation recoverable		837,078	1,644,559	132
Interest in subsidiaries	9	-	-	5,264,030
Interest in associates	10	579,537	594,602	-
Loans	11	78,266,768	66,228,528	300,078
Due from related entities	12(a)	-	-	1,954
Other assets	13	3,608,169	3,677,176	-
Assets held for sale	14	537,340	652,025	-
Investment properties	15	569,484	458,582	-
Property, plant and equipment	16	4,883,624	4,319,601	-
Goodwill and intangible assets	17	1,343,580	1,087,336	-
Deferred tax assets	18	530,355	670,204	-
Total assets		201,927,771	180,664,533	5,766,590
LIABILITIES				
Bank overdraft (unsecured)		12,646	-	-
Due to specialised financial institutions		15,956,753	14,757,203	-
Customer deposits	19	114,162,915	101,056,701	-
Due to related entities	12(b)	181,957	181,957	181,957
Securities sold under repurchase agreements	20	27,806,303	23,294,895	-
Taxation payable		94,127	101,349	-
Other payables	21	3,745,141	3,336,253	15,355
Deferred tax liabilities	18	160,932	355,586	-
Employee benefits obligation	22(a)	1,174,329	912,554	-
Insurance contract provisions	23	4,549,914	4,285,608	-
Long-term loans	24	1,029,604	858,039	-
Total liabilities		168,874,621	149,140,145	197,312
EQUITY				
Reserve fund	25	7,600,000	7,600,000	-
Capital reserves		83,076	83,076	-
Contractual savings reserve	26	14,223	14,223	-
Other reserves	27	5,527,685	5,600,836	181,957
Retained earnings		19,678,855	18,113,505	5,387,321
Total equity attributable to equity holders of the Company		32,903,839	31,411,640	5,569,278
Non-controlling interest	29	149,311	112,748	-
Total equity		33,053,150	31,524,388	5,569,278
Total liabilities and equity		201,927,771	180,664,533	5,766,590

The financial statements on pages 121 to 217 were approved for issue by the Board of Directors on October 18, 2017 and signed on its behalf by:

Director	Director	Director
Oliver F. Clarke	Dhiru Tanna	Raphael Gordon

To be read in conjunction with the accompanying notes to the financial statements.

THE JAMAICA NATIONAL GROUP LIMITED
(A company limited by guarantee with share capital)

Statements of Revenue and Expenses
March 31, 2017

	Notes	Twelve months ended March 31 Group 2017 $'000	Twelve months ended March 31 Group 2016 $'000	Four months ended March 31 Company 2017 $'000
Interest revenue:				
Interest on loans		7,578,350	6,276,652	78
Interest on investments		5,304,074	5,360,853	527
		12,882,424	11,637,505	605
Interest expense	30	(3,065,639)	(2,827,958)	-
Net interest revenue		9,816,785	8,809,547	605
Other operating income	31	6,118,172	5,914,692	5,764,030
Operating expenses	32	(14,885,342)	(13,318,497)	(377,314)
Operating surplus		1,049,615	1,405,742	5,387,321
Gain on disposal of investments		740,124	314,156	-
Share of profit of associates	10	35,550	41,463	-
Unrealised foreign exchange gains		332,039	285,827	-
Surplus before taxation		2,157,328	2,047,188	5,387,321
Taxation	33	(642,828)	(625,358)	-
Surplus for the year/period		1,514,500	1,421,830	5,387,321
Attributable to:				
The Company		1,503,701	1,412,051	5,387,321
Non-controlling interest		10,799	9,779	-
		1,514,500	1,421,830	5,387,321

To be read in conjunction with the accompanying notes to the financial statements.

THE JAMAICA NATIONAL GROUP LIMITED
(A company limited by guarantee with share capital)

Statements of Other Comprehensive Income
March 31, 2017

		Twelve months ended March 31		Four months ended March 31
		Group		Company
	Notes	2017 $'000	2016 $'000	2017 $'000
Surplus for the year/period		1,514,500	1,421,830	5,387,321
Other comprehensive income:				
Items that are or may be reclassified to profit or loss:				
Translation of foreign subsidiaries' balances		8,275	177,358	-
Change in fair value of available-for-sale investments		746,072	530,939	-
Realised gains on investments recognised in statement of revenue and expenses		(479,831)	(274,806)	-
Deferred tax on available-for-sale investments	18	(207,375)	25,901	-
		67,141	459,392	-
Items that will never be reclassified to profit or loss:				
Remeasurement of employee benefits obligation	22(d)	(77,337)	(20,500)	-
Deferred tax on employee benefits obligation	18	25,779	6,475	-
		(51,558)	(14,025)	-
Total other comprehensive income for the year/period		15,583	445,367	-
Total comprehensive income for the year/period		1,530,083	1,867,197	5,387,321
Attributable to:				
The Company		1,497,534	1,869,440	5,387,321
Non-controlling interest		32,549	(2,243)	-
		1,530,083	1,867,197	5,387,321

To be read in conjunction with the accompanying notes to the financial statements.

THE JAMAICA NATIONAL GROUP LIMITED

(A company limited by guarantee with share capital)

Group Statement of Changes in Equity
Year ended March 31, 2017

	Permanent capital fund $'000	Reserve fund $'000 (note 25)	Capital reserves $'000	Contractual savings reserve $'000 (note 26)	Other reserves $'000 (note 27)	Retained earnings $'000	Total $'000	Non - controlling interest $'000	Total equity $'000
Balances at March 31, 2015									
As previously stated	6,940,000	7,600,000	83,076	14,223	2,417,157	12,286,039	29,340,495	134,739	29,475,234
Prior year adjustments (note 45)	(6,940,000)	-	-	-	2,610,957	4,511,000	181,957	-	181,957
As restated	-	7,600,000	83,076	14,223	5,028,114	16,797,039	29,522,452	134,739	29,657,191
Total comprehensive income for the year:									
Surplus for the year	-	-	-	-	-	1,412,051	1,412,051	9,779	1,421,830
Other comprehensive income									
Translation of foreign subsidiaries' balances	-	-	-	-	183,787	-	183,787	(6,429)	177,358
Increase in fair value of available-for-sale investments	-	-	-	-	530,522	-	530,522	417	530,939
Deferred tax on available-for-sale investments	-	-	-	-	25,869	-	25,869	32	25,901
Realised gains on investments recognised in statement of revenue and expenses	-	-	-	-	(274,806)	-	(274,806)	-	(274,806)
Remeasurement of employee benefits obligation, net of deferred tax	-	-	-	-	-	(14,025)	(14,025)	-	(14,025)
Changes in ownership interests									
Movement in share of reserves in subsidiaries	-	-	-	-	-	6,042	6,042	(6,042)	-
Total other comprehensive income	-	-	-	-	465,372	(7,983)	457,389	(12,022)	445,367
Total comprehensive income	-	-	-	-	465,372	1,404,068	1,869,440	(2,243)	1,867,197
Movement between reserves:									
Transfer to credit loss reserve	-	-	-	-	107,350	(87,602)	19,748	(19,748)	-
Balances at March 31, 2016 as restated (note 45)	-	7,600,000	83,076	14,223	5,600,836	18,113,505	31,411,640	112,748	31,524,388
Total comprehensive income for the year:									
Surplus for the year	-	-	-	-	-	1,503,701	1,503,701	10,799	1,514,500
Other comprehensive income :									
Translation of foreign subsidiaries' balances	-	-	-	-	7,753	-	7,753	522	8,275
Increase in fair value of available-for-sale investments	-	-	-	-	724,844	-	724,844	21,228	746,072
Deferred tax on available-for-sale investments	-	-	-	-	(207,375)	-	(207,375)	-	(207,375)
Realised gains on investments recognised in statement of revenue and expenses	-	-	-	-	(479,831)	-	(479,831)	-	(479,831)
Remeasurement of employee benefits obligation, net of deferred tax	-	-	-	-	-	(51,558)	(51,558)	-	(51,558)
Total other comprehensive income	-	-	-	-	45,391	(51,558)	(6,167)	21,750	15,583
Total comprehensive income	-	-	-	-	45,391	1,452,143	1,497,534	32,549	1,530,083
Transactions with owners									
Dividends paid [note 29(b)]	-	-	-	-	-	-	-	(1,321)	(1,321)
Movement between reserves:									
Transfer from credit loss reserve	-	-	-	-	(118,542)	113,207	(5,335)	5,335	-
Balances at March 31, 2017	-	7,600,000	83,076	14,223	5,527,685	19,678,855	32,903,839	149,311	33,053,150

To be read in conjunction with the accompanying notes to the financial statements.

Back to contents

THE JAMAICA NATIONAL GROUP LIMITED

(A company limited by guarantee with share capital)

Company Statement of Changes in Equity
Period ended March 31, 2017

	Other reserves $'000 (note 27)	Retained earnings $'000	Total $'000
Total comprehensive income for the period:			
Surplus for the period, being total comprehensive income	-	5,387,321	5,387,321
Transactions with owners recorded directly in equity:			
Transfers to reserve in accordance with the Scheme of arrangement (see note 45)	181,957	-	181,957
Balances at March 31, 2017	181,957	5,387,321	5,569,278

To be read in conjunction with the accompanying notes to the financial statements.

THE JAMAICA NATIONAL GROUP LIMITED
(A company limited by guarantee with share capital)

Group Statement of Cash Flows
Year ended March 31, 2017

	2017 $'000	2016 $'000
Cash flows from operating activities		
Surplus for the year	1,514,500	1,421,830
Adjustments to reconcile surplus to net cash provided by operating activities:		
Depreciation - property, plant and equipment and investment properties	563,845	488,521
Amortisation of intangible assets	127,355	94,131
Write-offs of intangible assets	5,858	317
Gains on disposal of property, plant and equipment and investment properties	(38,974)	(24,386)
Gains on disposal of investments	(561,888)	(272,526)
Gains from foreign exchange rate changes	(174,002)	(704,001)
Translation differences	(54,310)	85,838
Dividend income	-	(18,399)
Share of profits of associates	(35,550)	(41,463)
Interest income	(12,882,424)	(11,637,505)
Interest expense	3,065,639	2,827,958
Current tax expense	879,229	786,536
Deferred taxation	(236,401)	(161,178)
Net decrease in provision for loan losses	(104,243)	(185,378)
Employee benefits obligation	184,438	82,325
Net increase/(decrease) on foreclosed properties	(80,861)	284,358
Insurance contract provisions	264,306	467,121
	(7,563,483)	(6,505,901)
Changes in operating assets and liabilities:		
Securities purchased under resale agreements	2,209,576	2,617,599
Taxation recoverable	-	262,410
Net additions to loans	(11,596,458)	(5,613,746)
Other assets	74,652	(652,492)
Due to specialised financial institutions	1,199,550	1,249,016
Net receipts from customer deposits	11,092,291	8,700,156
Due to related entities	-	181,957
Securities sold under repurchase agreements	4,489,063	(959,603)
Other payables	408,888	643,329
	314,079	(77,275)
Interest paid	(3,000,250)	(2,754,832)
Interest received	7,480,421	6,222,014
Income tax paid	(78,970)	(1,011,393)
Net cash provided by operating activities (page 127)	4,715,280	2,378,514

To be read in conjunction with the accompanying notes to the financial statements.

THE JAMAICA NATIONAL GROUP LIMITED
(A company limited by guarantee with share capital)

Group Statement of Cash Flows (Continued)
Year ended March 31, 2017

	2017 $'000	2016 $'000
Net cash provided by operating activities (page 126)	4,715,280	2,378,514
Cash flows from investing activities		
Investments	(10,889,576)	(10,040,779)
Interest received	5,504,959	5,206,794
Interest in associates	50,615	-
Dividend received	-	18,399
Assets held for sale	195,546	(389,770)
Purchase and transfers of intangible assets	(347,438)	(118,687)
Purchase and tranfers of property, plant and equipment and investment properties	(1,249,931)	(1,230,353)
Proceeds from disposal of property, plant and equipment	48,994	25,826
Proceeds from disposal of investments properties	21,707	21,689
Proceeds from disposal of investments	20,264,829	5,372,335
Net cash provided/(used) by investing activities	13,599,705	(1,134,546)
Cash flows from financing activities		
Long-term loans	171,565	370,718
Dividend paid to non-controlling interest	(1,321)	-
Bank overdraft	12,646	-
Net cash provided by investing activities	182,890	370,718
Net increase in cash and cash equivalents	18,497,875	1,614,686
Cash and cash equivalents at beginning of the year	6,928,581	5,160,081
Effects of exchange rate changes on cash and cash equivalents	163,209	153,814
Cash and cash equivalents at end of the year	25,589,665	6,928,581

To be read in conjunction with the accompanying notes to the financial statements.

Back to contents

THE JAMAICA NATIONAL GROUP LIMITED
(A company limited by guarantee with share capital)

Company Statement of Cash Flows
Period ended March 31, 2017

	2017 $'000
Cash flows from operating activities	
Surplus for the period	5,387,321
Adjustments to reconcile surplus to net cash used by operating activities:	
Interest income	(605)
Dividend income	(5,764,030)
	(377,314)
Operating assets and liabilities:	
Taxation recoverable	(132)
Short-term loan	(300,000)
Due from subsidiaries	180,003
Due to related entities	181,957
Other payables	15,355
	(300,131)
Interest received	527
Net cash used by operating activities	(299,604)
Cash flows from investing activities	
Dividend received from subsidiaries	5,764,030
Interest in subsidiaries	(5,264,030)
Net cash provided by investing activities	500,000
Net increase in cash and cash equivalents, being cash and cash equivalents at end of the period	200,396

To be read in conjunction with the accompanying notes to the financial statements.

THE JAMAICA NATIONAL GROUP LIMITED
(A company limited by guarantee with share capital)

Notes to the Financial Statements
March 31, 2017

1. The Company

The Jamaica National Group Limited ("Company") was incorporated on December 16, 2016, under the Jamaican Companies Act, as a public company limited by guarantee and having share capital. The number of shares which the Company is authorized to issue is unlimited and is comprised of two classes; namely, membership shares and preference or deferred shares.

The registered office of the Company is located at 2-4 Constant Spring Road, Kingston 10. Its principal activity is that of an investment holding company.

The Scheme of Arrangement ("the Scheme") by which the JN Group has been reorganised under three distinct holding companies was sanctioned by Order of the Supreme Court on December 22, 2016. Among other things, the Scheme resulted in the conversion of The Jamaica National Building Society (JNBS) ("Society") to a commercial bank, JN Bank ("Bank") licensed under the Banking Services Act, 2014 on February 1, 2017. The Company became the ultimate holding company with two direct subsidiaries, MCS Group Limited and JN Financial Group Limited. Both entities were incorporated in Jamaica under the Jamaican Companies Act.

A provision of the reorganisation was that the benefit of mutuality that had been afforded to members of the Society (where all shareholders have one vote regardless of the number of accounts or loan balance) was transferred to the Company. Accordingly, account holders within one of the subsidiaries, JN Bank Limited, are granted membership in the Company and are entitled to one vote in the Company regardless of the number of accounts or loan balance.

"Group" refers collectively to the Company and its subsidiaries together with its associates and are as follows:

Subsidiaries	Country of incorporation	Percentage ownership **2017**	Percentage ownership **2016**	Nature of business
JN Financial Group Limited:	Jamaica	100	100	Holding company.
JN Bank Limited (the Bank, formerly JNBS)	Jamaica	100	100	Banking Services.
JN Cayman	Cayman Islands	95.89	95.89	Mortgage lending on residential properties and other financial services.
JN Money Services Limited[1] and its subsidiaries:	Jamaica	100	100	Money transmission services including remittances and bill payments.
JN Money Services (UK) Limited	England	100	100	Money transmission services including remittances and bill payments.
JN Money Services (USA) Inc.	United States of America	100	100	Money transmission services including remittances and bill payments.
JN Money Services (Canada) Limited	Canada	100	100	Money transmission services including remittances and bill payments.
JN Money Services (Cayman) Ltd[2].	Cayman Islands	80	80	Money transmission services including remittances and bill payments.

1. The Company (continued)

Subsidiaries (continued)	Country of incorporation	Percentage ownership 2017	Percentage ownership 2016	Nature of business
JN Financial Group Limited (Continued)				
JN Fund Managers Limited (JNFM)[1]	Jamaica	100	100	Provision of money market brokerage services, loan financing, pension management and administration and stock brokerage services.
JN General Insurance Company Limited[1, 3]	Jamaica	99. 5	99.5	General insurance services.
JN Life Insurance Company Limited[1]	Jamaica	100	100	Life insurance services.
JN Small Business Loans Limited	Jamaica	100	100	Granting of loans to small and micro business for periods not exceeding 260 weeks.
MCS Group Limited	Jamaica	100	100	Holding company.
JN Properties Limited[1]	Jamaica	100	100	Property development, maintenance and rental services.
The Jamaica Automobile Association (Services) Limited[1]	Jamaica	100	100	Provision of services connected with the operation, ownership and driving of motor vehicles.
Management Control Systems Limited[1]	Jamaica	95.67	95.67	Sale of technology products, software and implementation services.
Total Credit Services Limited[1]	Jamaica	100	100	Debt recovery service.
The Creative Unit Limited[1]	Jamaica	100	100	Creative advertisement, event management and printing services.
Building Societies Development Limited (BSDL)[4]	Jamaica	70	28.84	Housing development.
Associates and Joint Ventures				
Knutsford Holdings Limited	Jamaica	40	40	Owners of commercial buildings.
Jamaica Joint Venture Investment Company Limited	Jamaica	50	50	Owners of commercial buildings.
Transaction ePins Limited	Jamaica	19.5	19.5	Distribution of electronic prepaid air time.

1 In the prior year the percentage ownership was held by The Jamaica National Building Society.

2 The Bank holds the remaining 20% shareholding in JN Money Services (Cayman) Limited, making it a wholly-owned subsidiary of JN Financial Group Limited.

3 The Bank acquired and holds 0.3% interest in JN General Insurance Company Limited, through Middlesex Insurance Agencies Limited. These shares are in the process of being transferred to the JN Financial Group Limited.

4 The results of BSDL are not considered material to these financial statements and have not been consolidated.

1. **The Company (continued)**

Other related entities:

(i) **Jamaica National Building Society (JNBS) Foundation** was incorporated under the laws of Jamaica on July 11, 1990 as a company limited by guarantee and not having a share capital, with the liability of each of the 10 members limited to $1. It is a charitable organisation which aims at assisting with grants or otherwise for the development of affordable housing throughout Jamaica and, in particular, rural Jamaica, as well as to develop and promote for the benefit of the public, study and research into housing and the management of savings. It is funded principally by contributions from the Group. The Foundation is an approved charitable organisation for purposes of Section 13(i)(q) of the Income Tax Act, and is exempt from income tax under Section 12(h) of that Act.

(ii) **Mutual Building Societies (MBS) Foundation** was incorporated under the laws of Jamaica on April 4, 2008 as a company limited by guarantee and not having a share capital. It is a charitable organisation whose primary goal is to contribute to sustainable national development. The Foundation aims to support the strategic objectives of the Ministry of Education by injecting technical and financial resources to improve student achievement, teacher quality, organisational effectiveness and strengthen school-home community partnership of six rural, recently upgraded high schools, to ensure that national targets are met and sustainable rural development is promoted. It is funded principally by contributions from the Group and The Victoria Mutual Building Society.

2. **Licence and regulations**

The Bank is licensed, and the financial statements are delivered under the Banking Services Regulations, 2015 which became effective on September 30, 2015. The licence held by the Society was relinquished on January 31, 2017 in exchange for a banking licence, with an effective date of February 1, 2017 (see note 1).

3. **Statement of compliance and basis of preparation**

(a) Statement of compliance:

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and comply with the provisions of the Jamaican Companies Act.

