



# People First.



**JAMAICA  
NATIONAL  
GROUP**

DIRECTORS' REPORT & FINANCIAL STATEMENTS

# 2018



The crest of The Jamaica National Group Limited 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 potentially 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 Limited established, and the deposit-taking arm of the building society was converted to JN Bank.

With membership as the ethos of its operations, The Group is committed to being a leading performer among mixed conglomerates in the region; and, to ensure that its performance directly benefits the people and communities that its member companies serve.

The Jamaica National Group Limited 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 globally.



## **Vision Statement**

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

## **Mission Statement**

Using innovative solutions to unleash the potential of our people

## **Value Statement**

We value all our stakeholders and promise to be:

Authentic, Dependable, Transparent






People  
First.

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Cover image: Gene Pearson sculptures from a private collection.

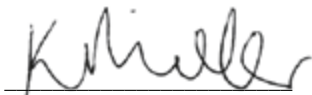
# Notice of Annual General Meeting

Notice is hereby given that the 2nd Annual General Meeting of Shareholders of The Jamaica National Group Limited will be held at the Jamaica Pegasus Hotel in the parish of Saint Andrew at 4 o'clock in the afternoon of Monday, November 5, 2018.

## 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, 2018.
  - ii) The Statement of Accounts for the year ended March 31, 2018.
  - iii) The Auditors' Report for the year ended March 31, 2018.
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 1st day of October, 2018



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 Limited*

「Authenticity.」





# 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, the JN Bank, as well as the restructured mutual holding company, The Jamaica National Group Limited and the JN Financial Group Limited.

Mr Clarke is the Chairman of JN Money Services Limited (JNMS), the parent company of the JNMS Overseas companies in the United States of America, Canada 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. LL.D) honoris causas from the University of Technology; and in 2013, he received an Honorary Doctor of Laws degree from the Northern Caribbean University.



**Dr 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 Limited, which he served as Chairman between 2005 and 2015. He is a long-standing member of the Society's Finance and Investment Commitment, now renamed the Risk Committee, which he has chaired since 2015.

With the restructuring of the 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 Limited.

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. Limited (JNIC) and Capital Development Fund. Dr Tanna has served as a Director of the Development Bank of Jamaica between 2007 and 2016. He is Executive Chairman of Blue Power Group Limited which was listed on the Junior Market of the Jamaica Stock Exchange in 2010.

# Board of Directors



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

**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 Limited.

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

A Chartered Accountant, Mr Jarrett completed BSc (Honours) and Masters' Degrees in Accounting at The University of the West Indies. He serves on the boards of several external organisations. He is:

- **Chairman**, Jamaica Cancer Society; Jamaican Diaspora 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).

He was again recognised by the Government of Jamaica in 2018 with his appointment to the Order of Jamaica (OJ), the nation's fourth highest honour, for his exceptional contribution to the banking and financial sectors, public service and volunteerism.



**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 in April 2018. He has been Chairman of JN Small Business Loans since 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 Limited as well as the MCS Group Limited.

He is also a member of the Boards of Directors of the Jamaica Bauxite Institute; Noranda Jamaica Bauxite Partners Limited; Chairman of the Caribbean Cement Co. Limited; 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 has worked with the Jamaica Bauxite Institute since its official inception in 1976 and was Executive Director for 23 years, retiring in June 2018. 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.



**Elizabeth Ann (Betty 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, the JN Bank, as well as the restructured mutual holding company, The Jamaica National Group Limited and the JN Financial Group Limited. She is a Director of Radio Jamaica Limited, The Gleaner Company (Media) Limited and 1834 Investments Limited.

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.



# Board of Directors



**William Mahfood**, BSc., Hon. DPS

**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 Limited.

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

Mr Mahfood joined the family business in 1988 and was Managing Director of the Wisynco Group Limited 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 2014-2015.



**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 Limited and the JN Financial Group Limited 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 JN 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.



### 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 McLarty was appointed to the boards of The Jamaica National Group Limited and the JN Financial Group Limited. 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.



### Peter Morris, MBA, BSc (Hons)

**Peter Morris** joined the Board of the Jamaica National Building Society (JNBS) in 1993. He was appointed to the Boards of The Jamaica National Group Limited, JN Financial Group Limited and JN Bank Limited in February 2017.

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, the Finance Committee of JN Financial 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.

# Board of Directors



**John Small**, BA (Hons), CQSW, FCMI

**John Small** has been a Director of the Jamaica National Building Society since September 1998, and with the restructuring of the Group in 2017, is now a Director of The Jamaica National Group Limited and the JN Financial Group Limited.

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

Mr Small 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 was a member of the Board of Governors of United Way of Jamaica, a self-employed international consultant in the Management of Human Services but has now retired.



**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 Limited, the JN Financial Group Limited and the 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. He is the Chairman of the Contributory Pension Fund for Jamaica National and its subsidiary companies.

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.





#### **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 Limited (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 Limited, the JN Financial Group Limited and JN Bank and remains a member of the Audit and Finance Committees of The Jamaica National Group, JN Financial Group and JN Bank.

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 Price Waterhouse. 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.



#### **Karene Miller**, LLB, BA (Hons)

Corporate Secretary and Legal Counsel

**Karene Miller** provides corporate secretarial services to the companies within The Jamaica National Group. She joined the Jamaica National Building Society in June 2013.

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.

# Board of Directors



## **Ramon Small-Ferguson**, BBA (Hons), CFA®, FRM®

The Chief Investment Strategist & Head of Research at JN Fund Managers, **Ramon Small-Ferguson** is responsible for the conceptualisation of strategies that guide the investment of the equivalent of over US\$370 Million in assets.

Before joining JN Fund Managers in August 2016, Ramon spent almost four years at the former Jamaica National Building Society, now JN Bank, where he started as an Investment Analyst within the company's Treasury Management Unit in 2012. At JN, he also held the roles of Assistant Portfolio Manager and Portfolio Manager, Treasury & Investments, successfully managing its long-term investment portfolio, comprised of local and international assets equivalent to more than US\$420 Million.

Mr Small-Ferguson holds the Chartered Financial Analyst (CFA®) designation awarded by the CFA Institute and is certified as a Financial Risk Manager (FRM®), by the Global Association of Risk Professionals. He also holds a Bachelor of Business Administration (BBA), Finance & Marketing (Hons) from the University of Technology, Jamaica.

He is a Director on the Investment Advisory Board of the Salvation Army Caribbean Territory; Chairman, University of Technology, Jamaica's Finance Scholarship Fund and was elected Staff Director of The Jamaica National Group in 2017.

A member and former Treasurer of the JN Toastmasters Club, Mr Small-Ferguson is a former Member Trustee of the Contributory Pension Fund of Jamaica National Building Society & Subsidiaries.

# 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.





# Governance

## Corporate Governance Report

### External Regulators

The Jamaica National Group Limited (the Company) is the mutual holding company for the JN Group, owning all the entities in the Group, which consists of a financial holding company and its subsidiaries and a non-financial company and its subsidiaries. The Company was incorporated under the Companies Act, 2004 as a Limited Company on December 16, 2016. 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 remit of the Board is to approve strategic direction and provide general oversight of 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 five Board meetings, with attendance as follows:

One meeting was attended by 12 Directors (including the Staff Director), two meetings were attended by 11 Directors (including the Staff Director). One meeting was attended by 10 Directors (including the Staff Director), and one meeting was attended by 10 Directors (not 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 qualification reviews, nominations, appointments, evaluations, retirements and removals; recruitment and evaluations of the Chief Executive Officer, Secretary and Committees; members' proxies; succession planning; Board and organisational structure. This Committee comprises four independent Directors.

#### 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. The Committee meets bi-monthly and submits bi-monthly and annual reports to the Board. It receives periodic reports from the Executive, Group Internal Audit; Assistant General Manager - Chief Accounting, Taxation and Reporting Officer; Head, Risk & Compliance JN Bank Limited and the External Auditors.

### 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, and is assisted in its deliberations by the Executive, GHRD. The Committee receives reports on compensation, evaluation and succession planning from the Executive, GHRD.

## Committees of The Jamaica National Group Limited Board

### AUDIT COMMITTEE

Raphael Gordon, CD, Chairman  
Sethuraman Kumaraswamy  
Kathleen Moss

### GOVERNANCE COMMITTEE

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

### COMPENSATION COMMITTEE

Hon Oliver Clarke, OJ, Chairman  
Hon Earl Jarrett, OJ, CD  
Peter Morris  
Dr Dhiru Tanna

# Audit Committee Report

We are pleased to present our report for the financial year ended March 31, 2018.

## Audit Committee members and attendance

The JN 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 the March 31, 2017 year-end audit and plans for the year ending March 31, 2018. Dates of meetings and attendance by committee members were -

	11/4/17	6/6/17	15/8/17	17/10/17	12/12/17	20/2/18
Raphael Gordon ( <i>Chairman</i> )	✓	✓	✓	✓	✓	✓
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:

- to ensure adherence to management policies and directives in order to achieve efficiently and economically the organisation's objectives;
- to safeguard assets;
- to secure the relevance, reliability and integrity of information, so ensuring as far as possible the completeness and accuracy of records; and
- 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 there has been adequate and effective governance and internal control processes. Some compliance issues and non adherence to policies were noted, communicated and are being followed up by management, Internal Audit and the Risk & 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. The training sessions covered Anti Money Laundering, IFRS 9, Taxation & Accounting, Corporate Governance, IT Audit /Security Essentials, EU General Data Protection Regulations (EU GDPR). Additionally, members of the Unit are pursuing internationally recognised professional designation programmes, including Certified Internal Auditors (CIA) and Association of Chartered Accountants (ACCA). One person successfully completed all three (3) parts of the CIA exams and another received Certification in Risk Management Assurance (CRMA).



## 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 Audit Committee reports were submitted to the Board for the period April 2017 to March 2018.

## 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 International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code).

- 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, 2018 and probable effect on the audited financial statements, and
- Significant difficulties which were encountered during the 2017 audit and plans to avoid them in 2018.

Proposed major changes to IFRS 9 and plans to prepare for them were discussed.

## Audit Committees

The 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, 2017 and March 31, 2018 was presented at the December 2017 Audit Committee Meeting. A meeting will also be held with KPMG to discuss the 2018 audited financial statements. The Committee will then make its recommendation to the Board.

The Audit Committee reviewed and approved audited financial statements for:

- The Jamaica National Group Limited and all its subsidiaries as at and for the year ended March 31, 2018.
- JN Financial Group Limited and all its subsidiaries as at and for the years ended December 31, 2017 and March 31, 2018.
- JN Bank Limited and its subsidiary (JN Cayman) as at and for the year ended March 31, 2018.
- MCS Group Limited and all its subsidiaries as at and for the year ended March 31, 2018.
- Jamaica National Individual Retirement Scheme as at and for the year ended December 31, 2017
- JNBS & Subsidiaries Pension Schemes as at and for the year ended December 31, 2017
- JN Foundation as at and for the year ended December 31, 2017

The 2017 directors' reports for JN General Insurance Company Ltd (JNGI) and JN Life Insurance and The Jamaica National Group 2018 annual report were also reviewed and approved.

## Comments on subsidiaries

Internal audit reviews were conducted at entities within The Group during the year, per the Internal Audit Plan. The scope of the reviews included follow up on points raised in internal audit and external audit reports and regulatory reports (where applicable). Matters discussed in respect of JN Fund Managers Limited (JNFM) and other group subsidiaries which do not have their own Audit Committees were submitted to their General Manager for submission to their respective Boards. Meetings were held quarterly for JNGI and JN Life Insurance. Summaries of the issues discussed were included in the monthly reports to The Jamaica National Group Limited Board. Reports for the other entities were discussed at The Jamaica National Group Limited, JN Bank Limited or JN Financial Group Limited Audit Committee meetings. The committees are satisfied that issues raised in audit reports were addressed or are being addressed by management.

## Annual evaluation

Audit Committees and the Internal Audit evaluations for the year ended March 31, 2018 were discussed and agreed at the April 12, 2018 Audit Committee meeting.



**Raphael Gordon**  
Chairman of the Audit Committee

# Finance Committee Report

The Finance Committee of The Jamaica National Group Limited 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 organisation's adherence to limits and tolerance levels established by the Board. The Committee also ensures that policies for enterprise-wide risk management are in place.

The 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 Chief Executive Officer and Chief Financial Officer of the Group.

## BOARD FINANCE COMMITTEE REPORT

We are pleased to present our report for the financial year ended March 31, 2018.

### Finance Committee members and attendance

Details of the membership of the committee and their attendance at committee meetings are listed in the table below:

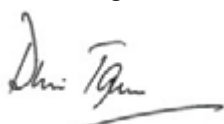
MEMBERS	MEETING DATES				
	19/4/17	21/6/17	13/09/17	20/11/17	26/02/18
Dr Dhuru Tanna	✓	✓	✓	✓	✓
Earl Jarrett*	◆	✓	◆	◆	◆
Peter Morris	✓	✓	✓	✓	✓
Kathleen Moss	✓	✓	✓	✓	✓
Elizabeth Jones*				◆	✓
KEYS: Present ✓ Apology received ◆					

\* Director Jarrett's absence from committee meetings as of September 2017 was due to illness and recuperation. During the time of his absence, Director Jones was co-opted to assist with the committee deliberations. The committee expresses its pleasure at Mr Jarrett's return to office.

### Finance Committee responsibilities

Since the transition of the Building Society to a Commercial Bank and the formation of The Jamaica National Group, the committee has assisted the Board of Directors in its oversight responsibilities. Additionally, the committee performed the following functions during the year:

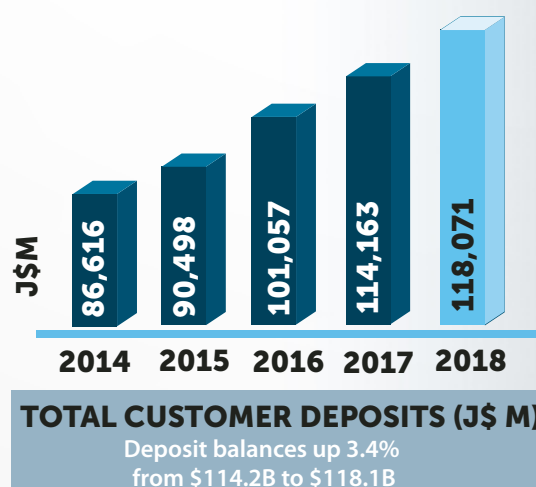
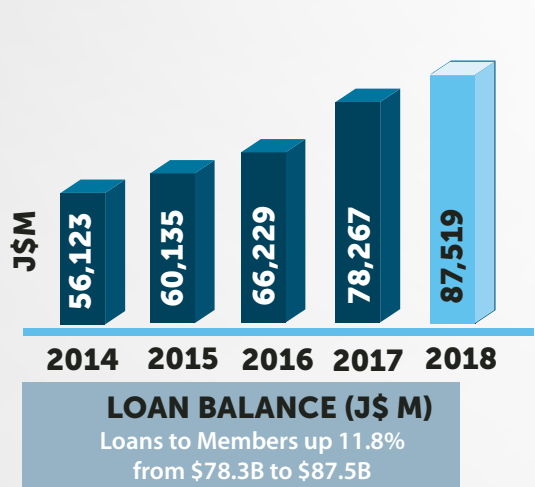
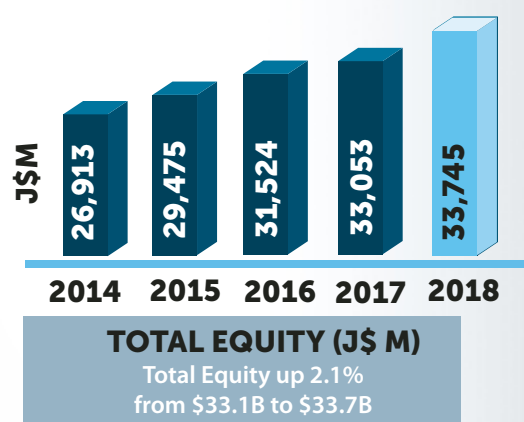
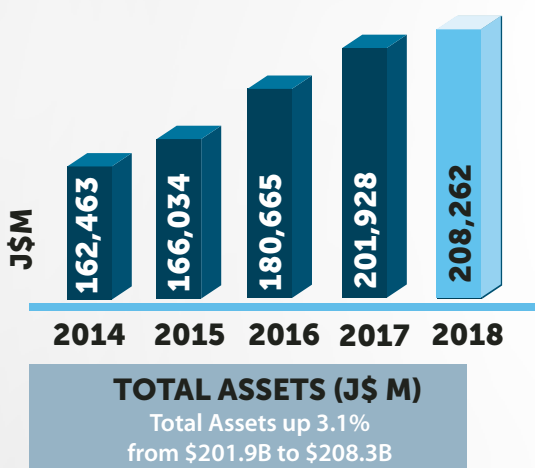
- monitor exposures against established limits;
- ensure that senior management implement processes to identify, measure, monitor and control risks (credit, market, liquidity, operational and strategic);
- review the adequacy of the organisation's capital and allocation to various business units considering 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 organisation's Credit and Risk policies;
- review monthly financial statements and monitor performance against established targets.
- review strategic initiatives that exceed management thresholds and make recommendations to the Board as necessary.



**Dr Dhuru Tanna**  
Chairman  
Finance Committee

# Financial Highlights

	2014	2015	2016	2017	2018	2015v 2014	2016v 2015	2017v 2016	2018v 2017
Total Assets (J\$M)	162,463	166,034	180,665	201,928	208,262	2.2%	8.8%	11.8%	3.1%
Total Equity (J\$M)	26,913	29,475	31,524	33,053	33,745	9.5%	7.0%	4.9%	2.1%
Loan Balance (J\$M)	56,123	60,135	66,229	78,267	87,519	7.1%	10.1%	18.2%	11.8%
Total Customer Deposits (J\$M)	86,616	90,498	101,057	114,163	118,071	4.5%	11.7%	13.0%	3.4%
Total Operating Revenue (J\$M)	15,687	17,735	17,553	19,000	19,178	13.1%	-1.0%	8.2%	0.9%
Surplus before taxes (J\$M)	3,393	3,620	2,047	2,157	1,625	6.7%	-43.5%	5.4%	-24.17%







## Our Services



### Banking Services

JN BANK is a strong member-owned Jamaican bank committed to your growth and financial success, offering Mortgages, Savings, Chequing, Retirement and Credit Card solutions to our members.

JN CAYMAN a financial institution delighting local and international customers with range of superior savings, loans & other financial products.



### Technology

MC SYSTEMS LIMITED utilizes emerging technologies to solve complex business problems and to deliver greater value to our clients and stakeholders.



### Remittance & Payment Services

JN MONEY SERVICES continues to connect people in the Diaspora with family in Jamaica, through Remittance Services, Bill Payment options, fund transfer and mobile top up.



### General Insurance

JN GENERAL INSURANCE is committed to providing peace of mind for our customers and intermediaries, job satisfaction for our employees and excellent returns for our shareholders while inspiring others with our work in the community.



### Small Business Loans

JN SMALL BUSINESS LOANS believes fully in the spirit and innovativeness of Jamaicans and is committed to delivering affordable credit to assist entrepreneurs realise their dreams.



### Health & Life Insurance

JN LIFE INSURANCE COMPANY LIMITED offers affordable insurance solutions to companies and individuals as it seeks to indemnify Jamaicans in the event of loss of life, serious injury or chronic illness.



### Property Management

JN PROPERTIES LIMITED provides property and project management, valuations and real estate advisory portfolio. We manage commercial and residential renovation, including buildings, land, ATM locations and parking lots.



### Wealth Management

JN FUND MANAGERS LIMITED is a licensed securities dealer and full service investment manager offering Wealth Management; Asset Management; Pension Fund Administration and Investment Banking.



### Community Involvement

THE JN FOUNDATION works with internal and external partners to identify, develop and provide technical and financial support to programmes that focus on issues relating to rural development, health, housing, education, youth, community, crime and safety.



### Fleet Management and Roadside Assistance

THE JAMAICA AUTOMOBILE ASSOCIATION (JAA) provides road users across the island with member services and is also a source of vital information on safe road use and practices.



### Asset Recovery

TCS seeks to satisfy its clients by providing exceptional service in asset recovery. We are committed to the highest level of ethical standards, respect and excellence in our dealings with all that we serve.



### Creativity

THE CREATIVE UNIT is a team of versatile professionals, offering Creative Production, Event Planning, Digital and Large Format Printing, Account and Media Planning all in one place.





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# Chairman's Report

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

One year ago, at the start of this 2017/2018 financial year, our organisation stepped over the threshold of change as we transitioned from a single Building Society, with a loose grouping of companies, into a new form called The Jamaica National Group Limited. The past fourteen months, since the transition, has been challenging and rewarding as we refined the elements, including increased product offerings and services.

I am pleased to report on our progress, as the companies have repositioned themselves to ensure that they remain responsive to the needs of members and customers across the JN Group Limited.

The economic landscape in which the companies operated over the past year was mixed. The devaluation of the Jamaican dollar was not as severe as the previous year; the Debt-to-GDP ratio continued to move downward, as government debts were retired; and business and consumer confidence remained relatively high.

Interest rates declined by an average of one per cent, which allowed greater opportunities for persons to access financing. Mortgage and personal loan rates also trended downwards, by approximately one per cent. Commercial rates remained stable. These were evidenced by a strong demand for loans and products offered by the member companies in the JN Group; and marketing and promotional campaigns were launched by the companies, to retain and expand our share of the market.

Crime and violence continued to be a huge negative factor on several aspects of our operations. It impeded our ability to offer services to our members and customers in areas with high levels of crime and social dislocation. The environment also made it difficult for our members and customers to engage in productive ventures that would result in timely responses to their financial obligations.

The subsequent declarations of the State of Public Emergency and Zones of Special Operations in certain sections of the country influenced the ability of our micro-finance entity to reach its customers and provide support. The reduction in crime and violence was a positive outcome and the impacted communities have now emerged as safer spaces for our citizens.

Internationally, we continue to find solutions to the de-risking strategies being implemented by the international banks. In some territories, such as The Cayman Islands, the United States of America and Great Britain, we have had difficulties in establishing and maintaining our banking relationships. The problem is also apparent in Jamaica where banks are reluctant to service money transmitters and cambios.

We have also had to address a recent concern, in that, our bankers have implemented new rules regarding the negotiation of cheques, otherwise called "third-party cheques," which are not made payable directly to our institution. This has had a negative effect on persons receiving pension cheques from overseas, as these cheques are typically made payable to persons and, are therefore, classified as "third-party cheques." We continue to search for and find new banking relationships with domestic banks overseas.

As we reshape and build out the new JN Group, we recognise the strengths that have enabled us to provide good service to our more than 600,000 members and overall 1.5 million customers, globally. A review of our Group indicates that we have a strong diversification of complementary products and services.

We hold primary positions in key markets including: ranking first in the Caribbean for remittances; first in the Caribbean for micro-loan financing and technology services; and first in Jamaica for private sector originated mortgage services. Along with our experienced teams, at all levels, we have maintained a strong focus on managing risk, and the direction of the business ensured that our governance structures were appropriate for the Group's philosophy and risk appetite.

## Our Operations

During the year, several strategies were undertaken to improve our operations. We strengthened our Information Technology (IT) infrastructure by investing approximately US\$2 Million in establishing a group-wide IT network and services. This was due to challenges associated with our growth and the limitations with our existing systems. We are now working assiduously to enhance our service platforms while improving efficiency to our members and customers.

Cybercrime now represents a significant risk, and our team has invested considerable time and financial resources in developing a resilient system, to protect the companies in the Group from the increasing vulnerability to cybersecurity threats. We have built a "well-fenced" IT system to withstand possible infiltration of our network.

Indeed, as a result of the successful restructuring, we are looking at the further strengthening of the Jamaica National brand regionally and globally, through an expansion strategy, which will explore investment opportunities outside of Jamaica and improve our service and offerings to the Jamaican Diaspora. It is our intention to grow our business based on assessments of the needs of members in the Jamaican Diaspora residing in the UK.







# Chairman's Report cont'd

The Group was at the forefront of the Jamaica Diaspora Conference held in July 2017 to lend our voice to the message of partnership for growth between Jamaicans here at home and those overseas. One of the key highlights of the conference was that it provided an opportunity to share a JN-sponsored study conducted by the Caribbean Policy Research Institute (CaPRI), to measure the contribution of the Diaspora to Jamaica.

The preliminary findings revealed that the profile of members in the Jamaican Diaspora is not what many persons would expect. Jamaicans are employed in very professional jobs; and are well educated and earn high wages, with at least 80 per cent having at least some level of tertiary education. It also suggested that Jamaicans overseas number approximately three million globally, and account for 23 per cent of Jamaica's current GDP. More importantly, the study indicated that: based on the contribution and support of members in the Diaspora, there is the potential for this figure to increase to 35 per cent. The report will be officially launched soon.

We were also very proud to put our Group-coordinated skills on display by providing logistics and planning support for the United Nations World Tourism Organisation (UNWTO) Global Conference on Jobs and Inclusive Growth, held in Montego Bay in November 2017. The JN Group provided management and execution services, which the Secretary-General of the UNWTO described as a "first-class conference" and stated how impressed he was by the organisation, smooth flow, and manner in which the conference was conducted.

We are also particularly pleased with the work that our JN Foundation has accomplished to situate Social Enterprise within the emerging Medium, Small and Micro (MSME) policy. The JN Foundation, supported by the USAID, has sought to bring structure and policies to support Social Enterprise in Jamaica. Social Enterprise is now recognised as an emergent and growing sector, which the government has now aligned to the achievement of Goal Three of the Vision 2030 Jamaica National Development Goal, which is to make the Jamaican economy prosperous.

Through the dogged persistence of the JN Foundation, the hosting of Social Enterprise Boost Initiative (SEBI) Summits, and other educational and awareness programmes, more persons and organisations are recognising the value of this sector; its ability to create employment; and to contribute to the overall economic growth of the country.

## Our Focus

One primary element of the restructuring of the JN Group was to ensure that the long-term objectives of our members, clients and employees are met. Key to this focus has been the maintenance of a connection with JN members, who are both the owners and the customers of the JN Group. We remain committed to the fact that we are owned by our members and we operate for their benefit.

Our very existence and activities are for and in the interest of these members. In addition to ensuring that we consistently achieve high levels of customer satisfaction by adopting and maintaining international standards, such as the ISO standards rating, we also host members' meetings in Jamaica and the Diaspora. In addition, we publish various newsletters in print and online, which are sent to members, providing them information to enable better decision-making practises.

## Our Performance

The Group's financial performance can be described as that of a start-up; and, in that regard, we have performed well. We remain among the top five financial groups in Jamaica. We are aware that the transition period would require significant effort, both in capital and human capacity. Given this, the individual companies returned a modest performance. The Jamaica National Group Limited performed creditably, with an Asset base of \$207 Billion and Capital Reserves of \$33 Billion, while the companies in the group posted consolidated after-tax profit of \$583 Million. The decrease in the group's consolidated profit is directly attributable to the costs associated with the transformation process, new capitalisation requirements, and the necessary investments associated with the transition.

Further details of our financial performance and the accompanying financial statements are detailed elsewhere in this Report.

## Auditors

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

## 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. Raphael Gordon, The Jamaica National Group Limited
2. Elizabeth Ann Jones, The Jamaica National Group Limited

These two directors, being eligible, offer themselves up for re-election.

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.

# Chairman's Report cont'd

I am pleased to report that the Board of Directors continues to give keen oversight of the operations of the companies within the Group to ensure the protection of the interests of members and customers. We have been heavily focused on member service and key decisions have been made for the benefit of members.

We are particularly pleased to welcome back our Chief Executive Officer, Mr Earl Jarrett, to the helm of the organisation following his illness and wish for him continued good health.

Let me also congratulate two of our directors who have assumed new roles within the Group: Gladstone 'Tony' Lewars was elected as chairman of JN Cayman, while Parris Lyew-Ayee assumed the role of chairman of the JN Foundation. In addition, we use the opportunity to welcome Pansy Johnson as a Director of JN Small Business Loans Limited. We also bade farewell to Captain Robert Hamaty, a director of JN Cayman and JN Money Services Cayman Limited, and thank him for his contributions as a Director since 2002.

## Employee Value

I am pleased to say, that as a group, we have been able to identify skilled personnel who are committed to serving our members and customers; and we have afforded our employees the opportunity to hone their professional skills. Our more than 1,600 employees remain committed to providing an appropriate blend of financial and other services to maximise the potential of our members, and enable them to confidently pursue opportunities that will improve their lives. They have maintained strong value systems, and a keen sense of awareness of the needs of our members and customers.

During the year, we bade farewell to Maureen Hayden-Cater, former Managing Director of the bank who managed the transition to the JN Bank, following her decision to demit office in November. We thank Mrs Hayden-Cater for her contribution to the reorganisation process and wish her well in her future endeavours. We also said goodbye to Saffrey Brown, who served as General Manager of the JN Foundation for ten years. Her leadership of the Foundation was excellent and she has left a strong foundation for the future.

Given the movements at the leadership level, Group Chief Finance Officer, Curtis Martin, assumed leadership of the JN Bank and was subsequently appointed Managing Director. Horace Hines was appointed to the post of General Manager of JN Money Services Limited; and Onyka Barrett, Partnership and Development Manager at the JN Foundation, was selected as General Manager, to lead the team.

On behalf of the Group's Board of Directors, we express our gratitude to all our staff members who helped to move the JN Group forward to the point where we now stand; and to all our members who honour us with their confidence and trust.