Details of the Group's accounting policies, including changes during the year, are included in notes 43 and 44.

3. Statement of compliance and basis of preparation (continued)

(b) Basis of preparation:

(i) The Group has elected to restate its comparatives and adjust the current reporting period before the date of the transaction as the reorganisation had occurred before the start of the earliest period presented. This is consistent with the Group's accounting policies for similar transactions.

(ii) The financial statements are prepared on the historical cost basis, except for the following:

- financial instruments at fair value through profit or loss are measured at fair value;
- available-for-sale financial assets are measured at fair value; and
- the liability for defined-benefit obligations is recognised as the present value of the defined-benefit obligations.

(c) Functional and presentation currency:

The financial statements are presented in Jamaica dollars, which is the functional currency of the Group, 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 4.

4. Accounting estimates and judgements

Judgements made by management in the application of IFRS that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year are discussed below:

4. Accounting estimates and judgements (continued)

(a) Key sources of estimation uncertainty:

(i) Post-retirement benefits:

The amounts recognised in the statements of financial position and statements of revenue and expenses and other comprehensive income for certain post-retirement benefits are determined actuarially using several assumptions. The primary assumptions used in determining the amounts recognised include the discount rate used to determine the present value of estimated future cash flows required to settle the post-retirement obligations and the expected rate of increase in medical costs for post-retirement medical benefits.

The discount rate is determined based on the estimate of yield on long-term government securities that have maturity dates approximating the terms of the Group's obligation. In the absence of such instruments in Jamaica, it has been necessary to estimate the rate by extrapolating from the longest-tenor security on the market. The estimate of expected rate of increase in medical costs is determined based on inflationary factors. Any changes in these assumptions will impact the amounts recorded in the financial statements for these obligations.

(ii) Allowance for loan losses:

In determining amounts recorded for impairment of loans in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that suggest there may be a measurable decrease in the estimated future cash flows from loans, for example, repayment default and adverse economic conditions. Management also makes estimates of the likely estimated future cash flows from impaired loans, as well as the timing of such cash flows. Historical loss experience is applied where indicators of impairment are not observable on individual significant loans and loan portfolios with similar characteristics, such as credit risks.

(iii) Valuation of financial instruments:

The Group's accounting policy on fair value measurements is discussed in accounting policy [44(d)(vii)].

When measuring the fair value of an asset or liability, the Group uses market observation data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 – Quoted market price (unadjusted) in an active market for identical assets or liabilities.

- Level 2 – Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

4. Accounting estimates and judgements (continued)

(a) Key sources of estimation uncertainty (continued):

(iii) Valuation of financial instruments (continued):

- Level 3 – Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cashflow models, comparison to similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk free and benchmark interest rates, credit spreads and other risk premia used in estimating discount rates.

Considerable judgment is required in interpreting market data to arrive at estimates of fair values. Consequently, the estimates arrived at may be significantly different from the actual price of the instrument in an arm's length transaction.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(iv) Outstanding claims:

Outstanding claims comprise estimates of the amount of reported losses and loss expenses plus a provision for losses incurred but not reported based on historical experience. The loss reserves have been determined by the indirect subsidiary companies' actuaries using their past loss experience and industry data.

Amounts recoverable in respect of claims from re-insurers are estimated in a manner consistent with the underlying liabilities.

Management believes, based on the analysis completed by the actuaries that the provision for outstanding losses and loss expenses will be adequate to cover the ultimate net cost of losses incurred up to the reporting date. However, the provision is necessarily an estimate and may, ultimately, be settled for a significantly greater or lesser amount. Any subsequent differences arising are recorded in the period in which they are determined.

Note 39 gives information about the assumptions and uncertainties relating to insurance liability and discloses the risk factors in these contracts.

4. Accounting estimates and judgements (continued)

(a) Key sources of estimation uncertainty (continued):

(v) Goodwill:

Goodwill is tested annually for impairment. Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

(b) Critical accounting judgements in applying accounting policies:

(i) Held-to-maturity investments:

Non-derivative financial assets with fixed or determinable payments and fixed maturity may be classified as held-to-maturity, if an entity has the positive intent and ability to hold these instruments to maturity. In classifying financial assets as held-to-maturity, the Group has determined that it has both the positive intention and ability to hold the assets until maturity dates.

(ii) Impairment of investment in equity securities:

Investments in equity securities are evaluated for impairment on the basis described in accounting policy [44(d)(vi)].

For an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. In this respect, the Group regards a decline in fair value in excess of 20 percent to be "significant" and a decline in a quoted market price that persists for nine months or longer to be "prolonged".

(iii) Deferred tax asset:

The recognition of a deferred tax asset requires management to make assumptions concerning future taxable profits against which deferred tax assets can be recovered.

It is reasonably probable, based on existing knowledge, that outcomes within the next financial year that are different from these assumptions could require a material adjustment to the carrying amount reflected in the financial statements.

5. Responsibilities of the appointed actuaries and external auditors

The actuaries have been appointed by management pursuant to the requirements of IAS 19 and the Insurance Act 2001. With respect to preparation of financial statements, the actuaries are required to carry out an actuarial valuation of management's estimate of the Group's health, group life and policy liabilities and report thereon to the shareholders. The actuaries for the general and life insurance subsidiaries are required to carry out an actuarial valuation of management's estimate of the subsidiaries' liabilities and report thereon to the shareholders. Actuarially determined policy liabilities consist of the provisions for, less reinsurance recovery of, unpaid claims and adjustment expenses on insurance policies in force, including provisions for salvage and subrogation.

The valuation is made in accordance with accepted actuarial practice, as well as any other matter specified in any directive made by regulatory authorities. The actuaries, in their verification of the management information provided by the Group and used in the valuation, also makes use of the work of the external auditors. The actuaries reports outline the scope of their work and opinion.

The external auditors have been appointed by the shareholders to conduct an independent and objective audit of the financial statements of the Company and Group in accordance with International Standards on Auditing, and report thereon to the shareholders. In carrying out their audit, the auditors also make use of the work of the actuaries and their report on the Group's post-employment and other obligations and the subsidiary's actuarially determined policy liabilities. The auditors' report outlines the scope of their audit and their opinion.

6. Cash and cash equivalents

	Group		Company
	2017	2016	2017
	$'000	$'000	$'000
Cash reserve with Bank of Jamaica [see (a)]	14,264,439	963,389	-
Short-term bank deposits [see (b)]	2,079,716	1,080,288	-
Cash and cash equivalents [see (b), (c), (d)]	9,245,510	4,884,904	200,396
	25,589,665	6,928,581	200,396

(a) The banking subsidiary is regulated by the Bank of Jamaica. Statutory reserves, required by regulation to be held at Bank of Jamaica, comprise cash reserves not available for use by the subsidiary and are determined by the percentage of average specified liabilities stipulated by Bank of Jamaica.

At March 31, 2017, the cash reserve requirement is twelve percent (12%) for Jamaica dollars and fourteen percent (14%) for foreign currency of the average specified liabilities. At March 31, 2017, the subsidiary met the cash reserve requirements.

(b) Cash and cash equivalents include deposits held on behalf of clients of $42,154,000 (2016: $56,546,000) in the books of a subsidiary. The corresponding liabilities are included in other payables (note 21).

6. Cash and cash equivalents (continued)

(c) Short-term bank deposits of £Nil (2016: £525,658) for the Group are held in a specified bank account as safeguard for undisbursed remittances as at the reporting date.

(d) The Bank has the following securities pledged:

(i) $275,458,000 (2016: $230,000,000) to facilitate settlement of Multilink transactions;

(ii) $50,500,000 (2016: $50,000,000) with a commercial bank to cover uncleared funds up to a limit of $500,000,000 (2016: $500,000,000);

(iii) $2,844,000 (2016: $2,794,000) with a commercial bank to cover a third party guarantee;

(iv) $12,822,000 (2016: $12,170,000) for bid collateral; and

(v) $7,533,450,000 (2016: $976,500,000) for repurchase agreements collateral.

(e) Overdraft facility with a commercial bank amounted to $10,000,000 (2016: $10,000,000) for the Group, which is secured by a lien on a fixed deposit account in the amount of US$91,000 (2016: US$96,000) and hypothecation of certain deposits in the amount of US$100,000 (2016: US$100,000). No amount was withdrawn on the facility as at March 31, 2017 and March 31, 2016.

(f) The Bank has a $200,000,000 (2016: $Nil) unsecured overdraft facility with a commercial bank. As at March 31, 2017 total drawdown was $12,646,000 (2016: $Nil).

(g) The Bank has balances included in cash and cash equivalents, investments and securities purchased under resale agreements which are defined as liquid assets in accordance with the Regulations.

7. Securities purchased under resale agreements

	Group	
	2017	2016
	$'000	$'000
Principal	10,479,523	12,689,099
Interest receivable	42,754	48,909
	10,522,277	12,738,008

At March 31, 2017, securities obtained and held under resale agreements had a fair value of $11,478,449,000 (2016: $14,282,005,000) for the Group.

7. Securities purchased under resale agreements (continued)

Securities purchased under resale agreements are due from the reporting date as follows:

	Group	
	2017	2016
	$'000	$'000
Within 3 months	7,030,156	8,965,003
3 months to 1 year	3,492,121	3,773,005
	10,522,277	12,738,008

8. Investments

	Group	
	2017	2016
	$'000	$'000
Loans and receivables at amortised cost:		
Corporate bonds	592,823	5,708,460
Government of Jamaica securities	57,359	6,285,450
Certificates of deposit	14,465,397	23,275,892
Promissory note	133,034	-
	15,248,613	35,269,802
Available-for-sale at fair value:		
Corporate bonds	6,245,109	1,205,845
Government of Jamaica securities	51,147,251	41,346,605
Mutual funds	77,986	159,525
Treasury bills	149,649	1,587,342
Quoted equities	606,677	554,268
Unquoted equities [see (i) below]	80	80
	58,226,752	44,853,665
At fair value through profit and loss:		
Government of Jamaica securities	106,532	299,589
Foreign exchange forward contracts	30,452	-
	136,984	299,589
	73,612,349	80,423,056
Interest receivable	1,047,545	1,242,275
	74,659,894	81,665,331

(i) This is stated after deducting provision for impairment of $1,964,000 (2016: $1,964,000).

8. Investments (continued)

(ii) Investments are due from the reporting date, excluding interest receivable, as follows:

	Group	
	2017	2016
	$'000	$'000
No specific maturity	668,115	713,873
Within 3 months	5,379,720	4,149,985
3 months to 1 year	5,095,761	7,963,490
1 year to 5 years	34,179,119	42,201,082
5 years and over	28,289,634	25,394,626
	73,612,349	80,423,056

(iii) Investments of the general and life insurance subsidiaries totalling $135,000,000 (2016: $135,234,000) are held to the order of the Financial Services Commission as required by the Insurance Act 2001.

(iv) The Group's USA-based indirect subsidiary, as a money transmitter, is licensed in the States of New York, Maryland, Connecticut, New Jersey, Georgia, Florida, District of Columbia, California and Massachusetts. The regulations require a total minimum net worth of US$1,470,000 (2016: US$1,480,000). In addition, the regulations require surety bonds in favour of and/or pledge funds to the Superintendent of Banking of $3,016,907 (2016: $2,050,000). As at March 31, 2017, the subsidiary had US$2,091,027 (2016: US$2,146,159) pledged funds included in term deposits to meet minimum requirements established by the States in which it operates.

(v) Restricted balances amounting to US$ 31,000 (2016: US$30,000) are held with Ghana Merchant Bank, in respect of the provision of remittances services on behalf of an indirect subsidiary.

9. Interest in subsidiaries

	Company
	2017
	$'000
Shares, at cost or written down value (see note 1)	5,264,030

10. Interest in associates

	Group	
	2017	2016
	$'000	$'000
Shares, net (see note 1)	146,099	146,108
Group's share of reserves	419,270	434,212
Debentures	14,168	14,282
	579,537	594,602

10. Interest in associates (continued)

The following table summarises the financial information of the associates, which are equity-accounted for, as included in their own financial statements, after fair value adjustments on acquisition and elimination of differences in accounting policies and intercompany transactions. The latest financial information for Jamaica Joint Venture Investment Company Limited are as at and for the year ended December 31, 2015 and that of Knutsford Holdings Limited are as at and for the year ended December 31, 2016. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in associates.

	Jamaica Joint Venture Investment Company Limited		Knutsford Holdings Limited		Total	
	2017	2016	2017	2016	2017	2016
	$'000	$'000	$'000	$'000	$'000	$'000
Percentage ownership interest	**50%**	**50%**	**40%**	**40%**		
Non-current assets	469,204	467,638	639,014	611,262	1,108,218	1,078,900
Current assets	111,593	91,075	56,878	144,981	168,471	236,056
Non-current liabilities	(1,746)	(1,746)	(60,551)	(56,617)	(62,297)	(58,363)
Current liabilities	(13,110)	(11,115)	(60,619)	(63,339)	(73,729)	(74,454)
Net assets (100%)	565,941	545,852	574,722	636,287	1,140,663	1,182,139
Group's share of net assets, being carrying amount of investment in associates	189,896	180,131	229,889	254,515	419,785	434,646
Revenue	87,399	83,597	130,177	129,144	217,576	212,741
Interest expense	(3,062)	(272)	(16,651)	(16,651)	(19,713)	(16,923)
Income tax charge	(6,941)	(6,490)	(17,176)	(11,635)	(24,117)	(18,125)
Profit and total comprehensive income (100%)	20,089	18,525	64,461	88,222	84,550	106,747
Group's share of profit or loss and total comprehensive income	9,766	6,174	25,784	35,289	35,550	41,463
Dividends received by the Group	-	-	50,492	-	50,492	-

Interest in associates includes a 19.5% holding in Transactions ePins Limited, which is not accounted for using the equity method as the Group is not considered to have significant influence.

* On January 30, 2015, the Group's holding in Jamaica Joint Venture Investment Company Limited was increased from 33⅓% to 50%. As a result the Group's share of profit or loss and total comprehensive income based on financial information for year ended December 31, 2015 was calculated using $^{1}/_{12}{}^{th}$ at 33⅓% and $^{11}/_{12}{}^{th}$ at 50% (prior year 33⅓%).

11. Loans

Loans, less allowances for losses, are as follows:

	Group		Company
	2017	2016	2017
	$'000	$'000	$'000
Mortgage loans - principal	65,516,399	60,943,845	-
Share loans	1,767,040	1,748,126	-
Other loans	10,572,745	3,223,902	300,000
	77,856,184	65,915,873	300,000
Accrued interest	410,584	312,655	78
	78,266,768	66,228,528	300,078

The Bank's mortgage loan agreements include the right to call mortgages at any time with six months' notice, except for new loans, which cannot be called until six months after the issue date.

Loans, less allowance for losses and excluding interest, are due from the reporting date as follows:

	Group		Company
	2017	2016	2017
	$'000	$'000	$'000
Within 3 months	456,646	377,955	300,000
3 months to 1 year	2,360,564	1,557,595	-
1 year to 5 years	12,094,968	4,893,028	-
5 years and over	62,944,006	59,087,295	-
	77,856,184	65,915,873	300,000

The Group's loan portfolio, less allowance for losses, is concentrated as follows:

	Number of accounts		Value	
	2017	2016	2017	2016
			$'000	$'000
Professional and other services	335	331	760,779	601,198
Individuals	43,214	40,687	71,259,054	64,276,753
Corporations	388	374	6,246,935	1,350,577
	43,937	41,392	78,266,768	66,228,528

11. Loans (continued)

The Company's loan portfolio, less allowance for losses, is concentrated as follows:

	Number of accounts	Value
	2017	2017
		$'000
Corporations	1	300,078

Loans and advances on which interest is no longer accrued [see note 44(t)] amounted to $7,732,764,000 (2016: $6,682,720,000) for the Group. This represents 10.07% (2016: 10.17%) of the gross loan portfolio for the Group. These loans are included in the financial statements, net of allowance for losses.

Loans are shown after deducting allowances for loan losses as follows:

	Group	
	2017	2016
	$'000	$'000
At beginning of the year	1,353,341	1,750,558
Increase/(decrease) in allowance made during the year	116,302	(86,076)
Written back during the year	(187,494)	(99,302)
Transferred to other assets	-	(211,839)
At end of the year [note 37(b)]	1,282,149	1,353,341

Allowance for loan losses made in accordance with the requirements of IFRS is as follows:

	Group	
	2017	2016
	$'000	$'000
Specific provision	1,163,607	1,190,737
General provision	118,542	162,604
	1,282,149	1,353,341

11. Loans (continued)

Provisions made in accordance with Bank of Jamaica and other provisioning requirements are as follows:

	Group	
	2017	2016
	$'000	$'000
Specific provision	2,008,872	2,474,584
General provision	920,285	644,307
	2,929,157	3,118,891

The total provision is broken down as follows:

	Group	
	2017	2016
	$'000	$'000
Provision as per IFRS [note 37(b)]	1,282,149	1,353,341
Additional provision based on Bank of Jamaica regulations [note 27(c)]	1,647,008	1,765,550
	2,929,157	3,118,891

Included in mortgage loans for the Group are balances due from directors and companies controlled by directors amounting to $48,349,000 (2016: $38,377,000) and interest due on these loans of $Nil (2016: $Nil).

12. Due from/to related entities

(a) This represents amounts due from an indirect subsidiary in the ordinary course of business. The amount is interest free and is due within three (3) months.

(b) This represents amounts due to the JN Foundation. This amount is interest free and is payable within three (3) months.

13. Other assets

	Group	
	2017	2016
	$'000	$'000
Other receivables	2,126,822	2,075,956
Reinsurance assets [note 23(a)]	1,390,847	1,266,117
Inventories	90,500	335,103
	3,608,169	3,677,176

14. Assets held for sale

	Group	
	2017	2016
	$'000	$'000
Acquired property	14,547	-
Foreclosed properties (i)	948,806	1,158,899
Less impairment losses	(426,013)	(506,874)
	537,340	652,025

Movement on impairment losses is as follows:

	Group	
	2017	2016
	$'000	$'000
At beginning of year	506,874	151,353
(Decrease)/increase in allowance	(80,861)	355,521
At end of year	426,013	506,874

(i) The banking subsidiary acquired real properties through foreclosure on collateral held as securities against loans. Foreclosed properties are disposed of within 3 years of acquisition, in accordance with Section 53(1) of the Banking Services Act, 2014 [see note 44(i)].

15. Investment properties

	Group $'000
At cost:	
March 31, 2015	588,939
Additions	4,839
Disposals	(5,135)
Translation adjustments	613
March 31, 2016	589,256
Additions	315,478
Disposals	(7,104)
Transfers	(224,742)
Translation adjustments	3,890
March 31, 2017	676,778
Depreciation:	
March 31, 2015	119,133
Charge for the year	13,697
Eliminated on disposals	(2,748)
Translation adjustments	592
March 31, 2016	130,674
Charge for the year	9,200
Eliminated on disposals	(3,634)
Transfers	(31,256)
Translation adjustments	2,310
March 31, 2017	107,294
Carrying values:	
March 31, 2017	569,484
March 31, 2016	458,582
March 31, 2015	469,806

	Group	
	2017 $'000	2016 $'000
Fair value of investment properties	1,657,351	1,691,735
Income earned from the properties	132,455	120,827
Expenses incurred by the properties	71,869	95,538

Land and building which are classified as investment property in the books of an indirect subsidiary is occupied by certain fellow subsidiaries. It has, therefore, been reclassified as property, plant and equipment on the Group basis.

15. Investment properties (continued)

Measurement of fair value:

The fair value of investment properties is categorised as Level 3 in the fair value hierarchy. The following table shows the valuation technique used in measuring the fair value as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter relationship between key inputs and fair measurement
Income approach: The valuation model examines the price an investor would be prepared to pay for the right to receive a certain income stream. The model considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rate, and current rental rates. The estimated net cash flows are discounted using current yields. Among other factors, the yield estimation considers the quality of a building and its location, tenants' credit quality and lease terms.	• Expected market rental growth yields • Rental rates	The estimated fair value would increase/(decrease) if: • Expected market rental growth were higher/ (lower); • The occupancy rates were higher/(lower); • Rent-free periods were shorter/(longer); or • Yields were lower/(higher).

16. Property, plant and equipment

	Group					
	Freehold land and buildings $'000	Leasehold land and buildings $'000	Computers and office equipment $'000	Motor vehicles $'000	Work-in-progress $'000	Total $'000
At cost:						
March 31, 2015	2,366,043	398,036	3,470,574	710,353	141,791	7,086,797
Additions	122,775	55,409	172,918	96,016	773,579	1,220,697
Transfers	-	-	(4,817)	-	-	(4,817)
Disposals	(1,967)	-	(8,286)	(27,896)	-	(38,149)
Translation adjustments	33,022	9,274	13,392	1,217	3,264	60,169
March 31, 2016	2,519,873	462,719	3,643,781	779,690	918,634	8,324,697
Additions	351,114	76,727	314,011	197,634	183,195	1,122,681
Transfers	846,749	26,739	24,198	-	(894,734)	2,952
Disposals	-	(4,757)	(60,626)	(50,582)	-	(115,965)
Translation adjustments	22,973	4,361	8,245	489	-	36,068
March 31, 2017	3,740,709	565,789	3,929,609	927,231	207,095	9,370,433
Depreciation:						
March 31, 2015	428,589	327,966	2,438,776	333,696	-	3,529,027
Charge for the year	64,553	26,079	261,704	122,488	-	474,824
Translation adjustments	4,902	9,029	13,372	984	-	28,287
Eliminated on disposals	(1,640)	-	(6,637)	(18,765)	-	(27,042)
March 31, 2016	496,404	363,074	2,707,215	438,403	-	4,005,096
Charge for the year	85,487	47,236	282,550	139,372	-	554,645
Transfers	31,256	-	(33,562)	-	-	(2,306)
Translation adjustments	3,854	4,731	7,958	386	-	16,929
Eliminated on disposals	-	(4,757)	(44,609)	(38,189)	-	(87,555)
March 31, 2017	617,001	410,284	2,919,552	539,972	-	4,486,809
Net book values:						
March 31, 2017	3,123,708	155,505	1,010,057	387,259	207,095	4,883,624
March 31, 2016	2,023,469	99,645	936,566	341,287	918,634	4,319,601
March 31, 2015	1,937,454	70,070	1,031,798	376,657	141,791	3,557,770

Included in freehold land and buildings is the cost of land at $133,730,000 (2016: $133,730,000).

17. Goodwill and intangible assets

	Group						
	Customer base $'000	Trademarks $'000	Goodwill $'000	Licence $'000	Software $'000	Non-compete agreement $'000	Total $'000
At cost:							
March 31, 2015	69,568	106,976	755,416	435	922,504	27,696	1,882,595
Additions	-	863	-	-	127,462	-	128,325
Transfer	-	-	-	-	(9,638)	-	(9,638)
Impairment	-	-	-	-	(368)	-	(368)
Translation adjustments	-	8,861	35,551	-	1,799	2,185	48,396
March 31, 2016	69,568	116,700	790,967	435	1,041,759	29,881	2,049,310
Additions	-	-	-	-	368,805	-	368,805
Disposals	-	-	-	-	(17,661)	-	(17,661)
Transfers from property, plant and equipment	-	-	-	-	36,484	-	36,484
Transfers to property, plant and equipment	-	-	-	-	(24,289)	-	(24,289)
Translation adjustments	-	5,936	36,194	-	1,233	1,596	44,959
March 31, 2017	69,568	122,636	827,161	435	1,406,331	31,477	2,457,608
Amortisation and impairment losses:							
March 31, 2015	69,568	1,549	-	-	770,257	22,157	863,531
Charge for the year	-	354	-	-	88,044	5,758	94,156
Impairment	-	-	-	-	(51)	-	(51)
Translation adjustments	-	705	-	-	1,667	1,966	4,338
March 31, 2016	69,568	2,608	-	-	859,917	29,881	961,974
Charge for the year	-	358	-	-	126,997	-	127,355
Eliminated on disposal	-	-	-	-	(11,803)	-	(11,803)
Transfers from property, plant and equipment	-	-	-	-	34,230	-	34,230
Transfers to property, plant and equipment	-	-	-	-	(668)	-	(668)
Translation adjustments	-	9	-	-	1,335	1,596	2,940
March 31, 2017	69,568	2,975	-	-	1,010,008	31,477	1,114,028
Net book values:							
March 31, 2017	-	119,661	827,161	435	396,323	-	1,343,580
March 31, 2016	-	114,092	790,967	435	181,842	-	1,087,336
March 31, 2015	-	105,427	755,416	435	152,247	5,539	1,019,064

Goodwill is attributable to the acquisition of Manufacturers Credit and Information Services Limited (MCIS) and QuikCash.

In testing intangible assets for impairment, recoverable amounts of cash-generating units were estimated based on value in use. Where the recoverable amounts exceed the carrying amounts, no impairment allowance is made. The recoverable amounts of the cash-generating units (CGUs), MCIS and QuikCash, were arrived at by estimating its future cash flows and discounting those cash flows using long-term discount rates applicable to Jamaica and Caymans Island, as relevant. The fair value measurement was categorised as Level 3 fair value based on inputs in the valuation technique. Future sustainable cash flows were estimated based on the most recent forecasts, based on past experience and management's plans.

17. Goodwill and intangible assets (continued)

These projections included specific estimates for four (4) years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumption that a market participant will make.

The key assumptions used in the discounted cash flow projections were as follows:

	2017		2016	
	QuikCash	MCIS	QuikCash	MCIS
	%	%	%	%
Discount rates – Cayman Islands and Jamaica respectively	13.5	28.7	12.1 and 26.6	22.9
Inflation rates	-	-	4.0	-
Growth rates	2.0	2.0 to 4.0	2.0	2.0 to 4.0
Jamaican dollar devaluation rate	-	6.0	-	4.0

18. Deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Group					
	Assets		Liabilities		Net	
	2017	2016	2017	2016	2017	2016
	$'000	$'000	$'000	$'000	$'000	$'000
Other assets	10,119	2,033	(131,022)	(136,140)	(120,903)	(134,107)
Property, plant and equipment	170,290	301,147	14,094	(449)	184,384	300,698
Employee benefits obligation	391,444	278,405	-	-	391,444	278,405
Other payables	54,400	67,214	59,374	32	113,774	67,246
Available-for-sale investments	(202,879)	912	(99,008)	(106,112)	(301,887)	(105,200)
Contractual savings reserve	-	-	(4,267)	(4,267)	(4,267)	(4,267)
Tax losses carried forward	297,367	19,019	-	-	297,367	19,019
Unrealised foreign exchange (gains)/losses	(190,386)	1,474	(103)	(108,650)	(190,489)	(107,176)
Net deferred tax assets/(liabilities)	530,355	670,204	(160,932)	(355,586)	369,423	314,618

18. Deferred tax assets/(liabilities) (continued)

Movement in net temporary differences during the year are as follows:

	Group			
	2017			
	Balances at April 1, 2016 $'000	Recognised in surplus $'000	Recognised in other comprehensive income $'000	Balances at March 31, 2017 $'000
Other assets	(134,107)	13,204	-	(120,903)
Property, plant and equipment	300,698	(116,314)	-	184,384
Employee benefits obligation	278,405	87,260	25,779	391,444
Other payables	67,246	46,528	-	113,774
Available-for-sale investments	(105,200)	10,688	(207,375)	(301,887)
Contractual savings reserve	(4,267)	-	-	(4,267)
Tax losses carried forward	19,019	278,348	-	297,367
Unrealised foreign exchange gains	(107,176)	(83,313)	-	(190,489)
Net deferred tax assets/(liabilities)	314,618	236,401	(181,596)	369,423

	2016			
	Balances at April 1, 2015 $'000	Recognised in surplus $'000	Recognised in other comprehensive income $'000	Balances at March 31, 2016 $'000
Other assets	(131,389)	(2,718)	-	(134,107)
Property, plant and equipment	83,800	216,898	-	300,698
Employee benefits obligation	246,347	25,583	6,475	278,405
Other payables	53,774	13,472	-	67,246
Available-for-sale investments	(130,536)	(565)	25,901	(105,200)
Contractual savings reserve	(4,267)	-	-	(4,267)
Tax losses carried forward	19,389	(370)	-	19,019
Unrealised foreign exchange gains	(16,054)	(91,122)	-	(107,176)
Net deferred tax assets/(liabilities)	121,064	161,178	32,376	314,618

19. Customer deposits

	Group	
	2017	2016
	$'000	$'000
Customer deposits	113,822,277	100,759,107
Accrued interest	340,638	297,594
	114,162,915	101,056,701

Customer deposits are due from the reporting date as follows:

	Group	
	2017	2016
	$'000	$'000
Within 3 months	102,731,907	89,945,721
From 3 months to 1 year	11,137,462	10,563,701
Over 1 year	293,546	547,279
	114,162,915	101,056,701

The Group's customer deposits portfolio is concentrated as follows:

	Number of accounts		Value	
	2017	2016	2017	2016
			$'000	$'000
Public authorities	709	139	1,204,467	789,755
Financial institutions	100	101	1,088,586	1,442,036
Commercial and business	6,871	3,920	10,431,780	3,241,089
Individuals	917,697	870,121	101,438,082	95,583,821
	925,377	874,281	114,162,915	101,056,701

As at March 31, 2017, an indirect subsidiary continues to be non-compliant with Section 19 of the Building Societies Law (2014 Revision) as it has accepted deposits in excess of the limits prescribed by the Building Society Law (2014 Revision) by CI$10,903,063 (2016: CI$21,875,116). The Society has been in non-compliance for a period extending beyond 12 months and management continues to be committed to executing a remediation plan and continues to report on the non-compliance to the Cayman Islands Monetary Authority ("CIMA"). The non-compliance with Section 19 of the Building Societies Law (2014 Revision) has not impacted on the subsidiary's ability to comply with the CIMA regulatory capital requirements, as disclosed in note 37(f).

Subsequent to March 31, 2017, through on-going remediation efforts, the non-compliance gap has been reduced to approximately CI$1,170,000 and management expects to fully remediate the breach by June 30, 2018.

20. Securities sold under repurchase agreements

	Group	
	2017	2016
	$'000	$'000
Principal	27,634,736	23,145,673
Interest payable	171,567	149,222
	27,806,303	23,294,895

Securities sold under repurchase agreements are due from the reporting date as follows:

	Group	
	2017	2016
	$'000	$'000
Within 3 months	18,958,925	15,451,822
From 3 months to 1 year	8,532,734	7,297,341
Over 1 year	314,644	545,732
	27,806,303	23,294,895

At March 31, 2017, securities obtained under resale agreements and certain investments have been pledged by the Group as collateral for repurchase agreements. These financial instruments have a carrying value of $28,417,340,000 (2016: $23,334,188,000).

21. Other payables

	Group		Company
	2017	2016	2017
	$'000	$'000	$'000
Staff related accruals	281,465	182,443	-
Insurance payable	576,803	553,965	-
Customers' and other deposits [note 6(b)]	317,221	457,641	-
Trade payables	887,988	709,236	-
Other payables	1,681,664	1,432,968	15,355
	3,745,141	3,336,253	15,355

22. Employee benefits obligation

The Group provides for several post-retirement pension benefits through a defined-contribution scheme which replaced a prior defined-benefit pension scheme for employees within the Group. The pensioners in the defined-benefit scheme were transferred to a defined-contribution scheme, with the guarantee of their pension payments, and active members started to contribute on a defined-contribution basis. The scheme is funded by contributions from the Group and employees in accordance with the rules of the scheme.

22. Employee benefits obligation (continued)

Under the defined-contribution schemes, retirement benefits are based on the Group's and employees' accumulated contributions, plus interest and, therefore, the Group has no further liability to fund pension benefits. During a prior period, the trustees of the scheme purchased annuities for the transferring pensioners in the scheme, thereby, removing the liabilities of the guarantee of the pension payments from the scheme.

The following indirect subsidiaries participate in defined-contribution pension schemes in their respective jurisdiction as follows:

	Subsidiary	Pension scheme
(i)	JN Cayman Limited	Cayman National Pension Plan
(ii)	JN Money Services (USA) Inc.	401K retirement plan managed by Legg Mason Global Asset Management
(iii)	JN Money Services (Canada) Limited	Registered retirement services plan managed by Manulife Financial Corporation
(iv)	JN Money Services (Cayman) Limited	Cayman Islands Chamber of Commerce Pension Plan
(v)	JN Money Services (UK) Limited	Legal & Assurance Society

The total contributions made for the year is included in employee costs (note 34).

The Group provides post-retirement health insurance benefits to retirees who have met certain minimum service requirements.

The amounts recognised in the statements of financial position for employee benefits in respect of the group life and health insurance plans are as follows:

(a) Employee benefits obligation:

	Group	
	2017	2016
	$'000	$'000
Present value of unfunded obligations	1,167,016	903,045
Supplementary benefit [note 22(i)]	7,313	9,509
	1,174,329	912,554

22. Employee benefits obligation (continued)

(b) Movement in the present value of unfunded obligations:

	Group	
	2017 $'000	2016 $'000
Present value of unfunded obligations and supplementary benefit at beginning of year	912,554	809,729
Benefits paid	(10,418)	(7,936)
Service cost	111,811	16,056
Interest cost	83,045	74,205
Actuarial (gain)/loss arising from:		
Experience adjustments	(1,470)	(13,305)
Demographic assumption	(25,212)	17,922
Financial assumptions	104,019	15,883
Balances at end of year	1,174,329	912,554

(c) Expenses recognised in the statements of revenue and expenses:

	Group	
	2017 $'000	2016 $'000
Current service costs	57,067	46,350
Past service cost	54,744	(30,294)
Interest on obligation	83,045	74,205
	194,856	90,261

(d) Net actuarial gains recognised in other comprehensive income:

	Group	
	2017 $'000	2016 $'000
Remeasurement loss on obligation	77,337	20,500

THE JAMAICA NATIONAL GROUP LIMITED
(A company limited by guarantee with share capital)

Notes to the Financial Statements (Continued)
March 31, 2017

22. Employee benefits obligation (continued)

(e) Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	Group	
	2017	2016
	%	%
Discount rate at March 31	9.50	9.00
Health cost inflation rate	8.00	7.00
Salary growth rate	6.50	6.50

(f) Sensitivity analysis:

Sensitivity analysis on projected benefit obligation:

The calculation of the projected benefit obligation is sensitive to the assumptions used. The table below summarizes how the projected benefit obligation measured at the end of the reporting period would have increased/(decreased) as a result of a change in the respective assumptions by one percentage point. In preparing the analyses for each assumption, all others were held constant. The economic assumptions are somewhat linked as they are all related to inflation. Hence, for example, a 1% reduction in the long-term discount rate, would cause some reduction in the medical trend rate.

	Group			
	2017		2016	
	$'000 1% increase	$'000 1% decrease	$'000 1 % increase	$'000 1 % decrease
Discount rate	(229,940)	312,754	(174,643)	236,890
Health inflation rate	297,850	(221,594)	233,574	(174,028)
Salary increase rate	1,453	(1,283)	27	(27)

(g) At March 31, 2017, the weighted average duration of the defined benefit obligation was 24.5 years (2016: 23.9 years).

(h) As mortality continues to improve, estimates of life expectancy are expected to increase. An increase of one year in life expectancy will increase the employee benefits obligation by approximately $36,000,000 (2016: $26,080,000) while a decrease of one year in life expectancy will result in a decrease in the employee benefits obligation by approximately $5,400,000 (2016: $1,700,000).

(i) Supplementary pension benefit:

This represents the defined benefit obligation in respect of supplementary pension provided by a subsidiary for 5 pensioners (2016: 6).

23. Insurance contract provisions

(a) Group:

	2017			2016		
	Gross $'000	Reinsurance $'000	Net $'000	Gross $'000	Reinsurance $'000	Net $'000
Claims outstanding	2,296,671	(216,129)	2,080,542	2,051,643	(86,884)	1,964,759
Unearned premiums	2,253,243	(1,174,718)	1,078,525	2,233,965	(1,179,233)	1,054,732
	4,549,914	(1,390,847)	3,159,067	4,285,608	(1,266,117)	3,019,491

(b) Analysis of movements in insurance contract provisions:

Claims outstanding:

	2017			2016		
	Gross $'000	Reinsurance $'000	Net $'000	Gross $'000	Reinsurance $'000	Net $'000
Claims notified	1,365,169	(78,372)	1,286,797	1,448,204	(112,540)	1,335,664
Claims incurred but not reported	686,474	(8,512)	677,962	675,984	(608)	675,376
Balances at April 1	2,051,643	(86,884)	1,964,759	2,124,188	(113,148)	2,011,040
Claims incurred	1,567,267	(352,353)	1,214,914	931,521	(94,930)	836,591
Claims paid in year	(1,322,239)	223,108	(1,099,131)	(1,004,066)	121,194	(882,872)
Change in outstanding claims provision	245,028	(129,245)	115,783	(72,545)	26,264	(46,281)
Balances at March 31	2,296,671	(216,129)	2,080,542	2,051,643	(86,884)	1,964,759
Claims notified	1,550,859	(193,389)	1,357,470	1,365,169	(78,372)	1,286,797
Claims incurred but not reported	745,812	(22,740)	723,072	686,474	(8,512)	677,962
Balances at March 31	2,296,671	(216,129)	2,080,542	2,051,643	(86,884)	1,964,759

Outstanding claims include gross claims payable of $14,877,000 (2016: $28,322,000) under policies issued to related parties.

(c) Unearned premiums:

	2017			2016		
	Gross $'000	Reinsurance $'000	Net $'000	Gross $'000	Reinsurance $'000	Net $'000
Balances at April 1	2,233,965	(1,179,233)	1,054,732	1,697,767	(778,217)	919,550
Premiums written during the year	5,221,092	(3,075,436)	2,145,656	4,898,289	(2,883,482)	2,014,807
Premiums earned during the year	(5,201,814)	3,079,951	(2,121,863)	(4,362,091)	2,482,466	(1,879,625)
Balances at March 31	2,253,243	(1,174,718)	1,078,525	2,233,965	(1,179,233)	1,054,732

23. Insurance contract provisions (continued)

(d) Gross unearned premiums are analysed as follows:

	Group	
	2017	2016
	$'000	$'000
Liability	126,631	129,347
Motor	872,644	849,623
Pecuniary loss	4,506	4,809
Personal accident	8,325	8,158
Marine	3,760	3,392
Property	1,184,382	1,191,274
Engineering	52,995	47,362
	2,253,243	2,233,965

24. Long-term loans

	Group	
	2017	2016
	$'000	$'000
Development Bank of Jamaica Limited [see (i)]	687,112	459,356
JN Foundation unsecured bond [see (ii)]	16,481	56,481
National Insurance Fund [see (iii)]	83,328	40,008
National Export-Import Bank of Jamaica Limited [see (iv)]	122,992	206,313
Micro Investment Development Agency Limited [see (v)]	119,691	95,881
	1,029,604	858,039

(i) This represents several unsecured loans which bear interest ranging from 9.8% to 10%(2016: 9.8% to 10%) per annum. The loans are repayable in quarterly or semi-annual instalments ranging from $1,250,000 to $25,000,000 and ending between June 30, 2017 and February 28, 2020.