## Outlook

As we look to the year ahead, we continue to reiterate our call for the government to look at ways to reduce the level of taxation on financial institutions through the Asset Tax, reserves and cost to the Group. We want to take action on behalf of all the members and customers who have to bear these costs directly and indirectly. While the macroeconomic indicators paint a positive picture of inflation below target, the stock market has been increasing; business and consumer confidence are constantly rising; and there are low levels of unemployment. However, the experience of financial institutions have been less optimistic. The sustainable growth of the economy is intricately linked to a conducive environment for financial institutions.



**Hon. Oliver Clarke, OJ, JP, Hon. LL.D**  
Chairman





# Chief Executive Officer's Report

Hon. Earl Jarrett, OJ, CD, JP, Hon. LL.D, FCA, MSc

I am pleased to report on the performance of The Jamaica National Group Limited in this, the first full year of its operation, following our transition from the building society to The Jamaica National Group and its groups of financial and non-financial companies. As the environment around us changed over the years, we also evolved, transitioning from one strong entity called the Jamaica National Building Society, with its many subsidiaries, into a more structured conglomerate of companies, with greater agility to meet current global demands; and, more importantly, to better serve our members and customers.

Although in many respects we are building on a great legacy of more than 140 years, it is also true that we have begun afresh as a fledgling organisation within this revised structure. The transition resulted in some changes in our operations for the benefit of those we serve. And, as we work through the changes, we remind ourselves constantly of the importance to put the interests of our members and customers first; as well as, at the heart of everything we do.

In our business, the focus is on people. This focus is coupled with a bigger objective to provide viable opportunities for our members and customers, build financial bridges, identify development possibilities; and, create networks to foster relationships, which will result in the achievement of their aspirations and dreams. As a consequence, our Vision and Mission Statements speak to "boldly finding ways to enrich lives and build communities"; and "using innovative solutions to unleash the potential of our people."

We deliver on this objective through the 20 subsidiary companies and three parent companies which comprise the JN Group, internationally. Through these companies, we provide access to capital for families and businesses; we facilitate the savings and investment goals of many; and we offer insurance coverage and technology solutions to others. Our business model is one built on respect for members, customers and each other; and, it drives a significant portion of our customer and member-related activities across all entities in the Group.

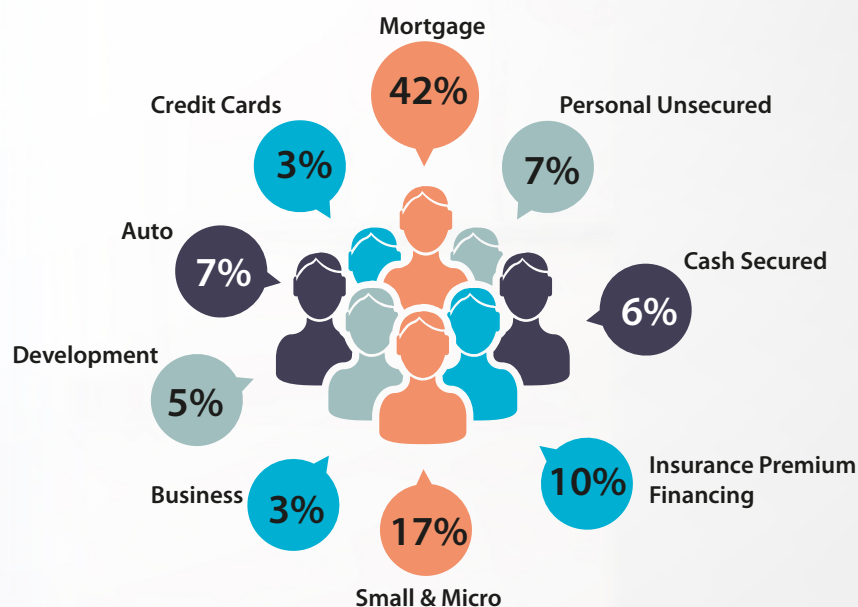
## Delivering Value

The theme for this year, **People First**, reinforces the position that our members and customers are at the heart of what we do and who we are. We have been built on an ethos of service and impacting the lives of people in a positive way. In keeping with this, we are pleased to report that the companies in the Group have served more than one million members and customers during the past year.

Our four lending institutions – JN Bank, JN Small Business Loans Limited, JN Fund Managers Limited and JN Cayman - approved more than \$37 Billion in loans to approximately 42,000 persons. The bulk of these loans have been in the areas of housing finance, automobile purchase, social enterprise engagements and personal financing.

Despite our transition from the building society to JN Bank, we continue to be the dominant player in the provision of mortgages for the private sector. With our support, more than 1,500 persons were able to realise their home acquisition goals, having received mortgages valued at just over \$11.2 Billion, which represented more than 40 per cent of our combined loan disbursement portfolio for the year.

## LOAN CATEGORIES





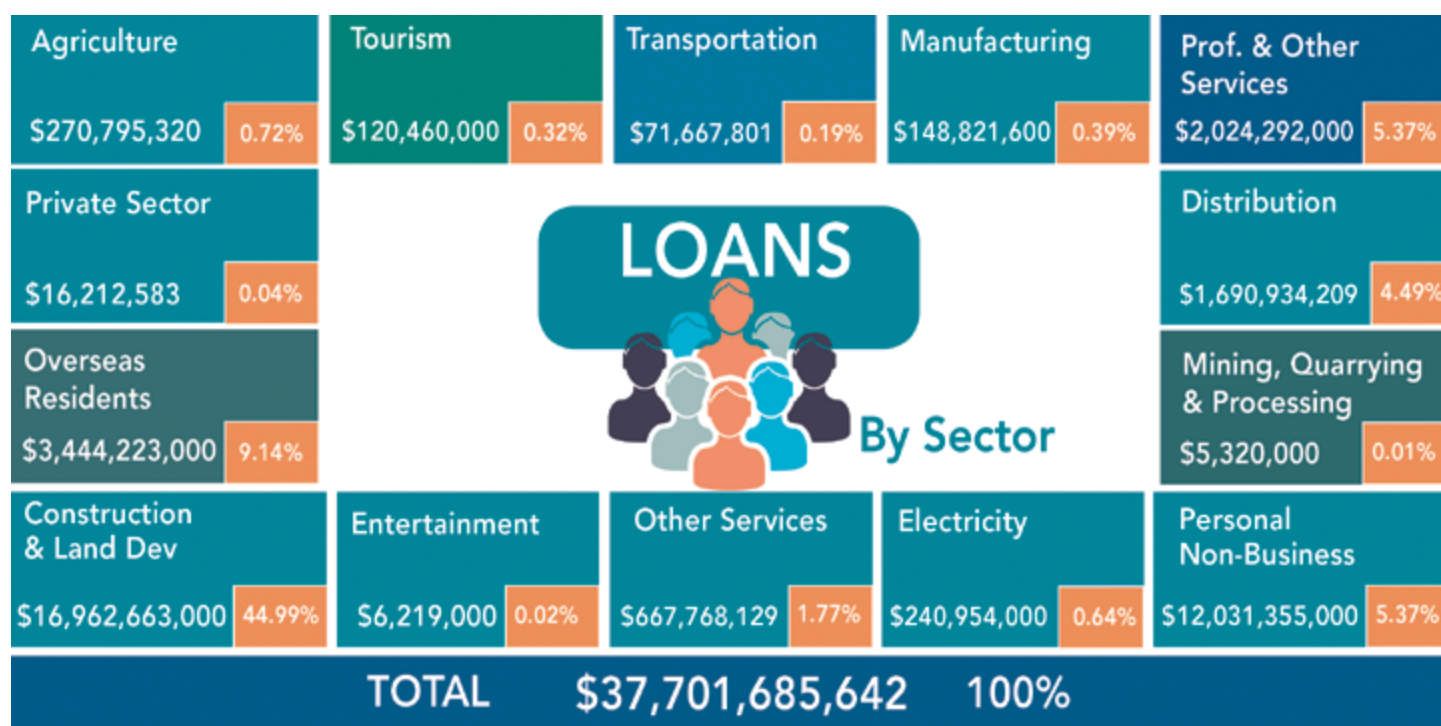
# Chief Executive Officer's Report -cont'd

We also provided significant resources to our members and customers through available financing for business development initiatives. As a consequence, we were particularly pleased with the performance of our microfinance company, JN Small Business Loans Limited, which had a record disbursement of more than \$5 Billion in loans in one year, with 20 per cent of those loans being extended to new clients. This achievement underscores our commitment to create opportunities for persons, with limited access, to obtain financing and contribute to improving the national productivity levels. We are pleased that the company is now recognised as one of the country's preferred microfinance lenders.

Our corporate loan financing programme has been making steady progress, and we have disbursed \$1.78 Billion in development and real estate loans, and we intend to make this sector an important part of our strategic push going forward.

As a means of expanding our product offerings, we entered the automotive sector a few years ago with competitive rates and terms for motor loans. Our goal is to position Jamaica National as the institution of choice to provide mobility for Jamaicans with a fair motor loan. This year, the Group invested approximately \$1.4 Billion in the automobile sector for motor vehicle loan financing. Through premium insurance financing offered by JN Bank, some 3,300 members and customers benefitted from our flexible premium payment options; as well as, adequate motor insurance coverage.

Overall, we are pleased with the contribution that our Group has made to enable access to funding for our members in the critical sectors of the economy. Collectively, we have invested more than \$37 Billion during the year, with the lion's share of the portfolio going to construction and land development, which are complementary to the bank's core business – mortgage.



# Chief Executive Officer's Report -cont'd

Given its position as one of the two new commercial banks to be licensed for operation during the year, JN Bank performed to expectation, financially. The customer base remains strong, with more than 4.17 million transactions being processed by the bank, driven in large measure by the work done through the branch network locally, online banking channels and our representative offices overseas.

The remittance arm of the Group, JN Money Services Limited, continues to be the primary avenue which facilitates strong connections with the Jamaican Diaspora; and to attract foreign exchange into the country. This supported the commitment to provide access to financing for our customers, through the processing of approximately 1.8 million transactions, representing inflows of some US\$318 Million into the local economy.

The insurance subsector provided capital to enable persons to invest and protected their investments, with the management of comprehensive coverage valued at \$891 Billion. The two companies: JN General Insurance Company Limited (JNGI) and JN Life Insurance Company Limited - produced commendable financial performances during a difficult year for the general insurance industry. Their performance came against the background of a series of flooding incidents, as the country experienced a year of above-average rainfall, following several years when levels were below-average. While the island was spared from a destructive hurricane season, the impact on other countries has influenced an increase in property reinsurance rates.

The life insurance company has steadily built up a strong name in the sector, by providing creditor life, group life and other insurance products, to ensure that customers and members can benefit from comprehensive life insurance. Collectively, the two companies booked gross premiums of \$ 5.7 Billion for 79,000 policies, which are insured for \$809 Billion.

As a Group, our primary purpose is to help our members and customers achieve their financial goals. Not only are we committed to putting people first; but, we will also help them "to find a way," in keeping with the mantra of JN Bank. And, we have kept our promise to members and customers, to prudently manage their life savings and investments. At the end of the financial year, the Group achieved combined savings and investments inflow of \$94.5 Billion across a range of investment instruments, including: general savings accounts, fixed deposits, mutual funds, government securities, repurchase agreements and pension funds.

One of the highlights of the year was the achievement of JN Fund Managers Limited, as the lead broker, in the successful Stationery and Office Supplies Limited initial public share offer of \$95 Million. The offer, which was over-subscribed, laid a strong case for the newly formalized Investment Banking division of the company to engage in similar initiatives, to raise private equity and offer wider investment options for our members and customers. It also signalled an increased level of confidence among investors and growing interest in the local stock market.

In respect of the non-regulated companies, which comprise the MCS Group, we are working to drive international revenues by increasing the percentage of non-financial revenues in our overall income stream. At present, the MCS companies provide significant support for the companies in the JN Group. And, as part of the transformation of the JN Group, we have begun to look at extending the focus of these companies to expose external entities to the extensive range of services offered by the MCS Group.

Through our technology company, MC Systems Limited, we have successfully introduced new technologies to create new opportunities and new lines of business. This company has also generated a steady inflow of revenue, through its software development line and programming; as well as, to serve companies in the JN Group as the chief procurement entity for the acquisition of equipment and technology solutions.

Total Credit Services Limited, a debt management company, has over the years developed a solid reputation for the remediation or closure of loans that have gone into default. During the year, the company concluded 38 accounts for a value of \$263 Million. In keeping with our commitment to find viable solutions for our customers and members, 691 loans were remediated at a value of \$1.38 Billion.

The Jamaica Automobile Association (Services) Limited (JAA) is the automotive network of the group of companies and provides a range of services including: roadside assistance, motor vehicle insurance claims processing and fleet management services, to members and customers; as well as, offering extensive support to companies within the Group.

As part of the JN Group reorganisation, the company assumed ownership of the ADVANCE card, which is among the most recognised single-purpose, stored-value card for the purchase of petrol. During the year, the company, which also has operations in Trinidad & Tobago, processed more than 60,000 ADVANCE card transactions, facilitating the purchase of 27.4 million litres of petrol for the 18,134 vehicles registered on the programme in both countries.

# Chief Executive Officer's Report -cont'd

The company also has a revenue stream through its driving academy, which resulted in approximately 460 students using the facility. Another critical component of the JAA, which demonstrates the synergies across the Group, is in respect of its claims handling process, which has been outsourced to the company by the JN General Insurance Company Limited (JNGI).

In addition to its roadside assistance programme, the JAA provides accident response and claims management services on behalf of JNGI. During the past financial year, the company handled 4,700 response and claims registration. We are particularly pleased with the work of the JAA; and consider our involvement in the automotive sector as our contribution to the productive sector for greater efficiency and ease of doing business.

We pride ourselves on ensuring that those who do business with us are satisfied. And, we consistently measure our performance against specific matrices, to determine how well we have met our guarantee of service to members and customers. The candid feedback in the annual Customer Satisfaction survey provides a mirror for us, to assess ourselves; and to take corrective measures, where necessary.

And, even as we strive to improve our output to members and customers, we are encouraged by the consistent performance of the team at the JN Bank in meeting the ISO: 9001 international standards. It is, therefore, our intention to roll out this standard across the JN Group, to ensure consistency in our operations.

## Financial Performance

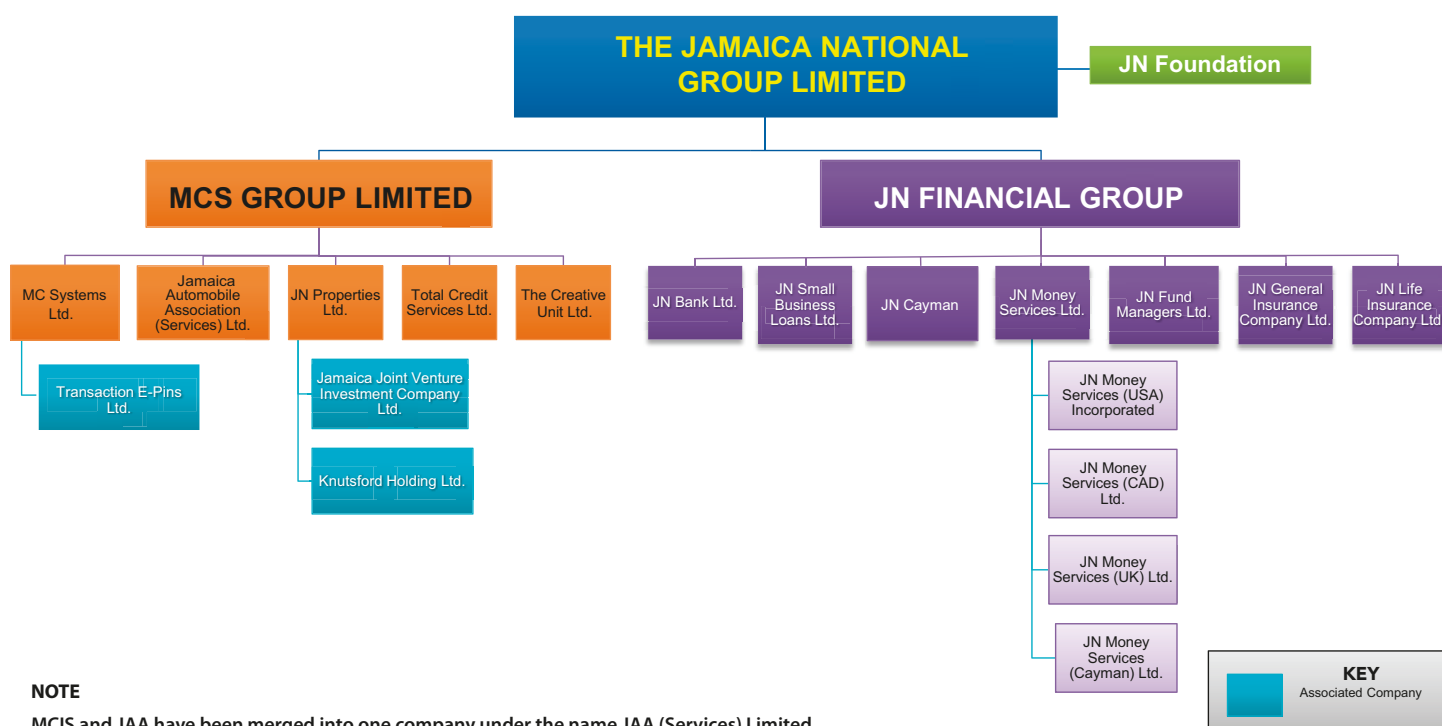
As we refine the operations of the different companies within the JN Group, I am pleased to report that, the financial performance of the parent companies in the Group during the course of the year, was admirable, as they established their operations within the new structure.

The Jamaica National Group, the consolidation of the JN Financial Group and the MCS Group, ended the financial year with assets of approximately \$208.3 Billion and operating revenue of just over \$20.4 Billion. The Jamaica National Group reported a surplus of \$977.7 Million compared to \$1.51 Billion in 2017, with the JN Financial Group reporting approximately \$2 Billion, and the MCS Group \$267 Million.

The detailed financial performance of The Jamaica National Group is outlined in the Auditors' Report and Financial Statements.

## STAFF

The JN Group could not thrive without the support of the 1,600 colleagues, who themselves are members serving members, on a daily basis. Therefore, I thank our people publicly, for their enormous contribution to our success. We have been fortunate, over the years, to build dynamic teams of dedicated employees throughout our Group. Their individual grasp of our company's mission and vision, are positively reflected in how they, as



# Chief Executive Officer's Report -cont'd

members, treat other members; as they work, in tandem, to deliver our products and services. And, we welcome new players who have joined us, as we move forward, together.

## CONCLUSION

The Jamaica National Group is now one of the leading mutual groups of companies in the Caribbean that is committed to serving its members. With the transformation, the Group has stepped into the close circle of one of the, if not the largest and most diversified, financial groups in Jamaica, delivering added value to all its stakeholders and members, globally. The Group will continue to transform the financial landscape by developing new approaches to provide greater levels of financial access to members and customers, locally and internationally.

The JN Group is committed to play its part in helping Jamaica to achieve its goal to be, "The place to live work and raise families," by supporting our members and customers, to achieve growth in their personal lives and businesses.

In a challenging economic environment, the Group delivered another year of creditable results, reconfirming its core commitment to: achieve a meaningful and efficient customer relationship management, in tandem with the development of innovative products and services.



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

Chief Executive Officer



# Membership of Boards and Committees

## **JAMAICA AUTOMOBILE ASSOCIATION (SERVICES) LIMITED**

Hon. Earl Jarrett, OJ, CD, Chairman  
Phillip Bernard  
Phillip Powe  
Wendell Smith  
Errol Ziadie  
Christopher Hind  
Onika Miller

## **JN BANK LIMITED**

Hon. Oliver Clarke, OJ, Chairman  
Hon. Earl Jarrett, OJ, CD  
Elizabeth Ann Jones, CD  
Dhiru Tanna, Ph.D  
Jennifer Martin  
Peter Morris  
Raphael Gordon  
Kathleen Moss

## **JN CAYMAN**

Gladstone Lewars, Chairman  
Hon. Earl Jarrett, OJ, CD  
Derek Jones  
Marcus Simmonds

## **JN FINANCIAL GROUP LIMITED**

Hon. Oliver Clarke, OJ, Chairman  
Hon. Earl Jarrett, OJ, CD  
Hon. Dorothy Pine-McLarty, OJ  
Dhiru Tanna, Ph.D  
Parris Lyew-Ayee, CD  
Elizabeth Ann Jones, CD  
Raphael Gordon  
William Mahfood  
Jennifer Martin  
Peter Morris  
John Small  
Kathleen A.J. Moss

## **JN FOUNDATION**

Parris Lyew-Ayee, CD, Chairman  
Hon. Earl Jarrett, OJ, CD  
Jennifer Martin  
Mary Allen Smith

## **JN FUND MANAGERS LIMITED**

Elizabeth Ann Jones, CD, Chairman  
Hon. Earl Jarrett, OJ, CD  
Dhiru Tanna, Ph.D  
Caryl Fenton  
Keith Senior  
Peter Morris  
Monica Ladd  
Allan Lewis  
Errol Ziadie

## **JN GENERAL INSURANCE COMPANY LIMITED**

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

## **JN LIFE INSURANCE COMPANY LIMITED**

Peter Morris, Chairman  
Hon. Earl Jarrett, OJ, CD  
Christopher Barnes  
Kay Osborne  
Errol Ziadie

## **JN MONEY SERVICES LIMITED**

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

## **THE JAMAICA NATIONAL GROUP LIMITED**

Hon. Oliver Clarke, OJ, Chairman  
Hon. Earl Jarrett, OJ, CD  
Hon. Dorothy Pine-McLarty, OJ  
Dhiru Tanna, Ph.D  
Parris Lyew-Ayee, CD  
Elizabeth Ann Jones, CD  
Jennifer Martin  
William Mahfood  
Peter Morris  
Raphael Gordon  
Kathleen Moss  
John Small  
Ramon Small-Ferguson (Staff Director)

## **JN PROPERTIES LIMITED**

Onika Miller, Chairman  
Hon. Earl Jarrett, OJ, CD

## **JN SMALL BUSINESS LOANS LIMITED**

Parris Lyew-Ayee, CD, Chairman  
Hon. Oliver Clarke, OJ  
Hon. Earl Jarrett, OJ, CD  
Mary Allen Smith  
Cosma Earle  
Randolph Cheeks  
Pansy Johnson

## **MANAGEMENT CONTROL SYSTEMS LIMITED**

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

## **MCS GROUP LIMITED**

Raphael Gordon, Chairman  
Hon. Earl Jarrett, OJ, CD  
Hon. Molly Rhone, OJ, CD  
Dhiru Tanna, Ph.D  
Onika Miller  
Wendell Smith  
Rachel McLarty  
Dan Theoc

## **THE CREATIVE UNIT LIMITED**

Onika Miller, Chairman  
Hon. Earl Jarrett, OJ, CD  
Donna Carroll

## **TOTAL CREDIT SERVICES LIMITED**

Onika Miller, Chairman  
Hon. Earl Jarrett, OJ, CD  
Carlton Earl Samuels, CD  
Leon Mitchell

**JN REAL ESTATE LIMITED** (Dissolved)

**JAMAICA POPULAR INVESTMENT LIMITED** (Dissolved)

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

**JN FINANCE LIMITED** (Dissolved)

# Local Subsidiaries, Associated Companies and Foundation

## JAMAICA AUTOMOBILE ASSOCIATION (SERVICES) LIMITED

7 Central Avenue, Kingston 5

Shop 25, Bogue City Centre, Bogue Village, Montego Bay

Tel: 876-926-1939-40, 876-929-1200-1

Toll free: 1-888-225-5522 (1-888-calljaa)

Fax: 876-929-4377

Email: jaa@jngroup.com

www.calljaa.com

## JN BANK LIMITED

2 - 4 Constant Spring Road, Kingston 10

Tel: 876-926-1344-9, 876-926-8285

876-926-1643-5

Fax: 876-926-7661

Email: helpdesk@jnbank.com

www.jnbank.com

## JN CAYMAN

P.O. Box 504/ 29 Elgin Avenue

George Town, Grand Cayman

KY1-1106, Cayman Islands

Tel: 345-946-3030

Fax: 345-946-3031

Email: info@jncayman.com.ky

www.jncayman.com.ky

## JN FUND MANAGERS LIMITED

2 Belmont Road, Kingston 5

Tel: 876-929-7159

Fax: 876-926-4375

Email: info@jnfunds.com

www.jnfunds.com

## JN GENERAL INSURANCE COMPANY LIMITED

9 King Street, Kingston

Tel: 876-922-1460-5

Fax: 876-948-7901

Email: info@jngijamaica.com

www.jngijamaica.com

## JN LIFE INSURANCE COMPANY LIMITED

26 Trafalgar Road, Kingston 10

Tel: 876-926-1344

Email: jnlifeins@jngroup.com

www.jnlifeinsurance.com

## JN MONEY SERVICES LIMITED

Building 2, 17 Ruthven Road, Kingston 10

Tel: 876-920-3775-6, 876-929-8477

Fax: 876-920-4768

Email: jnmtonline@jngroup.com

Website: www.jnmoneyonline.com

## JN PROPERTIES LIMITED

32 ½ Duke Street, Kingston

Tel: 876-926-1344 ext 4759

Fax: 876-967-4399

Email: jnpropertiesltd@jngroup.com

## JN SMALL BUSINESS LOANS LIMITED

32 ½ Duke Street, Kingston

Tel: 876-948-7454-5 / 948-9174

Fax: 876-948-7452

Email: jnsblinfo@jngroup.com

www.jnsbl.com

## MANAGEMENT CONTROL SYSTEMS LIMITED

10 - 12 Grenada Crescent, Kingston 5

Tel: 876-929-8661, 876-926-0104, 876-929-8355

Email: csr@mcsystems.com

www.mcsystems.com

## MCS GROUP LIMITED

17 Belmont Road, Kingston 5

Tel: 876-936-6912

## THE CREATIVE UNIT LIMITED

1 Holborn Road, Kingston 10

Tel: 876-926-4414

Fax: 876-920-2371

Email: tcuinfo@jngroup.com

## TOTAL CREDIT SERVICES LIMITED

26 Trafalgar Road

Tel: 876-920-4205/ 876-920-6573

Fax: 876-929-4684

Email: tcscentralmailbox@jnbs.com

## JN FOUNDATION

4TH Floor, 32 ½ Duke Street, Kingston

Tel: 876-926-1344 ext 4749

Fax: 876-922-4777

Email: foundation@jngroup.com

www.jnfoundation.com

## JN BANK REPRESENTATIVE OFFICES

### UNITED KINGDOM

#### LONDON

Unit #235, Elephant and Castle

Shopping Centre, London

SE1 6TE, England

Tel: 0207-708-2442-3

Toll Free: 0-800-328-0387

Fax: 0207-708-5040

Email: helpdesk@jnbank.com

www.jnbank.com/overseas-offices/uk

#### BIRMINGHAM

311 Soho Road, Handsworth,

Birmingham B21 9SD

Tel: 0207-708-2442-3

Toll Free: 0-800-328-0387

Fax: 0207-708-5040

## UNITED STATES OF AMERICA FORT LAUDERDALE

4257 W Commercial Boulevard

Tamarac, Florida, 33319, USA

Tel: 954-485-3777

Toll Free: 1-800-462-9003

Fax: 954-485-0300

Email: helpdesk@jnbank.com /jnreofficefla@jngroup.com

www.jnbank.com/overseas-offices/florida

## CANADA

1390 Eglinton Avenue West

Toronto, Ontario, Canada M6C 2E4

Tel: 416-784-9657

Fax: 416-784-4388

Email: jncanada@jngroup.com

www.jnbank.com/overseas-offices/canada

## JN MONEY SERVICES SUBSIDIARY COMPANIES

### JN MONEY SERVICES (UK) LIMITED

Unit #234, Elephant and Castle

Shopping Centre

London, SE1 6TE, England

Toll Free: 0-800-328-1622

Fax: 207-701-9374

Website: www.jnmoneyonline.com

### JN MONEY SERVICES (USA) INC.

#### FLORIDA

1943 North Pine Island Road, Plantation,

Florida, 33322

Toll Free: 1-866-735-6002

Fax: 954-735-6677

Website: www.jnmoneyonline.com

#### NEW YORK

690 Utica Avenue, Brooklyn

New York, 11203, USA

Toll Free: 1-866-735-6002

Fax: 718-756-6674

Website: www.jnmoneyonline.com

### JN MONEY SERVICES (CANADA) LIMITED

1633 Eglinton Avenue West

Toronto, Ontario, M6E 2H1, Canada

Toll Free: 1-866-735-6002

Fax: 416-784-2076

Website: www.jnmoneyonline.com

### JN MONEY SERVICES (CAYMAN) LIMITED

71 Eastern Avenue, P.O. Box 504

Grand Cayman

Toll Free: 1-800-744-1163

Fax: 345-945-2015

Website: www.jnmoneyonline.com

# Executives

## Assistant General Managers

**Carlton Earl Samuels**, CD, JP, FCA, FCCA, 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 organisations. With the restructuring of the Jamaica National Building Society on February 1, 2017, Mr Samuels was appointed Chief Development Financing Officer for The Jamaica National Group Limited. 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:

- Masters in Business Administration, The Chapman Graduate School, Florida International University
- Diploma in Accounting, College of Arts, Science and Technology, now University of Technology
- Certificate in Housing Finance, 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 JN 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 JN 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 Jamaica National Building Society in February 2013. Her title was changed to Chief Information Officer for The Jamaica National Group Limited when JNBS was restructured on February 1, 2017.

In October 2013, the Jamaica Computer Society presented her with a lifetime achievement award for outstanding contribution to the Information and Communication Technology sector.