(ii) This is an unsecured bond, Series B, issued by a related party, which bears interest at 4.8% (2016: 4.8%) per annum. Repayment of the principal is subject to a call option exercisable by the bondholders after giving 180 days written notice. Interest payments are due quarterly.

(iii) This represents several unsecured loans which bear interest at 4% per annum. The loans are repayable in quarterly instalments ranging from $66,667 to $636,363 and ending between June 30, 2017 and March 31, 2022.

(iv) This represents several unsecured loans which bear interest ranging from 10.5% to 11%. The loans are repayable in quarterly instalments ranging from $2,000,000 to $6,000,000 and ending between November 30, 2020 and March 31, 2021.

(v) This represents several unsecured loans which bear interest at an average rate of 9.25% per annum. The loans are repayable in quarterly instalments ranging from $1,493,844 to $6,113,559 and ending between April 30, 2017 and March 31, 2019.

25. Reserve fund

In accordance with the Banking Services Act, 2014 and regulations under which one of the subsidiaries operates, the subsidiary is required to make transfers of a minimum of 15% of net profits, until the amount in the fund is equal to 50% of the paid-up capital of the subsidiary and thereafter, 10% of the net profits until the reserve fund is equal to its paid-up capital.

26. Contractual savings reserve

Under a previously operated scheme, the members of the predecessor entity, the Society, after meeting certain criteria, including saving a contracted sum at a fixed rate of 3% per annum, became eligible to apply for a mortgage loan at a fixed rate of 5% per annum. The reserve was established in anticipation of the shortfall in interest income in future years, from the provision of this facility. Management constantly monitors the adequacy of the reserve and makes appropriate adjustments, as necessary. The reserve is maintained by the banking subsidiary.

27. Other reserves

	Group		Company
	2017	2016	2017
	$'000	$'000	$'000
Exchange equalisation reserve [see (a)]	612,066	604,313	-
Investment revaluation reserve [see (b)]	657,809	611,185	-
Credit loss reserve [see (c)]	1,647,008	1,765,550	-
Other reserves [see (d)]	2,610,802	2,619,788	181,957
	5,527,685	5,600,836	181,957

(a) This comprises all foreign currency differences arising from the translation of the financial statements of foreign operations for consolidation purposes.

(b) This comprises the cumulative net change in the fair value of available-for-sale financial assets, until the assets are derecognised or impaired.

(c) This is a non-distributable reserve representing the excess of regulatory and other provisions over the IFRS provision for loan losses (note 11).

(d) This includes the retained earnings reserve, disclosed at note 28.

28. Retained earnings reserve

The Banking Services Act, 2014 permits transfers from the net profit to retained earnings reserve for the banking subsidiary, which constitutes a part of the capital base of that subsidiary. Transfers to the retained earnings reserve are made at the discretion of the Board of Directors. Such transfers must be notified to the Bank of Jamaica and any reversal must also be approved by Bank of Jamaica.

29. Non-controlling interest

(a) Non-controlling interest holding

	Group	
	2017	2016
	$'000	$'000
Share capital	388	388
Share of profit	148,923	112,360
	149,311	112,748

This represents the non-controlling interest in the following indirect subsidiaries.

Company	Non-Controlling Interest Holding
JN Cayman	4.11%
Management Control Systems Limited	4.33%
JN General Insurance Company Limited	0.5%

(b) Dividends to shareholders

	2017	2016
	$'000	$'000
Interim dividends paid to non-controlling interest	1,321	-

At the Board of Directors meeting held on December 12, 2016, the directors of an indirect subsidiary declared interim dividends of which $1,321,000 (2016: $Nil) was paid to minority shareholders.

30. Interest expense

	Group	
	2017	2016
	$'000	$'000
Customer deposits	1,473,876	1,114,998
Other	1,591,763	1,712,960
	3,065,639	2,827,958

31. Other operating income

	Group		Company
	2017	2016	2017
	$'000	$'000	$'000
Realised foreign exchange gains on trading	1,652,912	1,331,635	-
Fee and commission income	2,909,831	2,364,873	-
Net underwriting insurance income before operating expenses	1,312,848	1,421,502	-
Dividends	44,925	18,400	5,764,030
Fair value loss on put option	(123,835)	(121,553)	-
Other	321,491	899,835	-
	6,118,172	5,914,692	5,764,030

32. Operating expenses

	Group		Company
	2017	2016	2017
	$'000	$'000	$'000
Administrative	4,473,208	4,183,654	374,814
Employee costs (note 34)	7,458,339	6,288,972	-
Advertising and promotion	909,269	884,519	-
Audit fees – current year	100,568	123,586	2,500
- prior year	94	1,995	-
Bad debts written-off for loans and other receivables	535,132	336,468	-
Depreciation and amortisation	691,200	582,652	-
Impairment losses	116,885	284,358	-
Legal and professional fees	600,647	632,293	-
	14,885,342	13,318,497	377,314

33. Taxation

(a) Taxation is based on the surplus for the year, as adjusted for income tax purposes, and is made up as follows:

	Group		Company
	2017	2016	2017
	$'000	$'000	$'000
(i) Current tax expense:			
Taxation on subsidiaries	873,532	833,090	-
Employment tax credit	(12,342)	(28,489)	-
Adjustments in respect of prior year	18,039	(18,065)	-
	879,229	786,536	-
(ii) Deferred taxation:			
Origination and reversal of temporary differences (note 18)	42,380	(161,548)	-
Unrecognised tax losses (note 18)	(278,781)	370	-
	(236,401)	(161,178)	-
Total taxation in statements of revenue and expenses	642,828	625,358	-

(b) Reconciliation of effective tax charge:

Taxation is computed at rates of 25% for the Company, 15%, 33⅓% and 25% for local direct and indirect subsidiaries and 20%, 26½% and 40% for certain foreign indirect subsidiaries. The effective tax rate for 2017 was 29.80% (2016: 30.55%) of $2,157,328,000 (2016: $2,047,188,000) pre-tax surplus for the Group and $Nil for the Company. The actual charge differs from the "expected" tax charge for the year as follows:

THE JAMAICA NATIONAL GROUP LIMITED
(A company limited by guarantee with share capital)

Notes to the Financial Statements (Continued)
March 31, 2017

33. Taxation (continued)

(b) Reconciliation of effective tax charge: (continued)

	Group 2017 $'000	Group 2016 $'000	Company 2017 $'000
Surplus before taxation	2,157,328	2,047,188	5,387,321
Computed "expected" tax expense at 15%	6,739	2,431	-
Computed "expected" tax expense at 20% & 25%	169,635	149,193	1,346,830
Computed "expected" tax expense at 26½ % & 30%	161,806	121,638	-
Computed "expected" tax expense at 33⅓% & 40%	448,841	426,091	-
	787,021	699,353	1,346,830
Difference between surplus for financial statements, and tax reporting purposes on -			
Depreciation charge and capital allowances	125,152	(172,444)	-
Loss/(gain) on disposal of property, plant and equipment	122	(6,826)	-
Unfranked and exempt income	(112,249)	(161,308)	(1,346,710)
Gain on disposal of investments	(108,801)	(84,280)	-
Prior year under/(over) provision	17,809	(18,509)	-
Disallowed expenses, net	(62,338)	396,075	(120)
Other	(3,888)	(26,703)	-
Actual tax expense, net	642,828	625,358	-

(c) At March 31, 2017, taxation losses of local indirect subsidiaries available for relief against future taxable profits of those subsidiaries, subject to the agreement of the Commissioner General, Tax Administration Jamaica, aggregated to approximately $881,870,000 (2016: $13,252,000).

As at January 1, 2014, tax losses may be carried forward indefinitely; however, the amount that can be utilised in any one year is restricted to 50% of the current year's taxable profits. Taxation losses available to overseas indirect subsidiaries, for relief against their future taxable profits, amounted to approximately $67,877,000 (2016: $40,502,000).

(d) At March 31, 2017, a deferred tax liability of approximately $2,176,775,000 (2016: $2,827,718,000), relating to investment in certain indirect subsidiaries and associated companies has not been recognised, as the Company controls, or significantly controls, whether any liability will be incurred and management is satisfied that it will not be incurred in the foreseeable future.

34. Employee costs

The aggregate staff costs were as follows:

	Group 2017 $'000	Group 2016 $'000
Salaries	4,764,515	4,224,739
Pension, group life and health contributions	527,246	378,653
Statutory contributions	546,098	472,362
Other	1,620,480	1,213,218

35. Related party balances and transactions

Identity of related parties:

(a) The Group has a related party relationship with its subsidiaries, associates, the pension scheme, directors, companies owned by directors, MBS Foundation, JN Foundation and other key management personnel.

(b) The statements of financial position includes balances arising in the ordinary course of business, with related parties as follows:

	Group		Company
	2017	2016	2017
	$'000	$'000	$'000
Cash and cash equivalents			
Other related entity	-	-	200,396
Securities sold under repurchase agreements			
Directors	138,338	182,273	-
Other related parties	792,814	905,668	-
Loans			
Directors	36,762	38,377	-
Other key management personnel	68,739	76,464	-
Other related parties	35,149	23,209	300,078
Other assets			
Other related entity	-	6,391	-
Customer deposits			
Directors	950,210	784,220	-
Other key management personnel	89,586	158,294	-
Other related parties	160,212	4,028	-
Other payables			
Other related entity	181,957	-	181,957
Long term loans			
Other related parties	16,481	16,481	-

(c) The surplus before taxation includes income earned from, and expenses incurred in, transactions with related parties in the ordinary course of business, as follows:

	Group		Company
	2017	2016	2017
	$'000	$'000	$'000
Subsidiaries:			
Dividends	-	-	5,764,030
Interest income	-	-	78
Management fees	-	-	316,589
Directors:			
Interest income	2,052	1,525	-
Interest expense	38,841	29,113	-
Other related parties:			
Interest expense	15,857	10,672	-
Contribution to pension scheme	160,199	139,295	-
Contribution to Foundations	83,435	46,701	-

35. Related party balances and transactions (continued)

(d) Compensation paid to key management personnel (directors and senior executives) is as follows:

	Group	
	2017 $'000	2016 $'000
Short-term benefits	236,528	352,424
Post-employment benefits	7,546	7,475
	244,074	359,899

36. Managed funds

A subsidiary acts as agent and earns fees for managing clients' funds on a non-recourse basis under a management agreement. The Group has no legal or equitable right or interest in these funds and, accordingly, these funds and the assets in which they are invested have been excluded from these financial statements. At March 31, 2017, these funds amounted to $16,636,419,000 (2016: $15,384,130,000).

37. Financial risk management

(a) Overview

The Group has exposure to the following financial risks from its operations and the use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and its management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Finance Committee, the Risk Management Unit, Group Compliance Department and Group Audit Committee, which are responsible for developing and monitoring risk management policies in their specified areas. These committees have both executive and non-executive members and report to the Board of Directors on their activities.

The Group's risk management policies are established to identify, assess and measure the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The focus of financial risk management for the Group is ensuring that the Group has adequate economic capital and that the use of and proceeds from its financial assets are sufficient to fund the obligations arising from its deposit base and other contractual liabilities. The goal of the investment management process is to, within the policy guidelines, optimise the after-tax investment income and total return by investing in a diversified portfolio of securities, whilst ensuring that the assets and liabilities are managed on a cash flow and duration basis.

37. Financial risk management (continued)

(a) Overview (continued)

A key aspect in the management of the Group's financial risk is through matching the timing of cash flows from assets and liabilities. The Group actively manages its investments using an approach that balances quality, diversification, liquidity and return. The portfolio is reviewed on a periodic basis, as are investment guidelines and limits with the objective of ensuring that the Group can always meet its obligations without undue cost and in accordance with the Group's internal and regulatory capital requirements.

The Group Audit Committee is responsible for monitoring compliance with the Group's risk management policies and procedures. The Group Audit Committee is assisted by the Group Internal Audit Department which undertakes cyclical reviews of risk management controls and procedures, the results of which are reported to the heads of the Compliance Department, the Risk Management Unit, the Group Audit Committee and the Board of Directors.

(b) Credit risk:

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's loans and advances to borrowers and investment securities.

There was no change in the nature of exposure to credit risk to which the Group is subjected or its approach to measuring and managing the risk during the year.

The Group manages credit risk associated with loans by evaluating the borrowers' ability to repay loans, ensuring that:

(i) where collateral is held against an outstanding loan, it is sufficiently insured;

(ii) loan loss provisioning is in keeping with BOJ Regulations and CIMA;

(iii) loans are not concentrated in one individual, Company or Group; and

(iv) strong underwriting and credit administration systems are in place.

Counterparty credit risk

With the exception of Government of Jamaica securities, there is no significant concentration of credit risk related to liquid fund and debt securities. Further, locally issued Government of Jamaica notes are held with the Central Securities Depository (CSD), while global bonds issued by the Government of Jamaica and other investment assets are held with financial institutions which management regards as reputable and sound. These entities are regularly reviewed and risk rated by the Risk Management Unit.

Credits to borrowers

Credit facilities to customers and other borrowers primarily comprise of mortgage loans. The management of this type of credit risk is carried out through the use of a tiered approval framework within the Underwriting Unit, up to the Loan Committee of the Board. This framework allows for the evaluation of proposed credits, and the formal approval of those commitments. The Board of Directors has the responsibility for the oversight of the Group's credit risk and the development of credit policies.

37. Financial risk management (continued)

(b) Credit risk (continued):

Loans with renegotiated terms:

Loans with renegotiated terms are loans that have been restructured due to deterioration in the customers' financial position and where the Group has made concessions that it would not otherwise consider. Once the loan is restructured, it remains in this category irrespective of satisfactory performance after restructuring. At March 31, 2017, the outstanding principal balances on loans that were restructured amounted to $3,271,699,000 (2016: $3,506,578,000) for the Group.

Impaired credits to borrowers

Impaired credits to customers and other borrowers are credits for which management determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the credit.

Past due but unimpaired credits to borrowers

These are credits where contractual interest or principal payments are past due but they are not considered impaired based on the quality and value of security available or the stage of collection of amounts owed by debtors.

Allowances for impairment

The Group has established an allowance for impairment losses that represents its estimate of incurred losses on loans. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance established on a portfolio basis, based on requirements of the Banking Services Regulations 2015 and CIMA.

Write-off policy

The Group writes off credits to borrowers (and any related allowances for impairment losses) when it determines that the balances are uncollectible. This determination is usually made after considering information such as changes in the borrower's financial position, or that proceeds from collateral will not be sufficient to pay back the entire exposure. Credits to borrowers for write-off must be submitted to the credit committee and/or Board of Directors for approval.

Concentration by class and geographical area

The Group limits its exposure to credit risk by investing only in Government of Jamaica securities and with counterparties that have high credit ratings. Therefore, management does not expect any counterparty to fail to meet its obligations.

The Group has documented investment policies in place, which guide in managing credit risk on investment securities and securities purchased under resale agreements. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties based on their credit ratings and limits set.

37. Financial risk management (continued)

(b) Credit risk (continued):

Concentration by class and geographical area (continued)

The Group's significant concentration of credit exposure, as at the reporting date, by geographic area (based on the entity's country of ownership) were as follows:

	Group		Company
	2017 $'000	2016 $'000	2017 $'000
Jamaica	146,935,082	153,461,761	197,312
United States of America	8,243,547	3,603,229	-
United Kingdom	5,266,846	6,020,701	-
Canada	764,509	1,298,189	-
Ghana	1,587	3,698	-
Turks and Caicos Islands	11,322	-	-
Cayman Islands	5,946,463	6,501,377	-
Trinidad & Tobago	-	13,564	-
	167,169,356	170,902,519	197,312

Credit quality of loans

The credit quality of the Group's and Company's loans are summarised as follows:

	Group		Company
	2017 $'000	2016 $'000	2017 $'000
Neither past due nor impaired	64,876,724	51,219,521	300,078
Past due but not impaired:			
Below 30 days	6,857,212	7,859,037	-
30 to 60 days	3,208,132	2,909,097	-
60 to 90 days	1,418,548	1,764,971	-
Individually impaired:			
90-180 days	1,234,565	1,411,487	-
180-365 days	557,383	725,976	-
12-18 months	438,448	519,201	-
18 months and over	957,905	1,172,579	-
	79,548,917	67,581,869	300,078
Less allowance for losses (note 11)	(1,282,149)	(1,353,341)	-
	78,266,768	66,228,528	300,078

37. Financial risk management (continued)

(b) Credit risk (continued):

Exposure to credit risk

Credit risk exposure is the amount of loss that the Group would suffer if all counterparties to which the Group is exposed were to default at once. This is represented substantially by the carrying amount of financial assets shown on the statements of financial position, without taking account of the value of any collateral held.

There are no off-balance-sheet assets and the maximum exposure to credit risk is represented by the amount of financial assets in the statements of financial position.

Collateral and other credit enhancements held against financial assets

The Group holds collateral against credits to borrowers primarily in the form of mortgage interests over property. Estimates of fair values are based on value of collateral assessed at the time of borrowing and are generally not updated except when credits to borrowers are individually assessed as impaired. Borrowers of a subsidiary may use collateral such as an insurance policy, property, motor vehicle, personal or corporate guarantees to secure loans.

Collateral generally is not held over balances with banks or brokers/dealers, except when securities are held under resale agreements. Collateral is generally not held against investment securities.

37. Financial risk management (continued)

(b) Credit risk (continued):

Collateral and other credit enhancements held against financial assets (continued)

The fair value of collateral held against loans to borrowers and others is shown below:

	Group			
	Loans and advances		Resale agreements	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Against neither past due nor impaired financial assets:				
Properties	168,605,083	144,357,392	-	-
Debt securities	3,436,981	-	15,594,895	14,282,005
Household assets	1,492,422	-	-	-
Liens on motor vehicles	1,698,996	1,522,162	-	-
Hypothecation of deposits	84,656	1,522,927	-	-
Other	8,808	133,746	-	-
Subtotal	175,326,946	147,536,227	15,594,895	14,282,005
Against past due but not impaired financial assets:				
Properties	38,102,780	52,787,940	-	-
Household assets	4,534,471	91,515	-	-
Liens on motor vehicles	-	50,364	-	-
Other	42,138	5,714	-	-
Subtotal	42,679,389	52,935,533	-	-
Against past due and impaired financial assets:				
Properties	9,530,206	8,797,907	-	-
Household assets	-	188,567	-	-
Liens on motor vehicles	5,919	106,853	-	-
Business equipment	185,344	18,895	-	-
Subtotal	9,721,469	9,112,222	-	-
Grand total	227,727,804	209,583,982	15,594,895	14,282,005

(c) Liquidity risk:

Liquidity risk is the potential for loss to the Group arising from either its inability to meet its obligations or to fund increases in assets as they fall due without incurring unacceptable costs or losses. Liquidity risk is broken down into two primary categories:

(i) *Funding liquidity risk* - the risk that the Group will not be able to meet the expected and unexpected current and future cash flows and collateral needs without affecting either its daily operations or its financial condition; and

37. Financial risk management (continued)

(c) Liquidity risk (continued):

(ii) *Asset/market liquidity risk* - is the Group's inability to liquidate assets in an orderly fashion and the resulting loss on liquidation. This usually stems from illiquid markets or market disruptions.

Management of liquidity risk

The key measurement used for assessing liquidity risk is the ratio of liquid assets (as defined) to total liabilities. The liquidity ratios at the reporting date for the Group are as follows:

	Requirement		Actual	
	2017	2016	2017	2016
	%	%	%	%
Jamaica Dollar	26	5	29	10
United States of America Dollar	28	5	55	48
Canadian Dollar	28	5	90	46
Pound Sterling	28	5	39	83

There was no change in the nature of exposure to liquidity risk which the Group is subjected to or its approach to measuring and managing the risk during the year.