**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

**Leon Mitchell, MBA, BBA**  
Office of the Chief Executive Officer

Leon Mitchell currently supports the Office of the Chief Executive Officer in identifying and initiating projects and strategic alliances to advance the JN Group locally and internationally. Since joining the Jamaica National Building Society (JNBS) in 1999, he has worked in a range of positions, including Overseas Business Development Executive; CEO JNO (UK, USA, and Canada) Limited; and JN Group Executive, Marketing, Sales & Promotions.

He was appointed Assistant General Manager in 2011.

**Qualifications**

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

**Directorships/Affiliations:**

- President, Boys Town Football Club
- Director, Special Olympics Association
- Vice President, Marketing Association of Jamaica
- Member, Fund Raising Committee, Jamaica Red Cross
- Past President, Jamaica Hockey Federation

**Member**

- Kiwanis Club of Kingston
- Kingston Cricket Club





# Executives

## Assistant General Managers

**Dana Morris Dixon**, PhD, MSc

Chief Marketing and Business Advisory Services Officer

Dr. Dana Morris Dixon was appointed Assistant General Manager/Chief Marketing and Business Development Officer for The Jamaica National Group Limited in April 2018. As head of two of the major units within the Group, Dr. Morris Dixon is charged with developing and guiding the overall marketing and advertising strategy of the Group, as well as its individual subsidiaries, in addition to identifying and exploring new business opportunities.

She is also responsible for the 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 joined The Jamaica National Group Limited (then Jamaica National Building Society) as Executive, Business Development and Research (now Business Advisory Services), in June 2013. Starting in 2014, she led the Business Transformation Project to ensure the successful reorganisation of The Jamaica National Group, as well as the conversion of the Society to a commercial bank.

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 2009 and was appointed Vice President, Planning & Corporate Development in April 2010. 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 is a Fulbright Scholar and 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.

Dr. Morris Dixon is currently Chairperson of Jamaica's National Family Planning Board, as well as Deputy Chairperson of the National Health Fund.

### Qualifications

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

**Joy Brady**, ACCA, FCCA

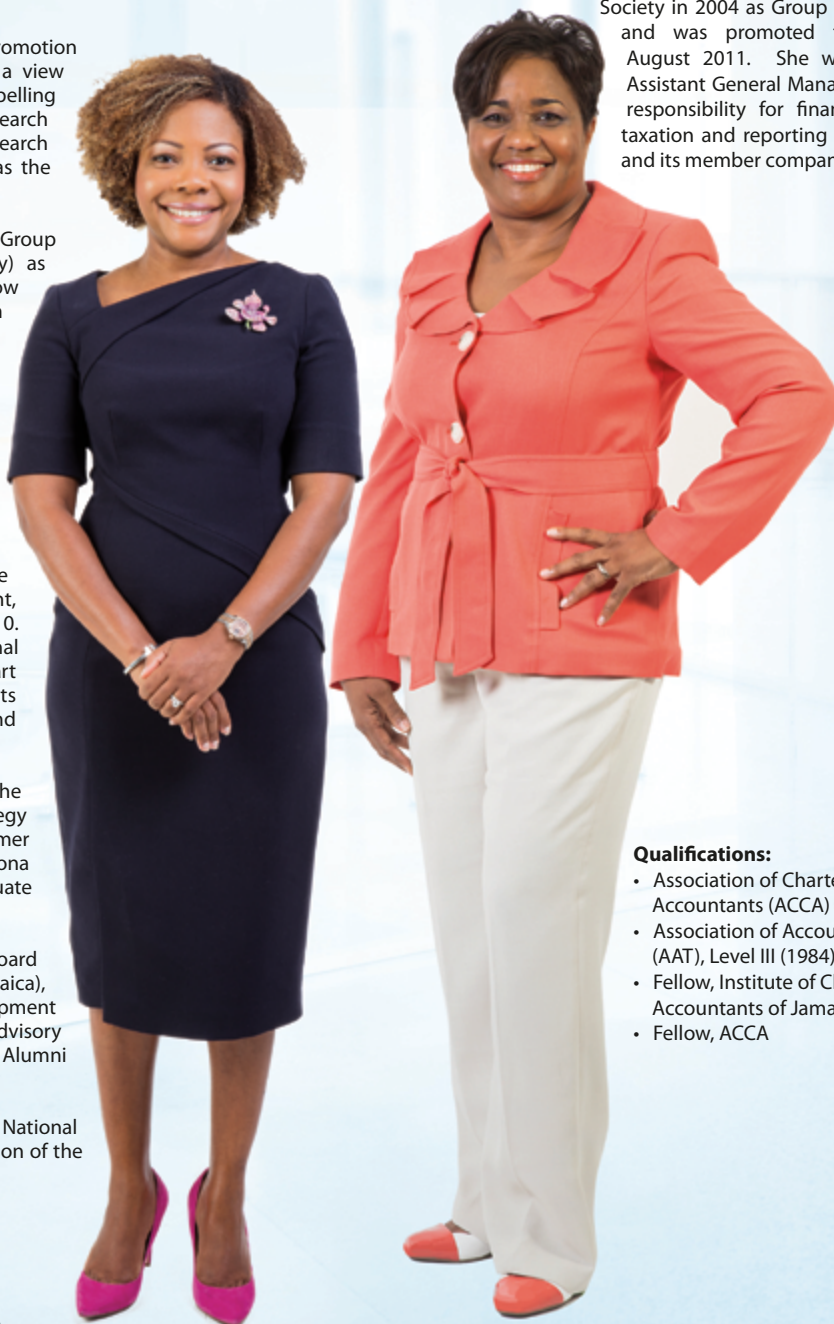
Chief Accounting, Taxation and Reporting Officer

Joy Brady is a chartered accountant by training with more than 25 years of financial management experience in the commercial industry and more than 15 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. She was promoted to Assistant General Manager in 2018, with responsibility for financial accounting, taxation and reporting for the JN Group and its member companies.

### 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





# Executives

## **Simone Hylton-Chambers**, MBA, BSc (Hons) 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 2016, was appointed Executive, Corporate & Strategic Planning, JN Group. With the restructuring of the Society and the launch of The Jamaica National Group Limited and JN Bank in February 2017, Mrs Chambers was appointed Executive, Strategy Management for The Jamaica National Group.

With over 17 years of 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 Limited in 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 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, consistently promotes 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)
- 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)
- Chairman, Shortwood Teachers' College Audit Committee





# Executives

**Polmae 'Pam' Thompson, MSc, BA**  
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 at 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)

**Aditi Dhiman, CA, BA**  
JN Loyalty Programmes

Mrs Aditi Dhiman was appointed Executive – JN Loyalty Programmes in July 2017, with responsibility for the Group's member/customer loyalty programme, which seeks to recognise our loyal members and customers and enhance their experience. In this position, Mrs Dhiman is responsible for developing initiatives to continuously improve JN Rewards and JN Premier programmes and implement loyalty programmes throughout JN Group companies.

She joined The Jamaica National Group Limited 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 Limited With the launch of JN Bank in February 2017, Mrs Dhiman assumed the role of Chief – Premier Banking, responsible for developing strategies to provide Premier Banking Services to JN Group's High Net Value clients.

Prior to joining The Jamaica National Group Limited, 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



**Diane Smith-Sears**

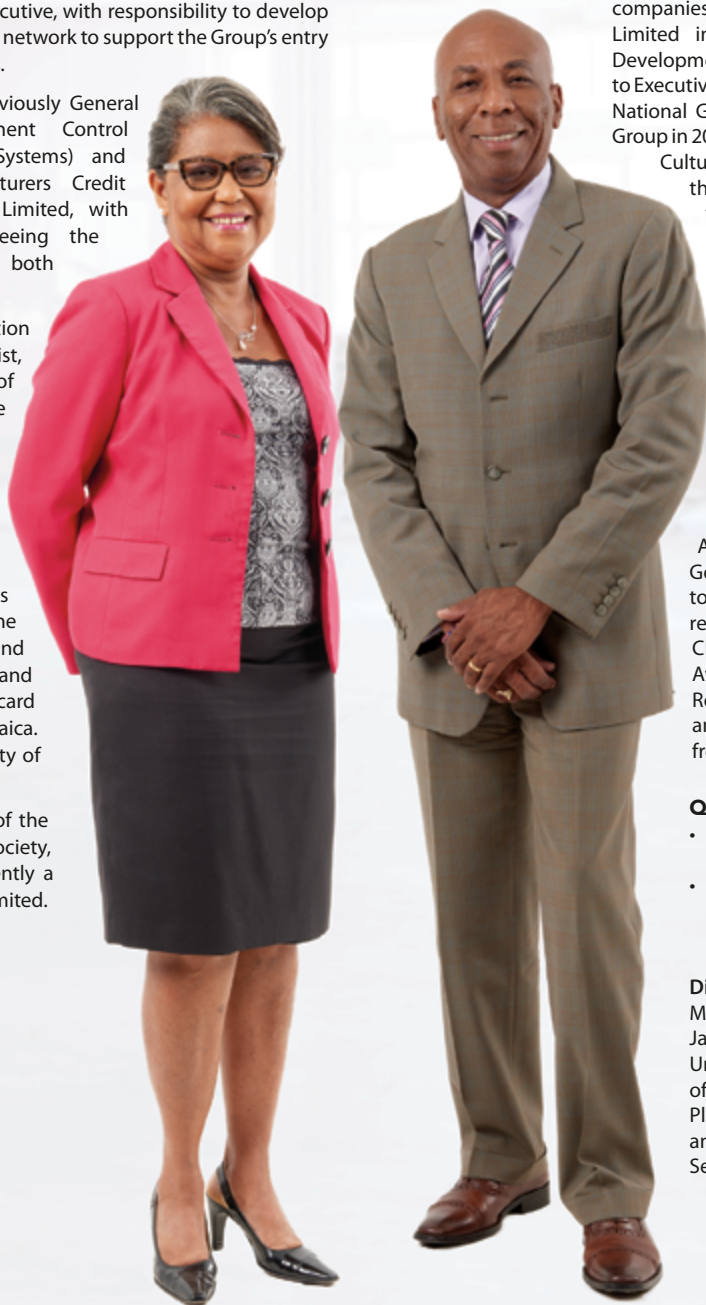
Payment Systems

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 business.

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

A career Information Technology specialist, she has over 25 years of experience in the finance sector in leadership positions, governing all aspects of information technology. She has led information technology divisions in financial institutions and spearheaded the implementation and management of sales and operations of the largest card services operations in Jamaica. She has served on a variety of Boards in the past.

She has been a Director of the Jamaica Computer Society, JETS Limited and is currently a Director of MC Systems Limited.

**G. Andre Latty, MSc, BSc**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 Jamaica National Group Limited 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 with the reorganisation of the Group in 2017, he was appointed Executive, of the Group People and Culture department. 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 Unit 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.



# Executives

## **Claudine Allen, MSc, BA**

Member Relations and Quality Assurance  
Member Ombudsman

Claudine Allen was appointed Executive for the JNBS Enterprise Contact Centre and Member Ombudsman in January 2015. With the restructuring of the Society and the launch of JN Bank in February 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.

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

## **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. She assumed this position at the Jamaica National Building Society in September 2016 and was previously employed as Chief Compliance Officer at the Society since July 2011, with oversight for the global Anti-Money Laundering programme and the broader regulatory compliance framework for The Jamaica National Group Limited.

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.

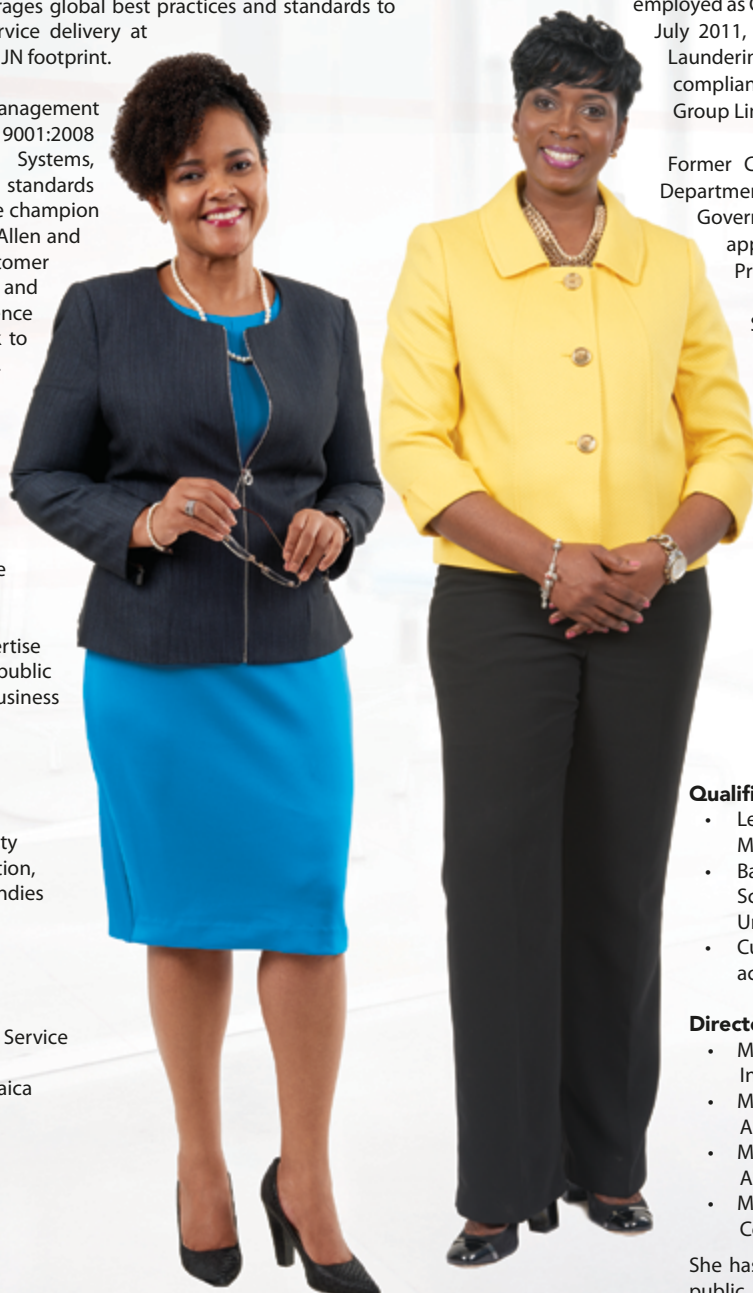
### **Qualifications**

- 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.





**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 Jamaica National Group Limited, 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 specialised 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) Limited
- Director, GV Media, publishers of The Voice newspaper
- Member, Chartered Institute of Marketing

**Hilret Hanson**  
Industrial Relations Specialist

Hilret Hanson was appointed Executive, Group Industrial Relations Specialist for The Jamaica National Group 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 35 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 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
- Member, Manchester Chamber of Commerce





# Senior Managers



**Tanya Pringle**  
Corporate  
Communications



**Joscelyn Campbell**  
Corporate Integrity



**Tawana Gray**  
Finance





**Anthony Robinson**

Strategic Data  
Management



**Casita Burte**

Compensation & Benefits  
Office of the CEO



**Marie Stewart Lewin, JP**

Special Assistant  
Office of the CEO



# 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.」





# LEADERSHIP

**The Jamaica National Group** is proud of our Chief Executive Officer, Earl Jarrett, on his appointment to the Order of Jamaica for his exceptional contribution to the banking and financial sectors, public service and volunteerism.

# VISION

We salute him as a visionary with a keen ability to make connections that count, especially those that evoke a deep sense of Jamaican pride beyond our shores. His sound leadership and deep commitment continue to inspire many to give of their best for Jamaica, Land We Love.

# COMMITMENT

*Congratulations  
Mr J!*

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





# JN Group Pictorial Corporate focus



## **Jamaica Diaspora Conference**

Prime Minister Andrew Holness (centre) presents Leon Mitchell, then Chief Marketing & Sales Officer at The Jamaica National Group Limited, with the legacy partner plaque for the organisation's support to the Jamaica Diaspora Conference. The presentation took place at the official launch of the Jamaica 55 Diaspora Conference, held at the Office of the Prime Minister in St. Andrew on April 4, 2017. Sharing in the moment is Senator Kamina Johnson Smith, Minister of Foreign Affairs & Foreign Trade.



## **Jamaica Observer Business Leader Awards**

Adam Stewart (right), Deputy Chairman and CEO, Jamaica Observer, presents Keith Senior, Executive, The Jamaica National Group Limited, with the nominee plaque for Earl Jarrett, CEO, The Jamaica National Group Limited, for the Jamaica Observer Business Leader: Corporate Steward 2017 Award. The presentation took place at the Jamaica Pegasus Hotel on December 10, 2017.



## **Courtesy Call**

Centenarian and JN Member, Winnifred Pearl Stern, looks admirably at an orchid presented to her by Earl Jarrett, Chief Executive Officer, The Jamaica National Group Limited, who paid a courtesy call on her on July 11, 2017.



## **JN 'Off You Go' Promotion**

Jerome McPhail (left), Real Estate Agent at Re/Max Elite, is presented with the main prize of a trip for two to Hawaii in the JN 'Off You Go' promotion 2017 by Petal James, Head of Mortgage Sales at JN Bank. The presentation took place at the Re/Max Elite office in Half-Way-Tree on December 14, 2017. Mr. McPhail had the highest number of mortgage referrals to JN Bank from January to July 2017.





#### Restaurant Week "Dine, Sip & Swipe" Promotion

Carnelia Ridsen (left) celebrates after winning a trip for two to the Food Network South Beach Wine & Food Festival in South Florida, USA. Sharing in the moment is George Baker, Head of Credit Card Operations at JN Bank. Ms. Ridsen was presented with her prize at the JN Knutsford MoneyShop on February 18, 2018. She participated in the JN Bank's Restaurant Week "Dine, Sip & Swipe" Promotion, held from November 10 to 14, 2017.



#### Customer Appreciation Day

Kevin Downswell, gospel artiste and JN Group Brand Ambassador, engages members and customers at the JN Bank Half-Way-Tree branch during Customer Appreciation Day held on December 20, 2017.



#### JN Project NEXT Mentorship Programme

Tris-Ann Morris (fourth left), Manager for Learning, Development and Performance, JN Bank, shares the spotlight with members of the winning innovation challenge team comprising Jason McNeish (left), Group Marketing Manager, and Ricardo Williams (fourth right), Business Relationship and Sales Manager, JN Bank, along with summer interns. The occasion was the JN Project NEXT Mentorship Programme Awards Ceremony held at the JN Conference Centre on August 18, 2017.

## JN Group Pictorial Corporate focus



### Financial Planning Seminar

Rose Miller (right), Grants Manager, JN Foundation, greets Superintendent Hillary Williams, a member of the Jamaica Constabulary Force's Non-Geographic Formations Unit, ahead of a JN Bank-sponsored financial planning seminar held at the Knutsford Court Hotel on December 12, 2017.



### JN Bank's Go LIVE! Hunt

An elated Natalie Ross (centre) accepts the grand prize of \$250,000 in the JN Bank's Go LIVE! Hunt online challenge from Khamar Facey (right), eBanking Relationship Supervisor at JN Bank. The presentation took place at the JN Bank Half-Way-Tree branch on January 19, 2017. Sharing in the moment is Ashley Martin, JN LIVE Ambassador.





#### JN School Savers

Laylor Castillo, student of the Independence City Primary School, dances with the JN School Savers mascot, Ca\$h Kid, during Jamaica Day celebrations on February 23, 2018.



#### Used Car Dealers Association

Audley Shaw, then Finance Minister (left), is greeted by Warren Wilson, Head of Sales Support, JN Bank and Linvalle Hamilton, President of the Used Car Dealers Association, on his arrival at the Used Car Dealers Association's Annual General Meeting at the Terra Nova Hotel on January 25, 2018.



#### Real Estate Association of Jamaica

Candice Minott (right), Brand and Integrated Marketing Manager, JN Bank, and Petal James (left), Head, Mortgage Sales, JN Bank, present Howard Johnson Jr, newly appointed President of the Real Estate Association of Jamaica (RAJ), with a gift during a courtesy call by JN Bank at the RAJ offices on March 1, 2018.

# JN Group Pictorial Corporate Social Responsibility



## Relay For Life

Members of the JN Group were among thousands of persons who turned out for the annual Relay for Life at the Police Officers Club on July 1, 2017. Relay For Life is a unique, fun way to raise money for the Jamaica Cancer Society while increasing cancer awareness and celebrating survivorship. Visitors to the JN Booth benefitted from information on lung cancer.



## Jamaica Society for the Blind Vision Centre

The Total Credit Services (TCS) team presented two tower fans to Sandra Harris (centre), Coordinator of the Jamaica Society for the Blind Vision Centre. The handover took place at the Jamaica Society for the Blind office in June 2017. The fans were purchased from the proceeds of a 'cook-out' organised by the TCS employees.





#### Clifton Boys Home

Reverend Canon Hartley Perrin, Chairman of the Board of Clifton Boys' Home and Custos of Westmoreland, thanks Marie Stewart Lewin, Senior Manager at The Jamaica National Group Limited for the contribution from the JN Group to assist in the rehabilitation of the Clifton Boys' Home which was destroyed by fire. Sharing in the moment is P.J. Patterson, former Prime Minister and former Member of Parliament for Eastern Westmoreland. The presentation took place at Heis Consults, in the R. Danny Williams Building, New Kingston on April 24, 2017.



#### Kingston Central CIB

Detective Inspector Sandra Morris-Taylor (left) turns on one of the air condition units that were donated to Kingston Central CIB. Looking on are Superintendent Wilfred Campbell of the Kingston Central Division and Candice Minott, Brand & Integrated Marketing Manager at JN Bank. The occasion was the official handover of air conditioning units to the Kingston Central CIB by JN Bank and the JN Foundation.



#### Labour Day

Employees from the JN Bank Brown's Town and St. Ann's Bay branches repainted a hostel at the Westwood High School on Labour Day on May 23, 2017.



#### International Coastal Cleanup Day

Employees from JN General Insurance Company Limited and JN Fund Managers Limited turned out for the annual beach cleanup at End of Stones along the Palisadoes Road on International Coastal Cleanup Day on September 16, 2017.

# JN Group Pictorial Education



## JN Schools Savers Programme

Claudia Francis-Gordon (centre), JN Schools Savers' Coordinator at Cornwall College, celebrates her school winning the JN Schools Savers' Dream Big promotion of an all-expense paid trip for her and five students to visit Disney World in Orlando, Florida. The presentation was made at the JN Schools' Savers Conference held at the Terra Nova All-Suite Hotel on July 14, 2017. Sharing in the occasion are Sadeen Gayle (left), Member Service Representative, JN Bank, Montego Bay and Saniah Spencer, Chief - Marketing, JN Bank.



## Spelling Bee Champion

Leesa Kow, Deputy Managing Director, JN Bank, gives Nathaniel Stone, The Gleaner's Children's Own Spelling Bee Champion for 2018, a congratulatory hug, during his visit to the JN Bank's Chief Office on Friday, February 9, 2018.



## School Leaders Conference Launch

Wesley Boynes, then President of the Jamaica Independent Schools Association, has the captive attention of Michelle Hines (centre), Business Relationship and Sales Manager, JN Bank, and Maxine Henry-Wilson, Commissioner and Chief Executive Officer of the Jamaica Tertiary Education Commission, at the launch of School Leaders Conference held at the St. Andrew Preparatory School on April 21, 2017.



# JN Group Pictorial Overseas



## CANADA

### **Wolmer's Alumni Association Luncheon**

Harrington Stephenson (right), Manager - JN Bank Canada Representative Office presents the gate prize to a guest at the Wolmer's Alumni Association Luncheon Concert held at the Pearson Convention Centre in Brampton, Canada on November 19, 2017. The fundraising event, sponsored by The Jamaica National Group Limited highlighted the work of the Wolmer's Alumni Association in Toronto, Canada.



### **JN Group Expo in Canada**

Jerrold Johnson (left), Chief Representative Officer at JN Bank Canada Representative Office, Saniah Spencer, Chief, Marketing & Product Development, JN Bank; and Leon Mitchell (right), then Chief Marketing & Sales Officer, The Jamaica National Group Limited, attended the JN Group Canada Expo held at Pearson Convention in Brampton, Canada in March 2017.



## UNITED STATES

### **JN Bank Community Connection**

Janice McIntosh (right), Chief Representative Officer, JN Bank Florida Representative Office, takes questions from a guest at the JN Bank Community Connection event held in Florida on February 24, 2018. The event provided the opportunity for real estate prospects interested in purchasing a property in Jamaica for investment, retirement or vacation purposes to get information and advice on residential and business developments in the Jamaican market.

# JN Group Pictorial Overseas

## UNITED KINGDOM



### Charity Dinner and Auction

Paulette Simpson (second left), Executive, Corporate Affairs and Public Policy, JN Representative Office UK and Leon Mitchell (right), then Chief Marketing & Sales Officer, The Jamaica National Group, celebrate with Dr the Hon Usain Bolt (left), sprint legend, and Dr the Hon Glen Mills, CEO of the Racers Track Club, at a Charity Dinner and Auction held at the Dorchester Hotel, London, on July 16, 2017.



### JN Bank VISA Credit Card Promotion

Paulette Simpson (left), Executive, Corporate Affairs and Public Policy, and Leon Hamilton (right), Chief Representative Officer, JN Bank UK Representative Office, welcome winners of the JN Bank VISA Credit Card promotion to attend the **16th IAAF World Championships** which was held in London from August 4 to 13, 2017. Sharing in the moment are reggae artiste, Luciano (third right) and businessman, Levi Roots (centre).



## CAYMAN ISLANDS

**Jamaica Diaspora Cayman Association**

Earl Jarrett (second right), Chief Executive Officer, The Jamaica National Group Limited and Chairman of the Jamaica Diaspora Foundation; and Damion Hylton (right), Managing Director, JN Cayman, along with representatives of the Jamaican Consulate in the Cayman Islands and the Jamaica Diaspora Cayman Association (JDCA) were at the pre-launch of the JDCA held at Luca Restaurant, Grand Cayman on August 9, 2017.

**Island Style**

Damion Hylton, Managing Director, JN Cayman, welcomes Miss Cayman Islands, Anika Conolly, to the JN Cayman-sponsored Island Style held at the Marriott Beach Resort on February 8, 2018. The island inspired fashion event was hosted by Cayman's International Design Celebrity, Isy Obi.

# JN Group Pictorial Sports



## **KSAFA Jackie Bell Knockout**

The press launch for JN Bank/ KSAFA 2018 Jackie Bell Knockout Competition was held at the JN Bank Chief Office on February 7, 2018. This year marks the 21st renewal of the JN Bank/ KSAFA partnership.



## **Open Tennis Championship**

Ricardo Dystant, then Head, eBusiness, JN Bank, presents a trophy to Jenna Harrison, winner of the Women's Open Tennis Championship. The presentation took place at the Liguanea Club on December 9, 2017.



## **Guardsman Games**

(From left) Rebecca Harper, then General Manager, Hope Zoo; Debbie-Ann Williams, Partnership and Community Relations Officer, The Jamaica National Group Limited; and Sheila Benjamin McNeil, Group Director, Public Relations and Advertising, Guardsman Group, were at the launch of the Guardsman Games held at the Hope Zoo on July 6, 2017.





### JN Racers Grand Prix

Usain Bolt (left), accepts his award from Earl Jarrett (centre), Chief Executive Officer, The Jamaica National Group Limited and Prime Minister Andrew Holness, after winning the men's 100 metre dash at the JN Racers Grand Prix on June 10, 2017.



### Open League Netball Competition

The JN Bank Open League Netball Competition was held at the Leila Robinson Courts on March 3, 2018. Over 60 teams competed in 322 matches in the league competitions.



### Hockey Qualifiers

The national men's hockey team celebrates victory in the Central America and Caribbean Hockey Qualifiers at the JN Hockey Field, Mona, on November 12, 2017.



# JN Group Pictorial **Staff focus**



## **JN Sales Champion**

Earl Jarrett (left) Chief Executive Officer, The Jamaica National Group Limited, celebrates with Janice Mills, Relationship Manager at the JN Bank Premier branch, on winning a 2015 BMW motor car in the JN Sales Champion employee competition. The presentation took place at the JN Group Chief Office car park on May 12, 2017.



## **Business House Netball Winners**

The JN Girls won the Business House Netball Association Open League for the first time in a nail-biting 24-25 finish against the Urban Development Corporation at the Leila Robinson Courts on July 29, 2017.



## **Jam Clear Cup Champions**

The JN Boyz, Champions of the Jam Clear Cup, celebrated in a shower of champagne following their 2-1 victory over Sagicor Group in the 2017 Inter-bank Jam Clear Cup Final. The event took place at St. George's College on November 12, 2017





### Jamaica Cancer Society

AnnMarie Kirlaw Williams (left), then Senior Communications Officer, The Jamaica National Group, accepts a plaque from Yulit Gordon, Executive Director, Jamaica Cancer Society (JCS). The presentation took place at the Sagcor Life Jamaica Auditorium on May 25 in acknowledgement of the support of The Jamaica National Group to the JCS.



### BREAST CANCER AWARENESS

Employees from JN General Insurance Company show their support for Breast Cancer Awareness in October 2017 by wearing pink.



### UNWTO Global Conference

The Jamaica National Group team members provided full conference management support at the United Nations World Tourism Organization (UNWTO) Global Conference on Jobs and Inclusive Growth held at the Montego Bay Convention Centre, November 27 – 29, 2017. The Conference attracted approximately 1,500 participants.



## JN Group Pictorial **Staff focus**



### **Justices of the Peace**

Four JN Group employees were installed as Justices of the Peace (JPs) at the Lay Magistrates Association 32nd Annual Golden Scales Awards, held at the Jamaica Pegasus Hotel on June 24, 2017. They are (from second left) Janice Green, The Jamaica National Group; and JN Bank Business and Relationship Managers, Alethia Carpenter Peart, Michelle Hines and Troy Bygrave. Fredrick Young (left), JN Small Business Loans, a JP, shares in the special occasion.



### **Centenarians Birthday Celebration**

Employees of the JN Representative Office, UK, (back row, left to right) Paulette Simpson, Executive, Corporate Affairs and Public Policy; Leon Hamilton, Chief Representative Officer; and Carline Williams, Assistant Manager, celebrate the 103rd birthday of Agnes McKen (front, right) and the 100th birthday of Levi Hamilton, at the Oval House Theatre on October 16, 2017.



# JN Group Pictorial Subsidiaries



## JN Money Services

### JNMS “Brighten Their Future” Back-to-school Promotion

Jahvanie Hinds, grade six student at Windsor Castle All-Age School, Portland, goes through his back-to-school supplies with Horace Hines, General Manager, JN Money Services, owners and operators of the JN Money brand. Jahvanie received the gift as part of the remittance company’s “Brighten Their Future,” back-to-school promotion.



### Read Across Jamaica Day

Natasha Levy, Marketing Manager at JN Money Services, reads from the book ‘One’ to Grade Two students at the Allman Town Primary School in Kingston on Read Across Jamaica Day, which was observed on May 9, 2017.

# JN Group Pictorial Subsidiaries

## JN Small Business Loans



### JNSBL Barber and Beauty Battle

Twenty-year-old Damayo Riley receives his winning belt from Gillian Hyde, General Manager, JN Small Business Loans during the JNSBL Barber and Beauty Battle held at the National Arena on May 7, 2017.



### Micro Small and Medium Enterprise Conference

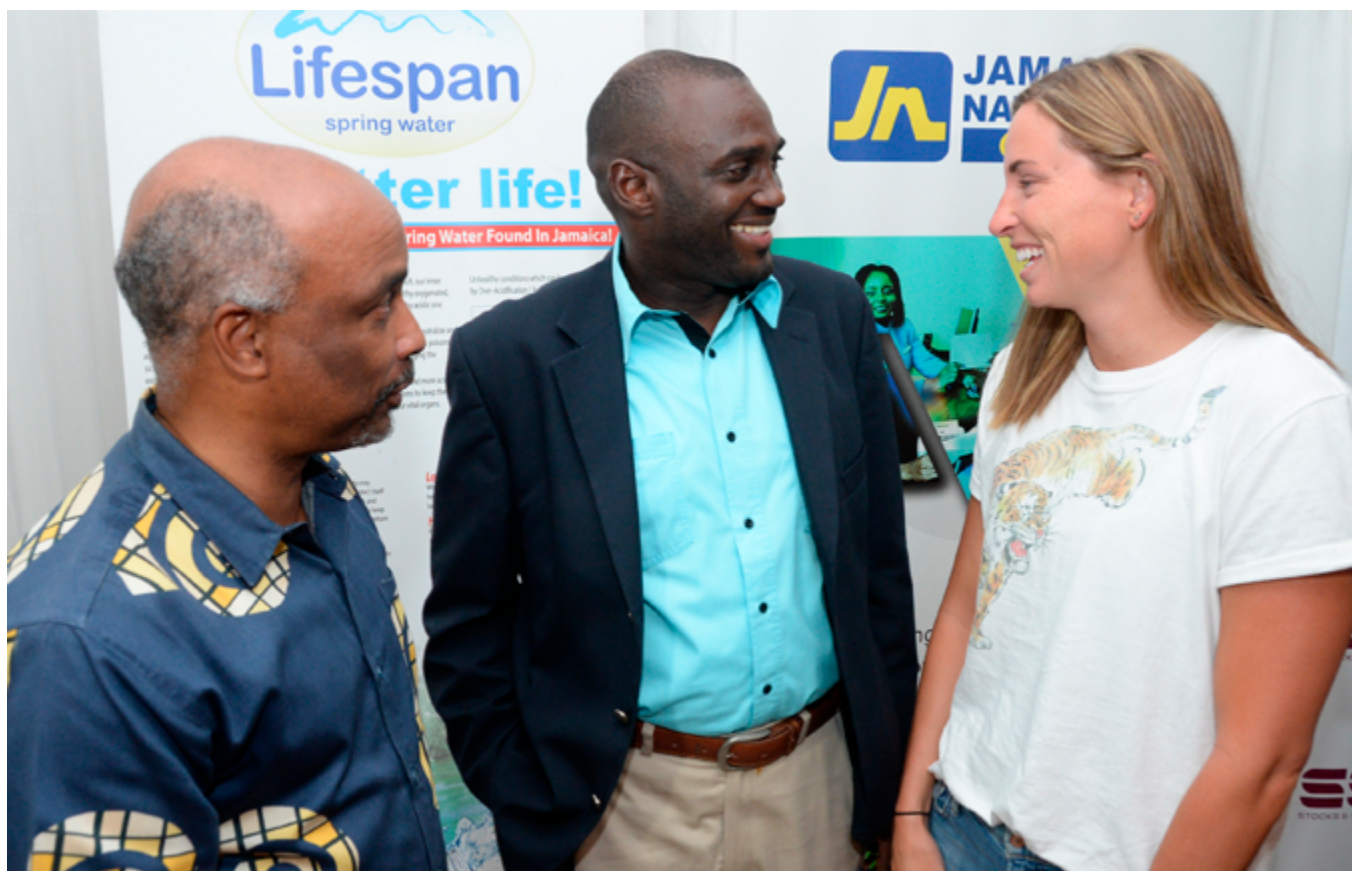
Gillian Hyde (centre) General Manager and Thelma Yong (right) Deputy General Manager, JN Small Business Loans, listen attentively to Paul Chin, General Manager of Microfinance Services, Development Bank of Jamaica. They were attending the Small Business Association of Jamaica Micro Small and Medium Enterprise Conference held at Hilton Rose Hall Resort and Spa on July 20, 2017.



## JN Life Insurance

**Sickle Cell Disease**

Dr. Monika Asnani (left), of the Sickle Cell Unit at The University of the West Indies (UWI) discusses the issues persons with sickle cell disease face with Oliver Tomlinson (right), General Manager, JN Life Insurance and Dr. Sunil Bhat, Head of Haematology, Oncology and Bone Marrow Transplantation in Bangalore. They were at the Seminar on Bone Marrow Transplant Treatment for Persons with Sickle Cell Disease at UWI on September 25, 2017.

**Open Water Festival and Aquathlon**

Oliver Tomlinson (centre), General Manager, JN Life Insurance, in discussion with Haley Anderson (right), United States of America Olympic Swimmer and Christopher Samuda, President of the Jamaica Olympic Association, during the launch of the Lifespan 007 Open Water Festival and Aquathlon held at the Altamont Court Hotel on September 22, 2017.



# JN Group Pictorial Subsidiaries

## JN Fund Managers



### Beach Cleanup

Allan Lewis (centre), Managing Director, JN Fund Managers, along with students of the Allman Town Primary and employees of JN Fund Managers, participate in the island-wide beach cleanup at End of Stones Beach, Palisadoes Peninsula, on September 16, 2017, International Coastal Cleanup Day.



### Jamaica Stock Exchange

David McDaniel (left), Chairman and Managing Director of Stationery and Office Supplies (SOS), inserts the SOS strip on the Jamaica Stock Exchange (JSE) in August, 2017, with JN Fund Managers, its lead broker. Sharing in the proud moment are, from second left, Allan Lewis, Managing Director of JN Fund Managers; Curtis Martin, Chief Financial Officer, The Jamaica National Group; Marlene Street Forrest, Managing Director of the JSE; and Jermaine Deans, Deputy General Manager, JN Fund Managers.





## JN General Insurance Company

### Port Royal Playground Refurbished

Chris Hind (right), General Manager of JN General Insurance Company (JNGI), with Zyaee Murphy and other students and staff of the Port Royal Basic School at the handover of the refurbished play area in Parade Park, Port Royal, on November 17, 2017. The refurbishment resulted from the proceeds of the JNGI sponsored Royal Jamaica Yacht Club annual fishing tournament.



### Road Safety Hub

Prime Minister Andrew Holness cuts the ribbon to open the Road Safety Hub at the Traffic and Highway Division at the Elleston Road Police Station in Kingston on November 15, 2017. Sharing in the moment are (from left): Saffrey Brown, then General Manager, JN Foundation; Kathleen Moss, Chairman, JN General Insurance (JNGI); Chris Hind, General Manager, JNGI and Senior Superintendent of Police, Calvin Allen.

# JN Group Pictorial Subsidiaries

## MC Systems



### **Payroll Conference**

Onika Miller (centre), Managing Director, MCS Group, in discussion with Meris Haughton (left), Chief Corporate Communications Officer at the Tax Administration of Jamaica (TAJ) and Dwayne Russell, General Manager, MC Systems. They were attending the MC Systems Jamaica Payroll Conference at the Jamaica Pegasus Hotel on March 6, 2018.



### **CRM Breakfast Meeting**

Joseph McKinson (left), Partner Relation Manager at MC Systems, in conversation with Laycya Holmes, Country Representative, Jamaica, Microsoft, during the MC Systems and Microsoft Customer Relationship Management (CRM) Breakfast Meeting at the Courtleigh Hotel on November 9, 2017.



## Jamaica Automobile Association

**JAA Member Appreciation Day**

Renee Armstrong, Member, Jamaica Automobile Association (JAA), gets vehicle maintenance advice from Nicardo Seaton, Response Technician, JAA, on the organisation's Member Appreciation Day in December 2017.



A wholly-owned subsidiary of **The Jamaica National Group Limited**, the principal activity of the JN Financial Group Limited is that of an investment holding company. It is the parent body of all the financial companies in the JN Group, and its member companies provide an array of financial products and services that include banking, life and general insurance, money services, stockbroking and investment management.

<b>Profit after Tax</b> <b>\$1.991 B</b> <small>INCREASE/DECREASE OVER PREVIOUS FINANCIAL YEAR</small> <b>↑ 14%</b> \$249 M+	<b>Other operating income</b> <b>\$7.128 B</b> <small>INCREASE/DECREASE OVER PREVIOUS FINANCIAL YEAR</small> <b>↑ 19%</b> \$1.13 B+	<b>Interest on loans</b> <b>\$8.422 B</b> <small>INCREASE/DECREASE OVER PREVIOUS FINANCIAL YEAR</small> <b>↑ 12%</b> \$877 M+
<b>Total Assets</b> <b>\$206.0 B</b> <small>INCREASE/DECREASE OVER PREVIOUS FINANCIAL YEAR</small> <b>↑ 3%</b> \$5.4 B+	<b>Overall interest income</b> <b>\$12.8 B</b> <small>REMAINED RELATIVELY FLAT OVER YEAR</small>	



**JN Bank** offers a range of commercial banking services, including savings, mortgages and loans, which are tailored to assist members to chart their way to financial freedom and success.

JN Bank completed its first full year of operation as the country's first member-owned commercial bank in March 2018. During the period, JN Bank continued to be a leader in innovation, introducing new products and services, including a suite of chequing accounts. The company was also first to introduce end-to-end online account opening. In addition, a range of smart ATMs across the branch network, allowed for deposits by cash or cheque to be credited in real time and deposits without the need for a debit card.



**JN Cayman** is the only building society in the Cayman Islands. Its principal activities are granting home loans and deposit taking by way of regular savings accounts and Fixed Deposits. Mortgage loans and savings and deposit accounts are offered in US and CI dollars. The company is in the second year of a three-year strategic plan, and met the key objective of a return to profitability in one year. It has now met its second year objective of maintaining profitability while regaining its position in the mortgage market through the expansion of the team, disbursement of credit facilities and increasing its visibility in Grand Cayman.

FINANCIAL YEAR APRIL 2017 – MARCH 2018			
<b>Profit after Tax</b> <b>\$628.524 M</b> INCREASE/DECREASE OVER PREVIOUS FINANCIAL YEAR <b>24%</b> 	<b>Total Assets</b> <b>\$165.984 B</b> INCREASE/DECREASE OVER PREVIOUS FINANCIAL YEAR <b>6%</b> 		
<b>Deposits</b> <b>\$115.87 B</b> INCREASE/DECREASE OVER PREVIOUS FINANCIAL YEAR <b>6%</b> 			
<b>Total Loans</b> <b>\$78.970 B</b>	<b>Investment Portfolio</b> <b>\$52.017 B</b>	<b>Cash and Cash Equivalent</b> <b>\$26.802 B</b>	

FINANCIAL YEAR APRIL 2017 – MARCH 2018	
<b>Total Assets (US\$)</b> <b>\$50,072,114</b>	<b>Deposits (US\$)</b> <b>\$39,928,505</b>
<b>Total Loans (US\$)</b> <b>\$38,287,671</b>	<b>Net Profit (US\$)</b> <b>\$318,640</b>

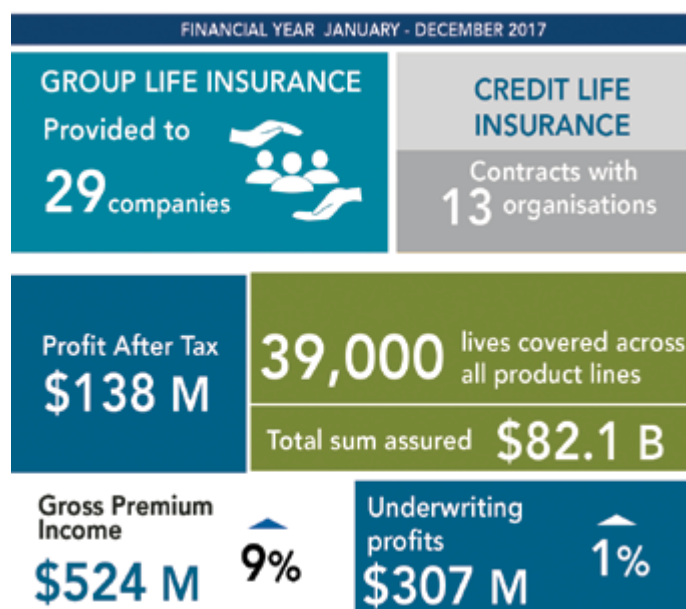




**JN Fund Managers Limited** is a securities dealer licensed by the Financial Services Commission to provide investment banking and advisory services, investment management to individuals, institutions, mutual funds, superannuation funds and retirement shares, as well as stock and bond brokerage services. The company is also a Primary Dealer designated by the Bank of Jamaica and operates as a broker of shares traded on the Jamaica Stock Exchange



**JN Life Insurance Company Limited** provides affordable life insurance solutions for Jamaicans who own a home, borrow from micro financing companies, or are employers who desire life insurance coverage for their employees. JN Life Insurance offers Creditor Life Insurance for borrowers from financial institutions, to indemnify them in the event of loss of life, serious injury or critical illness. They also provide: Group Life Insurance; International Health Insurance via an international carrier; along with a range of Individual Life policies geared at providing a safety net for ordinary Jamaicans who may suffer misfortunes in life.





**JN Small Business Loans Limited** recognises the importance of small and micro entrepreneurs to the Jamaican economy and offers a range of products and services through its 30 locations across the island to position micro and small business owners to expand their operations; increase income and improve the quality of their lives, while supporting the development of Jamaica. Our products include easy-to-access micro and small business loans, personal loans and motor vehicle financing that allows entrepreneurs to expand their ventures, enhance their lives and develop the communities in which they operate.



**JN Money Services Limited** is a remittance company which offers a network of over 8,000 branch and agent locations in Jamaica, the United Kingdom, USA, Canada, Ghana, the Philippines and the Caribbean, providing its customers with the option to send funds for over the counter pick up, directly to the JN Money card and paying bills in Jamaica.



**JN General Insurance Company Limited (JNGI)** provides motor, property and business insurance. During the financial year, the company upgraded its JNGI Online platform giving members the option to get motor insurance quotes and buy their policies online.

FINANCIAL YEAR APRIL 2017 - MARCH 2018

Number of  
jobs created  
> 200,000

Portfolio at risk  
>30 days: 3.5%

Portfolio size  
\$3.5B

Profit:  
\$287M

Gross Loan  
Portfolio Growth  
40%

FINANCIAL YEAR APRIL 2017 - MARCH 2018

Gross Revenue  
\$2.7 B

Operating Profit  
\$513 M

Profit before taxes  
\$637 M

Profit after taxes  
\$567 M

Shareholder's Equity \$2.2 B

FINANCIAL YEAR JANUARY - DECEMBER 2017

GROSS  
WRITTEN  
PREMIUM \$5.20 B

R.o.E  
(After Tax)  
9.8%

Profit After Tax  
\$483 M



Customer Satisfaction  
93%

Claims Net  
Promoter Score  
(International  
Benchmark 33%)

65%

Total Equity  
\$4.96 B





## Curtis Martin

### Managing Director

Curtis Martin, who was appointed Chief Financial Officer of The Jamaica National Group Limited in February 2017, assumed the post of Managing Director, JN Bank, in December 2017.

Joining the Jamaica National Building Society in 2013 as Assistant General Manager, Treasury and Investments, Mr Martin possesses extensive experience in banking, corporate finance, treasury and investment management at several leading financial institutions in the private and public sectors for the past three decades.

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 the 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)

#### Directorships/Affiliations:

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



**Leesa Kow**  
Deputy Managing Director



**Keith Senior**  
Consultant – Business  
& Retail Credit



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



**Ricardo Dystant**  
Chief – Channels



**Steve Distant**  
Chief – Sales





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



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



**Audrey Williams**  
Chief – Treasury  
& Investment



**Ryan Parkes**  
Chief – Business Banking



## Allan Lewis

### Managing Director

Allan Lewis joined JN Fund Managers Limited as Managing Director in October 2016. 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 JN Fund Managers Limited, Allan worked with several local financial institutions, where he gained vast experience in asset management; enterprise financial risk management, mergers and acquisitions, as well as wealth management, money transfer, pension funds management and administration services.

In addition to serving as a director of JN Fund Managers Limited; he is a director of the St. Lucia based Consolidated Foods Limited that operates supermarkets in St. Lucia and St. Vincent; and is Chairman of the Jamaica Racing Commission/Betting Gaming & Lotteries Commission Pension Fund.

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 maximise shareholder value. During his tenure as Chairman, the JSE was recognised 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.





**1 Ramon Small-Ferguson**  
Senior Manager  
Chief Investment Strategist &  
Head of Research

**2 Patrick Blake**  
Senior Manager, Accounting

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

**4 Jermaine Deans**  
Deputy General Manager

**5 Sharon Whitelocke**  
Deputy General Manager





## 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 Jamaica National Building Society and its subsidiaries; 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 programme 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.





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

**2 Glenroy Prendergast**  
Acting Senior Manager, Finance

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

**4 Lynford Reece**  
Senior Manager, Distribution

**5 Shelly-Ann Walker**  
Senior Manager, Compliance  
and Risk

**6 Harel Linton**  
Senior Manager, Analytics





## Oliver Tomlinson, JP

### General Manager

Oliver Tomlinson has been at the helm of JN Life Insurance Company Limited since it began underwriting life insurance business in 2013. He has been working in the financial industry for the past 20 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, 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.





**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 Limited 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 Limited 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) Limited 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.



**1 Martin Gooden**

Assistant General Manager  
Finance & Strategic Planning,  
Performance Measurement and  
Reporting

**2 Paula Fennell**

Business Development and Agent  
Coordination Manager  
JN Money Services (Canada) Limited

**3 Harry Bhoorasingh**

Regional Manager, North East  
JN Money Services (USA) Inc.  
New York

**4 Maxine Hinds**

Regional Manager, South East  
JN Money Services (USA) Inc.  
Florida

**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 Limited, one of Jamaica's premier providers of credit to the MSME sector, thereby enhancing the sector's development and importantly enriching the lives of Jamaicans. Mrs. Hyde serves on the Boards of the Jamaica Association for Micro-Financing (JAMFIN), as well as the Caribbean Micro Finance Alliance (CMFA).

Mrs. Hyde joined the Jamaica National family in 2003 and has served 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 building 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.

She is a strong supporter of programmes which promote youth development which she views as a major conduit for building a stronger Jamaica. As such, she remains an active member of the school community and has served in various roles, namely, President of the Parent Teacher Association at Mona Preparatory School, as well as supporting sports development in the area of Track and Field Team at both the St. Andrew High School for Girls and more recently the Wolmer's Boys School.

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.





**Keisha Bent**  
Senior Manager - Finance, IT  
and Administration

**Thelma Yong**  
Deputy General Manager

**Marcia Patterson-Baugh**  
Senior HR Business Partner



## 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 14 years of experience 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.





## A WORLD OF INNOVATIVE SERVICES

Bolstered by the strength of The Jamaica National Group network, we pride ourselves on providing world-class innovation to keep our members ahead of the game, and remain committed to giving them superior services designed to offer a lifetime of increased value everyday.

- Investments
- Credit Cards & Online Banking
- Mortgages, Loans & Savings
- General Insurance
- Small Business Financing
- Life Insurance
- Remittance

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[www.jngroup.com](http://www.jngroup.com)





The five companies of the MCS Group are the non-financial entities previously owned by the Jamaica National Building Society. They represent the most compelling, dynamic mix of non-financial services and solutions for the public and private sector in Jamaica, with a footprint into many countries in the region.

FINANCIAL YEAR APRIL 2017 – MARCH 2018



**JAMAICA  
AUTOMOBILE  
ASSOCIATION  
(SERVICES) LIMITED**

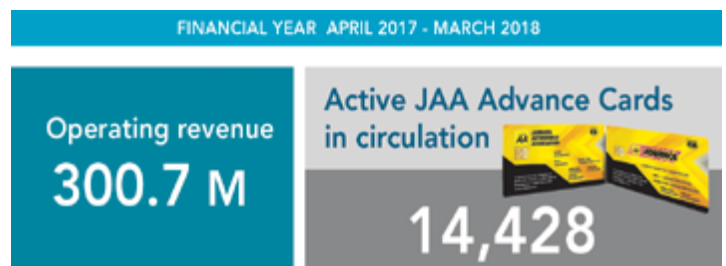
**Management Control Systems Limited**, one of the leading information and communication technology companies in the Caribbean, provides systems integration services, access to hardware and software platforms and value-added reselling of hardware and software

**The Jamaica Automobile Association (Services) Limited** offers premier roadside assistance, fleet management and transportation services.

FINANCIAL YEAR APRIL 2017 - MARCH 2018



FINANCIAL YEAR APRIL 2017 - MARCH 2018



THREE INNOVATIVE PRODUCTS LAUNCHED





## FINANCIAL YEAR APRIL 2017 - MARCH 2018



**The Creative Unit Limited** provides advertising, digital printing, creative production, branding and event planning services.



## Operating Revenue

**\$328.2 M**

INCREASE/DECREASE OVER PREVIOUS FINANCIAL YEAR **6%** 




**JN Properties Limited** offers property management and maintenance services.



## Operating Revenue

**\$261.6 M**

INCREASE/DECREASE OVER PREVIOUS FINANCIAL YEAR **433.2%** 

## Profit after tax

**\$6.1 M**

## Properties under management

**160** properties spanning >500k square feet



TOTAL CREDIT SERVICES LTD.

**Total Credit Services Limited** provides debt collection and recovery services.



## Operating Revenue

**\$343.7 M**

INCREASE/DECREASE OVER PREVIOUS FINANCIAL YEAR **38.3%** 

## Profit after tax

**\$71.0 M**



## 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 formation of The Jamaica National Group Limited on February 1, 2017, Ms Miller was appointed Managing Director of the MCS Group Limited, 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 Limited.

### Qualifications

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







**Donna Mesquita**  
Senior Manager, Marketing

**Latoya Johnson Brown**  
Finance Manager

**Kerine Golding-Wright**  
Chief, Strategy and Business  
Development



## 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. With the restructuring of the building society in 2017, Mr Russell maintained his position as head of MCSystems which is now a subsidiary of MCS 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% 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), emerging as the Champion Exporter, annually from 2012 to 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.





1

**1 Horace Sinclair**  
Senior Consultant  
Services

2

**2 Joseph McKinson**  
Senior Consultant  
Partner Relationships

3

**3 Colin McGann**  
Assistant General  
Manager

4

**4 Wayne Palmer**  
Finance and Administration  
Manager

5

**5 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 Jamaica National 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.

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.







**Terence Tracey**  
Art Director

**Tiffany Recas-Hay**  
Production Manager

**Roland Watson-Grant**  
Chief Creative Specialist

**Therese Pasmore**  
Senior Account Executive



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 JN 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





TOTAL CREDIT SERVICES LTD.

## Kevin Nightingale

### Acting General Manager

Kevin Nightingale was appointed Acting General Manager of Total Credit Services Limited (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.





**JAMAICA  
AUTOMOBILE  
ASSOCIATION**



**Elaine Walters**  
Financial Controller



**Kemar West**  
Administrative Manager





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BUILD JAMAICA**

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NATION**



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or isupportjamaica (USD) RSV# 2094249878







## Onyka Barrett Scott

### General Manager

Onyka Barrett Scott was appointed General Manager of the JN Foundation in April 2018. She joined the JN Foundation in 2015 as Partnerships and Development Manager.

Mrs Barrett Scott is a senior practitioner dedicated to eradicating poverty and reducing inequalities that exist in societies and has more than a decade of experience working with civil society. Her dedication to the upliftment of people has allowed her to implement projects and collaborate with multiple partners across the Caribbean, Latin America, Kenya and Ghana. She has had responsibility for project implementation at a variety of local, regional and international NGOs.

Mrs Barrett Scott's key areas of focus in her career have included poverty reduction, national volunteerism, human rights advocacy, humanitarian aid and human resource development. She is particularly noted for her big picture thinking, results-oriented attitude and collaborative approach.

Having worked in both the private and NGO sector, she brings a unique perspective to the field of development.

From 2007 to 2011, she was appointed by Cabinet in Trinidad & Tobago to serve on the Inter-Ministerial Committee responsible for monitoring the Convention on the Rights of the Child and National Plan of Action for Children.

She is currently pursuing the PhD (Governance and Public Policy) with the Sir Arthur Lewis Institute of Social and Economic Studies (SALISES) at The University of the West Indies (UWI), Mona. She holds the MSc, Development Studies (with Distinction) from SALISES, UWI, a Post Graduate Diploma in Humanitarian Assistance, CIHC - Fordham University (USA) and a BA (Hons), Human Resource Management, Anglia Ruskin University (UK).







**Renee Rattray, Ed.D**  
Senior Manager  
Education Projects



**Rose Miller**  
Grants Manager



**Shauna-Kaye Rowe**  
Partnership and Development  
Manager

## About the JN Foundation

The JN Foundation is the charitable arm of The Jamaica National Group Limited. Since our inception in 1990, we have been able to impact lives through innovative ideas with the help of inspired hearts.

JN Foundation has a mandate to contribute to Jamaica's development through its mantra, Innovating, Inspiring, Impacting! Leading with Act!on. We work with individuals and organisations who are seeking to make a positive impact on Jamaica.

## VISION

Our vision is that Jamaicans, wherever they may be, are able to achieve their fullest potential.

## MISSION

Our mission is to strengthen the capacity of communities through strategic alliances and efficient programming to equip Jamaicans to empower themselves and achieve their highest potential.

## GUIDING PRINCIPLES

- 1 We are part of the solution and so is every member of our society. With scarce resources, innovation is a must
- 2 Community and stakeholders' involvement are central to transformation
- 3 Collaboration and consultation are effective and necessary tools for sustainable change
- 4 Integrity and trust are how we develop and maintain relationships with each other
- 5 We are all agents of change

## HOW THE FOUNDATION MAKES AN IMPACT

Over the past few years, the JN Foundation has retained its stature as being one of the island's leading corporate foundations. This has been achieved by keeping people at the centre of our focus through programmes that encourage volunteerism, economic growth within communities, personal advancement through training and capacity building and access to better educational facilities and methodologies. The Foundation has continued to contribute to the Jamaican Government's VISION 2030.





At the JN Foundation, we believe that all Jamaicans have a part to play in solving some of our greatest challenges. We work with changemakers across the length and breadth of Jamaica who are inspiring their communities into creating solutions for transformation.

The work of the JN Foundation is about supporting our fellow Jamaicans to achieve their goals, so that we can all be a part of the change our country deserves.

The JN Foundation is charged with developing and implementing projects that can help to address the needs of the

Jamaican people. We do this by focusing on five strategic thematic areas which focus on learning, health, empowerment, heritage and environment.

## Stories of ACTION

In partnership with changemakers like Kadeem, who is transforming education through gamification; or Scheed, who is removing the waste from our streets, one bottle at a time; or Sergeant Bennett, who is educating our young people to stay safe on our roads, the work of the JN Foundation is about facilitation and creating the support networks for transformation.



Lacey-Ann Bartley, Bartley's All in Wood.



Sebrina Brown, Project Officer, Parish Histories of Jamaica.

**“There is so much that I’ve learnt and continue to learn about my country and it helps to strengthen my sense of Nationalism. My hope with this project is to stimulate a youthful interest in Jamaican History; this will allow for strong Jamaican Youths who are self aware, confident and have a strong national consciousness. It is this consciousness alone that can breed unity and cohesion and ignite change within households, communities and Jamaica”. -Sebrina Brown**

#### **THE FOUNDATION HAS FIVE LONG-TERM OBJECTIVES:**

1. To increase employment readiness and self –sufficiency through skills & personal development
2. To improve the educational achievement of students
3. To enhance the health and safety of all Jamaicans
4. To strengthen social connectedness in order to support social empowerment
5. To improve environmental sustainability



## An Army of Changemakers

In 2017, JN Group was able to leverage the courage and determination of members, friends and communities to help transform our society. Volunteers are amongst the greatest assets in Jamaica, and during the year, they mobilised for numerous activities. Our volunteers raised funds for the Falmouth Infirmary, beautified the Central Police Station and the Bustamante Hospital. Volunteers were also out in their numbers all across Jamaica during Labour Day, and delivered voluntary activities here in Jamaica and overseas across the Diaspora.