An analysis of the undiscounted cash flows of the Group's financial liabilities and unrecognised loan commitments on the basis of their earliest possible contractual maturity is presented below. The analysis provided is by estimating timing of the amounts recognised in the statement of financial position. The Group does not expect that its customers will demand the payment of funds at the earliest date possible.

	Group 2017						
		Contractual undiscounted cash flows					
	Carrying amount $'000	Total cash outflow $'000	Less than 3 months $'000	3-12 months $'000	1-2 years $'000	2-5 years $'000	More than 5 years $'000
Bank overdraft	12,646	12,646	12,646	-	-	-	-
Due to specialised financial institutions	15,956,753	29,682,823	1,648	9,348	62,772	84,499	29,524,556
Customer deposits	114,162,915	115,370,958	102,942,920	11,959,570	296,431	172,037	-
Due to related entities	181,957	181,957	181,957	-	-	-	-
Securities sold under repurchase agreements	27,806,303	28,344,915	17,140,887	10,874,365	329,663	-	-
Other payables	3,745,141	3,745,141	3,745,141	-	-	-	-
Long term loans	1,029,604	1,789,188	547,534	516,275	600,398	124,981	-
	162,895,319	179,127,628	124,572,733	23,359,558	1,289,264	381,517	29,524,556
Unrecognised loan commitments	-	6,096,769	6,096,769	-	-	-	-
Insurance contracts liabilities	2,296,671	2,296,671	1,052,902	534,686	397,480	281,619	29,984
	165,191,990	187,521,068	131,722,404	23,894,244	1,686,744	663,136	29,554,540

37. Financial risk management (continued)

(c) Liquidity risk (continued):

	Group						
	2016						
	Contractual undiscounted cash flows						
	Carrying amount $'000	Total cash outflow $'000	Less than 3 months $'000	3-12 months $'000	1-2 years $'000	2-5 years $'000	More than 5 years $'000
Due to specialised financial institutions	14,757,203	27,484,542	1,496	4,498	59,912	75,113	27,343,523
Customer deposits	101,056,701	101,272,073	89,580,742	10,635,163	917,286	135,894	2,988
Securities sold under repurchase agreements	23,294,895	23,616,444	15,668,938	7,395,668	551,838	-	-
Other payables	3,336,253	3,332,960	3,326,326	6,527	-	-	107
Long-term loans	858,039	1,013,609	215,372	444,215	215,580	138,442	-
	143,303,091	156,719,628	108,792,874	18,486,071	1,744,616	349,449	27,346,618
Unrecognised loan commitments	-	7,362,000	7,362,000	-	-	-	-
Insurance contracts liabilities	2,051,643	2,051,643	756,912	556,605	327,073	369,670	41,383
	145,354,734	166,133,271	116,911,786	19,042,676	2,071,689	719,119	27,388,001

For the Company, an analysis of the contractual maturities of the financial liabilities at the reporting date indicates that it is comprised of other payable and amounts due to related entities totaling $197,312,000. These amounts, which are reported on the statement of financial position are payable within three months.

(d) Market risk:

Market risk is the risk that changes in market prices, such as interest rate, foreign exchange rates and equity prices will affect the value of the Group's assets, the amount of its liabilities and/or the Group's income. Market risk arises in the Group due to fluctuations in the value of liabilities and the value of investments held. The Group is exposed to market risk on all of its financial assets.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Management of market risk

The Board Finance Committee manages market risks in accordance with its Investment Policy. The Committee reports regularly to the Board of Directors on its activities. For each of the major components of market risk, the Group has policies and procedures in place which detail how each risk should be monitored and managed. The management of each of these major components of risk and the exposure of the Group at the reporting date to each major risk are addressed below.

There was no change in the nature of exposure to market risk which the Group is subjected to, or its approach to measuring and managing the risk during the year.

(i) Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group manages this risk by regularly re-evaluating the yield, duration and modified duration on given financial instruments.

37. Financial risk management (continued)

(d) Market risk (continued):

(i) Interest rate risk (continued):

The interest rate risk analysis shows significant excess of short-term interest-bearing liabilities over short-term interest-earning assets. This is a direct consequence of the nature of the Group's business, which involves granting long-term loans (up to 30 years) funded by savings which are withdrawable on demand or after short notice. The Group may, provided that one month's notice is given, change the interest rates on its mortgages. In addition, mortgages may be called after six months' notice. The customers' deposits has been stable and is expected to remain so.

The Group manages the risk by monitoring its customers' deposits, taking steps to ensure its stability, and by adjusting interest rates to the extent practicable within the overall policy of encouraging long-term savings and facilitating home ownership.

The following table summarises the carrying amounts of recognised assets and liabilities to arrive at the Group's interest rate gap based on the earlier of contractual repricing or maturity dates. There were no off-statement of financial instruments giving rise to interest rate risk.

	Group 2017						
	Immediately rate sensitive $'000	Within 3 months $'000	3 to 12 months $'000	Over 1 year $'000	Non-rate sensitive $'000	Total $'000	Weighted average interest rate %
Assets							
Cash and cash equivalents	5,581,387	688,850	10,433	-	19,308,995	25,589,665	1.23
Securities purchased under resale agreements	-	6,987,402	3,492,121	-	42,754	10,522,277	4.42
Investments	-	5,379,720	5,079,135	62,468,753	1,732,286	74,659,894	5.44
Loans	-	456,646	2,360,564	75,038,974	410,584	78,266,768	8.94
Other assets	-	-	-	1,018	3,607,151	3,608,169	-
Total financial assets	5,581,387	13,512,618	10,942,253	137,508,745	25,101,770	192,646,773	
Liabilities							
Bank overdraft	12,646	-	-	-	-	12,646	11.13
Due to specialised financial institutions	-	15,948,315	2,382	6,056	-	15,956,753	4.34
Customer deposits	70,789,950	31,601,320	11,137,462	293,545	340,638	114,162,915	1.25
Due to related entities	-	-	-	-	181,957	181,957	-
Securities sold under repurchase agreements	-	18,787,358	8,532,734	314,644	171,567	27,806,303	4.96
Other payables	-	-	-	-	3,745,141	3,745,141	-
Long-term loans	-	117,795	-	911,809	-	1,029,604	
Total financial liabilities	70,802,596	66,454,788	19,672,578	1,526,054	4,439,303	162,895,319	
On-statement of financial position gap, being total interest rate sensitivity gap	(65,221,209)	(52,942,170)	(8,730,325)	135,982,691	20,662,467	29,751,454	
Cumulative gap	(65,221,209)	(118,163,379)	(126,893,704)	9,088,987	29,751,454		

37. Financial risk management (continued)

(d) Market risk (continued):

(i) Interest rate risk (continued):

	Group						
	2016						
	Immediately rate sensitive	Within 3 months	3 to 12 months	Over 1 year	Non-rate sensitive	Total	Weighted average interest rate
	$'000	$'000	$'000	$'000	$'000	$'000	%
Assets							
Cash and cash equivalents	1,310,895	18,293	47,909	-	5,551,484	6,928,581	0.57
Securities purchased under resale agreements	-	8,879,250	1,691,036	2,118,813	48,909	12,738,008	4.67
Investments	-	17,836,996	6,430,356	55,637,753	1,760,226	81,665,331	5.71
Loans	-	377,955	1,557,595	63,980,323	312,655	66,228,528	8.44
Other assets	-	-	1,269	3,236	3,672,671	3,677,176	-
Total financial assets	1,310,895	27,112,494	9,728,165	121,740,125	11,345,945	171,237,624	
Liabilities							
Due to specialised financial institutions	-	14,745,587	2,382	9,234	-	14,757,203	4.35
Customer deposits	-	89,648,127	10,563,701	547,279	297,594	101,056,701	1.06
Securities sold under repurchase agreements	-	15,268,662	7,331,279	545,732	149,222	23,294,895	3.93
Other payables	-	-	-	-	3,336,253	3,336,253	
Long term loans	-	140,955	400,200	316,884	-	858,039	
Total financial liabilities	-	119,803,331	18,297,562	1,419,129	3,783,069	143,303,091	
On-statement of financial position gap, being total interest rate sensitivity gap	1,310,895	(92,690,837)	(8,569,397)	120,320,996	7,562,876	27,934,533	
Cumulative gap	1,310,895	(91,379,942)	(99,949,339)	20,371,657	27,934,533		

	Company						
	2017						
	Immediately rate sensitive	Within 3 months	Three to 12 months	Over 1 year	Non-rate sensitive	Total	Weighted average interest rate
	$'000	$'000	$'000	$'000	$'000	$'000	%
Assets							
Cash and cash equivalents	-	-	-	-	200,396	200,396	1.25
Loans	-	-	300,000	-	78	300,078	9.50
Due from related entities	-	-	-	-	1,954	1,954	-
Total financial assets	-	-	300,000	-	202,428	502,428	
Liabilities							
Due to related entities	-	-	-	-	181,957	181,957	-
Other payables	-	-	-	-	15,355	15,355	-
Total financial liabilities	-	-	-	-	197,312	197,312	
On statement of financial position gap, being total interest rate sensitivity gap	-	-	300,000	-	5,116	305,116	
Cumulative gap	-	-	300,000	300,000	305,116		

37. Financial risk management (continued)

(d) Market risk (continued):

(i) Interest rate risk (continued):

Sensitivity to interest rate movements:

The sensitivity of the Group's financial assets and liabilities to interest rate risk is monitored using the following scenarios:

	Increase in interest rate	Decrease in interest rate
J$ denominated instruments	100 (2016: 250) basis points	100 (2016: 100) basis points
US$ denominated instruments	100 (2016: 200) basis points	50 (2016: 50) basis points

An increase/decrease, using the above scenarios, would adjust reserves and surplus or deficit by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Group			
	2017		2016	
	Increase	Decrease	Increase	Decrease
	$'000	$'000	$'000	$'000
Other comprehensive income	(937,513)	964,073	(989,798)	522,938
Surplus	(6,381)	6,876	(380)	308

	Company	
	2017	
	Increase	Decrease
	$'000	$'000
Surplus	5,005	(5,005)

Cash flow sensitivity analysis for variable rate instruments:

An increase/decrease using the above scenarios would adjust reserves and surplus or deficit by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Group	
	Effect on surplus	
	Increase	Decrease
	$'000	$'000
March 31, 2017		
Variable rate instruments	92,609	(92,609)
March 31, 2016		
Variable rate instruments	376,565	(184,588)

37. Financial risk management (continued)

(d) Market risk (continued):

(ii) Equity price risk

Equity price risk arises from available-for-sale 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 risk-adjusted investment returns.

A 10% (2016: 10%) increase or decrease in the market price at the reporting date would result in an increase or an equal decrease, respectively, in reserves for the Group of $60,668,000 (2016: $55,427,000).

(iii) Foreign currency risk:

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group incurs foreign currency risk on transactions that are denominated in a currency other than the Jamaica dollar. The main currencies giving rise to this risk are United States dollars, Canadian dollars, Cayman dollars and Pound sterling.

The Group ensures that the net exposure is kept to an acceptable level by daily monitoring their cost of funds against market price so as to ensure that a consistent positive spread is maintained between the buying and selling price of the traded currencies. Foreign currency liabilities are backed by foreign currency assets resulting in an overall strong net assets or long foreign currency positions at all times.

Net current foreign currency assets/(liabilities) were as follows:

	Group	
	2017 $'000	2016 $'000
United States dollars	67,500	20,114
Canadian dollars	(109)	2,123
Pound sterling	(33,544)	1,225
TT Dollars	-	733
Euro	119	227
Cayman dollars	7,594	19,698

The Bank of Jamaica's weighted average exchange rates ruling at the year-end are shown at note 44(r)(i).

37. Financial risk management (continued)

(d) Market risk (continued):

(iii) Foreign currency risk (continued):

Sensitivity analysis:

A 6% (2016: 10%) weakening of the Jamaica dollar against the various currencies at March 31 would have increased operating surplus by the amounts shown. A 1% (2016: 1%) strengthening of the Jamaica dollar against these currencies at March 31 would have had the opposite effect as shown. The analysis assumes that all other variables, in particular, interest rates, remain constant. The analysis was done on the same basis for 2016.

	Group			
	2017 $'000		2016 $'000	
	6%	1%	10%	1%
United States dollar	519,075	(86,400)	146,874	(24,065)
Canadian dollars	(632)	(105)	11,653	(1,942)
Pounds sterling	(319,339)	(53,335)	12,692	(2,107)
Euro	963	(160)	1,877	(313)
Cayman dollars	71,203	(11,847)	175,318	(29,220)

The Company has no exposure to foreign currency risk.

(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, natural and man-made disasters as well as generally accepted standards of corporate behaviour.

The Group's objective is to manage operational risk to achieve the optimal balance between the Group's financial viability and its performance against the requirements of an effective operational risk management framework.

There was no change to the Group's approach to operational risk management during the year.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to the Group's Risk Management Unit centrally and in daily operations through the senior management team.

37. Financial risk management (continued)

(e) Operational risk (continued):

This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- risk policies/guidelines for assisting management to understand the ways in which risks can be measured, managed, identified and controlled;
- requirements 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 actions;
- development of business continuity programmes including contingency plans, testing and training;
- training and professional development;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

The Group Risk Management Unit conducts frequent operational risk reviews of business lines in keeping with established policies and is supported with independent reviews undertaken by Group Internal Audit and Group Compliance. The results of all operational risk reviews are discussed with the management of the business unit to which they relate and the recommendations and required actions agreed. Summaries of the operational risk reviews are submitted to the Group Audit Committee and to the Board of Directors.

(f) Capital management:

Regulatory capital

General

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the Group. This is supported by the annual Group Internal Capital Adequacy Assessment Process which seeks to ensure that all subsidiaries, on a stand-alone and on a Group basis, are adequately capitalised.

Banking subsidiary

The main regulator is the Bank of Jamaica, which monitors the capital requirements for JN Bank Limited. In implementing current capital requirements, the Bank of Jamaica requires the Bank to maintain a prescribed ratio of total capital to total risk weighted assets of 10%. The total regulatory capital expressed as a percentage of the total risk weighted assets at March 31, 2017 was 16% (2016: 20%).

37. Financial risk management (continued)

(f) Capital management (continued):

Regulatory capital (continued)

General insurance subsidiary

General insurers must maintain at least a minimum level of assets, capital and surplus to meet the liabilities of the subsidiary as required by its regulator, the Financial Services Commission (FSC). The FSC requires the ratio of available assets to required assets to be 250% under the terms of the Minimum Capital Test (MCT).

The MCT ratio attained by the subsidiary at December 31, 2016 was 279% (December 31, 2015: 278%).

Life insurance subsidiary

The subsidiary's regulator is the FSC which monitors the capital requirements for the subsidiary. In implementing current capital requirements, the FSC requires the subsidiary to maintain a minimum capital requirement of $150,000,000. The subsidiary is in compliance with this capital requirement.

To assist in evaluating the current business and strategic opportunities, a risk-based approach is one of the core measures of financial performance. The risk based assessment measure which has been adopted is the Minimum Continuing Capital and Surplus Requirement (MCCSR) standard as defined by the FSC and dictated by the Insurance Regulations 2001. Under Jamaican regulations, the minimum standard recommended for companies is a MCCSR of 150%.

The MCCSR attained by the subsidiary at December 31 is set out below:

	2016	2015
Regulatory capital held ($`000)	483,071	391,661
Minimum regulatory capital ($`000)	106,240	77,612
MCCSR Ratio	454.7%	504.6%

Investment management subsidiary

The subsidiary's regulator is the FSC, which monitors the susidiary's regulatory capital position. The FSC's benchmark capital ratios and the ratios attained by the subsidiary for the current and prior year are shown in the table below.

FSC Benchmark

		2017		2016	
		Required	Attained	Required	Attained
Capital ratios:					
Total regulatory qualifying capital expressed as a percentage of total risk weighted assets	Minimum	10%	15.71%	10%	15.42%
Total Tier 1 capital expressed as a percentage of total qualifying capital	Greater than	50%	93.82%	50%	98.08%

37. Financial risk management (continued)

(f) Capital management (continued):

Regulatory capital (continued)

Investment management subsidiary (continued)

The subsidiary is in compliance with externally imposed capital requirements.

Indirect foreign subsidiary

An indirect subsidiary is subject to regulatory capital requirements established by the Cayman Islands Monetary Authority (CIMA). Failure to meet minimum regulatory capital requirements can initiate certain actions by CIMA that, if undertaken, could have a direct material effect on the indirect subsidiary's financial statements. Under capital adequacy guidelines used by CIMA, the subsidiary must meet specific capital guidelines that involve quantitative measures of its assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The indirect subsidiary's regulatory capital amounts and classification are also subject to qualitative judgements by CIMA about components and risk weightings.

As at March 31, 2017 and 2016, the subsidiary's regulatory capital amount and its risk asset ratio, as well as CIMA's minimum requirements are presented in the following table:

	2017		2016	
	Actual	Required	Actual	Required
Regulatory capital(CI$)	8,697,000	6,642,000	6,636,356	4,548,600
Risk asset ratio	19.64%	15.00%	21.89%	15%
Liquidity ratio	14.11%	10.00%	41.28%	10%

Money transmission services subsidiaries

In implementing current capital requirements, the Bank of Jamaica requires the subsidiary to maintain a net worth of US$10,000 or its equivalent in Jamaica dollars. The combined net worth of all subsidiaries in money transmission services, as at March 31, 2017 amounted to $1,512,156,000 (2016: $1,302,181,000) while its company only' net worth amounted to $358,925,000 (2016: $299,552,000).

The Cayman Islands Monetary Authority requires one of the subsidiaries to maintain a net worth of CI$30,000. Its net worth as at March 31, 2017 amounted to CI$4,773,000 (2016: CI$6,440,000).

The regulatory capital requirement for the indirect subsidiary registered in The United States of America (USA) is described at note 8(iv).

37. Financial risk management (continued)

(f) Capital management (continued):

Regulatory capital (continued)

Money transmission services subsidiaries (continued)

The Financial Conduct Authority requires a United Kingdom indirect subsidiary to maintain a net worth of €144,441. The indirect subsidiary's net worth as at March 31, 2017 amounted to €1,029,000 or £872,900 (2016: €1,183,000 or £937,000).

A indirect subsidiary, which is regulated by Financial Transactions and Report Analysis Centre of Canada, is not subject to any externally imposed capital requirements.

There has been no change in the manner in which capital is managed within Group.

38. Fair value of financial instruments

The fair value of financial assets that are traded in an active market are based on quoted market prices. For all other financial assets, the Group determines fair values using other valuation techniques as detailed in note [44(d)(vii)].

The fair values of cash and cash equivalents, securities purchased under resale agreements, securities sold under repurchase agreements, other assets, due to/from related entities and other payables are considered to approximate their carrying values due to their relatively short-term nature.

The estimated fair value of loans is the principal receivable less any allowance for losses.

38. Fair value of financial instruments (continued)

(a) Accounting classifications and fair values:

The following table shows the carrying amounts (excluding interest) and fair values of financial assets and liabilities, including their levels in the fair value hierarchy. The carrying amounts of financial assets and liabilities not measured at fair value are a reasonable approximation of their fair values. 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. 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, fair value information (including amounts, and levels in the fair value hierarchy) is not disclosed.

The Company has no financial assets or financial liabilities measured at fair value.