## Service Above Self....Our Corporate Philosophy

Founded out of a social mission in 1874, the JN Group is known for helping Jamaicans find a way towards a better future. With companies ranging in size and purpose, the JN Group is committed to delivering products and services that improve our members' financial outcomes, increase their sense of security and peace of mind and enhance their overall quality of life.

Through a strong sense of corporate citizenship, JN member companies continue to support the work of the JN Foundation and collaborate on initiatives that meet the needs of their members, stakeholders and communities.



For Labour Day 2017, JN members of staff volunteered across the island to help transform hospitals, schools and police stations.



Chris Hind (right), General Manager, JN General Insurance Company Limited (JNGI), shares photo lens with Kathleen Moss, chairman of the JNGI Board.





A water partnership between JN Foundation, JN Bank and the Inter-American Development Bank, was sealed with a toast using bottled water, at the signing ceremony held at JN Financial Centre in Kingston. Then Minister without Portfolio with responsibility for Water, Works and Housing, Dr Horace Chang (left), is seen here participating in the toast while IDB Country Manager, Therese Turner-Jones, and CEO of The Jamaica National Group Limited, Earl Jarrett, look on.



Tonya Grant, Chief Internal Auditor, presents Ryan Oliphant with 2017 GSAT awardee certificate.



Sharon Smith (centre), Senior Manager with responsibility for the JN Individual Retirement Scheme at JN Bank and Rose Miller, Grants Manager at the JN Foundation, inform a member of the Jamaica Defence Force about planning for retirement.

## Heroes in Action Run/Walk 2017



A patron cools off in the bounce-a-bout.



A disabled patron participates in the Run/Walk.



## Heroes in Action Run/Walk 2017



Usain Bolt presents a patron with her winning trophy.



Patrons participating in the Run/Walk.



**L-R**, Winsome Wilkins, Executive Director, Usain Bolt Foundation, sprint legend, Usain Bolt, Saffrey Brown, former General Manager, JN Foundation, and Mayor of Falmouth, Colin Gager, hold up the mock cheque to be presented to the Trelawny Infirmary, as proceeds from the JN Foundation Heroes in Action 2016 Run/Walk.

## Labour Day Activities



Prime Minister Andrew Holness greets Saniah Spencer, Chief-Marketing & Product Development, JN Bank, at Central Police Station during Labour Day activities at the police station.





## The Source

### ... communities transforming communities

The call for social intervention programmes to stem crime and violence and to reduce poverty in our inner-city communities has become deafening and is viewed by many as the “saviour” that can help to lasso the runaway crime rate.

However, some doubters argue that social interventions are oft times unsustainable and, therefore, make no difference, hence, they are simply a waste of resources.

But, there is one social intervention model, which during the past decade, has emerged and proven to be the exception.

The Social Enterprise Model was used to establish five Source Centres across Jamaica, which are still operative and making a difference.

The Source was developed in 2007 as an intervention in underserved communities to provide life-style changing services. The existing community space was examined to determine how a hub for activities could be created, to influence growth and employment.

The Foundation wanted to achieve long-term provision, hence, we didn't want to establish something that after three years, would be completed. The social enterprise model was pursued, which is basically a business that operates to fulfill a social mission. The first Source was established in August Town in 2007.

The social enterprise model always takes into account three things: people, planet and profit. You cannot achieve sustainable development of community or country if anyone of those 'Ps' is missing.

The Source in August Town focused on several key priorities. These included ensuring that there were efficient core business services, which included: a documentation centre, media library, meeting room

and that those services would generate regular, ongoing income to operate the centres.

The JN Foundation sought to partner with community groups, to encourage the buy-in of community members and ownership of the Centres. For the past 10 years, since The Source opened in August Town, there has not been one instance of theft or vandalism.

Following the success of The Source, August Town, four other Centres, were established in: Maverley, St. Andrew; Ocho Rios, St. Ann; Treasure Beach, St. Elizabeth; and the Savanna-la-Mar Source, in Westmoreland.

The last centre that was established in Savanna-La-Mar, Westmoreland, in 2012 was driven by women who had an average age of 76 and were part of the Y's Mennettes Service Club.

These ladies are true community champions, who have been serving the community needs of Russia, Grotto and Barracks Road for more than 50 years. The Source Centres continue to be at the heart of the communities in which they operate. These Source Centres are valid representations of the “People First,” commitment of The Jamaica National Group to support and grow communities. These Centres are part of the social enterprise legacy that JN continues to create daily.



Community members and Saffrey Brown (third right), former General Manager of JN Foundation, celebrate the 10<sup>th</sup> anniversary of the Kairos Network Source.



## Telling Our Story one Parish at a time

The Parish Histories of Jamaica project was developed by the JN Foundation, in partnership with the Department of History and Archaeology (DoHA) at The University of the West Indies (UWI). The generation of the project stemmed from a need to use history as a uniting force amongst Jamaicans. This project captures and documents the unique histories of all 14 parishes in Jamaica and makes it available through a platform that is easily accessible to all, a website, [historyjamaica.org](http://historyjamaica.org)

The project has completed five parishes: Westmoreland, St. Thomas, Trelawny, St. Mary and Portland. The next five parishes to be completed are: St. Catherine, St. James, Manchester, St. Elizabeth and Kingston & St. Andrew.

### Ralston Issacs



**"My father had what they called a monkey jar, I don't know what they call it nowadays , but every day we had to replenish it with fresh spring water and you dare not go and take up river water because he would taste the difference". - Mr. Ralston Issacs.**

Mr. Issacs was born in Preston Hill in St. Mary and has lived in the parish for 79 years. He opened up to the project about his experiences growing up in St. Mary as a young man and how the way of life has changed over the years.

### Violet Moss-Brown



**"To make a living, we had to beat the coffee and walk from here (Duanvale) to Brown's Town to go and sell it." - Ms. Violet Moss-Brown**

Ms. Violet Moss-Brown, affectionately called Aunt V, was discovered by the project during the coverage of Trelawny. The project embarked on capturing meaningful stories told by the stalwarts of everyday Jamaican life and of decades gone by. One such person was Aunt V.

### Keith Thomas



**"As a youngster, I remember that there was the Bellrose bus that would pass through Guy's Hill into Annotto Bay at 7:30 in the morning and get back around 11 o'clock and once the bus misses you, you know you would have to walk that journey". - Mr. Keith Thomas**

Mr. Thomas candidly shared his experiences of days gone by in St. Mary at the Orange River Farm Estate.

## Telling Our Story one Parish at a time

-Cont'd

### Icilda Duncan



**"You grate the coconut to get the milk, put it in your cornmeal, you spice it up; you quail the banana leaves, then you put the ingredients in the leaves then you tie it and put it in the pot to boil".**

*- Mrs. Icilda Duncan*

Mrs. Duncan shares with the project how to make Jamaica's famous Dukunoo otherwise called "Blue Draws", in an interview held at her home in Highgate, St. Mary.

## Partnering for development

### Partnerships are at the core of our approach to development

With development becoming more all encompassing, partnerships allow approaches that are multi-disciplinary and multi-sectoral. For us at the JN Foundation, partnerships allow us to create solutions to development that have more depth and reach, and which create lasting and sustained change and transformation.

### Key Partners in 2017



### ADDRESSING CLIMATE RESILIENCE - IADB

Year after year, Jamaica is plagued by drought conditions which threaten our ways of life and vital livelihoods. Our newest partnership with the IADB will see JN Bank and JN Foundation working together with IADB, CIF, MIC and PPCR with the aim of facilitating the use of water efficient measures, reducing water demand and overall increasing climate resilient housing in Jamaica.



**PPCR** PILOT PROGRAM  
FOR CLIMATE  
RESILIENCE



Multilateral Investment Fund  
Member of the IDB Group





## Protecting our Children - UNICEF



The issue of loss of life on the nation's roadways continues to be one occupying the attention of various agencies. In our newest partnership, JN Foundation and the UNICEF will jointly tackle the arduous task of improving the safety of our children as they make their way to and from school. The X-marks the Spot Crosswalk Campaign will combine infrastructural improvements and advocacy to improve the safety in a number of selected school zone locations.



Keisha Cole, Co-owner, 360 Recycle

**"Social entrepreneurs innovate and find solutions to problems; they don't know how to manage a business. This is where SEBI has really made a difference."** - Keisha Cole

## Delivering solutions for safety - The FIA



The FIA Foundation is one of the JN Foundation's key international partners that continues to support our work to improve road safety in the island. In 2017, the FIA was a key partner for the Road Safety Hub, and recently, as part of the UNICEF, X Marks the Spot Crosswalk Campaign project, supported AMEND and iRAP to visit Jamaica and conduct technical training to support infrastructural work to be undertaken by the project.



Semier Lansend, Co-founder, eDUCATOORS.

**I think social enterprises are more effective and have more impact on the society than regular companies. I think it's a good thing. I don't think we'll stop being a social enterprise."** - Semier Lansend



“Social enterprises are inclusive in their approach and methodology, and anyone can become a social entrepreneur and changemaker.”

## Creating Pathways Towards Economic Well Being

### Key Projects



Rose Miller addresses members of the Jamaica Defence Force.

The **BeWise Financial Literacy Project** is an interactive money-management programme made up of workshops, seminars and training which empowers people to achieve their financial independence through improved knowledge and understanding of financial management.



- 72 financial literacy workshops delivered
- 5,276 people trained in financial literacy - 1,486 young people, 3,790 adults
- Since 2014, 15,234 people have benefitted from financial empowerment training

**The Social Enterprise Boost Initiative** is a social enterprise incubator and accelerator programme, in partnership with the United States Agency for International Development (USAID), which builds the capacity of non-profits and social entrepreneurs to operate efficient businesses for social and environmental change. SEBI has also created an ecosystem for the sector, and advocates for inclusion within policy and legislation.

- 25% of social enterprises are run by people with disabilities
- 70% revenue increase from 2016
- 200 + jobs were created by social enterprises in the incubator



**The Source Community Resource** programme is a chain of community resource centres operated by communities, for the benefit, growth and development of its residents. There are five Source Centres islandwide, each operated by its own local partner.

14,249 persons visited our Resource Centres islandwide.

### SUPPORTING INNOVATIVE STRATEGIES FOR EDUCATION

At JN Foundation, we believe that the ability of a nation to move forward is dependent on the capacity of our youth to drive development and growth. Through the improvement of the educational achievement of our students, we empower young people who are motivated, inspired and display leadership qualities that can create a better future for all Jamaicans, whilst equipping teachers and school leaders to transform the outcomes of all students.



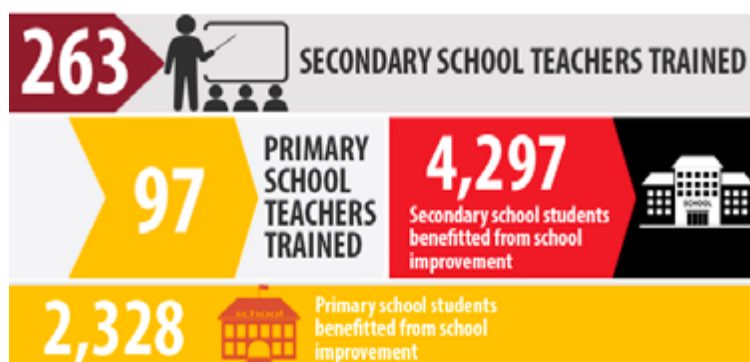
Chevano Baker, 2016/17 JN Foundation and University of Birmingham Legacy Scholarship Awardee.

### Key Projects

1. **iLead**, for three years, has worked on creating leaders who cultivate and demand the educational advancement of teachers and students.
2. **Science Genius empowers students and teachers** to get excited about Science using the Dancehall rhythm (riddim).
3. **Scholarships - started by the JN Group in 1983**

Over **535** student scholarships have been awarded. The JN Scholarship programme breaks financial barriers so students can achieve their educational goals at both the secondary and tertiary level.

### School Leadership Programme



### Science Genius

- 11 secondary schools using music to teach Science
- 26 teachers create Dancehall songs using Science lyrics
- 294 students create Dancehall songs using Science lyrics

### Scholarship Programmes

- 133 students awarded scholarships
- 14 new Parish Scholars awarded
- 16 tertiary scholarships awarded

### Beneficiaries of Education Programmes

- 7,052 Students
- Teachers
- Schools



Winner of Science Genius Competition, Jabeur Martinez of Cedric Titus High School, entertaining audience with his song, Dat is Science.



Project Manager of iLead, Esther Tyson, with articulate Grade 1 student of Windsor Castle All Age School Primary School, for the Read Across Jamaica event.



CXC Brimmer Vale High School Student pauses for a photo while tackling Mathematics questions.



Professor Chris Emdin (left), founder of Science Genius, and Dr. Renee Rattray (second right), Director of Education for JN Foundation, pose with some of the prize winners at the Science Genius Competition.





Master Mathematician, Mr. Radley Reid, explains math to a student at the iLead's CXC Math Workshop at Brimmer Vale High School.



Science Geniuses of Westwood High School put their sound mixing skills to the test.



Science Geniuses ride the rhythm with their Science lyrics.





Students of Red Hills and Tulloch Primary advocate for #EveryLife during the JN Foundation and FIA road safety school tour.







JN GSAT Scholarship Programme.

### DELIVERING SOLUTIONS FOR IMPROVED SAFETY OF OUR CITIZENS

Across Jamaica, the safety and security of our citizens continues to be of great concern to all of us. A key outcome of the JN Foundation is to enhance the health and safety of all Jamaicans, and we do this by focusing on data led interventions tackling proper road user behaviour and road safety.

- In 2017, 41,250 primary school students were trained to be better able to keep safe on our roads
- Over 120,000 primary school students are now better road users because of the Police in Schools programme
- 573 lectures delivered to students across Jamaica by the Road Safety team
- Two research papers produced
- Training and Strategy Hub Opened

### Key Projects

**Road Safety Hub** - in partnership with the Jamaica Constabulary Force, Traffic and Highway Division, the Fédération Internationale de l'Automobile (FIA), JN General Insurance Company Limited and Jamaica Automobile Association (Services) Limited. Construction of a state of the art Hub equipped with real time road user data provided by Mona Geoinformatics, along with training equipment used to develop and implement strategic plans to improve road safety in Jamaica.

**X Marks the Spot** - in partnership with United Nations Children's Fund (UNICEF), which is implementing solutions for creating safer road spaces for pedestrians and motorists through research and improved road infrastructure.

**The Cost of Care Report** - in partnership with The University of the West Indies Hospital, the Violence Prevention Alliance and the Mona Geoinformatics, was the culmination of a three-year research project which collected data from seven major hospitals across the island to determine the cost of care for people admitted to medical institutions for treatment of violence-related injuries and road crash related injuries. The data from this research is being used by health and security agencies to develop and deliver interventions to address relevant concerns.

# Attorneys-At-Law, Auditors & Bankers

## ATTORNEYS-AT-LAW

Abendana & Abendana

Clinton Hart & Co.

Crafton Miller & Co.

Dabdoub Dabdoub & Co

Delroy Chuck & Co.

Dunn Cox

Frater Ennis & Gordon

G. Anthony Levy & Co.

Grant, Stewart, Phillips & Co.

Harrison & Harrison

Philipson Partners

Jennifer Messado & Co.

L Howard Facey & Co

Langrin, Parris-Woodstock

Lex Caribbean

Livingston, Alexander & Levy

M N Hamaty & Co.

Murray & Tucker

Myers, Fletcher & Gordon

Nicholson, Phillips

Nunes, Scholefield, DeLeon & Co.

O G Harding & Co.

Patterson Mair Hamilton

Palomino, Gordon-Palomino

Phillips, Malcolm, Morgan & Matthies

Ramsay Stimpson

Rattray, Patterson & Rattray

Robertson, Smith, Ledgister & Co

Robinson, Phillips & Whitehorne

Russell and Russell

Samuda & Johnson

Scott, Bhoorasingh & Bonnick

Taylor, Deacon & James

Usim, Williams

Vaccianna & Whittingham

Watson & Watson

Williams, McKoy & Palmer

## AUDITORS

KPMG

## BANKERS

Bank of America

Bank of Jamaica

The Bank of Nova Scotia, Jamaica Limited

Bank of Nova Scotia, Toronto, Canada

CBW Bank

CIBC, Toronto

Citibank, Canada

Citibank, London, UK

Citibank, Jamaica

Citibank, New York, USA

Credit Suisse

National Commercial Bank Jamaica

RBC Royal Bank, Canada

Royal Bank of Scotland

Sagicor Bank Jamaica



「 Transparency 」







## Financial Statements & Auditors' Report





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## 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 129 to 226 which comprise the statements of financial position as at March 31, 2018, the statements of revenue and expenses, other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company as at March 31, 2018, and of the Group's and Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

#### *Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants 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.



## 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.

A handwritten signature of the KPMG firm, written in a cursive style.

Chartered Accountants  
Kingston, Jamaica

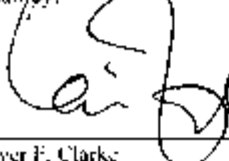
October 30, 2018





**THE JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Statements of Financial Position****March 31, 2018**

	Notes	Group		Company	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>ASSETS</b>					
Cash and cash equivalents	6	27,865,231	25,589,665	194,387	200,396
Securities purchased under resale agreements	7	5,370,494	10,521,277	-	-
Investments	8	74,372,906	74,659,894	-	-
Due from related entities	9(a)	-	-	208,999	1,954
Taxation recoverable		1,081,795	837,078	1,240	132
Interest in subsidiaries	10	-	-	5,264,030	5,264,030
Interest in associates	11	668,508	579,537	-	-
Loans	12	87,519,411	78,266,768	600,000	300,078
Other assets	13	3,201,362	3,608,169	27,510	-
Assets held for sale	14	428,919	537,340	-	-
Investment property	15	390,050	324,568	-	-
Property, plant and equipment	16	5,182,380	5,128,540	70,254	-
Goodwill and intangible assets	17	1,404,771	1,343,380	489	-
Deferred tax assets	18	776,744	530,355	394,043	-
Total assets		208,262,471	201,927,771	6,760,952	5,766,590
<b>LIABILITIES</b>					
Bank overdraft (unsecured)	6(c)	9,197	12,646	-	-
Due to specialised financial institutions		17,584,035	15,956,753	-	-
Customer deposits	19	118,070,760	114,162,915	-	-
Due to related entities	9(b)	184,392	181,957	184,392	181,957
Securities sold under repurchase agreements	20	24,270,666	27,806,303	-	-
Other payables	21	4,528,776	3,745,141	168,326	15,355
Margin loan payable	22	2,506,396	-	-	-
Taxation payable		249,281	94,127	-	-
Deferred tax liabilities	18	22,820	160,932	-	-
Employee benefits obligation	23(a)	1,473,996	1,174,329	-	-
Insurance contract provisions	24	4,533,652	4,549,914	-	-
Long-term loans	25	1,083,582	1,029,604	-	-
Total liabilities		174,517,553	168,874,621	352,718	197,312
<b>EQUITY</b>					
Reserve fund	26	7,600,000	7,600,000	-	-
Contractual savings reserve	27	14,223	14,223	-	-
Other reserves	28	5,562,826	5,610,761	180,541	181,957
Retained earnings		20,442,815	19,678,855	6,227,693	5,387,321
Total equity attributable to equity holders of the Company		33,619,894	32,903,839	6,408,234	5,569,278
Non-controlling interest	30	125,024	149,311	-	-
Total equity		33,744,918	33,053,150	6,408,234	5,569,278
Total liabilities and equity		208,262,471	201,927,771	6,760,952	5,766,590

The financial statements on pages 129 to 226 were approved for issue by the Board of Directors on October 30, 2018 and signed on its behalf by:

  
 Oliver F. Clarke Director

  
 Dharm Tanna Director

  
 Paul Jarrett Director

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, 2018**

	<u>Notes</u>	<u>Group</u>		<u>Company</u>	
		<u>2018</u> \$'000	<u>2017</u> \$'000	<u>2018</u> \$'000	<u>2017</u> \$'000
Interest revenue:					
Interest on loans		8,433,603	7,578,350	11,458	78
Interest on investments		<u>4,377,404</u>	<u>5,304,074</u>	<u>-</u>	<u>527</u>
		12,811,007	12,882,424	11,458	605
Interest expense	31	( 2,796,738)	( 3,065,639)	<u>-</u>	<u>-</u>
Net interest revenue		10,014,269	9,816,785	11,458	605
Other operating income	32	6,366,745	6,118,172	2,372,938	5,764,030
Operating expenses	33	(16,079,433)	(14,885,342)	(1,940,144)	( 377,314)
Operating surplus		301,581	1,049,615	444,252	5,387,321
Gain on disposal of investments		1,258,580	740,124	-	-
Share of profit of associates	11	88,971	35,550	-	-
Unrealised foreign exchange (loss)/gain		( 23,761)	<u>332,039</u>	<u>2,077</u>	<u>-</u>
Surplus before taxation		1,625,371	2,157,328	446,329	5,387,321
Taxation	34	( 647,672)	( 642,828)	<u>394,043</u>	<u>-</u>
Surplus for the year/period		<u>977,699</u>	<u>1,514,500</u>	<u>840,372</u>	<u>5,387,321</u>
Attributable to:					
Equity holders of the Company		966,279	1,503,701	840,372	5,387,321
Non-controlling interest		<u>11,420</u>	<u>10,799</u>	<u>-</u>	<u>-</u>
		<u>977,699</u>	<u>1,514,500</u>	<u>840,372</u>	<u>5,387,321</u>

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, 2018**

	<u>Notes</u>	<u>Group</u>		<u>Company</u>	
		<u>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>	<u>2018</u> <u>\$'000</u>	<u>2017</u> <u>\$'000</u>
Surplus for the year/period		<u>977,699</u>	<u>1,514,500</u>	<u>840,372</u>	<u>5,387,321</u>
<b>Other comprehensive income:</b>					
<b>Items that are or may be reclassified to profit or loss:</b>					
Translation of foreign subsidiaries' balances		( 98,352)	8,275	-	-
Increase in fair value of available-for-sale investments		729,549	746,072	-	-
Realised gains on investments recognised in the statement of revenue and expenses		( 932,284)	( 479,831)	-	-
Deferred tax on available-for-sale investments	18	<u>119,492</u>	<u>( 207,375)</u>	<u>-</u>	<u>-</u>
		<u>( 181,595)</u>	<u>67,141</u>	<u>-</u>	<u>-</u>
<b>Items that will never be reclassified to profit or loss:</b>					
Remeasurement of employee benefits obligation	23(d)	( 123,178)	( 77,337)	-	-
Deferred tax on employee benefits obligation	18	<u>41,059</u>	<u>25,779</u>	<u>-</u>	<u>-</u>
		<u>( 82,119)</u>	<u>( 51,558)</u>	<u>-</u>	<u>-</u>
<b>Total other comprehensive (loss)/income for the year/period</b>		<u>( 263,714)</u>	<u>15,583</u>	<u>840,372</u>	<u>5,387,321</u>
<b>Total comprehensive income for the year/period</b>		<u>713,985</u>	<u>1,530,083</u>	<u>840,372</u>	<u>5,387,321</u>
Attributable to:					
Equity holder of the Company		701,951	1,497,534	840,372	5,387,321
Non-controlling interest		<u>12,034</u>	<u>32,549</u>	<u>-</u>	<u>-</u>
		<u>713,985</u>	<u>1,530,083</u>	<u>840,372</u>	<u>5,387,321</u>

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, 2018

	Reserve fund \$'000 (note 26)	Contractual savings reserve \$'000 (note 27)	Other reserves \$'000 (note 28)	Retained earnings \$'000	Total \$'000	Non - controlling interest \$'000	Total equity \$'000
Balances at March 31, 2016	<u>7,600,000</u>	<u>14,223</u>	<u>5,683,912</u>	<u>18,113,505</u>	<u>31,411,640</u>	<u>112,748</u>	<u>31,524,388</u>
<b>Total comprehensive income for the year:</b>							
Surplus for the year	-	-	-	<u>1,503,701</u>	<u>1,503,701</u>	<u>10,799</u>	<u>1,514,500</u>
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 the 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	<u>1,452,143</u>	<u>1,497,534</u>	<u>32,549</u>	<u>1,530,083</u>
<b>Transactions with owners</b>							
Dividends paid [note 30(b)]	-	-	-	-	-	( 1,321)	( 1,321)
<b>Movement between reserves:</b>							
Transfer from credit loss reserve	-	-	( 118,542)	<u>113,207</u>	( 5,335)	<u>5,335</u>	-
Balances at March 31, 2017	<u>7,600,000</u>	<u>14,223</u>	<u>5,610,761</u>	<u>19,678,855</u>	<u>32,903,839</u>	<u>149,311</u>	<u>33,053,150</u>
<b>Total comprehensive income for the year:</b>							
Surplus for the year	-	-	-	<u>966,279</u>	<u>966,279</u>	<u>11,420</u>	<u>977,699</u>
Other comprehensive income							
Translation of foreign subsidiaries' balances	-	-	( 97,783)	-	( 97,783)	( 569)	( 98,352)
Increase in fair value of available-for-sale investments	-	-	728,258	-	728,258	1,291	729,549
Deferred tax on available-for-sale investments	-	-	119,492	-	119,492	-	119,492
Realised gains on investments recognised in the statement of revenue and expenses	-	-	( 932,284)	-	( 932,284)	-	( 932,284)
Remeasurement of employee benefits obligation, net of deferred tax	-	-	-	( 82,011)	( 82,011)	( 108)	( 82,119)
Total other comprehensive loss	-	-	( 182,317)	( 82,011)	( 264,328)	614	( 263,714)
Total comprehensive income	-	-	( 182,317)	<u>884,268</u>	<u>701,951</u>	<u>12,034</u>	<u>713,985</u>
<b>Transactions with owners</b>							
Dividends paid [note 30(b)]	-	-	-	-	-	( 6,076)	( 6,076)
Movement on reserves on recognition of reduced liability to non-controlling interest	-	-	-	15,300	15,300	( 30,025)	( 14,725)
Claims on dormant accounts by customers	-	-	( 1,416)	-	( 1,416)	-	( 1,416)
<b>Movement between reserves:</b>							
Transfer to credit loss reserve	-	-	135,798	( 135,578)	220	( 220)	-
Balances at March 31, 2018	<u>7,600,000</u>	<u>14,223</u>	<u>5,562,826</u>	<u>20,442,845</u>	<u>33,619,894</u>	<u>125,024</u>	<u>33,744,918</u>

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)***Company Statement of Changes in Equity**  
**Year ended March 31, 2018**

	Other <u>reserves</u> \$'000 (note 28)	Retained <u>earnings</u> \$'000	<u>Total</u> \$'000
<b>Total comprehensive income for the period</b>			
Surplus for the period, being total comprehensive income	-	5,387,321	5,387,321
<b>Transactions with owners recorded directly in equity</b>			
Transfers to reserve in accordance with the Scheme of arrangement (see note 44)	<u>181,957</u>	<u>-</u>	<u>181,957</u>
Balances at March 31, 2017	181,957	5,387,321	5,569,278
<b>Total comprehensive income for the year</b>			
Surplus for the year, being total comprehensive income	-	840,372	840,372
<b>Transactions with owners recorded directly in equity</b>			
Claims on dormant accounts by customers	<u>( 1,416)</u>	<u>-</u>	<u>( 1,416)</u>
Balances at March 31, 2018	<u>180,541</u>	<u>6,227,693</u>	<u>6,408,234</u>

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, 2018**

	<b><u>2018</u></b> <b><u>\$'000</u></b>	<b><u>2017</u></b> <b><u>\$'000</u></b>
<b>Cash flows from operating activities</b>		
Surplus for the year	977,699	1,514,500
Adjustments to reconcile surplus to net cash provided by operating activities:		
Depreciation - property, plant and equipment and investment property	622,902	563,845
Amortisation of intangible assets	187,496	127,355
Write-offs of intangible assets	-	5,858
Gains on disposal of property, plant and equipment and investment property	( 8,714)	( 38,974)
Gains on disposal of investments	( 1,258,580)	( 740,124)
Gains on disposal of foreclosed properties	( 58,727)	( 21,580)
Gains from foreign exchange rate changes	( 99,273)	( 174,002)
Translation differences	29,029	( 54,310)
Dividend income	( 23,918)	( 44,925)
Share of profits of associates	( 88,971)	( 35,550)
Interest income	(12,811,007)	(12,882,424)
Interest expense	2,796,738	3,065,639
Current tax expense	871,622	879,229
Deferred taxation	( 223,950)	( 236,401)
Net increase/(decrease) in provision for loan losses	139,621	( 104,243)
Employee benefits obligation	176,489	184,438
Net increase/(decrease) on foreclosed properties Insurance contract provisions	48,834	( 80,861)
	<u>( 16,262)</u>	<u>264,306</u>
	( 8,738,972)	( 7,808,224)
Changes in operating assets and liabilities:		
Securities purchased under resale agreements	5,121,051	2,209,576
Net additions to loans	( 9,477,853)	(11,596,458)
Other assets	373,046	74,652
Due to specialised financial institutions	1,627,282	1,199,550
Due to related entities	2,435	-
Net receipts from customer deposits	3,256,709	11,092,291
Margin loan payable	2,506,396	-
Securities sold under repurchase agreements	( 3,447,300)	4,489,063
Other payables	<u>776,346</u>	<u>408,888</u>
	( 8,000,860)	69,338
Interest paid	( 2,952,288)	( 3,000,250)
Interest received	8,358,058	7,480,421
Income tax paid	<u>( 961,185)</u>	<u>( 78,970)</u>
Net cash (used)/provided by operating activities (page 135)	<u>( 3,556,275)</u>	<u>4,470,539</u>

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, 2018**

	<b><u>2018</u></b> <b><u>\$'000</u></b>	<b><u>2017</u></b> <b><u>\$'000</u></b>
Net cash (used)/provided by operating activities (page 134)	( <u>3,556,275</u> )	<u>4,470,539</u>
<b>Cash flows from investing activities</b>		
Investments	(24,366,341)	(10,889,576)
Interest received	4,573,366	5,504,959
Interest in associates	-	50,615
Dividend received	23,918	44,925
Assets held for sale	( 114,649 )	7,160
Purchase and transfers of intangible assets	( 248,625 )	( 347,438 )
Purchase and transfers of property, plant and equipment and investment property	( 776,208 )	( 1,249,931 )
Proceeds from sale of assets held for sale	232,963	209,966
Proceeds from disposal of property, plant and equipment	13,706	48,994
Proceeds from disposal of investment property	-	21,707
Proceeds from disposal of investments	<u>25,904,091</u>	<u>20,443,065</u>
Net cash provided by investing activities	<u>5,242,221</u>	<u>13,844,446</u>
<b>Cash flows from financing activities</b>		
Long-term loans	53,978	171,565
Dividend paid to non-controlling interest	( 6,076 )	( 1,321 )
Claims on dormant accounts	( 1,416 )	-
Bank overdraft	( <u>3,449</u> )	<u>12,646</u>
Net cash provided by financing activities	<u>43,037</u>	<u>182,890</u>
Net increase in cash and cash equivalents	1,728,983	18,497,875
Cash and cash equivalents at beginning of the year	25,589,665	6,928,581
Effects of exchange rate changes on cash and cash equivalents	<u>546,583</u>	<u>163,209</u>
Cash and cash equivalents at end of the year	<u>27,865,231</u>	<u>25,589,665</u>

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)***Company Statement of Cash Flows****Year ended March 31, 2018**

	<b><u>2018</u></b> <b><u>\$'000</u></b>	<b><u>2017</u></b> <b><u>\$'000</u></b>
<b>Cash flows from operating activities</b>		
Surplus for the year/period	840,372	5,387,321
Adjustments to reconcile surplus to net cash used by operating activities:		
Depreciation- property, plant and equipment	8,166	-
Amortisation of intangible assets	188	-
Interest income	( 11,458)	( 605)
Dividend income	(2,121,927)	(5,764,030)
Taxation	( 394,043)	-
	(1,678,702)	( 377,314)
Operating assets and liabilities:		
Taxation recoverable	( 1,108)	( 132)
Short-term loan	( 300,000)	( 300,000)
Due from related entities	( 207,045)	180,003
Due to related entities	2,435	181,957
Other payables	152,971	15,355
Other assets	( 27,510)	-
	2,058,959	( 300,131)
Interest received	11,536	527
Net cash used by operating activities	(2,047,423)	( 299,604)
<b>Cash flows from investing activities</b>		
Dividend received from subsidiaries	2,121,927	5,764,030
Interest in subsidiaries	-	(5,264,030)
Acquisition of intangible assets	( 677)	-
Acquisition of property, plant and equipment	( 78,420)	-
Net cash provided by investing activities	2,042,830	500,000
<b>Cash flow from financing activity</b>		
Unclaimed funds paid, being net cash used by financing activity	( 1,416)	-
Net (decrease)/increase in cash and cash equivalents	( 6,009)	200,396
Cash and cash equivalents at the beginning of the year/period	200,396	-
Cash and cash equivalents at the end of the year/period	194,387	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, 2018****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 authorised 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 The Jamaica National Building Society and its subsidiaries (“JN Group”) was reorganised under three distinct holding companies as 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 Limited (“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) be 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:

<u>Subsidiaries</u>	<u>Country of incorporation</u>	<u>Percentage ownership 2018</u>	<u>Percentage ownership 2017</u>	<u>Nature of business</u>
JN Financial Group Limited:	Jamaica	100	100	Holding company.
JN Cayman <sup>4</sup>	Cayman Islands	95.89	-	Mortgage lending on residential properties and other financial services.
JN Bank Limited <sup>1</sup> (the Bank, formerly JNBS)	Jamaica	100	100	Banking services.
JN Cayman <sup>4</sup>	Cayman Islands	-	95.89	Mortgage lending on residential properties and other financial services.
JN Money Services Limited <sup>1</sup> and its subsidiaries:	Jamaica	100	100	Money transmission services including remittances, bill payments, mobile credit top up and sale of foreign currencies.
JN Money Services (UK) Limited	England	100	100	Money transmission services including remittances, bill payments and mobile credit top up.
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 <sup>1</sup> .	Cayman Islands	100	80	Money transmission services including remittances and bill payments.

**THE JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Notes to the Financial Statements (Continued)****March 31, 2018****1. The Company (continued)**

<u>Subsidiaries (continued)</u>	<u>Country of incorporation</u>	<u>Percentage ownership 2018</u>	<u>Percentage ownership 2017</u>	<u>Nature of business</u>
JN Financial Group Limited (continued)				
JN Fund Managers Limited (JNFM)	Jamaica	100	100	Provision of investment services, pension management and administrative services, credit facilities and investment banking and stock brokerage services.
JN General Insurance Company Limited (JNGI) <sup>2</sup>	Jamaica	99.5	99.5	General insurance services.
JN Life Insurance Company Limited (JNLIC)	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	Jamaica	100	100	Property development, maintenance and rental services.
The Jamaica Automobile Association (Services) Limited	Jamaica	100	100	Auto mobile road safety, fleet management and allied services.
Management Control Systems Limited	Jamaica	97.31	97.31	Sale of technology products, software and implementation services.
Total Credit Services Limited	Jamaica	100	100	Debt recovery services.
The Creative Unit Limited	Jamaica	100	100	Creative advertisement, event management and printing services.
Building Societies Development Limited (BSDL) <sup>3</sup>	Jamaica	70	70	Housing development services.
<u>Associates and Joint Ventures</u>				
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 The Bank holds the remaining 20% shareholding in JN Money Services (Cayman) Limited, making it a wholly-owned subsidiary of JN Financial Group Limited.

2 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.

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

4 JN Financial Group acquired the Bank's shareholding in JN Cayman on March 29, 2018.



**THE JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Notes to the Financial Statements (Continued)****March 31, 2018****1. The Company (continued)****Other related entities:**

**Jamaica National Building Society (JNBS) Foundation (“The 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.

**2. Licence and regulations**

The Bank is licensed, and these financial statements are delivered, under the Banking Services Act, 2014 and the Banking Services Regulations 2015 which became effective on September 30, 2015. The licence which was held by the former parent society was relinquished on January 31, 2017 in exchange for a banking licence issued to the newly formed subsidiary JN Bank Limited, with an effective date of February 1, 2017 (see note 1). JN Money Services Limited is licensed, under section 22 G (2) of the Bank of Jamaica Act. JN Fund Managers is designated as a primary dealer by the Bank of Jamaica and is licensed and authorised by the Financial Services Commission. JN General Insurance Company Limited and JN Life Insurance Company Limited are licensed by the Financial Services Commission and registered under the Insurance Act 2001. JN Cayman is licensed by Cayman Islands Monetary Authority.

**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 45 and 46.

**(b) Basis of preparation:**

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.

**THE JAMAICA NATIONAL GROUP LIMITED**

*(A company limited by guarantee with share capital)*

**Notes to the Financial Statements (Continued)**

**March 31, 2018**

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

(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) Management make estimates, assumptions and judgements:

The preparation of the financial statements in conformity with IFRS requires management to make estimates, assumptions and judgements 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. Although these estimates are based on management's best knowledge of current events and actions, actual amounts could differ from these 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.

(e) Comparative information:

Wherever necessary, the comparative figures are reclassified to conform to the current year's presentation. The comparative figures for the Company are for 4 months period ended March 31, 2017.

**4. Accounting estimates and judgements**

The key sources of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on amounts recognised in the financial statements, or which have a risk of material adjustment in the next year, are as follows:

(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 JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Notes to the Financial Statements (Continued)****March 31, 2018****4. Accounting estimates and judgements (continued)****(a) Key sources of estimation uncertainty (continued):****(i) Post-retirement benefits (continued):**

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 impairment losses:**

In determining amounts recorded for impairment of loans and receivables 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, from 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 [46(d)(vii)].

When measuring the fair value of an asset or liability, the Group uses market observable 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.

**Notes to the Financial Statements (Continued)**

**March 31, 2018**

**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 for Levels 2 and 3. 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 and loss expense 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 reinsurers 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 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 40 gives information about the assumptions and uncertainties relating to insurance liabilities and discloses the risk factors in these contracts.



**THE JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Notes to the Financial Statements (Continued)****March 31, 2018****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.

**(vi) Residual value and expected useful life of property, plant and equipment and investment property:**

The residual value and expected useful life of an asset are reviewed at least at each financial year-end and, if expectations differ from previous estimates, the change is accounted for. The useful life on an asset is defined in terms of the assets expected utility to the Group.

**(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 [note 46(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.

**THE JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Notes to the Financial Statements (Continued)****March 31, 2018****5. Responsibilities of the appointed actuaries and external auditors**

The actuaries have been appointed by management and the Board of Directors 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 policyholders liabilities and report thereon to the members. 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. An actuarial valuation is prepared annually.

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**

	<u>Group</u>		<u>Company</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	\$'000	\$'000	\$'000	\$'000
Cash reserves with Bank of Jamaica [see (a)]	14,875,474	14,264,439	-	-
Short-term bank deposits [see (b)]	2,573,427	2,079,716	-	-
Cash and cash equivalents				
[see (b), (c), (d)]	<u>10,416,330</u>	<u>9,245,510</u>	<u>194,387</u>	<u>200,396</u>
	<u>27,865,231</u>	<u>25,589,665</u>	<u>194,387</u>	<u>200,396</u>

- (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, 2018, 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, 2018, the subsidiary met the cash reserve requirements.

- (b) Cash and cash equivalents include deposits held on behalf of clients of \$22,086,000 (2017: \$42,154,000) in the books of a subsidiary. The corresponding liabilities are included in other payables (note 21).



**THE JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Notes to the Financial Statements (Continued)****March 31, 2018****6. Cash and cash equivalents (continued)**

- (c) Short-term bank deposits of £880,000 (2017: £Nil) for the Group are held in a specified bank account as safeguard for undisbursed remittances as at the reporting date.
- (d) Cash and cash equivalents held by the banking subsidiary are restricted as follows:
- (i) \$321,500,000 (2017: \$275,458,000) to facilitate settlement of Multilink transactions;
  - (ii) \$Nil (2017: \$50,500,000) with a commercial bank to cover uncleared funds up to a limit of \$Nil (2017: \$500,000,000);
  - (iii) \$2,896,000 (2017: \$2,844,000) with a commercial bank to cover a third party guarantee;
  - (iv) \$62,959,900 (2017: \$12,822,000) for bid collateral; and
  - (v) \$9,327,154,000 (2017: \$7,533,450,000) for repurchase agreements collateral.
- (e) The banking subsidiary has a \$145,000,000 (2017: \$200,000,000) unsecured overdraft facility with a commercial bank. As at March 31, 2018, total drawdown was \$9,197,000 (2017: \$12,646,000).
- (f) Cash and cash equivalents include cash collected on behalf of related entities amounting to \$218,173,000 (2017: \$213,174,000).

**7. Securities purchased under resale agreements**

	<b>Group</b>	
	<u>2018</u>	<u>2017</u>
	\$'000	\$'000
Principal	5,358,472	10,479,523
Interest receivable	<u>12,022</u>	<u>42,754</u>
	<u>5,370,494</u>	<u>10,522,277</u>

At March 31, 2018, securities obtained and held under resale agreements for the Group had a fair value of \$5,810,626,000 (2017: \$11,478,449,000).

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

	<b>Group</b>	
	<u>2018</u>	<u>2017</u>
	\$'000	\$'000
Within 3 months	4,944,587	7,030,156
3 months to 1 year	<u>425,907</u>	<u>3,492,121</u>
	<u>5,370,494</u>	<u>10,522,277</u>

**THE JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Notes to the Financial Statements (Continued)**  
**March 31, 2018****8. Investments**

	<b>Group</b>	
	<u>2018</u>	<u>2017</u>
	\$'000	\$'000
<b>Loans and receivables at amortised cost</b>		
Treasury bills	136,164	-
Corporate bonds	877,247	592,823
Certificates of deposit	20,515,374	21,352,696
Promissory note	<u>30,000</u>	<u>133,034</u>
	<u>21,558,785</u>	<u>22,078,553</u>
<b>Available-for-sale at fair value</b>		
Corporate bonds	13,209,345	6,302,468
Government of Jamaica securities	35,688,711	44,259,952
Mutual funds	230,618	77,986
Treasury bills	2,161,515	149,649
Quoted equities	612,264	606,677
Unquoted equities [see (i) below]	<u>29,353</u>	<u>80</u>
	<u>51,931,806</u>	<u>51,396,812</u>
<b>At fair value through profit and loss</b>		
Government of Jamaica securities	-	106,532
Foreign exchange forward contracts	<u>-</u>	<u>30,452</u>
	<u>-</u>	<u>136,984</u>
	73,490,591	73,612,349
Interest receivable	<u>882,315</u>	<u>1,047,545</u>
	<u>74,372,906</u>	<u>74,659,894</u>

- (i) This is stated after deducting provision for impairment of \$1,964,000 (2017: \$1,964,000).

During the year, the banking subsidiary purchased shares in Automated Payments Limited, an automated clearing house operator amounting to \$29,273,000.

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

	<b>Group</b>	
	<u>2018</u>	<u>2017</u>
	\$'000	\$'000
No specific maturity	870,207	668,116
Within 3 months	11,211,675	5,379,720
3 months to 1 year	11,664,689	5,095,761
1 year to 5 years	22,332,322	34,179,119
5 years and over	<u>27,411,698</u>	<u>28,289,633</u>
	<u>73,490,591</u>	<u>73,612,349</u>



**THE JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Notes to the Financial Statements (Continued)****March 31, 2018****8. Investments (continued)**

- (iii) Investments of the general and life insurance subsidiaries totalling \$143,847,000 (2017: \$135,000,000) 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 (2017: US\$1,470,000). In addition, the regulations require surety bonds in favour of and/or pledged funds to the Superintendent of Banking of US\$3,017,306 (2017: US\$3,016,907). As at March 31, 2018, the subsidiary had US\$2,041,258 (2017: US\$2,091,027) 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 (2017: US\$31,000) are held with Ghana Merchant Bank, in respect of the provision of remittances services on behalf of an indirect subsidiary.
- (vi) Securities amounting to \$10,677,749,000 (2017: \$Nil) are held with a brokerage firm as collateral (see note 22).

**9. Due from/to related entities**

- (a) This represents amounts due from an indirect subsidiary in the ordinary course of business. The amount is unsecured, interest free and due within three (3) months.
- (b) This represents amounts due to the JN Foundation. This amount is unsecured, interest free and payable within three (3) months.

**10. Interest in subsidiaries**

	<b>Company</b>	
	<u>2018</u>	<u>2017</u>
	\$'000	\$'000
Shares, at cost or written down value (see note 1)	<u>5,264,030</u>	<u>5,264,030</u>

**11. Interest in associates**

	<b>Group</b>	
	<u>2018</u>	<u>2017</u>
	\$'000	\$'000
Shares, net (see note 1)	146,099	146,099
Group's share of reserves	508,756	419,785
Debentures	<u>13,653</u>	<u>13,653</u>
	<u>668,508</u>	<u>579,537</u>

**THE JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Notes to the Financial Statements (Continued)****March 31, 2018****11. 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 audited financial information for Jamaica Joint Venture Investment Company Limited is as at and for the year ended December 31, 2016 (2017: December 31, 2015) and that of Knutsford Holdings Limited is as at and for the year ended December 31, 2017 (2017: 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	
	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Percentage ownership interest</b>	<b>50%</b>	<b>50%</b>	<b>40%</b>	<b>40%</b>		
Non-current assets	556,458	469,204	684,116	639,014	1,240,574	1,108,218
Current assets	134,297	111,593	100,808	56,878	235,105	168,471
Non-current liabilities	( 1,746)	( 1,746)	( 61,583)	( 60,551)	( 63,329)	( 62,297)
Current liabilities	( 16,985)	( 13,110)	( 58,796)	( 60,619)	( 75,781)	( 73,729)
Net assets (100%)	<u>672,024</u>	<u>565,941</u>	<u>664,545</u>	<u>574,722</u>	<u>1,336,569</u>	<u>1,140,663</u>
Group's share of net assets	<u>336,012</u>	<u>282,971</u>	<u>265,818</u>	<u>229,889</u>	<u>601,830</u>	<u>512,860</u>
Revenue	178,589	87,399	139,853	130,177	318,442	217,576
Interest expense	( 1,812)	( 3,062)	( 15,505)	( 16,651)	( 17,317)	( 19,713)
Income tax charge	( 6,078)	( 6,941)	( 13,059)	( 17,176)	( 19,137)	( 24,117)
Profit and total comprehensive income (100%)	<u>106,083</u>	<u>20,089</u>	<u>89,823</u>	<u>64,461</u>	<u>195,906</u>	<u>84,550</u>
Group's share of profit and total comprehensive income	<u>53,042</u>	<u>9,766</u>	<u>35,929</u>	<u>25,784</u>	<u>88,971</u>	<u>35,550</u>
Dividends received by the Group	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,492</u>	<u>-</u>	<u>50,492</u>

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.



**THE JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Notes to the Financial Statements (Continued)****March 31, 2018****12. Loans**

Loans, less allowances for losses, are as follows:

	<b>Group</b>		<b>Company</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	\$'000	\$'000	\$'000	\$'000
Mortgage loans - principal	70,760,167	65,516,399	-	-
Term loans	1,498,481	1,767,040	-	-
Other loans	<u>14,774,634</u>	<u>10,572,745</u>	<u>600,000</u>	<u>300,000</u>
	87,033,282	77,856,184	600,000	300,000
Accrued interest	<u>486,129</u>	<u>410,584</u>	<u>-</u>	<u>78</u>
	<u>87,519,411</u>	<u>78,266,768</u>	<u>600,000</u>	<u>300,078</u>

The banking subsidiary'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.

Other loans in the Company represents the balance on an unsecured revolving loan facility with an indirect subsidiary. Interest is receivable at 8.5% per annum with maturity within less than three months of the reporting date.

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

	<b>Group</b>		<b>Company</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	\$'000	\$'000	\$'000	\$'000
Within 3 months	1,959,811	456,646	600,000	300,000
3 months to 1 year	1,184,668	2,360,564	-	-
1 year to 5 years	12,561,390	12,094,968	-	-
5 years and over	<u>71,327,413</u>	<u>62,944,006</u>	<u>-</u>	<u>-</u>
	<u>87,033,282</u>	<u>77,856,184</u>	<u>600,000</u>	<u>300,000</u>

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

	<b>Number of accounts</b>		<b>Value</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	\$'000	\$'000	\$'000	\$'000
Professional and other services	622	335	2,159,894	760,779
Individuals	58,986	43,214	78,210,595	71,259,054
Corporations	<u>715</u>	<u>388</u>	<u>7,148,922</u>	<u>6,246,935</u>
	<u>60,323</u>	<u>43,937</u>	<u>87,519,411</u>	<u>78,266,768</u>

**THE JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Notes to the Financial Statements (Continued)****March 31, 2018****12. Loans (continued)**

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

	<b>Number of accounts</b>		<b>Value</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
			\$'000	\$'000
Corporations	<u>1</u>	<u>1</u>	<u>600,000</u>	<u>300,078</u>

Loans and advances on which interest is no longer accrued [see note 46(t)] amounted to \$8,816,200,000 (2017: \$7,732,764,000) for the Group. This represents 9.91% (2017: 9.72%) 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:

	<b>Group</b>	
	<u>2018</u>	<u>2017</u>
	\$'000	\$'000
At beginning of the year	1,282,149	1,353,341
Increase in allowance made during the year	222,128	116,302
Written back during the year	( 118,700)	( 187,494)
At end of the year [note 38(b)]	<u>1,385,577</u>	<u>1,282,149</u>

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

	<b>Group</b>	
	<u>2018</u>	<u>2017</u>
	\$'000	\$'000
Specific provision	1,272,627	1,163,607
General provision	<u>112,950</u>	<u>118,542</u>
	<u>1,385,577</u>	<u>1,282,149</u>



**THE JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Notes to the Financial Statements (Continued)****March 31, 2018****12. Loans (continued)**

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

	<b>Group</b>	
	<u>2018</u>	<u>2017</u>
	<u>\$'000</u>	<u>\$'000</u>
Specific provision	1,854,658	2,008,872
General provision	<u>1,313,725</u>	<u>920,285</u>
	<u>3,168,383</u>	<u>2,929,157</u>

The total provision is broken down as follows:

	<b>Group</b>	
	<u>2018</u>	<u>2017</u>
	<u>\$'000</u>	<u>\$'000</u>
Provision as per IFRS [note 38(b)]	1,385,577	1,282,149
Additional provision based on Bank of Jamaica provisioning requirements [note 28(c)]	<u>1,782,806</u>	<u>1,647,008</u>
	<u>3,168,383</u>	<u>2,929,157</u>

Included in mortgage loans for the Group are balances due from directors and companies controlled by directors amounting to \$40,631,000 (2017: \$44,305,000) and interest due on these loans of \$98,000 (2017: \$Nil).

**13. Other assets**

	<b>Group</b>		<b>Company</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Other receivables	1,541,225	2,126,822	27,510	-
Reinsurance assets [note 24(a)]	1,528,343	1,390,847	-	-
Inventories	<u>131,794</u>	<u>90,500</u>	-	-
	<u>3,201,362</u>	<u>3,608,169</u>	<u>27,510</u>	<u>-</u>

**THE JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Notes to the Financial Statements (Continued)****March 31, 2018****14. Assets held for sale**

	<b>Group</b>	
	<u>2018</u>	<u>2017</u>
	<u>\$'000</u>	<u>\$'000</u>
Acquired property	-	14,547
Foreclosed properties (i)	<u>903,766</u>	<u>948,806</u>
	903,766	963,353
Less impairment losses	<u>(474,847)</u>	<u>(426,013)</u>
	<u>428,919</u>	<u>537,340</u>

Movement on impairment losses is as follows:

	<b>Group</b>	
	<u>2018</u>	<u>2017</u>
	<u>\$'000</u>	<u>\$'000</u>
At beginning of year	426,013	506,874
Increase/(decrease) in allowance	<u>48,834</u>	<u>( 80,861)</u>
At end of year	<u>474,847</u>	<u>426,013</u>

- (i) The banking subsidiary acquired real properties through foreclosure on collateral held as securities against loans. Foreclosed properties should be disposed of within 3 years of acquisition, in accordance with Section 53(1) of the Banking Services Act, 2014 [see note 46(i)].



**THE JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Notes to the Financial Statements (Continued)****March 31, 2018****15. Investment property**

	<b><u>Group</u></b> \$'000
At cost:	
March 31, 2016	589,256
Additions	315,478
Disposals	( 7,104)
Transfers out	(490,031)
Translation adjustments	<u>3,890</u>
March 31, 2017	411,489
Additions	51,442
Transfers in	42,505
Translation adjustments	( 540)
March 31, 2018	<u>504,896</u>
Depreciation:	
March 31, 2016	130,674
Charge for the year	13,436
Eliminated on disposals	( 3,634)
Transfers out	( 55,865)
Translation adjustments	<u>2,310</u>
March 31, 2017	86,921
Charge for the year	7,433
Transfers in	20,758
Translation adjustments	( 266)
March 31, 2018	<u>114,846</u>
Carrying values:	
March 31, 2018	<u>390,050</u>
March 31, 2017	<u>324,568</u>
March 31, 2016	<u>458,582</u>

	<b><u>Group</u></b>	
	<u>2018</u>	<u>2017</u>
	\$'000	\$'000
Fair value of investment property	856,335	617,063
Income earned from the property	60,929	30,006
Expenses incurred by the property	<u>47,012</u>	<u>22,007</u>

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.

**THE JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Notes to the Financial Statements (Continued)****March 31, 2018****15. Investment property (continued)**

Measurement of fair value:

The fair value of investment property 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
<p><i>Income approach:</i> The valuation model examines the price an investor would be prepared to pay for the right to receive a certain income stream.</p> <p>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.</p>	<ul style="list-style-type: none"> <li>• Expected market rental growth yields</li> <li>• Rental rates</li> </ul>	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> <li>• Expected market rental growth were higher/(lower);</li> <li>• The occupancy rates were higher/(lower);</li> <li>• Rent-free periods were shorter/(longer); or</li> <li>• Yields were lower/(higher).</li> </ul>



**THE JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Notes to the Financial Statements (Continued)****March 31, 2018****16. Property, plant and equipment**

	<b>Group</b>					
	<u>Freehold land and buildings</u>	<u>Leasehold land and buildings</u>	<u>Computers and office equipment</u>	<u>Motor vehicles</u>	<u>Work-in- progress</u>	<u>Total</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
At cost:						
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 from work in progress	831,602	26,739	36,393	-	(894,734)	-
Transfers in/out	280,436	-	( 12,195)	-	-	268,241
Disposals	-	( 4,757)	( 60,626)	( 50,582)	-	( 115,965)
Translation adjustments	<u>22,973</u>	<u>4,361</u>	<u>8,245</u>	<u>489</u>	<u>-</u>	<u>36,068</u>
March 31, 2017	4,005,998	565,789	3,929,609	927,231	207,095	9,635,722
Additions	2,941	62,089	405,230	120,614	137,129	728,003
Transfers from work in progress	214,122	31,764	3,540	-	(249,426)	-
Transfers in/out	( 42,505)	-	( 3,237)	-	-	( 45,742)
Disposals	-	-	( 2,856)	( 46,140)	-	( 48,996)
Translation adjustments	<u>( 8,789)</u>	<u>665</u>	<u>1,877</u>	<u>( 22)</u>	<u>( 23,099)</u>	<u>( 29,368)</u>
March 31, 2018	<u>4,171,767</u>	<u>660,307</u>	<u>4,334,163</u>	<u>1,001,683</u>	<u>71,699</u>	<u>10,239,619</u>
Depreciation:						
March 31, 2016	496,404	363,074	2,707,215	438,403	-	4,005,096
Charge for the year	81,251	47,236	282,550	139,372	-	550,409
Transfers in/out	55,865	-	( 33,562)	-	-	22,303
Translation adjustments	3,854	4,731	7,958	386	-	16,929
Eliminated on disposals	<u>-</u>	<u>( 4,757)</u>	<u>( 44,609)</u>	<u>( 38,189)</u>	<u>-</u>	<u>( 87,555)</u>
March 31, 2017	637,374	410,284	2,919,552	539,972	-	4,507,182
Charge for the year	106,829	75,143	292,013	141,484	-	615,469
Transfers in/out	( 20,758)	-	( 180)	-	-	( 20,938)
Translation adjustments	( 1,709)	533	676	130	-	( 370)
Eliminated on disposals	<u>-</u>	<u>-</u>	<u>( 2,674)</u>	<u>( 41,330)</u>	<u>-</u>	<u>( 44,004)</u>
March 31, 2018	<u>721,736</u>	<u>485,960</u>	<u>3,209,387</u>	<u>640,256</u>	<u>-</u>	<u>5,057,339</u>
Net book values:						
March 31, 2018	<u>3,450,031</u>	<u>174,347</u>	<u>1,124,776</u>	<u>361,427</u>	<u>71,699</u>	<u>5,182,280</u>
March 31, 2017	<u>3,368,624</u>	<u>155,505</u>	<u>1,010,057</u>	<u>387,259</u>	<u>207,095</u>	<u>5,128,540</u>
March 31, 2016	<u>2,023,469</u>	<u>99,645</u>	<u>936,566</u>	<u>341,287</u>	<u>918,634</u>	<u>4,319,601</u>

Included in freehold land and buildings is the cost of land at \$133,730,000 (2017: \$133,730,000).