	Group 2017							
	Carrying amount				Fair value			
	Available-for-sale $'000	At fair value through profit and loss $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets measured at fair value:								
Corporate bonds	6,245,109	-	-	6,245,109	-	6,245,109	-	6,245,109
Quoted equities	606,677	-	-	606,677	606,677	-	-	606,677
Unquoted equities	80	-	-	80	-	80	-	80
Government of Jamaica securities	51,147,251	106,532	-	51,253,783	-	51,253,783	-	51,253,783
Treasury bills	149,649	-	-	149,649	-	149,649	-	149,649
Mutual funds	77,986	-	-	77,986	-	77,985	-	77,985
Foreign exchange forward contract	-	30,452	-	30,452	-	30,453	-	30,453
	58,226,752	136,984	-	58,363,736	606,677	57,757,059	-	58,363,736

	Group 2016							
	Carrying amount				Fair value			
	Available-for-sale $'000	At fair value through profit and loss $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets measured at fair value:								
Corporate bonds	1,205,845	-	-	1,205,845	-	1,185,845	20,000	1,205,845
Quoted equities	554,268	-	-	554,268	554,268	-	-	554,268
Unquoted equities	80	-	-	80	-	80	-	80
Government of Jamaica securities	41,346,605	299,589	-	41,646,194	-	41,646,194	-	41,646,194
Mutual funds	159,525	-	-	159,525	-	159,525	-	159,525
Treasury bills	1,587,342	-	-	1,587,342	-	1,587,342	-	1,587,342
	44,853,665	299,589	-	45,153,254	554,268	44,578,986	20,000	45,153,254

38. Fair value of financial instruments (continued)

(b) Valuation techniques for investment securities classified as Level 2:

The following table shows the valuation techniques used in measuring the fair value of investment securities.

Type	Valuation techniques
US$ denominated GOJ securities and corporate bonds	• Obtain bid price provided by a recognised broker/dealer, namely, Oppenheimer • Apply price to estimate fair value
J$ denominated securities issued or guaranteed by GOJ	• Obtain bid price provided by a recognised pricing source (which uses Jamaica-market-supplied indicative bids) • Apply price to estimate fair value
Mutual funds	• Obtain prices quoted by Fund Managers and • apply price to estimated fair value
Quoted equities	• Calculated using closing bid price published by the respective stock exchange
Foreign exchange forward contracts	• Forward foreign exchange rates from Bloomberg

39. Insurance risk management

Risk management objectives and policies for mitigating insurance risk:

The Group's management of insurance and financial risk is a critical aspect of the business.

The primary insurance activity carried out by the Group is the transfer of risk from persons or entities that are directly subject to the risk, by means of the sale of insurance policies. As such, the Group is exposed to uncertainty surrounding the timing, frequency and severity of claims under these policies.

The principal types of policies written by the Group are:

Liability insurance
Property insurance
Motor insurance
Life insurance

(a) Underwriting policy

The Group manages insurance risk through its underwriting policy that includes *inter alia* authority limits, approval procedures for transactions that exceed set limits, pricing guidelines and the centralised management of reinsurance.

The underwriting strategy for the life insurance subsidiary includes the use of a medical questionnaire with benefits limited to reflect the health condition of applicants.

The Group actively monitors insurance risk exposures both for individual and portfolio types of risks. These methods include internal risk measurement, portfolio modelling and analyses.

The Group seeks to underwrite a balanced portfolio of risks at rates and terms that will produce an underwriting result consistent with its long-term objectives.

The Board of Directors approves the underwriting strategy which is set out in an annual business plan and management is responsible for the attainment of the established objectives.

39. Insurance risk management (continued)

(b) Reinsurance strategy:

The Group reinsures a portion of the risks it underwrites in order to protect capital resources and to limit its exposure to variations in the projected frequency and severity of losses.

Ceded reinsurance results in credit risk. The Group manages reinsurance risk by selecting reinsurers which has established capability to meet its contractual obligations and which generally have favourable credit ratings as determined by a reputable rating agency. The Group monitors the financial condition of re-insurers on an ongoing basis and reviews its reinsurance arrangements periodically. The Board of Directors is responsible for setting the minimum security criteria for accepting reinsurance and monitoring the purchase of reinsurance against those criteria and for monitoring its adequacy on an ongoing basis. Concentration of insurance risks is discussed in more detail in note 40.

(c) Terms and conditions of general and life insurance contracts:

The table below provides an overview of the terms and conditions of general and life insurance contracts written by the Group and the key factors upon which the timing and uncertainty of future cash flows of these contracts depend:

Type of contract	Terms and conditions	Key factors affecting future cash flows
Liability	Under these contracts, compensation is paid for injury suffered by individuals, including employees or members of the public. The main liability exposures are in relation to bodily injury.	The timing of claim reporting and settlement is a function of factors such as the nature of the coverage and the policy provisions. The majority of bodily injury claims have a relatively long tail. In general, these claims involve higher estimation uncertainty.
Property	Property insurance indemnifies, subject to any limits or excesses, the policyholder against the loss or damage to their own material property and business interruption arising from this damage.	The risk on any policy varies according to many factors such as location, safety measures in place and the age of the property. The event giving rise to a claim for damage to buildings or contents usually occurs suddenly (as for fire and burglary) and the cause is easily determinable. Therefore, claims are generally notified promptly and can be settled without delay (Property business is therefore classified as "short-tailed" and expense deterioration and investment return is of less importance in estimating provisions). The cost of repairing or rebuilding assets, of replacement or indemnity for contents and the time taken to restart or resume operations to original levels for business interruption losses are the key factors influencing the level of claims under these policies.

39. Insurance risk management (continued)

(c) Terms and conditions of general and life insurance contracts (continued):

Type of contract	Terms and conditions	Key factors affecting future cash flows
Motor	Motor insurance contracts provide cover in respect of policyholders' motor vehicles and their liability to third parties in respect of damage to property and injury. The exposure on motor insurance contracts is normally limited to the replacement value of the vehicle and a policy limit in respect of third party damage.	In general, claims reporting lags are minor and claim complexity is relatively low. The frequency of claims is affected by excessive speeding, the deteriorating condition of the road network, failure by some motorists to obey traffic signals and an overall increase in the incidence of motor vehicle accidents. The number of claims is also correlated with economic activity, which also affects the amount of traffic activity. The bodily injury claims have a relatively long tail.
Life	The insurance contracts insure human life for death or permanent disability over a short duration. Short-duration life insurance contracts protect the company's customer from the consequence of events such as death or disability that would affect the ability of the customer or his/her dependents to maintain their current level of income. Guaranteed benefits paid on occurrence of the specified insurance event are either fixed or linked to the extent of the economic loss suffered by the policy-holder. There are no maturity or surrender benefits.	For the contracts where death is the insured risk, the most significant factors that could increase the overall frequency and severity of claims are epidemics (such as AIDS) and wide-ranging lifestyle changes such as eating, smoking and exercise habits resulting in earlier or more claims than expected.

Liability contracts:

Risks arising from liability insurance are managed primarily through pricing, product design, risk selection, rating and reinsurance. The Group monitors and reacts to changes in the general economic and commercial environment in which it operates to ensure that only liability risks which meet its criteria for profitability are underwritten.

39. Insurance risk management (continued)

(c) Terms and conditions of general and life insurance contracts (continued):

Property contracts:

The risks relating to property contracts are managed primarily through the pricing process. The Group uses strict underwriting criteria to ensure that the risk of losses is acceptable. Furthermore, the Group accepts property insurance risks for one year so that each contract can be re-priced on renewal to reflect the continually evolving risk profile.

Motor contracts:

The risks relating to motor contracts are managed primarily through the pricing process. The Group monitors and reacts to changes in trends of injury awards, litigation and the frequency of claims.

(d) Risk exposure and concentrations of risk:

The following table shows the Group's exposure to general insurance risk (based on the carrying value of claim provisions at the reporting date) per major category of business.

	Liability $'000	Property $'000	Motor $'000	Other $'000	Total $'000
At December 31, 2016					
Gross	327,341	125,552	1,779,182	21,779	2,253,854
Net of reinsurance	259,592	18,225	1,751,834	8,074	2,037,725
At December 31, 2015					
Gross	319,512	43,563	1,647,248	22,217	2,032,540
Net of reinsurance	310,121	9,541	1,613,598	12,396	1,945,656

(e) Claims development for general insurance:

Claims development information is disclosed in order to illustrate the insurance risk inherent in the Group. The top part of the table shows how the estimates of total claims for each accident year develop over time. The estimates are increased or decreased as losses are paid and more information becomes known about the severity of unpaid claims. The lower part of the table provides a reconciliation of the total provision included in the statement of financial position and the estimate of cumulative claims.

THE JAMAICA NATIONAL GROUP LIMITED
(A company limited by guarantee with share capital)

Notes to the Financial Statements (Continued)
March 31, 2017

39. Insurance risk management (continued)

(e) Claims development for general insurance (continued):

Analysis of net claims development:

	Accident year						
	2011 & prior $'000	2012 $'000	2013 $'000	2014 $'000	2015 $'000	2016 $'000	Total $'000
Estimate of cumulative claims at end of accident year	2,374,536	947,424	940,096	899,093	1,039,487	1,285,664	
- one year later	2,101,780	854,657	828,349	775,982	969,568	-	
- two years later	2,058,406	783,723	826,844	734,173	-	-	
- three years later	2,083,715	761,672	813,480	-	-	-	
- four years later	2,023,074	771,396	-	-	-	-	
- five years later	2,045,240	-	-	-	-	-	
Estimate of cumulative claims	2,045,240	771,396	813,480	734,173	969,568	1,285,664	6,619,521
Cumulative payments	(1,650,913)	(652,477)	(640,611)	(548,373)	(646,304)	(443,118)	(4,581,796)
Net outstanding liabilities	394,327	118,919	172,869	185,800	323,264	842,546	2,037,725

(f) Reinsurance limits

(i) The general insurance subsidiary company, at December 31, 2016 has property catastrophe reinsurance up to a maximum of $38.03 billion (2015: $31.83 billion) of which the Quota Share is $34.22 billion (2015: 31.83 billion) and Catastrophe Excess of Loss $3.805 billion (2015: $3.18 billion) per event under which it is liable for the first $400 million (2015: $400 million) of losses in accordance with the terms of the policies. Motor catastrophe reinsurance cover is US$4 million (2015: US$4 million) per event. It limits its net exposure to a maximum amount on any one loss of $101.98 million (2015: $95.71 million) for property claims, $25 million (2015: $25 million) on performance, tender and mobilisation bonds, $10 million (2015: $10 million) on motor, personal accident, public and employer's liability and fidelity bonds, $5 million (2015: $5 million) on fidelity guarantee bonds; and $7.5 million (2015: $6.25 million) on contractors all risks and other engineering exposures.

(ii) In the life insurance subsidiary, the benefits assured for the Creditor Life policies, distributed by retained amounts and by reinsured amounts at December 31 are shown below:

	2016		
Band $'000	Total amount $'000	Total amount reinsured $'000	Total amount retained $'000
0 - 1,000	2,104,903	-	2,104,903
1,000 - 2,000	3,146,966	-	3,146,966
2,000 - 5,000	13,773,607	259,276	13,514,331
5,000 - 10,000	28,742,362	5,072,031	23,670,331
10,000 and over	22,408,718	14,798,459	7,610,259
	70,176,556	20,129,766	50,046,790

39. Insurance risk management (continued)

(f) Reinsurance limits (continued)

(ii) (Continued)

	2015		
Band	Total amount	Total amount reinsured	Total amount retained
$'000	$'000	$'000	$'000
0 - 1,000	1,235,314	-	1,235,314
1,000 - 2,000	2,942,958	-	2,942,958
2,000 - 5,000	19,153,172	241,303	18,911,869
5,000 - 10,000	16,217,155	4,680,375	11,536,780
10,000 and over	15,690,909	10,126,909	5,564,000
	55,239,508	15,048,587	40,190,921

40. Concentration of insurance risks

A key aspect of the insurance risk faced by the Group is the extent of concentration of insurance risk which may exist where a particular event or series of events could impact significantly upon its liabilities. Such concentration may arise from a single insurance contract or through a portfolio of related contracts.

The main concentration risk to which the Group is exposed is natural disasters. By their nature, the timing and frequency of these events are uncertain. They represent a significant risk to the Group because the occurrence of an event could have a significantly adverse effect on its cash flows.

The Group's key methods in managing these risks are twofold:

(a) Firstly, the risk is managed through the establishment of an appropriate underwriting strategy and its implementation by means of the Group's underwriting policy [note 39(a)].

(b) Secondly, the risk is managed through the use of reinsurance [note 39(b)]. The Group arranges proportional reinsurance at the risk level and purchases excess of loss cover for liability and property business. The Group assesses the costs and benefits associated with the reinsurance programme on a regular basis.

41. Commitments

At March 31 the Group had:

(a) Unexpired lease commitments payable as follows:

	Group	
	2017	2016
	$'000	$'000
Within one year	127,125	141,173
Subsequent years	113,585	130,764
	240,710	271,937

41. Commitments (continued)

(b) Undisbursed approved loans amounting to approximately $6,096,769,000 (2016: $7,362,000,000) for the Group.

(c) Capital commitments:

Commitments for capital expenditure approved and contracted for was $330,350,000 (2016: $147,520,000) for the Group.

42. Contingent liabilities

(i) There are several claims which have been brought against the Group in respect of damages for alleged breach of contract and other matters. It is the opinion of the Group's legal advisor that, in the unlikely event that these claims should be successful, liability should not be significant.

(ii) In the ordinary course of business, the general insurance subsidiary seeks to reduce the loss that may result from catastrophe or other events that cause unfavourable underwriting results by reinsuring certain levels of risk with other insurers. These reinsurers are chosen based on their international rating, with no one reinsurer accounting for more than 15% of the indirect subsidiary's aggregates. Reinsurance ceded does not discharge the indirect subsidiary's liability as the principal insurer. Failure of reinsurers to honour their obligation could result in losses to the subsidiary. Consequently, a contingent liability exists should an assuming reinsurer be unable to meet its obligations.

(iii) An indirect subsidiary of the Company has given guarantees amounting to $600,000 (2016: $Nil) in respect of bank guarantees issued to the Collector and Commissioner of Customs.

(iv) The banking subsidiary has pledged its commitment to provide financial support, if required, to fund the activities of its subsidiariy until March 31, 2018.

43. Changes in accounting policies

Except for the changes below, the Group has consistently applied the accounting policies set out in note 44 to all periods presented in these consolidated financial statements.

The details, nature and effects of the changes are explained below.

New and amended standards and interpretations that became effective during the year.

Certain amended standards came into effect during the current financial year. The Group has adopted those which are relevant to its operations, but their adoption did not result in any changes to amounts recognised or disclosed in these financial statements.

43. Changes in accounting policies (continued)

New and amended standards and interpretations that became effective during the year (continued)

- IAS 1, *Presentation of Financial Statements* has been amended to clarify or state the following:
  - Specific single disclosures that are not material do not have to be presented even if they are the minimum requirements of a standard.
  - The order of notes to the financial statements is not prescribed.
  - Line items on the statement of financial position and the statement of profit or loss and other comprehensive income (OCI) should be disaggregated if this provides helpful information to users. Line items can be aggregated if they are not material.
  - Specific criteria are now provided for presenting subtotals on the statement of financial position and in the statement of profit or loss and OCI, with additional reconciliation requirements for the statement of profit or loss and OCI.
  - The presentation in the statement of OCI of items of OCI arising from joint ventures and associates accounted for using the equity method follows the IAS 1 approach of splitting items that may, or that will never be, reclassified to profit or loss.

- IAS 16 and IAS 38, *Clarification of Acceptable Methods of Depreciation and Amortisation*, are amended as follows:

  - The amendment to IAS 16, *Property, Plant and Equipment* explicitly states that revenue-based methods of depreciation cannot be used. This is because such methods reflect factors other than the consumption of economic benefits embodied in the assets.
  - The amendment to IAS 38, *Intangible Assets* introduces a rebuttable presumption that the use of revenue-based amortisation methods is inappropriate for intangible assets.

- Amendments to IAS 27, *Equity Method in Separate Financial Statements* allow the use of the equity method in separate financial statements, and apply to the accounting for subsidiaries, associates, and joint ventures.

- Amendments to IFRS 10, *Consolidated Financial Statements*, and IAS 28, *Investments in Associates and Joint Ventures*, in respect of Sale or Contribution of Assets between an Investor and its Associate or Joint Venture require that when a parent loses control of a subsidiary in a transaction with an associate or joint venture, the full gain be recognised when the assets transferred meet the definition of a 'business' under IFRS 3, *Business Combinations*.

- Amendments to IFRS 11, *Accounting for Acquisitions of Interests in Joint Operations* require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business. Business combination accounting also applies to the additional interests in a joint operation while the joint operator retains joint control. The additional interest acquired will be measured at fair value but previously held interests will not be remeasured.

43. Changes in accounting policies (continued)

New and amended standards that became effective during the year (continued)

- IFRS 10, *Consolidated Financial Statements*, IFRS 12, *Disclosure of Interests in Other Entities* and IAS 28, *Investments in Associates and Joint Ventures* have been amended to introduce clarifications on which subsidiaries of an investment entity are consolidated instead of being measured at fair value through profit or loss. IFRS 10 was amended to confirm that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity. An investment entity shall measure at fair value through profit or loss all of its subsidiaries that are themselves investment entities. IAS 28 was amended to provide an exemption from applying the equity method for investment entities that are subsidiaries and that hold interests in associates and joint ventures. IFRS 12 was amended to clarify that the relevant disclosure requirements in the standard apply to an investment entity in which all of its subsidiaries are measured at fair value through profit or loss.

- Improvements to IFRS 2012-2014 Cycle contain amendments to certain standards and interpretations applicable to the Group as follows:

  - IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations* has been amended to clarify that if an entity changes the method of disposal of an asset or disposal group – i.e. reclassifies an asset or disposal group from held-for-distribution to owners to held-for-sale or vice versa without any time lag, then the change in classification is considered a continuation of the original plan of disposal and the entity continues to apply held-for-distribution or held-for-sale accounting. At the time of the change in method, the entity measures the carrying amount of the asset or disposal group and recognises any write-down (impairment loss) or subsequent increase in the fair value less costs to sell/distribute the asset or disposal group. If an entity determines that an asset or disposal group no longer meets the criteria to be classified as held-for-distribution, then it ceases held-for-distribution accounting in the same way as it would cease held-for-sale accounting.

  - IFRS 7, *Financial Instruments: Disclosures*, has been amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred assets in cases when they are derecognised in their entirety. A servicer is deemed to have continuing involvement if it has an interest in the future performance of the transferred asset e.g. if the servicing fee is dependent on the amount or timing of the cash flows collected from the transferred financial asset; however, the collection and remittance of cash flows from the transferred asset to the transferee is not, in itself, sufficient to be considered 'continuing involvement'.

    IFRS 7 has also been amended to clarify that the additional disclosures required by *Disclosures: Offsetting Financial Assets and Financial Liabilities* (Amendment to IFRS 7) are not specifically required for inclusion in condensed interim financial statements for all interim periods; however, they are required if the general requirements of IAS 34, *Interim Financial Reporting*, require their inclusion.

43. Changes in accounting policies (continued)

New and amended standards that became effective during the year (continued)

- Improvements to IFRS 2012-2014 Cycle (continued)

  - IAS 34, *Interim Financial Reporting*, has been amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements, may be disclosed "elsewhere in the interim financial report". The interim financial report is incomplete if the interim financial statements and any disclosures incorporated by cross-reference are not made available to users of the interim financial statements on the same terms and at the same time.

The adoption of these amendments did not result in any change to the presentation and disclosures in the financial statements.

44. Significant accounting policies

Except for the changes explained in note 43, the Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

(a) Basis of consolidation:

(i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain or bargain purchase is recognised in surplus or deficit immediately. Transaction costs are expensed as incurred, except if related to the issued debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts, generally, are recognised in surplus or deficit.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in fair value of the contingent consideration are recognised in surplus or deficit.

44. Significant accounting policies (continued)

(a) Basis of consolidation (continued):

(i) Business combinations (continued)

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquired entity; plus
- if the business combination is achieved in stages, the fair value of the pre-existing interest in the acquired entity; less
- the net recognised amount (generally, fair value) of the identifiable assets acquired and liabilities assumed.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The subsidiary companies are listed in note 1 and are referred to as "subsidiaries" or "subsidiary" in the financial statements. The consolidated or Group financial statements comprise the financial results of the Company and its direct and indirect subsidiaries prepared to March 31, except for JN General Insurance Company Limited (JNGI) and JN Life Insurance Company Limited, which financial statements are prepared to December 31, annually (note 1). Consequently, the consolidated results include the results of these subsidiaries for the year ended December 31, 2016 (2016: December 31, 2015), updated for significant transactions to March 31, 2017 (2016: March 31, 2016).

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

(iii) Non-controlling interests

Non-controlling interests 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.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests, even if doing so causes the non-controlling interest to have a deficit balance.

44. Significant accounting policies (continued)

(a) Basis of consolidation (continued):

(iv) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in surplus or deficit. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(v) Interest in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and joint ventures.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Interest in associates and joint ventures are accounted for using the equity method. 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 or joint control ceases.

When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to $Nil 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 losses not recognised.

Book value accounting is used to recognise transfer of investments in associates between investors under common control. The result of the transaction is recognised in equity as arising from a transaction with shareholders. Any difference between the amount paid and the carrying amount of the investee, that is, excess consideration is recognised as an additional investment and any deficit is recorded as dividends received.

(vi) Jointly controlled operations

A jointly controlled operation is a joint venture carried on by a venturer using its own assets in pursuit of the joint operation. The consolidated financial statements include the assets that the Group controls and the liabilities that it incurs in the course of pursuing the joint operation and expenses that the Group incurs and its share of the income that it earns from the joint operation.

44. Significant accounting policies (continued)

(a) Basis of consolidation (continued):

(vii) Transactions eliminated on consolidation

Intra-group balances and transactions, any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Property, plant and equipment:

Items of property, plant and equipment are measured at cost, less accumulated depreciation and impairment losses [see note 44(u)]. Cost includes expenditure that is directly attributable to the acquisition of the asset. 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 the future economic benefits embodied within the part will flow to the Group and its cost can be reliably measured. The cost of day-to-day servicing of property, plant and equipment is recognised in surplus or deficit as incurred.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in surplus or deficit.

Property, plant and equipment, with the exception of freehold land, on which no depreciation is provided, are depreciated on the straight-line basis at annual rates to write down the assets to their estimated residual values over their estimated useful lives and is generally recognised in surplus or deficit. Leasehold properties are amortised in equal instalments over the shorter of the lease term and the properties' estimated useful lives.

The depreciation/amortisation rates are as follows:

Freehold buildings	2½%
Leasehold buildings	Shorter of lease term and useful life
Leasehold improvements	Shorter of lease term and useful life
Computers	33⅓%
Office equipment	10%
Motor vehicles	20%

The depreciation/amortisation methods, useful lives and residual values are reassessed at each reporting date.

44. Significant accounting policies (continued)

(c) Real estate and development in progress:

The cost of land acquisition and development, construction and overheads, including interest costs, are deferred, except for costs in excess of amounts recoverable from subsequent sales which are expensed as incurred. Income from development projects is recognised upon substantial completion of each project. Development in progress is shown net of deposits received from purchasers.

(d) Financial instruments:

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. For the purpose of the financial statements, financial assets have been determined to include cash and cash equivalents, securities purchased under resale agreements, investments, loans, due from related entities and certain other assets. Financial liabilities include other payables, bank overdraft, securities sold under repurchase agreements, due to specialised financial institutions, customer deposits, due to related entities and long-term loans.

(i) Classification:

Management determines the classification of investments at the time of acquisition and takes account of the purpose for which the investments were acquired. Investments are classified as loans and receivables, at fair value through profit or loss, held-to-maturity and available-for-sale securities.

Loans and receivables are those created or acquired by the Group, with fixed or determinable payments and are not quoted in an active market. Loans and receivables comprise cash and cash equivalents, debenture, bonds, certificates of deposit, loans and other assets.

Financial investments at fair value through profit or loss are those held for trading or those designated by management and comprise equity and certain debt securities. Such investments are those which the Group manages and makes purchase and sale decisions based on their fair value in accordance with its investment strategy.

Held-to-maturity securities are those with fixed or determinable payment and fixed maturity that the Group has the positive intent and ability to hold to maturity. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale and prevent the Group from classifying investment securities as held-to-maturity for the current and the following two financial years.

Non-derivative financial liabilities are classified as other financial liability.

Derivatives are financial instruments that derive their value from the price of the underlying items such as equities, bond interest rate, foreign exchange or other indices. Derivatives enable users to increase, reduce or alter exposure to credit or market risk. The Group makes use of derivatives to hedge foreign currency and interest rate exposures.

44. Significant accounting policies (continued)

(d) Financial instruments (continued):

(i) Classification (continued):

The Group evaluates financial instruments which it acquires or issues to determine whether derivatives are embedded in any of the contracts (making it a "host contract").

The Group accounts for an embedded derivative separately from the host contract when certain conditions are met. Separated embedded derivatives are accounted for depending on their classification, and are presented in the statement of financial position together with the host contract. When an embedded derivative cannot be separated from the host contract, the entire contract is designated as at fair value through profit or loss.

Available-for-sale securities are financial assets that are so designated by the Group.

Available-for-sale investments comprise certain debt and equity instruments.

(ii) Recognition:

The Group initially recognises loans and advances, securities purchased or sold under resale/repurchase agreements and debt securities on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value, plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

(iii) Derecognition:

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

(iv) 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 has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liabilities simultaneously.

44. Significant accounting policies (continued)

(d) Financial instruments (continued):

(v) Measurement:

Financial assets classified as available-for-sale are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, they are measured at fair value. Unrealised gains and losses arising from changes in fair value, except for impairment losses, and foreign currency differences on debt instruments, are recognised in other comprehensive income and presented in investment revaluation reserve in equity [see note 27(b)]. Where fair value cannot be reliably determined, they are stated at cost. Where these securities are disposed of or impaired, the related accumulated unrealised gains or losses are reclassified to surplus or deficit.

Financial assets classified as at fair value through profit or loss are measured at fair value and changes therein including any interest or dividend income are recognised in surplus or deficit. Directly attributable transaction costs are recognised in surplus or deficit as incurred.

All non-derivative financial assets classified as loans and receivables and held-to-maturity are initially recognised at fair value plus directly attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost, using the effective interest rate method. Premiums and discounts are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument.

Derivatives are initially recognised at fair value. Attributable costs are expensed in surplus or deficit as incurred. Subsequent to initial recognition they are measured at fair value. Where the derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in fair value are recognised immediately in surplus or deficit.

The fair value of investments classified as available-for-sale and at fair value through profit or loss is based on their quoted market bid price at the reporting date. Where a quoted market price is not available, the fair value of the instrument is estimated using pricing models or discounted cash flow techniques.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate at the reporting date for an instrument with similar terms and conditions. Where pricing models are used, inputs are based on market related measures at the reporting date.

(vi) Identification and measurement of impairment:

The carrying amounts of the Group's financial assets are reviewed at each reporting date to determine whether there is objective evidence that financial instruments not carried at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and the loss event has an impact on the future cash flows of the asset that can be estimated reliably. If any such indication exists, the asset's recoverable amount is estimated at each reporting date. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

44. **Significant accounting policies (continued)**

(d) Financial instruments (continued):

(vi) Identification and measurement of impairment (continued):

Objective evidence that financial assets (including equity securities) are impaired include default or delinquency by a borrower, restructuring of a loan or advance by the Group on terms that the Group would not otherwise consider, the disappearance of an active market for a security, adverse changes in the payment status of the borrowers or issuers, indications that a debtor or issuer will enter into bankruptcy or observable data indicating that there is measurable decrease in expected cash flows from a group of financial assets. For an investment in an equity instrument, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost.

The Group considers evidence of impairment at both a specific asset and collective level. All individually significant financial assets are assessed for impairment. All significant assets found not to be specifically impaired are then collectively assessed for any impairment incurred but not yet identified. Assets that are not individually significant are then collectively assessed for impairment by grouping together financial assets (carried at amortised cost) with similar risks.

In assessing collective impairment, the Group uses historical information of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognised in surplus or deficit and reflected in an allowance account against loans and advances and other assets. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through surplus or deficit.

Impairment losses on available-for-sale investment securities are recognised by reclassifying the cumulative loss that has been recognised in the investment revaluation reserve to surplus or deficit. The cumulative loss that is reclassified is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in surplus or deficit.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in surplus or deficit, the impairment loss is reversed, with the amount of the reversal recognised in surplus or deficit. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

An impairment loss in respect of an equity accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in surplus or deficit and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

44. Significant accounting policies (continued)

(d) Financial instruments (continued):

(vii) Fair value measurement:

'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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in surplus or deficit on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Group on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

44. Significant accounting policies (continued)

(e) Securities purchased/sold under resale/repurchase agreements:

Securities purchased under resale agreements ("Reverse repo") and securities sold under repurchase agreements ("Repo") are short-term transactions whereby securities are bought/sold with simultaneous agreements to resell/repurchase the securities on a specified date and at a specified price. Reverse repos and repos are accounted for as short-term collateralised lending and borrowing, respectively, and are measured at amortised cost, less impairment.

The difference between the purchase/sale and resale/repurchase considerations is recognised on the accrual basis over the period of the agreements, using the effective yield method, and is included in interest income and expense, respectively.

(f) Cash and cash equivalents:

Cash and cash equivalents are measured at cost. They comprise cash balances and cash reserve at the Bank of Jamaica, cash in hand and short-term, highly liquid investments where original maturities do not exceed three months from the reporting date, are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term commitments. Bank overdrafts are repayable on demand. Bank overdrafts that form an integral part of the Group's cash management for financing operations are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(g) Investment properties:

Investment properties are measured at their cost, less accumulated depreciation and impairment losses. Rental income from investment properties is recognised on the straight-line basis over the term of the lease, and accounted for on the accrual basis.

(h) Goodwill and intangible assets:

[i] Goodwill:

Goodwill represents amount arising on acquisition of subsidiaries and other business venture. It comprises the excess of the cost of the acquisition over the fair value of the net indenfiable assets acquired.

Goodwill is stated at cost, less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment. Negative goodwill arising on acquisition is recognised directly in surplus or deficit.

[ii] Other intangible assets:

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost, less accumulated amortisation [see [iv] below] and any accumulated impairment losses.

[iii] Subsequent expenditure:

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

44. Significant accounting policies (continued)

(h) Intangible assets (continued):

[iv] Amortisation:

Amortisation is charged to surplus or deficit on the straight-line basis over the estimated useful lives of intangible assets, unless such lives are infinite. Goodwill and intangible assets with an indefinite useful life are systematically tested for impairment at each reporting date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Trademarks	5 years
Software	3 years

(i) Assets held for sale:

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale, rather than continuing use, are classified as held-for-sale. Assets held-for-sale are measured at the lower of their carrying amount and fair values less cost to sell.

Impairment losses on initial reclassification as held-for-sale and subsequent gains and losses on re-measurement are recognised in surplus or deficit. Once classified as held-for-sale; property, plant and equipment are no longer depreciated.

(j) Other assets:

Other assets are measured at amortised cost, less impairment losses.

(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, annual leave, and non-monetary benefits such as medical care and housing; post-employment benefits such as pension; and other long-term employee benefits such as termination benefits.

The Group provides post-retirement pension and health insurance benefits to employees who have satisfied certain minimum service requirements.

Employee benefits that are earned as a result of past or current service are recognised in the following manner:

[i] Short-term employee benefits:

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be estimated reliably.

44. Significant accounting policies (continued)

(k) Employee benefits (continued):

[ii] Defined contribution plans:

Obligation for contributions to defined contribution plans is expensed as the related services are provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

[iii] Defined-benefit plans:

Employee benefits, comprising post-employment obligations included in the financial statements, have been actuarially determined by a qualified independent actuary, appointed by management using the projected unit credit method. The actuary's report outlines the scope of the valuation and the actuary's opinion. The actuarial valuation is conducted in accordance with IAS 19, and the financial statements reflect the Group's post-employment benefit obligations as computed by the actuary. In carrying out their audit, the auditors rely on the actuary's report.

The Group's net obligation in respect of its defined-benefit plans (note 22) is calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods; that value is discounted to determine the present value, and the fair value of any plan assets is deducted. The discount rate is determined by reference to the yield at the reporting date on long-term government instruments of terms approximating those of the Group's obligation.

Re-measurements of the net defined-benefit liability, which comprise actuarial gains and losses, are recognised immediately in other comprehensive income. The Group determines the net interest expense on the net defined-benefit liability for the year by applying the discount rate used to measure the defined benefit obligation at the beginning of the year to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the year as a result of the contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in surplus or deficit.

When the benefits of the plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in surplus or deficit. The Group recognise gains and losses on the settlement of a defined benefit plan when the settlement occurs.

[iv] Other long-term employee benefits:

The Group's net obligation in respect of long-term employee benefits is the amount of future benefits that employees have earned in return for their services in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognised in surplus or deficit in the period in which they arise.

44. Significant accounting policies (continued)

(k) Employee benefits (continued):

[v] Termination benefits:

Termination benefits are expensed at the earlier of, when the Group can no longer withdraw the offer of those benefits, and when the Group recognises cost for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

(l) Deferred credit:

Amounts reimbursed by the United States Agency for International Development (USAID) for the purchase of property, plant and equipment are deferred. Annual transfers, equivalent to the depreciation charge on the property, plant and equipment funded by the reimbursement, are made to surplus or deficit.

(m) Loans payable:

Loans payable are recognised initially at cost, being their issue proceeds, less attributable transaction costs incurred. Subsequent to initial recognition, they are stated at amortised cost, with any difference between net proceeds and redemption value being recognised in surplus or deficit on the effective interest rate basis. The associated costs are included in interest expense.

(n) Provisions and contingencies:

[i] Provisions

A provision is recognised in the statement of financial position when the Group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax discounted rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

[ii] Contingencies

When it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability unless the probability of outflow of economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable.

44. Significant accounting policies (continued)

(o) Insurance contract recognition and measurement:

[i] Insurance contracts

Insurance contracts are accounted for in compliance with the recommendations and practices of the insurance industry, and comply with the provisions of the Insurance Act 2001.

Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. The Group defines insurance risk as significant if an insured event could cause an insurer to pay significant additional benefits in a scenario that has a discernible effect on the economics of the transactions.

For the life insurance indirect subsidiary, the insurance contracts insure human life for death or permanent disability over a short duration. Short-duration life insurance contracts protect the indirect subsidiary's customer from the consequence of events such as death or disability that would affect the ability of the customer or his/her dependents to maintain their current level of income. Guaranteed benefits paid on occurrence of the specified insurance event are either fixed or linked to the extent of the economic loss suffered by the policy-holder. There are no maturity or surrender benefits.

The underwriting results are determined after making provision for, inter alia, outstanding claims. Outstanding claims comprise estimates of the amount of reported losses and loss expenses, plus a provision for losses incurred but not reported based on the historical experience of the Group. The loss and loss expense reserves have been reviewed by the Group's actuary using the past loss experience of the Group and industry data.

Gross written premiums

Gross premiums reflect business written during the year, and include adjustments to premiums written in previous years. The earned portion of premiums is recognised as revenue. Premiums are earned from the effective date of the policy.

Unearned premiums

Unearned premiums represent that proportion of the premiums written up to the reporting date which is attributable to subsequent periods and is calculated on the "twenty-fourths" basis on the total premiums written.

Unexpired risks

Unexpired risks represent the amount set aside in addition to unearned premiums, in respect of risks to be borne by a subsidiary under contracts of insurance entered into before the end of the financial year and is actuarially determined.

44. Significant accounting policies (continued)

(o) Insurance contract recognition and measurement (continued):

[i] Insurance contracts (continued)

Outstanding claims

Outstanding claims comprise estimates of the amount of reported losses and loss expenses, plus a provision for losses incurred but not reported based on the historical experience of the subsidiaries involved. The loss and loss expense reserves have been reviewed by the subsidiary's actuary using the past loss experience of the subsidiaries and industry data. Amounts recoverable in respect of claims from reinsurers are estimated in a manner consistent with the underlying liabilities.

Management believes that, based on the analysis completed by the actuary, the provision for outstanding losses and loss expenses will be adequate to cover the ultimate net cost of losses incurred up to the reporting date. However, the provision is an estimate and may, ultimately, be settled for a significantly greater or lesser amount. Any subsequent differences arising are recorded in the period in which they are determined.

Deferred acquisition cost and deferred commission income

Commission income and expense are deferred on a basis consistent with that used for deferring unearned premium income.

[ii] Reinsurance assets

In the ordinary course of business, the subsidiaries seek to reduce the loss that may result from catastrophe or other events that cause unfavourable underwriting results by reinsuring certain levels of risk with other insurers. Reinsurance ceded does not discharge the subsidiaries' liability as the principal insurer. Failure of reinsurers to honour their obligations could result in losses to the subsidiaries and the Group. Consequently, a contingent liability exists in the event that an assuming reinsurer is unable to meet its obligations [see note 42(ii)].

Amounts recoverable from reinsurers are estimated in a manner consistent with the claim liability associated with reinsured policies. Unearned reinsurance premiums on business ceded up to the reporting date, which are attributable to subsequent periods, are calculated substantially on the "twenty-fourths" basis on the total premiums ceded.

Reinsurance assets are assessed for impairment at each reporting date. A reinsurance asset is deemed impaired, if there is objective evidence, as a result of an event that occurred after its initial recognition, that the subsidiaries may not recover all amounts due, and that event has a reliably measurable impact on the amounts that the subsidiaries will receive from the reinsurer. Impairment losses on reinsurance assets are recognised in surplus or deficit.

44. Significant accounting policies (continued)

(o) Insurance contract recognition and measurement (continued):

[iii] Insurance receivable and insurance payable

Amounts due from and to policyholders, brokers, agents and reinsurers are financial instruments and are included in insurance receivables and payables and not in insurance contract provisions or reinsurance assets.

(p) Other payables:

Other payables are measured at amortised cost.

(q) Taxation:

[i] Income tax:

Income tax on the surplus or deficit for the year comprises current and deferred tax. Income tax is recognised in surplus or deficit, except to the extent that it relates to a business combination or to items recognised directly in equity or in other comprehensive income.

Current tax comprises expected tax payable on the taxable income or loss for the year, as adjusted for tax purposes, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

[ii] Deferred tax:

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable surplus or deficit, and differences relating to investments in subsidiaries, to the extent that it is probable that they will not reverse in the foreseeable future.

A deferred tax asset is recognised for unused tax losses, 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 utilised. 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.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted as at the reporting date. Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax liabilities against current tax assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

44. Significant accounting policies (continued)

(r) Foreign currencies:

[i] Monetary foreign currency balances at the reporting date are translated at the Bank of Jamaica's weighted average rate of US$1.00 = J$128.22 (2016: J$121.70), UK£1.00 = J$158.72 (2016: J$172.73) and Cdn$1.00 = J$96.49 (2016: J$91.46), being the rates of exchange ruling on that date. Other foreign currency balances at the reporting date have been translated using indicative rates provided by the Bank of Jamaica of Euro1.00 = J$135.40 (2016: J$138.11) and Cayman Dollar 1.00 = J$156.26 (2016: J$148.34).

[ii] Transactions in foreign currencies are converted at the rates of exchange ruling on the dates of those transactions. Realised and unrealised gains and losses arising from fluctuations in exchange rates are included in surplus or deficit, except for differences arising on the re-translation of available-for-sale equity investments [note 44(d)(v)] and foreign operations in [note 44(r)(iii)].