**THE JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Notes to the Financial Statements (Continued)****March 31, 2018****16. Property, plant and equipment (continued)**

	<b>Company</b>		
	<u>Computers and office equipment</u>	<u>Motor vehicles</u>	<u>Total</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
At cost:			
Additions during the year	<u>9,872</u>	<u>68,548</u>	<u>78,420</u>
Depreciation:			
Charge for the year	<u>437</u>	<u>7,729</u>	<u>8,166</u>
Net book values:			
March 31, 2018	<u>9,435</u>	<u>60,819</u>	<u>70,254</u>

**17. Goodwill and intangible assets**

	<b>Group</b>						
	<u>Customer base</u>	<u>Trademarks</u>	<u>Goodwill</u>	<u>Licence</u>	<u>Software</u>	<u>Non-compete agreement</u>	<u>Total</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
At cost:							
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	-	<u>5,936</u>	<u>36,194</u>	-	<u>1,233</u>	<u>1,596</u>	<u>44,959</u>
March 31, 2017	69,568	122,636	827,161	435	1,406,331	31,477	2,457,608
Additions	-	-	-	-	245,388	-	245,388
Transfer from property, plant and equipment	-	-	-	-	3,237	-	3,237
Translation adjustments	-	( 2,140)	<u>2,514</u>	-	( 698)	( 614)	( 938)
March 31, 2018	<u>69,568</u>	<u>120,496</u>	<u>829,675</u>	<u>435</u>	<u>1,654,258</u>	<u>30,863</u>	<u>2,705,295</u>
Amortisation and impairment losses:							
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	-	<u>9</u>	-	-	<u>1,335</u>	<u>1,596</u>	<u>2,940</u>
March 31, 2017	69,568	2,975	-	-	1,010,008	31,477	1,114,028
Charge for the year	-	362	-	-	187,134	-	187,496
Transfers from property, plant and equipment	-	-	-	-	180	-	180
Translation adjustments	-	<u>84</u>	-	-	( 650)	( 614)	( 1,180)
March 31, 2018	<u>69,568</u>	<u>3,421</u>	-	-	<u>1,196,672</u>	<u>30,863</u>	<u>1,300,524</u>



**THE JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Notes to the Financial Statements (Continued)****March 31, 2018****17. Goodwill and intangible assets (continued)**

	<b>Group</b>						<b>Company</b>
	Customer base \$'000	Trademarks \$'000	Goodwill \$'000	Licence \$'000	Software \$'000	Non-compete agreement \$'000	
Net book values:							
March 31, 2018	<u>-</u>	<u>117,075</u>	<u>829,675</u>	<u>435</u>	<u>457,586</u>	<u>-</u>	<u>1,404,771</u>
March 31, 2017	<u>-</u>	<u>119,661</u>	<u>827,161</u>	<u>435</u>	<u>396,323</u>	<u>-</u>	<u>1,343,580</u>
March 31, 2016	<u>-</u>	<u>114,092</u>	<u>790,967</u>	<u>435</u>	<u>181,842</u>	<u>-</u>	<u>1,087,336</u>
							<u>Software</u>
At cost:							<u>\$'000</u>
Additions during the year							<u>677</u>
Amortisation:							
Charge for the year							<u>188</u>
Net book values:							
March 31, 2018							<u>489</u>
March 31, 2017							<u>-</u>

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 (CGUs) 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 CGUs for 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 Cayman Islands, 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.

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 JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Notes to the Financial Statements (Continued)****March 31, 2018****17. Goodwill and intangible assets (continued)**

The key assumptions used in the discounted cash flow projections were as follows:

	2018		2017	
	<u>QuickCash</u>	<u>MCIS</u>	<u>QuickCash</u>	<u>MCIS</u>
	%	%	%	%
Discount rates – Cayman Islands and Jamaica respectively	13.5	20.0 & 28.7	13.5	28.7
Growth rates	2.0	4.0	2.0	2.0 to 4.0
Jamaican dollar devaluation rate	<u>-</u>	<u>6.0</u>	<u>-</u>	<u>6.0</u>

The estimated recoverable amount of QuickCash exceeded its carrying amount by approximately CI \$226,000 as at March 31, 2018 (2017: CI\$383,000). Management has identified that a reasonably possible change in the following key assumption could cause the estimated recoverable amount of goodwill to be equal to its carrying amount:

	<u>2018</u>	<u>2017</u>
	%	%
Discount rate	13.6	15.0
Growth rate	<u>(10.6)</u>	<u>-</u>

**18. Deferred tax assets/(liabilities)**

Deferred tax assets and liabilities are attributable to the following:

	<b>Group</b>					
	Assets		Liabilities		Net	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Other assets	11,562	10,119	( 2,508)	( 9,638)	9,054	481
Interest receivable	-	-	( 65,552)	(121,384)	( 65,552)	(121,384)
Property, plant and equipment	217,434	170,290	25,929	14,094	243,363	184,384
Employee benefits obligation	494,811	391,444	-	-	494,811	391,444
Other payables	36,991	54,400	17,835	59,374	54,826	113,774
Available-for-sale investments	(167,493)	(202,879)	5,760	( 99,008)	(161,733)	(301,887)
Contractual savings reserve	-	-	( 4,267)	( 4,267)	( 4,267)	( 4,267)
Tax losses carried forward	411,941	297,367	-	-	411,941	297,367
Unrealised foreign exchange gain	(163,083)	(190,386)	( 17)	( 103)	(163,100)	(190,489)
Impairment losses on loans	<u>( 65,419)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 65,419)</u>	<u>-</u>
Net deferred tax assets/(liabilities)	<u>776,744</u>	<u>530,355</u>	<u>( 22,820)</u>	<u>(160,932)</u>	<u>753,924</u>	<u>369,423</u>

	<b>Company</b>					
	Assets		Liabilities		Net	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment	1,216	-	-	-	1,216	-
Other payables	2,501	-	-	-	2,501	-
Tax losses carried forward	<u>390,326</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>390,326</u>	<u>-</u>
Net deferred tax assets	<u>394,043</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>394,043</u>	<u>-</u>



**THE JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Notes to the Financial Statements (Continued)**  
**March 31, 2018****18. Deferred tax assets/(liabilities) (continued)**

Movement in net temporary differences during the year are as follows:

<b>Group</b>				
<b>2018</b>				
	Balances at <u>April 1, 2017</u> \$'000	Recognised <u>in surplus</u> \$'000	Recognised in other comprehensive <u>income</u> \$'000	Balances at <u>March 31, 2018</u> \$'000
	[Note 34(a)(ii)]			
Other assets	481	9,714	-	10,195
Interest receivable	(121,384)	54,691	-	( 66,693)
Property, plant and equipment	184,384	58,979	-	243,363
Employee benefits obligation	391,444	62,308	41,059	494,811
Other payables	113,774	( 58,948)	-	54,826
Available-for-sale investments	(301,887)	20,662	119,492	(161,733)
Contractual savings reserve	( 4,267)	-	-	( 4,267)
Tax losses carried forward	297,367	114,574	-	411,941
Impairment losses on loans	-	( 65,419)	-	( 65,419)
Unrealised foreign exchange gain	<u>(190,489)</u>	<u>27,389</u>	<u>-</u>	<u>(163,100)</u>
Net deferred tax assets	<u>369,423</u>	<u>223,950</u>	<u>160,551</u>	<u>753,924</u>
<b>Group</b>				
<b>2017</b>				
	Balances at <u>April 1, 2016</u> \$'000	Recognised <u>in surplus</u> \$'000	Recognised in other comprehensive <u>income</u> \$'000	Balances at <u>March 31, 2017</u> \$'000
	[Note 34(a)( ii)]			
Other assets	( 4,026)	4,507	-	481
Interest receivable	(130,081)	8,697	-	(121,384)
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 gain	<u>(107,176)</u>	<u>( 83,313)</u>	<u>-</u>	<u>(190,489)</u>
Net deferred tax assets	<u>314,618</u>	<u>236,401</u>	<u>(181,596)</u>	<u>369,423</u>
<b>Company</b>				
<b>2018</b>				
	Balances at <u>April 1, 2017</u> \$'000	Recognised <u>in surplus</u> \$'000	Recognised in other comprehensive <u>income</u> \$'000	Balances at <u>March 31, 2018</u> \$'000
	[Note 34(a)(ii)]			
Property, plant and equipment	-	1,216	-	1,216
Other payables	-	2,501	-	2,501
Tax losses carried forward	<u>-</u>	<u>390,326</u>	<u>-</u>	<u>390,326</u>
Net deferred tax assets	<u>-</u>	<u>394,043</u>	<u>-</u>	<u>394,043</u>

**THE JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Notes to the Financial Statements (Continued)****March 31, 2018****19. Customer deposits**

	<b>Group</b>	
	<u>2018</u>	<u>2017</u>
	\$'000	\$'000
Customer deposits	117,797,335	113,822,277
Accrued interest	<u>273,425</u>	<u>340,638</u>
	<u>118,070,760</u>	<u>114,162,915</u>

Customer deposits are due from the reporting date as follows:

	<b>Group</b>	
	<u>2018</u>	<u>2017</u>
	\$'000	\$'000
Within 3 months	103,463,850	102,731,907
From 3 months to 1 year	13,282,019	11,137,462
Over 1 year	<u>1,324,891</u>	<u>293,546</u>
	<u>118,070,760</u>	<u>114,162,915</u>

The Group's customer deposits portfolio is concentrated as follows:

	<b>Number of accounts</b>		<b>Value</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	\$'000	\$'000	\$'000	\$'000
Public authorities	805	709	608,497	1,204,467
Financial institutions	110	100	984,312	1,088,587
Commercial and business	5,765	6,871	10,681,269	10,431,780
Individuals	<u>826,020</u>	<u>917,697</u>	<u>105,796,682</u>	<u>101,438,081</u>
	<u>832,700</u>	<u>925,377</u>	<u>118,070,760</u>	<u>114,162,915</u>

As at March 31, 2018, an indirect subsidiary was compliant with Section 19 of the Building Societies Law (2014 Revision) compared with the prior year when it had accepted deposits in excess of the limits prescribed by the Building Society Law (2014 Revision) by CI\$10,903,063. The indirect subsidiary had been in non-compliance for a period extending beyond 12 months and management executed a remediation plan and became compliant in February 2018.

Subsequent to March 31, 2018, the indirect subsidiary continues to be in compliance with Section 19 of the Building Society Laws (2014 Revision).

**20. Securities sold under repurchase agreements**

	<b>Group</b>	
	<u>2018</u>	<u>2017</u>
	\$'000	\$'000
Principal	24,187,436	27,634,736
Interest payable	<u>83,230</u>	<u>171,567</u>
	<u>24,270,666</u>	<u>27,806,303</u>



**THE JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Notes to the Financial Statements (Continued)****March 31, 2018****20. Securities sold under repurchase agreements (continued)**

Securities sold under repurchase agreements are due from the reporting date as follows:

	<b>Group</b>	
	<u>2018</u>	<u>2017</u>
	\$'000	\$'000
Within 3 months	20,598,242	18,958,925
From 3 months to 1 year	3,672,424	8,532,734
Over 1 year	-	314,644
	<u>24,270,666</u>	<u>27,806,303</u>

At March 31, 2018, 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 \$24,890,705,000 (2017: \$28,417,340,000).

**21. Other payables**

	<b>Group</b>		<b>Company</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	\$'000	\$'000	\$'000	\$'000
Staff related accruals	295,847	281,465	-	-
Insurance payable	766,251	576,803	-	-
Customers' and other deposits [note 6(b)]	649,170	405,032	-	-
Trade payables	1,315,763	887,988	9,290	-
Accounts and other payables	<u>1,501,745</u>	<u>1,593,853</u>	<u>159,036</u>	<u>15,355</u>
	<u>4,528,776</u>	<u>3,745,141</u>	<u>168,326</u>	<u>15,355</u>

**22. Margin loan payable**

This represents short-term debt facility provided by a brokerage firm to an indirect subsidiary to acquire securities on its own account. The facility is collateralised by the securities held with the brokerage firm and bears interest at 2.3% per annum [note 8(vi)].

**23. Employee benefits obligation**

The Group provides group life and 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.

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 JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Notes to the Financial Statements (Continued)****March 31, 2018****23. Employee benefits obligation (continued)**

The following indirect subsidiaries participate in defined-contribution pension schemes in their respective jurisdiction as follows:

<u>Subsidiary</u>	<u>Pension scheme</u>
(i) JN Cayman	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 35).

The Group provides group life and 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:**

	<u>Group</u>	
	<u>2018</u>	<u>2017</u>
	<u>\$'000</u>	<u>\$'000</u>
Present value of unfunded obligations	1,467,446	1,167,016
Supplementary benefit [note 23(i)]	6,550	7,313
	<u>1,473,996</u>	<u>1,174,329</u>

**(b) Movement in the present value of unfunded obligations:**

	<u>Group</u>	
	<u>2018</u>	<u>2017</u>
	<u>\$'000</u>	<u>\$'000</u>
Present value of unfunded obligations and supplementary benefit at beginning of year	1,174,329	912,554
Benefits paid	( 9,054)	( 10,418)
Service cost	98,889	111,811
Interest cost	86,653	83,045
Actuarial loss/(gain) arising from:		
Experience adjustments	34,785	( 1,470)
Demographic assumption	61,002	( 25,212)
Financial assumptions	27,392	104,019
Balances at end of year	<u>1,473,996</u>	<u>1,174,329</u>

**THE JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Notes to the Financial Statements (Continued)****March 31, 2018****23. Employee benefits obligation (continued)**

- (c) Expenses recognised in the statement of revenue and expenses:

	<b>Group</b>	
	<u>2018</u>	<u>2017</u>
	\$'000	\$'000
Current service cost	56,159	57,067
Past service cost	42,730	54,744
Interest on obligation	<u>86,653</u>	<u>83,045</u>
	<u>185,542</u>	<u>194,856</u>

- (d) Net actuarial gains recognised in other comprehensive income:

	<b>Group</b>	
	<u>2018</u>	<u>2017</u>
	\$'000	\$'000
Remeasurement loss on obligation	<u>123,178</u>	<u>77,337</u>

- (e) Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	<b>Group</b>	
	<u>2018</u>	<u>2017</u>
	%	%
Discount rate at March 31	7.60	9.50
Health cost inflation rate	6.10	8.00
Salary growth rate	<u>5.50</u>	<u>6.50</u>

- (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.

	<b>Group</b>			
	<u>2018</u>		<u>2017</u>	
	1%	1%	1%	1%
	<u>Increase</u>	<u>Decrease</u>	<u>Increase</u>	<u>Decrease</u>
	\$'000	\$'000	\$'000	\$'000
Discount rate	(297,453)	407,443	(229,940)	312,754
Health inflation rate	373,904	(276,965)	297,850	(221,594)
Salary increase rate	<u>3,178</u>	<u>( 2,805)</u>	<u>1,453</u>	<u>( 1,283)</u>



**THE JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Notes to the Financial Statements (Continued)**  
**March 31, 2018****23. Employee benefits obligation (continued)**

- (g) At March 31, 2018, the weighted average duration of the defined benefit obligation was 24.9 years (2017: 24.5 years).
- (h) As mortality continues to improve, estimates of life expectancy are expected to increase. An increase of one year in life expectancy is expected to impact the employee benefit obligation as follows:
- Post-retirement health insurance plan: increase of \$43,587,000 (2017: \$36,000,000).
  - Group life plan: decrease of \$7,781,000 (2017: \$5,400,000).
- (i) Supplementary pension benefit:

This represents the defined benefit obligation in respect of supplementary pension provided by a subsidiary for 4 (2017: 5) pensioners.

**24. Insurance contract provisions**

- (a) Group:

	2018			2017		
	<u>Gross</u> \$'000	<u>Reinsurance</u> \$'000	<u>Net</u> \$'000	<u>Gross</u> \$'000	<u>Reinsurance</u> \$'000	<u>Net</u> \$'000
Claims outstanding	2,300,901	( 376,638)	1,924,263	2,296,671	( 216,129)	2,080,542
Unearned premiums	<u>2,232,751</u>	<u>(1,151,705)</u>	<u>1,081,046</u>	<u>2,253,243</u>	<u>(1,174,718)</u>	<u>1,078,525</u>
	<u>4,533,652</u>	<u>(1,528,343)</u>	<u>3,005,309</u>	<u>4,549,914</u>	<u>(1,390,847)</u>	<u>3,159,067</u>

- (b) Analysis of movements in insurance contract provisions:

Claims outstanding:

	2018			2017		
	<u>Gross</u> \$'000	<u>Reinsurance</u> \$'000	<u>Net</u> \$'000	<u>Gross</u> \$'000	<u>Reinsurance</u> \$'000	<u>Net</u> \$'000
Claims notified	1,550,859	(193,389)	1,357,470	1,365,169	( 78,372)	1,286,797
Claims incurred but not reported	<u>745,812</u>	<u>( 22,740)</u>	<u>723,072</u>	<u>686,474</u>	<u>( 8,512)</u>	<u>677,962</u>
Balances at April 1	<u>2,296,671</u>	<u>(216,129)</u>	<u>2,080,542</u>	<u>2,051,643</u>	<u>( 86,884)</u>	<u>1,964,759</u>
Claims incurred	1,479,226	(383,248)	1,095,978	1,567,267	(352,353)	1,214,914
Claims paid in year	<u>(1,474,996)</u>	<u>222,739</u>	<u>(1,252,257)</u>	<u>(1,322,239)</u>	<u>223,108</u>	<u>(1,099,131)</u>
Change in outstanding claims provision	<u>4,230</u>	<u>(160,509)</u>	<u>( 156,279)</u>	<u>245,028</u>	<u>(129,245)</u>	<u>115,783</u>
Balances at March 31	<u>2,300,901</u>	<u>(376,638)</u>	<u>1,924,263</u>	<u>2,296,671</u>	<u>(216,129)</u>	<u>2,080,542</u>

**THE JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Notes to the Financial Statements (Continued)****March 31, 2018****24. Insurance contract provisions (continued)****(b) Analysis of movements in insurance contract provisions (continued):**

Claims outstanding (continued):

	2018			2017		
	<u>Gross</u>	<u>Reinsurance</u>	<u>Net</u>	<u>Gross</u>	<u>Reinsurance</u>	<u>Net</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Claims notified	1,542,132	(346,307)	1,195,825	1,550,859	(193,389)	1,357,470
Claims incurred but not reported	<u>758,769</u>	<u>( 30,331)</u>	<u>728,438</u>	<u>745,812</u>	<u>( 22,740)</u>	<u>723,072</u>
Balances at March 31	<u>2,300,901</u>	<u>(376,638)</u>	<u>1,924,263</u>	<u>2,296,671</u>	<u>(216,129)</u>	<u>2,080,542</u>

Outstanding claims include gross claims payable of \$11,398,000 (2017: \$14,877,000) under policies issued to related parties.

**(c) Unearned premiums:**

	2018			2017		
	<u>Gross</u>	<u>Reinsurance</u>	<u>Net</u>	<u>Gross</u>	<u>Reinsurance</u>	<u>Net</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balances at April 1	2,253,243	(1,174,718)	1,078,525	2,233,965	(1,179,233)	1,054,732
Premiums written during the year	5,203,371	(3,065,542)	2,137,829	5,221,092	(3,075,436)	2,145,656
Premiums earned during the year	<u>(5,223,863)</u>	<u>3,088,555</u>	<u>(2,135,308)</u>	<u>(5,201,814)</u>	<u>3,079,951</u>	<u>(2,121,863)</u>
Balances at March 31	<u>2,232,751</u>	<u>(1,151,705)</u>	<u>1,081,046</u>	<u>2,253,243</u>	<u>(1,174,718)</u>	<u>1,078,525</u>

**(d) Gross unearned premiums are analysed as follows:**

	<b>Group</b>	
	<u>2018</u>	<u>2017</u>
	\$'000	\$'000
Liability	136,591	126,631
Motor	869,944	872,644
Pecuniary loss	4,466	4,506
Personal accident	9,128	8,325
Marine	5,907	3,760
Property	1,142,214	1,184,382
Engineering	<u>64,501</u>	<u>52,995</u>
	<u>2,232,751</u>	<u>2,253,243</u>

**THE JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Notes to the Financial Statements (Continued)****March 31, 2018****25. Long-term loans**

	<b>Group</b>	
	<u>2018</u>	<u>2017</u>
	\$'000	\$'000
Development Bank of Jamaica Limited [see (i)]	714,856	687,112
JN Foundation unsecured bond [see (ii)]	16,481	16,481
National Insurance Fund [see (iii)]	92,301	83,328
National Export-Import Bank of Jamaica Limited [see (iv)]	150,000	122,992
Micro Investment Development Agency Limited [see (v)]	109,944	119,691
	<u>1,083,582</u>	<u>1,029,604</u>

- (i) This represents several unsecured loans which bear interest ranging from 9.8% to 10% (2017: 9.8% to 10%) per annum. The loans are repayable in monthly or quarterly instalments ranging from \$1,083,334 to \$25,000,000 and ending between June 30, 2018 and June 30, 2020.
- (ii) This is an unsecured bond, Series B, issued by a related party, which bears interest at 4.8% (2017: 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 \$71,429 to \$693,333 and ending between December 31, 2018 and March 31, 2022.
- (iv) This is an unsecured loan which commenced on December 20, 2017. Interest is payable at 10.5% per annum. The loan is repayable in quarterly instalments of \$10,000,000 and ends on December 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 \$1,898,104 to \$4,585,170 and ending between June 30, 2018 and December 31, 2019.

**26. Reserve fund**

In accordance with the Banking Services Act, 2014 and regulations under which one of the indirect subsidiaries operates, the entity 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.

**27. 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% which is maintained by an indirect subsidiary 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 JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Notes to the Financial Statements (Continued)****March 31, 2018****28. Other reserves**

	<b>Group</b>		<b>Company</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	\$'000	\$'000	\$'000	\$'000
Capital reserves	83,076	83,076	-	-
Exchange equalisation reserve [see (a)]	514,283	612,066	-	-
Investment revaluation reserve [see (b)]	573,275	657,809	-	-
Credit loss reserve [see (c)]	1,782,806	1,647,008	-	-
Other reserves [see (d)]	180,386	181,802	180,541	181,957
Retained earnings reserve [see note 29]	<u>2,429,000</u>	<u>2,429,000</u>	<u>-</u>	<u>-</u>
	<u>5,562,826</u>	<u>5,610,761</u>	<u>180,541</u>	<u>181,957</u>

- (a) This comprises all foreign currency differences arising from the translation of the financial statements of foreign subsidiaries for consolidation purposes.
- (b) This comprises the cumulative net change in the fair value of available-for-sale financial assets, net of deferred taxes 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 12).
- (d) This reserve was created in the prior year under the scheme of arrangement to meet possible claims from customers with dormant accounts exceeding 15 years who may come forward.

**29. Retained earnings reserve**

The Banking Services Act, 2014 permits transfers from net profits 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 the Bank of Jamaica.

**30. Non-controlling interest**

- (a) Non-controlling interest holding

	<b>Group</b>	
	<u>2018</u>	<u>2017</u>
	\$'000	\$'000
Share capital	23,488	23,488
Share of profits and reserves	<u>101,536</u>	<u>125,823</u>
	<u>125,024</u>	<u>149,311</u>

This represents the non-controlling interest in the following indirect subsidiaries:

<b><u>Company</u></b>	<b><u>Non-controlling interest holding</u></b>	
	<u>2018</u>	<u>2017</u>
	%	%
JN Cayman	4.11	4.11
Management Control Systems Limited	2.69	2.69
JN General Insurance Company Limited	<u>0.50</u>	<u>0.50</u>

**THE JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Notes to the Financial Statements (Continued)**  
**March 31, 2018****30. Non-controlling interest (continued)**

(b) Dividends to shareholders

	<u>2018</u>	<u>2017</u>
	<u>\$'000</u>	<u>\$'000</u>
Interim dividends paid to non-controlling interest	<u>6,076</u>	<u>1,321</u>

At the Board of Directors meeting held on September 5 and 8, 2017, January 29, 2018 and March 22, 2018 the directors of indirect subsidiaries declared interim dividends of which \$6,076,000 (2017: \$1,321,000) were paid to minority shareholders.

**31. Interest expense**

	<u>Group</u>	
	<u>2018</u>	<u>2017</u>
	<u>\$'000</u>	<u>\$'000</u>
Customer deposits	1,199,096	1,473,876
Specialised financial institutions	702,652	665,575
Other	<u>894,990</u>	<u>926,188</u>
	<u>2,796,738</u>	<u>3,065,639</u>

**32. Other operating income**

	<u>Group</u>		<u>Company</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Realised foreign exchange gain on trading	2,029,242	1,652,912	-	-
Fee and commission income	2,459,099	2,613,827	-	-
Net underwriting insurance				
income before operating expenses	1,291,812	1,199,180	-	-
Dividends	23,918	44,925	2,121,927	5,764,030
Fair value loss on put option	( 106,532)	( 123,835)	-	-
Services income	517,913	545,575	-	-
Other	<u>151,293</u>	<u>185,588</u>	<u>251,011</u>	<u>-</u>
	<u>6,366,745</u>	<u>6,118,172</u>	<u>2,372,938</u>	<u>5,764,030</u>

**THE JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Notes to the Financial Statements (Continued)****March 31, 2018****33. Operating expenses**

	<b>Group</b>		<b>Company</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	\$'000	\$'000	\$'000	\$'000
Administrative	4,134,384	4,353,057	1,039,034	374,814
Employee costs (note 35)	8,360,837	7,458,339	555,575	-
Advertising and promotion	1,078,200	909,269	301,609	-
Audit fees - current year	112,651	100,568	5,000	2,500
- prior year	1,430	94	1,754	-
Bad debts written-off for loans and other receivables	415,216	535,132	-	-
Directors' fees	77,125	77,125	27,942	-
Directors' remuneration	59,533	43,026	876	-
Depreciation and amortisation	810,398	691,200	8,354	-
Impairment losses	90,775	116,885	-	-
Legal and professional fees	938,884	600,647	-	-
	<u>16,079,433</u>	<u>14,885,342</u>	<u>1,940,144</u>	<u>377,314</u>

**34. Taxation**

- (a) Taxation is based on the surplus for the year, as adjusted for income tax purposes, and is made up as follows:

	<b>Group</b>		<b>Company</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	\$'000	\$'000	\$'000	\$'000
(i) Current tax expense:				
Taxation on subsidiaries	878,164	873,532	-	-
Employment tax credit	( 10,029)	( 12,342)	-	-
Adjustments in respect of prior year	<u>3,487</u>	<u>18,039</u>	<u>-</u>	<u>-</u>
	<u>871,622</u>	<u>879,229</u>	<u>-</u>	<u>-</u>
(ii) Deferred taxation:				
Origination and reversal of temporary differences (note 18)	( 109,376)	41,947	( 3,717)	-
Unrecognised tax losses (note 18)	<u>( 114,574)</u>	<u>(278,348)</u>	<u>(390,326)</u>	<u>-</u>
	<u>( 223,950)</u>	<u>(236,401)</u>	<u>(394,043)</u>	<u>-</u>
Total taxation in statement of revenue and expenses	<u>647,672</u>	<u>642,828</u>	<u>(394,043)</u>	<u>-</u>

- (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%, 30% and 40% for certain foreign indirect subsidiaries. The effective tax rate for 2018 was 64.09% (2017: 29.80%) of \$1,625,371,000 (2017: \$2,157,328,000) pre-tax surplus for the Group and an effective tax rate of Nil% (2017: Nil%) of pre-tax surplus of \$446,329,000 (2017: \$5,387,321,000) for the Company.



**THE JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Notes to the Financial Statements (Continued)****March 31, 2018****34. Taxation (continued)**

The actual charge differs from the “expected” tax charge for the year as follows:

**(b) Reconciliation of effective tax charge (continued):**

	<b>Group</b>		<b>Company</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Surplus before taxation	<u>1,625,371</u>	<u>2,157,328</u>	<u>446,329</u>	<u>5,387,321</u>
Computed “expected” tax expense at 15%	3,484	6,739	-	-
Computed “expected” tax expense at 20% & 25%	301,901	169,635	111,583	1,346,830
Computed “expected” tax expense at 26½ % & 30%	17,529	161,806	-	-
Computed “expected” tax expense at 33½% & 40%	<u>1,366,632</u>	<u>448,841</u>	<u>-</u>	<u>-</u>
	1,689,546	787,021	111,583	1,346,830
Difference between surplus for financial statements, and tax reporting purposes on -				
Depreciation charge and capital allowances	15,158	125,152	( 225)	-
(Gain)/loss on disposal of property, plant and equipment	( 807)	122	-	-
Unfranked and exempt income	(1,282,523)	( 112,249)	(530,482)	(1,346,710)
Gain on disposal of investments	( 261,554)	( 108,801)	-	-
Prior year under-provision	3,487	17,809	-	-
Disallowed expenses, net	496,968	( 62,338)	25,574	( 120)
Other	<u>( 12,603)</u>	<u>( 3,888)</u>	<u>( 493)</u>	<u>-</u>
Actual tax expense/(credit), net	<u>647,672</u>	<u>642,828</u>	<u>(394,043)</u>	<u>-</u>

- (c) At March 31, 2018, taxation losses of the Company and 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 \$1,607,543,000 (2017: \$881,870,000) for the Group and \$Nil (2017: \$Nil) for the Company.

As at January 1, 2014, tax losses may be carried forward indefinitely; however, the maximum 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 \$21,073,000 (2017: \$57,447,000).

- (d) At March 31, 2018, a deferred tax liability of approximately \$3,985,966,000 (2017: \$2,176,775,000), 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.

**THE JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Notes to the Financial Statements (Continued)****March 31, 2018****35. Employee costs**

The aggregate staff costs were as follows:

	<b>Group</b>		<b>Company</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	\$'000	\$'000	\$'000	\$'000
Salaries	5,758,914	4,764,515	431,402	-
Pension, group life and health contributions	612,650	527,246	42,028	-
Statutory contributions	625,375	546,098	33,926	-
Other	<u>1,363,898</u>	<u>1,620,480</u>	<u>48,219</u>	<u>-</u>
	<u>8,360,837</u>	<u>7,458,339</u>	<u>555,575</u>	<u>-</u>

**36. Related party balances and transactions**

Identity of related parties:

- (a) The Company has a related party relationship with its subsidiaries, indirect 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:

	<b>Group</b>		<b>Company</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents				
Other related entities	-	-	194,387	200,396
Securities sold under repurchase agreements				
Directors	114,542	136,020	-	-
Other related entities	661,050	801,726	-	-
Loans				
Directors	40,722	36,762	-	-
Other key management personnel	129,315	124,240	-	-
Other related entities	-	35,149	600,000	300,078
Customer deposits				
Directors	292,551	251,470	-	-
Other key management personnel	57,346	89,586	-	-
Other related entities	380,911	160,212	-	-
Other payables				
Other related entities	184,392	181,957	184,392	181,957
Long term loans				
Other related entities	<u>16,481</u>	<u>16,481</u>	<u>-</u>	<u>-</u>

**THE JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Notes to the Financial Statements (Continued)****March 31, 2018****36. Related party balances and transactions (continued)**

- (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:

	<b>Group</b>		<b>Company</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	\$'000	\$'000	\$'000	\$'000
Subsidiaries:				
Dividends	-	-	(2,121,927)	(5,764,030)
Interest income	-	-	( 11,724)	( 78)
Management fees expense	-	-	689,771	316,589
Management fees income	-	-	( 221,727)	-
Insurance expense	-	-	8,658	-
Directors:				
Interest income	( 3,253)	( 2,937)	-	-
Interest expense	8,423	10,650	-	-
Other related parties:				
Interest expense	50,273	15,857	-	-
Contribution to pension scheme	184,565	160,199	-	-
Fee income	( 54,789)	( 34,035)	-	-
Contribution to JN Foundation	<u>104,923</u>	<u>83,435</u>	<u>-</u>	<u>-</u>

- (d) Compensation paid to key management personnel (directors and senior executives) is as follows:

	<b>Group</b>		<b>Company</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	\$'000	\$'000	\$'000	\$'000
Short-term benefits	275,633	236,528		
Post-employment benefits	<u>8,352</u>	<u>7,546</u>	-	-
	<u>283,985</u>	<u>244,074</u>	<u>-</u>	<u>-</u>

**37. Managed funds**

An indirect 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, 2018, these funds amounted to \$27,274,070,000 (2017: \$16,636,419,000).