[iii] For the purpose of consolidating the financial statements of the Group's foreign subsidiaries, each statement of financial position is translated at the closing rate and each statement of revenue and expenses at the average rate of exchange for the year. Translation differences are recognised in other comprehensive income and presented in an exchange equalisation reserve in equity [note 27(a)].

(s) Provision for credit losses:

The provision for credit losses is maintained at a level considered adequate to provide for probable credit losses and is based on management's evaluation of individual loans in the credit portfolio. The evaluation takes all relevant matters into consideration, including prevailing and anticipated business and economic conditions, the collateral held, the debtor's ability to repay the loan and guidance provided by Bank of Jamaica, which requires that appropriate provision be made for all loans on which interest payments and principal repayments are ninety or more days in arrears. Amounts are written-off from the provision whenever management has concluded that such amounts may not be recovered.

General provisions for credit losses are established against the portfolio where a prudent assessment by the Group of adverse economic trends and losses inherent in its portfolio suggest that losses may occur, but such losses cannot be determined on an item-by-item basis. This provision is maintained by the banking subsidiary at levels in excess of the minimum ½% established by the Bank of Jamaica and at 5% of the loan portfolio for an indirect subsidiary and is included in credit loss reserve [note 27(c)].

44. Significant accounting policies (continued)

(s) Provision for credit losses (continued):

IFRS only permits specific loan loss provision and a general provision based upon the Group's actual credit loss experience. It also requires that the expected future cash flows of impaired loans be discounted and the increase in the present value be reported as interest income. The credit loss provision required under the Regulations (note 2) that is in excess of the requirements of IFRS is treated as an appropriation of retained earnings and included in a non-distributable credit loss reserve.

(t) Interest income and expense:

Interest income and expense are recognised in surplus or deficit on the accrual basis, using the effective yield method, except that, where collection of interest income is considered doubtful, or where payment is outstanding for 90 days or more, the cash basis is used. Accrued interest on loans, which are in arrears for 90 days and over, is excluded from income in accordance with the Regulations. An indirect subsidiary recognises interest on the cash basis where payment is outstanding for over 30 days on a 10-20 week loan, or over 60 days on a 21-52 week loan.

IFRS requires that when collection of loans becomes doubtful, such loans should be written down to their recoverable amounts after which interest income is to be recognised based on the rate of interest that was used to discount the future cash flows in arriving at the recoverable amount. The difference between the basis of interest recognition under IFRS and the Regulations is not considered material.

(u) Impairment of non-financial assets:

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in surplus or deficit. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

44. Significant accounting policies (continued)

(u) Impairment of non-financial assets (continued):

An impairment loss in respect of goodwill is not reversed. For other assets, 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.

(v) Operating leases:

Payments made under operating leases are recognised in surplus or deficit on the straight-line basis over the life of the lease.

(w) Revenue recognition:

Revenue from the sale of goods or provision of services is recognised in surplus or deficit when the significant risks and rewards of ownership have been transferred to the buyer and the consideration can be reliably measured. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, or material associated costs on the possible return of goods.

Revenue from membership fees is recognised over the term of the membership. Revenue received in advance is deferred to match the revenue with the future costs associated with providing the service.

Media revenue is recognised when the related advertisement or commercial appears before the public. Production revenue is recognised by reference to the stage of completion of the project.

Money transfer fees are recognised when funds are transmitted on behalf of customers. Foreign exchange fees are recognised as earned, based on the value of remittances.

The accounting policies for the recognition of revenue from insurance contracts in respect of gross premiums written are disclosed in note 44(o)[i].

Reinsurance commission is recognised on a basis that is consistent with the recognition of the costs incurred on the acquisition of the underlying insurance contracts [see note 44(o)(i)]. Commission income in respect of reinsurance contracts is recognised on the accrual basis.

Investment income arises from financial assets and is comprised of interest and dividends and recognised gains/losses on financial assets. Dividend income is recognised when the right to receive income is established.

Accounting policy for interest income is described at note 44(t).

(x) Fees and commission:

Fees and commission income and expense that are integral to the negotiation of a financial asset or liability are included in the measurement of the effective interest rate.

44. Significant accounting policies (continued)

(x) Fees and commission (continued):

Other fees and commission income, including account servicing fees, investment management fees, sales commission, placement fees and syndication fees, are recognised as the related services are performed. When a loan commitment is not expected to result in the drawdown of a loan, loan commitment fees are recognised on the straight-line basis over the commitment period.

Other fees and commission expenses relate mainly to transaction and service fees that are recognised and expensed as the services are received.

(y) Definition of related party:

A related party is a person or entity that is related to the Group ("reporting entity").

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled, or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personal services to the group or to the parent of the Company.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

44. Significant accounting policies (continued)

(z) New, revised and amended standards and interpretations not yet effective:

Certain new, revised and amended standards and interpretations have been issued which are not yet effective for the current year and which the Group has not early-adopted. The Group has assessed the relevance of all such new standards, amendments and interpretations with respect to the Group 's operations and has determined that the following are likely to have an effect on the consolidated financial statements.

- Amendments to IAS 7, *Statement of Cash Flows*, effective for accounting periods beginning on or after January 1, 2017, requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash flows.

  The Group is assessing the impact that this amendment will have on its 2018 financial statements.

- Amendments to IAS 12, *Income Taxes*, effective for accounting periods beginning on or after January 1, 2017, clarifies the following:

  - the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset.

  - a deferred tax asset can be recognised if the future bottom line of the tax return is expected to be a loss, if certain conditions are met.

  - Future taxable profits used to establish whether a deferred tax can be recognised should be the amount calculated before the effect of reversing temporary differences.

  - An entity can assume that it will recover an asset for more than its carrying amount if there is sufficient evidence that it is probable that the entity will achieve this.

  - Deductible temporary differences related to unrealised losses should be assessed on a combined basis for recognition unless a tax law restricts the use of losses to deductions against income of a specific type.

  The Group is assessing the impact that this amendment will have on its 2018 financial statements.

44. Significant accounting policies (continued)

(z) New, revised and amended standards and interpretations not yet effective (continued):

- IFRS 15, *Revenue From Contracts With Customers*, effective for accounting periods beginning on or after January 1, 2018, replaces IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programmes,* IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfer of Assets from Customers* and SIC-31 *Revenue – Barter Transactions Involving Advertising Services.* It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties.

  The Group will apply a five-step model to determine when to recognise revenue, and at what amount. The model specifies that revenue should be recognised when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled.

  Depending on whether certain criteria are met, revenue is recognised at a point in time, when control of goods or services is transferred to the customer; or over time, in a manner that best reflects the entity's performance. There will be new qualitative and quantitative disclosure requirements to describe the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

  The Group is assessing the impact that the standard will have on its 2019 financial statements.

- IFRS 9*, Financial Instruments,* which is effective for annual reporting periods beginning on or after January 1, 2018, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement.* IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value though profit or loss (FVTPL) - are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognised.

  The Group is assessing the impact that the standard will have on its 2019 financial statements.

44. Significant accounting policies (continued)

(z) New, revised and amended standards and interpretations not yet effective (continued):

- IFRS 16*, Leases,* which is effective for annual reporting periods beginning on or after January 1, 2019, eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Entities will be required to bring all major leases on-balance sheet, recognising new assets and liabilities. The on-balance sheet liability will attract interest; the total lease expense will be higher in the early years of a lease even if a lease has fixed regular cash rentals. Optional lessee exemption will apply to short- term leases and for low-value items with value of US$5,000 or less.

  Lessor accounting remains similar to current practice as the lessor will continue to classify leases as finance and operating leases.

  Early adoption is permitted if IFRS 15, *Revenue from Contracts with Customers* is also adopted.

  The Group is assessing the impact that this amendment will have on its 2020 financial statements.

- Amendments to IFRS 4, *Insurance Contracts*, provide two optional solutions to reduce the impact of the differing effective dates of IFRS 9, *Financial Instruments* (effective January 1, 2018*)*, and IFRS 4*, Insurance Contracts (*expected to be effective in 2020 or later*)* as follows*:*

  (i) Temporary exemption from IFRS 9:

  - Rather than having to implement IFRS 9 in 2018, some companies will be permitted to continue to apply IAS 39 *Financial Instruments: Recognition and Measurement.*
  - To qualify, a reporting company's activities need to be predominantly connected with insurance.

  Entities applying the temporary exemption will need to disclose fair value information separately for financial assets that meet the exemption criteria and for all other financial assets.

  (ii) Overlay approach:

  For designated financial assets, a company is permitted to reclassify between profit or loss and other comprehensive income (OCI), the difference between the amounts recognised in profit or loss under IFRS 9 and those that would have been reported under IAS 39.

  There will be new qualitative and quantitative disclosure requirements to describe how the adjustment is calculated and the effect on the financial statements.

  The Group is assessing the impact that this amendment will have on its 2019 financial statements.

44. Significant accounting policies (continued)

(z) New, revised and amended standards and interpretations not yet effective (continued):

- Amendments to IAS 40, *Transfers of Investment Property,* effective for annual reporting periods beginning on or after January 1, 2018, clarifies when an entity should transfer a property asset to, or from, investment property. A transfer is made when and only when there is an actual change in use – i.e. an asset meets or cease to meet the definition of investment property and there is evidence of the change in use.

  The entity has a choice on transition to apply the prospective approach – i.e. apply the amendments to transfers that occur after the date of initial application – and also reassess the classification of property assets held at that date; or apply the amendments retrospectively in accordance with IAS 8, but only if it does not involve the use of hindsight.

  The Group is assessing the impact that this amendment will have on its financial 2019 statements.

- IFRIC 22, *Foreign Currency Transactions and Advance Consideration*, effective for annual reporting periods beginning on or after January 1, 2018, addresses how to determine the transaction date when an entity recognises a non-monetary asset or liability (e.g. non-refundable advance consideration in a foreign currency) before recognising the related asset, expense or income. It is not applicable when an entity measures the related asset, expense or income or initial recognition at fair value or at the fair value of the consideration paid or received at the date of initial recognition of the non-monetary asset or liability.

  An entity is not required to apply this interpretation to income taxes or insurance contracts that it issues or reinsurance contracts held.

  The interpretation clarifies that the transaction date is the date on which the company initially recognises the prepayment or deferred income arising from the advance consideration. For transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date.

  The Group is assessing the impact that this interpretation will have on its 2019 financial statements.

- *Improvements to* IFRSs *2014-2016* contain amendments to certain standards applicable to the Group as follows:

  - IFRS 12, *Disclosure of Interests in Other Entities,* effective retrospectively for annual reporting periods beginning on or after January 1, 2017, has been amended to clarify that the disclosure requirements for interests in other entities also apply to interests that are classified as held for sale or distribution.

44. Significant accounting policies (continued)

(z) New, revised and amended standards and interpretations not yet effective (continued):

- *Improvements to* IFRSs *2014-2016* (continued)

  - IFRS 17, *Insurance Contracts*, effective for annual reporting periods beginning on or after January 1, 2021, replaces IFRS 4, Insurance Contracts.

    The key principles in IFRS 17 are that an entity:

    - identifies as insurance contracts are those contacts under which the entity accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future (the insured event) adversely affects the policyholder;
    - separates specified embedded derivatives, distinct investment components and distinct performance obligations from the insurance contracts;
    - divides the contracts into groups that it will recognize and measure;
    - recognizes and measures groups of insurance contracts at:

      a) a risk - adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all of the available information about the fulfilment cash flows in a way that is consistent with observable market information; plus (if this value is a liability) or minus (if this value is an asset);

      b) an amount representing the unearned profit in the group of contracts (the contractual service margin);
    - recognises the profit from a group of insurance contracts over the period the entity provides insurance cover, and as the entity is released from risk. If a group contracts is or becomes loss making, an entity recognizes the loss immediately.
    - presents separately insurance revenue (that excludes the receipt of repayment of any investment components) and insurance finance income or expenses;
    - includes an optional simplified measurement approach, or premium allocation approach, for simpler insurance contracts.
    - IFRS 17 requires a number of disclosures. Additional information about the amounts recognised in the balance sheet and in the statement of comprehensive income, significant judgements, the nature and extent of the risks that arise from issuing insurance contracts.

    Early application is permitted if both IFRS 15, *Revenue from contracts with customers* and IFRS 9, *Financial instruments* have also applied.

  - IFRIC 23, *Uncertainty over income tax treatments*, is effective for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted. IFIC 23 clarifies the accounting treatment for income tax treatments that are yet to be accepted by tax authorities, whilst aiming to enhance transparency.

    IFRIC 23 is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12.

44. Significant accounting policies (continued)

(z) New, revised and amended standards and interpretations not yet effective (continued):

- *Improvements to* IFRSs *2014-2016* (continued)

  - IFRIC 23, *Uncertainty over income tax treatments* (continued)

    An entity has to consider whether it is probable that the relevant authority will accept each tax treatment, or group of tax treatments, that is used or plans to use in its income tax filing.

    If the entity concludes that it is probable that a particular tax treatment is accepted, the entity has to determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its income tax filings.

    If the entity concludes that it is not probable that a particular tax treatment is accepted, the entity has to use the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The decision should be based on which method provides better predictions of the resolution of the uncertainty.

    IFRIC 23 does not add any new disclosure requirements. However, it highlights an entity shall determine whether it should disclose judgements made in the process of applying its accounting policy to determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, in accordance with paragraph 122 of IAS 1 presentation of financial statements.

    IFRIC 23 requires disclosure when it is probable that taxation authority will accept an uncertain tax treatment, paragraph 88 of IAS 12 should be applied to determine the disclosure of a tax- related contingency.

  - IAS 28, *Investments in Associates and Joint Ventures,* effective retrospectively for annual reporting periods beginning on or after January 1, 2018, has been amended to clarify or state the following:

    (i) A venture capital organisation, or other qualifying entity, may elect to measure its investments in an associate or joint venture at fair value through profit or loss. This election can be made on an investment-by-investment basis.

    (ii) A non-investment entity investor may elect to retain the fair value accounting applied by an investment entity associate or investment entity joint venture to its subsidiaries. This election can be made separately for each investment entity associate or joint venture.

  The Group is assessing the impact that these amendments will have on its financial statements when they become effective.

45. Scheme of arrangement

	Group					
	2016			2015		
	As previously stated $'000	Adjustments $'000	As restated $'000	As previously stated $'000	Adjustments $'000	As restated $'000
ASSETS						
Cash and cash equivalents	6,928,581	-	6,928,581	5,175,286	-	5,175,286
Securities purchased under resale agreements	12,738,008	-	12,738,008	15,413,591	-	15,413,591
Investments	81,665,331	-	81,665,331	73,980,374	-	73,980,374
Taxation recoverable	1,644,559	-	1,644,559	1,906,969	-	1,906,969
Interest in subsidiaries	-	-	-	-	-	-
Interest in associates	594,602	-	594,602	553,139	-	553,139
Loans	66,228,528	-	66,228,528	60,135,156	-	60,135,156
Other assets	3,677,176	-	3,677,176	3,019,039	-	3,019,039
Assets held for sale	652,025	-	652,025	546,613	-	546,613
Investment properties	458,582	-	458,582	469,806	-	469,806
Property, plant and equipment	4,319,601	-	4,319,601	3,557,770	-	3,557,770
Goodwill and intangible assets	1,087,336	-	1,087,336	1,003,481	-	1,003,481
Deferred tax assets	670,204	-	670,204	273,166	-	273,166
Total assets	180,664,533	-	180,664,533	166,034,390	-	166,034,390
LIABILITIES						
Bank overdraft (unsecured)	-	-	-	15,205	-	15,205
Due to specialised financial institutions	14,757,203	-	14,757,203	13,508,187	-	13,508,187
Customer deposits	101,420,615	(363,914)	101,056,701	90,498,143	(363,914)	90,134,229
Securities sold under repurchase agreements	23,294,895	-	23,294,895	24,250,852	-	24,250,852
Due to related entities	-	181,957	181,957	-	181,957	181,957
Taxation payable	101,349	-	101,349	326,206	-	326,206
Other payables	3,336,253	-	3,336,253	2,692,924	-	2,692,924
Deferred tax liabilities	355,586	-	355,586	152,102	-	152,102
Employee benefits obligation	912,554	-	912,554	809,729	-	809,729
Insurance contract provisions	4,285,608	-	4,285,608	3,818,487	-	3,818,487
Long-term loans	858,039	-	858,039	487,321	-	487,321
Total liabilities	149,322,102	(181,957)	149,140,145	136,559,156	(181,957)	136,377,199
EQUITY						
Permanent capital fund	6,940,000	(6,940,000)	-	6,940,000	(6,940,000)	-
Reserve fund	7,600,000	-	7,600,000	7,600,000	-	7,600,000
Capital reserve	83,076	-	83,076	83,076	-	83,076
Contractual savings reserve	14,223	-	14,223	14,223	-	14,223
Other reserves	2,989,879	2,610,957	5,600,836	2,417,157	2,610,957	5,028,114
Retained earnings	13,602,505	4,511,000	18,113,505	12,286,039	4,511,000	16,797,039
Total equity attributable to equity holders of the Company	31,229,683	181,957	31,411,640	29,340,495	181,957	29,522,452
Non-controlling interest	112,748	-	112,748	134,739	-	134,739
Total equity	31,342,431	181,957	31,524,388	29,475,234	-	29,657,191
Total liabilities and Com	180,664,533	-	180,664,533	166,034,390	-	166,034,390

45. Scheme of arrangement (continued)

On December 22 , 2016 the members passed a special resolution to effect a court-sanctioned scheme of arrangement between the Society and its members.

Under the court approved Scheme of Arrangement the specified transactions were effected to recognise The JN Group. As a result, the corresponding amounts in the consolidated financial statements have been presented in the current reporting period as if the reorganisation had occurred before the start of the reporting period presented. This accounting policy was adopted for all companies within the Group. As such, where necessary the financial statement of the subsidiaries have restated and these consolidated financial statement represents the restated consolidated position. The adjustments in respect of prior periods were as follows:

(a) Interest in subsidiary companies previously held directly by the Bank were transferred to the holding companies MCS Group Limited and JN Financial Group Limited (FHC) (see note 1) through a process of cancellation of the shares previously held by the subsidiaries and reissuing the same number of share to the holding companies. Shares of equal value were issued by the holding companies to the Company.

(b) Unclaimed accounts with dormancy exceeding 15 years of approximately J$364 million were extinguished and distributed to the Company as follows:

  (i) 50% for charitable purposes;

  (ii) The balance is held as a reserve to meet possible claims from persons who may come forward. Subsequently, 10% of the balance will be released for general corporate purposes;

(c) Of the permanent capital fund $6.9 billion, the sum of $4.5 billion was capitalised, allotted and issued as fully paid ordinary shares in a subsidiary, JN Bank Limited. The balance of $2.4 billion was transferred to retained earnings reserve.

(d) Further to (c) above, FHC issued a similar number of ordinary shares to the Company.

(e) The membership rights of all members of the Society was cancelled and the Company issued membership rights in the Company to all members of the Society.

46. Subsequent event

The exchange rate of the Jamaica dollar at October 18, 2017, being the Bank of Jamaica weighted average exchange of the Jamaica dollar was US$1 to J$127.43, £1 to J$ 166.63 , Cdn$1 to J$102.34, €1 to J$ 148.12, and Cayman dollar 1 to J$155.47 compared to US$1 to J$128.22, £1 to J$158.72, Cdn$1 to J$96.49, €1 to J$135.40 and Cayman dollar 1 to J$156.26, at March 31, 2017.

DESIGN: THE CREATIVE UNIT LIMITED
PRINTING: LITHOGRAPHIC PRINTERS LIMITED