**THE JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Notes to the Financial Statements (Continued)****March 31, 2018****38. 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 and management has established the Finance Committee, the Risk and Compliance Unit 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.

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 Group Risk and Compliance Unit, the Group Audit Committee and the Board of Directors.

**38. Financial risk management (continued)**

**(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, investment securities and cash and cash equivalents.

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.

**Management of credit risk**

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 funds 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 and other 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.

**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, 2018, the outstanding principal balances on loans that were restructured amounted to \$3,301,300,000 (2017: \$3,271,699,000) for the Group.

**THE JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Notes to the Financial Statements (Continued)****March 31, 2018****38. Financial risk management (continued)****(b) Credit risk (continued):****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 and receivables. 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 Bank of Jamaica 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, securities purchased under resale agreements, loans, cash and cash equivalent and a portion of other assets (excluding inventory). 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.



**THE JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Notes to the Financial Statements (Continued)****March 31, 2018****38. Financial risk management (continued)**

(b) Credit risk (continued):

**Concentration by class and geographical area (continued)**

The Group's and the Company'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:

	<b>Group</b>		<b>Company</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	\$'000	\$'000	\$'000	\$'000
Jamaica	167,408,539	146,935,082	1,030,896	502,428
United States of America	8,506,124	8,243,547	-	-
United Kingdom	12,206,143	5,266,846	-	-
Canada	1,285,500	764,509	-	-
Ghana	1,768	1,587	-	-
Barbados	357,290	390,152	-	-
Bahamas	259,485	259,505	-	-
Turks and Caicos Islands	17,544	11,322	-	-
Cayman Islands	5,966,915	5,946,463	-	-
Trinidad & Tobago	382,400	-	-	-
Dominican Republic	1,510,684	517,882	-	-
Phillipines	13,734	-	-	-
	<u>197,916,126</u>	<u>168,336,895</u>	<u>1,030,896</u>	<u>502,428</u>

**Credit quality of loans**

The credit quality of the Group's and Company's loans are summarised as follows:

	<b>Group</b>		<b>Company</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	\$'000	\$'000	\$'000	\$'000
Neither past due nor impaired	69,042,100	64,876,724	600,000	300,078
Past due but not impaired:				
Below 30 days	9,991,618	6,857,212	-	-
30 to 60 days	4,402,140	3,208,132	-	-
60 to 90 days	1,737,047	1,418,548	-	-
Individually impaired:				
90-180 days	1,553,285	1,234,565	-	-
180-365 days	722,959	557,383	-	-
12-18 months	358,929	438,448	-	-
18 months and over	<u>1,096,910</u>	<u>957,905</u>	<u>-</u>	<u>-</u>
	88,904,988	79,548,917	600,000	300,078
Less allowance for losses (note 12)	<u>( 1,385,577)</u>	<u>( 1,282,149)</u>	<u>-</u>	<u>-</u>
	<u>87,519,411</u>	<u>78,266,768</u>	<u>600,000</u>	<u>300,078</u>

**THE JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Notes to the Financial Statements (Continued)****March 31, 2018****38. 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. Other forms of collateral used by the indirect subsidiary include, but are not limited to, insurance policy, 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.

**THE JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Notes to the Financial Statements (Continued)****March 31, 2018****38. 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:

	<b>Group</b>			
	<b>Loans and advances</b>		<b>Resale agreements</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	\$'000	\$'000	\$'000	\$'000
Against neither past due nor impaired financial assets:				
Properties	177,757,258	168,605,083	-	-
Debt securities	8,813	313,821	5,862,324	15,594,895
Household assets	4,374,879	3,123,160	-	-
Liens on motor vehicles	5,720,508	1,535,601	-	-
Hypothecation of deposits	110,927	1,588,937	-	-
Other	<u>269,681</u>	<u>160,345</u>	<u>-</u>	<u>-</u>
Subtotal	<u>188,242,066</u>	<u>175,326,947</u>	<u>5,862,324</u>	<u>15,594,895</u>
Against past due but not impaired financial assets:				
Properties	43,987,888	38,102,780	-	-
Household assets	135,503	4,534,471	-	-
Liens on motor vehicles	425,928	-	-	-
Other	<u>35,330</u>	<u>42,138</u>	<u>-</u>	<u>-</u>
Subtotal	<u>44,584,649</u>	<u>42,679,389</u>	<u>-</u>	<u>-</u>
Against past due and impaired financial assets:				
Properties	10,457,161	9,530,206	-	-
Household assets	298,151	-	-	-
Liens on motor vehicles	293,957	5,919	-	-
Business equipment	<u>33,114</u>	<u>185,344</u>	<u>-</u>	<u>-</u>
Subtotal	<u>11,082,383</u>	<u>9,721,469</u>	<u>-</u>	<u>-</u>
Grand total	<u>243,909,098</u>	<u>227,727,805</u>	<u>5,862,324</u>	<u>15,594,895</u>

**(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



**THE JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Notes to the Financial Statements (Continued)**  
**March 31, 2018****38. 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 without incurring 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:

	<b>Requirement</b>		<b>Actual</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	%	%	%	%
Jamaica Dollar	26	26	29	29
United States of America Dollar	29	28	49	55
Canadian Dollar	29	28	84	90
Pound Sterling	<u>29</u>	<u>28</u>	<u>42</u>	<u>39</u>

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.

	<b>Group</b>						
	<b>2018</b>						
	<b>Contractual undiscounted cash flows</b>						
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 (unsecured)	9,197	9,197	9,197	-	-	-	-
Due to specialised financial institutions	17,584,035	32,187,538	20,746	63,119	102,800	113,581	31,887,292
Customer deposits	118,070,760	118,437,998	103,374,669	13,480,971	1,338,232	244,126	-
Due to related entities	184,392	184,392	184,392	-	-	-	-
Securities sold under repurchase agreements	24,270,666	24,452,592	20,663,737	3,428,806	318,000	42,049	-
Other payables	4,528,776	4,528,776	4,449,302	79,474	-	-	-
Margin loan payable	2,506,396	2,506,396	2,506,396	-	-	-	-
Long-term loans	<u>1,083,582</u>	<u>1,183,418</u>	<u>648,745</u>	<u>71,078</u>	<u>211,266</u>	<u>252,329</u>	-
	168,237,804	183,490,307	131,857,184	17,123,448	1,970,298	652,085	31,887,292
Unrecognised loan commitments	-	6,578,164	6,578,164	-	-	-	-
Insurance contract liabilities	<u>2,300,901</u>	<u>2,301,901</u>	<u>1,066,169</u>	<u>580,991</u>	<u>354,518</u>	<u>300,223</u>	-
	<u>170,538,705</u>	<u>192,370,372</u>	<u>139,501,517</u>	<u>17,704,439</u>	<u>2,324,816</u>	<u>952,308</u>	<u>31,887,292</u>

**THE JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Notes to the Financial Statements (Continued)****March 31, 2018****38. Financial risk management (continued)****(c) Liquidity risk (continued):****Management of liquidity risk (continued)**

	<b>Group</b>						
	<b>2017</b>						
	<b>Contractual undiscounted cash flows</b>						
	<b>Carrying amount \$'000</b>	<b>Total cash outflow \$'000</b>	<b>Less than 3 months \$'000</b>	<b>3-12 months \$'000</b>	<b>1-2 years \$'000</b>	<b>2-5 years \$'000</b>	<b>More than 5 years \$'000</b>
Bank overdraft (unsecured)	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	<u>1,029,604</u>	<u>1,789,188</u>	<u>547,534</u>	<u>516,275</u>	<u>600,398</u>	<u>124,981</u>	<u>-</u>
	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	<u>2,296,671</u>	<u>2,296,671</u>	<u>1,052,902</u>	<u>534,686</u>	<u>397,480</u>	<u>281,619</u>	<u>29,984</u>
	<u>165,191,990</u>	<u>187,521,068</u>	<u>131,722,404</u>	<u>23,894,244</u>	<u>1,686,744</u>	<u>663,136</u>	<u>29,554,540</u>

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 \$352,718,000 (2017: \$197,312,000). These amounts, which are reported on the statement of financial position, are payable within three months of the reporting date.

**(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.

**THE JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Notes to the Financial Statements (Continued)****March 31, 2018****38. Financial risk management (continued)**

- (d) Market risk (continued):

**Management of market risk (continued)**

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 or cash flows 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.

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 customers' deposit which are withdrawable on demand or at 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. Customer deposits have been stable and are expected to remain so.

The Group's banking subsidiary manages its 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 JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Notes to the Financial Statements (Continued)****March 31, 2018****38. Financial risk management (continued)****(d) Market risk (continued):****(i) Interest rate risk (continued):**

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-balance sheet of financial instruments giving rise to interest rate risk.

	Group						
	2018						
	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	%
<b>Assets</b>							
Cash and cash equivalents	4,076,012	602,597	17,754	-	23,168,868	27,865,231	1.4
Securities purchased under resale agreements	-	4,932,579	425,963	-	11,952	5,370,494	3.5
Investments	-	30,933,026	22,880,512	18,806,846	1,752,522	74,372,906	5.9
Loans	-	5,787,708	1,753,195	79,492,379	486,129	87,519,411	7.4
Other assets	-	-	-	-	3,201,362	3,201,362	0.0
Total financial assets	<u>4,076,012</u>	<u>42,255,910</u>	<u>25,077,424</u>	<u>98,299,225</u>	<u>28,620,833</u>	<u>198,329,404</u>	
<b>Liabilities</b>							
Bank overdraft (unsecured)	9,197	-	-	-	-	9,197	3.5
Due to specialised financial institutions	-	17,415,069	50,900	118,066	-	17,584,035	4.2
Customer deposits	80,103,187	24,572,530	11,800,723	1,320,894	273,426	118,070,760	1.0
Due to related entities	-	-	-	-	184,392	184,392	0.0
Securities sold under repurchase agreements	-	20,505,909	3,381,527	300,000	83,230	24,270,666	3.9
Margin loan payable	-	2,506,396	-	-	-	2,506,396	4.2
Other payables	-	-	-	-	4,528,776	4,528,776	0.0
Long-term loans	-	378,253	488,721	216,608	-	1,083,582	9.0
Total financial liabilities	<u>80,112,384</u>	<u>65,378,157</u>	<u>15,721,871</u>	<u>1,955,568</u>	<u>5,069,824</u>	<u>168,237,804</u>	
On-statement of financial position gap, being total interest rate sensitivity gap	<u>(76,036,372)</u>	<u>(23,122,247)</u>	<u>9,355,553</u>	<u>96,343,657</u>	<u>23,551,009</u>	<u>30,091,600</u>	
Cumulative gap	<u>(76,036,372)</u>	<u>(99,158,619)</u>	<u>(89,803,066)</u>	<u>6,540,591</u>	<u>30,091,600</u>	<u>-</u>	

**THE JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Notes to the Financial Statements (Continued)****March 31, 2018****38. Financial risk management (continued)**

(d) Market risk (continued):

(i) Interest rate risk (continued):

	<b>Group</b>						
	<b>2017</b>						
	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 %
<b>Assets</b>							
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	0.0
<b>Total financial assets</b>	<b>5,581,387</b>	<b>13,512,618</b>	<b>10,942,253</b>	<b>137,508,745</b>	<b>25,101,770</b>	<b>192,646,773</b>	
<b>Liabilities</b>							
Bank overdraft (unsecured)	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	293,546	340,637	114,162,915	1.25
Due to related entities	-	-	-	-	181,957	181,957	0.0
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	0.0
Long-term loans	-	117,795	-	911,809	-	1,029,604	
<b>Total financial liabilities</b>	<b>70,802,596</b>	<b>66,454,788</b>	<b>19,672,578</b>	<b>1,526,055</b>	<b>4,439,302</b>	<b>162,895,319</b>	
On-statement of financial position gap, being total interest rate sensitivity gap	(65,221,209)	(52,942,170)	(8,730,325)	135,982,690	20,662,468	29,751,454	
Cumulative gap	(65,221,209)	(118,163,379)	(126,893,704)	9,088,986	29,751,454	-	

**THE JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Notes to the Financial Statements (Continued)**  
**March 31, 2018****38. Financial risk management (continued)**

(d) Market risk (continued):

(i) Interest rate risk (continued):

	Company				
	2018				
	Immediately rate sensitive	Within 3 months	Non-rate sensitive	Total	Weighted average interest rate
	\$'000	\$'000	\$'000	\$'000	%
Assets					
Cash and cash equivalents	187,559	6,828	-	194,387	0.72
Due from related entities	-	-	208,999	208,999	0.00
Loans	-	600,000	-	600,000	9.20
Other assets	-	-	27,510	27,510	0.00
Total financial assets	187,559	606,828	236,509	1,030,896	
Liabilities					
Due to related entities	-	-	184,392	184,392	0.00
Other payables	-	-	168,326	168,326	0.00
Total financial liabilities	-	-	352,718	352,718	
On statement of financial position gap, being total interest rate sensitivity gap	187,559	606,828	(116,209)	678,178	
Cumulative gap	187,559	794,387	678,178	-	

	Company				
	2017				
	Immediately rate sensitive	Three to 12 months	Non-rate sensitive	Total	Weighted average interest rate
	\$'000	\$'000	\$'000	\$'000	%
Assets					
Cash and cash equivalents	-	-	200,396	200,396	1.25
Due from related entities	-	-	1,954	1,954	0.0
Loans	-	300,000	78	300,078	9.50
Total financial assets	-	300,000	202,428	502,428	
Liabilities					
Due to related entities	-	-	181,957	181,957	0.0
Other payables	-	-	15,355	15,355	0.0
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	305,116	-	



**THE JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Notes to the Financial Statements (Continued)****March 31, 2018****38. Financial risk management (continued)****(d) Market risk (continued):****(i) Interest rate risk (continued):***Sensitivity to interest rate movements:**Fair value sensitivity for fixed rate instrument:*

The sensitivity of the Group's financial assets and liabilities to interest rate risk is monitored using the following scenarios:

	<b><u>Increase in</u></b> <b><u>interest rate</u></b>		<b><u>Decrease in</u></b> <b><u>interest rate</u></b>	
	Basis points		Basis points	
	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>
J\$ denominated instruments	100	100	100	100
US\$ denominated instruments	<u>50</u>	<u>200</u>	<u>50</u>	<u>50</u>

An increase/decrease, using the above scenarios, would adjust reserves and surplus by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	<b>Group</b>			
	2018		2017	
	<b><u>Increase</u></b>	<b><u>Decrease</u></b>	<b><u>Increase</u></b>	<b><u>Decrease</u></b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
Other comprehensive income	(1,011,691)	1,355,703	(937,513)	964,073
Surplus	<u>-</u>	<u>-</u>	<u>(6,381)</u>	<u>6,876</u>

	<b>Company</b>			
	2018		2017	
	<b><u>Increase</u></b>	<b><u>Decrease</u></b>	<b><u>Increase</u></b>	<b><u>Decrease</u></b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
Surplus	<u>7,924</u>	<u>(7,924)</u>	<u>5,005</u>	<u>(5,005)</u>

*Cash flow sensitivity analysis for variable rate instruments:*

An increase/decrease using the above scenarios would adjust surplus by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	<b>Group</b>	
	<b><u>Effect on surplus</u></b>	
	<b><u>Increase</u></b>	<b><u>Decrease</u></b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
March 31, 2018		
Variable rate instruments	<u>141,529</u>	<u>(140,911)</u>
March 31, 2017		
Variable rate instruments	<u>92,609</u>	<u>(92,609)</u>

The Company does not hold any variable rate instruments.

**THE JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Notes to the Financial Statements (Continued)**  
**March 31, 2018****38. 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 15% (2017: 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 \$91,839,600 (2017: \$60,668,000).

The Company does not hold any equity securities.

**(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 its 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.

Net foreign currency assets/(liabilities) were as follows:

	<b>Group</b>	
	<b><u>2018</u></b>	<b><u>2017</u></b>
	<b>'000</b>	<b>'000</b>
United States dollars	30,713	67,500
Canadian dollars	( 692)	( 109)
Pound sterling	6,455	(33,544)
Euro	184	119
Cayman dollars	<u>8,239</u>	<u>7,594</u>

The Bank of Jamaica's weighted average exchange rates ruling at the year-end are shown at note 46(r)(i).

**Notes to the Financial Statements (Continued)**  
**March 31, 2018****38. Financial risk management (continued)**

## (d) Market risk (continued):

## (iii) Foreign currency risk (continued):

*Sensitivity analysis:*

A 4% (2017: 6%) weakening of the Jamaica dollar against the various currencies at March 31 would have increased operating surplus by the amounts shown. A 2% (2017: 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 2017.

	<b>Group</b>			
	<b>2018</b>		<b>2017</b>	
	<u>4%</u>	<u>2%</u>	<u>6%</u>	<u>1%</u>
	'000	'000	'000	'000
United States dollar	153,872	(77,090)	519,075	(86,400)
Canadian dollars	( 2,671)	1,336	( 632)	( 105)
Pounds sterling	45,637	(22,851)	(319,339)	(53,335)
Euro	1,137	( 569)	963	( 160)
Cayman dollars	<u>50,505</u>	<u>(25,211)</u>	<u>71,203</u>	<u>(11,847)</u>

The Company has no exposure to foreign currency risk as it has no foreign currency assets or liabilities.

## (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.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to the Group's Risk and Compliance Unit centrally and in daily operations through the senior management team.

There was no change to the Group's approach to operational risk management during the year.



**Notes to the Financial Statements (Continued)**

**March 31, 2018**

**38. 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 and Compliance 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. 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 indirect 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, 2018 was 18% (2017: 16%).

**THE JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Notes to the Financial Statements (Continued)****March 31, 2018****38. Financial risk management (continued)****(f) Capital management (continued):**

Regulatory capital (continued)

**General insurance indirect subsidiary**

General insurers must maintain at least a minimum level of assets, capital and surplus to meet its liabilities 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 entity at December 31, 2017 was 411% (December 31, 2016: 279%).

**Life insurance indirect subsidiary**

The entity's regulator is the FSC which monitors the capital requirements for the subsidiary. In implementing current capital requirements, the FSC requires the entity to maintain a minimum capital requirement of \$150,000,000. The entity 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 entity at December 31 is set out below:

	<u>2017</u>	<u>2016</u>
Regulatory capital held (\$'000)	591,720	483,071
Minimum regulatory capital (\$'000)	<u>148,638</u>	<u>106,240</u>
MCCSR Ratio	<u>398.1%</u>	<u>454.7%</u>

**Investment management indirect subsidiary**

The entity's regulator is the FSC, which monitors the entity'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**

		<u>2018</u>		<u>2017</u>	
		<u>Required</u>	<u>Attained</u>	<u>Required</u>	<u>Attained</u>
Capital ratios:					
Total regulatory qualifying capital expressed as a percentage of total risk weighted assets	Minimum	<u>10%</u>	<u>20.89%</u>	<u>10%</u>	<u>15.71%</u>
Total Tier 1 capital expressed as a percentage of total qualifying capital	Greater than	<u>50%</u>	<u>99.30%</u>	<u>50%</u>	<u>93.82%</u>
Total regulatory capital expressed as a percentage of total assets	Minimum	<u>6%</u>	<u>16.06%</u>	<u>6%</u>	<u>11.23%</u>

**THE JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Notes to the Financial Statements (Continued)****March 31, 2018****38. Financial risk management (continued)****(f) Capital management (continued):**

Regulatory capital (continued)

**Investment management indirect subsidiary (continued)**

The entity 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, 2018 and 2017, the indirect subsidiary's regulatory capital amount and its risk asset ratio, as well as CIMA's minimum requirements are presented in the following table:

	Actual	2018 minimum for regulatory capital and capital adequacy purposes	Actual	2017 minimum for regulatory capital and capital adequacy purposes
Regulatory capital (CI\$)	7,692,000	3,441,000	7,424,000	5,513,000
Risk asset ratio	33.5%	15%	19.7%	15%
Liquidity ratio	16.9%	10%	14.1%	10%

**Money transmission services indirect subsidiaries**

In implementing current capital requirements, the Bank of Jamaica requires the indirect subsidiary to maintain a net worth of US\$10,000 or its equivalent in Jamaica dollars. The combined net worth of all indirect subsidiaries in money transmission services, as at March 31, 2018 amounted to \$1,964,990,000 (2017: \$1,512,156,000) while its 'company only' net worth amounted to \$486,526,000 (2017: \$358,925,000).

The CIMA requires one of the indirect subsidiaries to maintain a net worth of CI\$30,000. Its net worth as at March 31, 2018 amounted to CI\$5,674,000 (2017: CI\$4,773,000).

The regulatory capital requirement for the indirect subsidiary registered in The United States of America (USA) is described at note 8(iv).



**THE JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Notes to the Financial Statements (Continued)****March 31, 2018****38. Financial risk management (continued)**

- (f) Capital management (continued):

Regulatory capital (continued)

**Money transmission services indirect 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, 2018 amounted to €998,000 or £978,000 (2017: €1,029,000 or £872,900).

A indirect subsidiary, which is regulated by the 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.

**39. 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 46(d)(vii).

The fair values of cash and cash equivalents, securities purchased under resale agreements, other assets, due from related entities, securities sold under repurchase agreements, due to 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.

**THE JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Notes to the Financial Statements (Continued)****March 31, 2018****39. Fair value of financial instruments (continued)****(a) Accounting classifications and fair values:**

The following table shows the carrying amounts (excluding interest receivable) 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.

		<b>Group</b>			
		<b>2018</b>			
		<b>Carrying amount</b>	<b>Fair value</b>		
	Available-for-sale	Total	Level 1	Level 2	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets measured at fair value:</b>					
Corporate bonds	13,209,345	13,209,345	-	13,209,345	13,209,345
Quoted equities	612,264	612,264	612,264	-	612,264
Unquoted equities	29,353	29,353	-	29,353	29,353
Government of Jamaica securities	35,688,711	35,688,711	-	35,688,711	35,688,711
Treasury bills	2,161,515	2,161,515	-	2,161,515	2,161,515
Mutual funds	230,618	230,618	30,496	200,122	230,618
	<u>51,931,806</u>	<u>51,931,806</u>	<u>642,760</u>	<u>51,289,046</u>	<u>51,931,806</u>

		<b>Group</b>			
		<b>2017</b>			
		<b>Carrying amount</b>	<b>Fair value</b>		
	Available-for-sale	Total	Level 1	Level 2	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets measured at fair value:</b>					
Corporate bonds	6,302,468	6,302,468	-	6,302,468	6,302,468
Quoted equities	606,677	606,677	606,677	-	606,677
Unquoted equities	80	80	-	80	80
Government of Jamaica securities	44,259,952	44,366,484	-	44,366,484	44,366,484
Treasury bills	149,649	149,649	-	149,649	149,649
Mutual funds	77,986	77,986	-	77,986	77,986
Foreign exchange forward contract	-	30,452	-	30,452	30,452
	<u>51,396,812</u>	<u>51,533,796</u>	<u>606,677</u>	<u>50,927,119</u>	<u>51,533,796</u>

**THE JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Notes to the Financial Statements (Continued)****March 31, 2018****39. 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, sovereign and corporate bonds	<ul style="list-style-type: none"> <li>Obtain bid price provided by a recognised broker/dealer</li> <li>Apply price to estimate fair value</li> </ul>
J\$ denominated securities issued or guaranteed by GOJ	<ul style="list-style-type: none"> <li>Obtain bid price provided by a recognised pricing source (which uses Jamaica-market-supplied indicative bids)</li> <li>Apply price to estimate fair value</li> </ul>
Mutual funds	<ul style="list-style-type: none"> <li>Obtain prices quoted by Fund Managers and</li> <li>apply price to estimated fair value</li> </ul>
Quoted equities	<ul style="list-style-type: none"> <li>Calculated using closing bid price published by the respective stock exchange</li> </ul>
Foreign exchange forward contracts	<ul style="list-style-type: none"> <li>Forward foreign exchange rates from Bloomberg</li> </ul>

There are no significant unobservable inputs used in computing the fair values.

**40. 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.



**Notes to the Financial Statements (Continued)****March 31, 2018****40. 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 reinsurers 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 41.

**(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:

<b>Type of contract</b>	<b>Terms and conditions</b>	<b>Key factors affecting future cash flows</b>
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.	<p>The timing of claim reporting and settlement is a function of factors such as the nature of the coverage and the policy provisions.</p> <p>The majority of bodily injury claims have a relatively long tail. In general, these claims involve higher estimation uncertainty.</p>
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.	<p>The risk on any policy varies according to many factors such as location, safety measures in place and the age of the property.</p> <p>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).</p> <p>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.</p>

**Notes to the Financial Statements (Continued)**  
**March 31, 2018**

**40. 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 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.

**THE JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Notes to the Financial Statements (Continued)****March 31, 2018****40. 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.

	<u>Liability</u>	<u>Property</u>	<u>Motor</u>	<u>Other</u>	<u>Total</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
At December 31, 2017					
Gross	293,969	290,510	1,613,785	20,843	2,219,107
Net of reinsurance	<u>215,428</u>	<u>39,634</u>	<u>1,580,892</u>	<u>6,515</u>	<u>1,842,469</u>
At December 31, 2016					
Gross	327,341	125,552	1,779,182	21,779	2,253,854
Net of reinsurance	<u>259,592</u>	<u>18,225</u>	<u>1,751,834</u>	<u>8,074</u>	<u>2,037,725</u>

- (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, 2018****40. Insurance risk management (continued)****(e) Claims development for general insurance (continued):**

Analysis of net claims development:

	Accident year						
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Estimate of cumulative claims at end of accident year	2,218,254	940,096	899,093	1,039,487	1,285,664	1,212,574	
- one year later	2,082,113	828,349	775,982	969,568	1,186,365	-	
- two years later	2,036,488	826,844	734,173	936,815	-	-	
- three years later	1,953,796	813,480	738,773	-	-	-	
- four years later	1,985,686	807,272	-	-	-	-	
- five years later	1,993,926	-	-	-	-	-	
Estimate of cumulative claims	1,993,926	807,272	738,773	936,815	1,186,365	1,212,574	6,875,725
Cumulative payments	(1,646,703)	(685,508)	(595,755)	(744,669)	(858,401)	(502,220)	(5,033,256)
Net outstanding liabilities	<u>347,223</u>	<u>121,764</u>	<u>143,018</u>	<u>192,146</u>	<u>327,964</u>	<u>710,354</u>	<u>1,842,469</u>

**(f) Reinsurance limits**

- (i) The general insurance indirect subsidiary company, at December 31, 2017 has property catastrophe reinsurance up to a maximum of \$48.57 billion (2016: \$38.03 billion) of which the Property and Condominium Quota Share is \$43.47 billion (2016: \$34.22 billion) and Catastrophe Excess of Loss of \$5.1 billion (2016: \$3.805 billion) per event under which it is liable for the first \$400 million (2016: \$400 million) of losses in accordance with the terms of the treaties. Motor catastrophe reinsurance cover is US\$10 million (2016: US\$4 million) per event. The entity limits its net exposure to a maximum amount on any one risk (property and engineering) or loss (the other clauses) of \$111.25 million (2016: \$101.98 million) for property claims, \$25 million (2016: \$25 million) on performance, tender and mobilisation bonds, \$10 million (2016: \$10 million) on motor, personal accident, public and employer's liability and fidelity bonds, \$5 million (2016: \$5 million) on fidelity guarantee bonds, and US\$60,000 (2016: J\$7.5 million) on contractors all risks and other engineering exposures.
- (ii) In the life insurance indirect subsidiary, the benefits assured for the Creditor Life policies, distributed by retained amounts and by reinsured amounts at December 31 are shown below:

	2017		
<u>Band</u>	<u>Total amount</u>	<u>Total amount</u>	<u>Total amount</u>
\$'000	\$'000	reinsured	retained
		\$'000	\$'000
0 - 1,000	3,968,910	-	3,968,910
1,000 - 2,000	4,006,338	-	4,006,338
2,000 - 5,000	14,457,528	321,236	14,136,292
5,000 - 10,000	29,035,334	5,552,695	23,482,639
10,000 and over	<u>27,523,622</u>	<u>18,254,232</u>	<u>9,269,390</u>
	<u>78,991,732</u>	<u>24,128,163</u>	<u>54,863,569</u>

**THE JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Notes to the Financial Statements (Continued)**  
**March 31, 2018****40. Insurance risk management (continued)**

(f) Reinsurance limits (continued)

(ii) (Continued)

2016			
<u>Band</u>	<u>Total</u>	<u>Total</u>	<u>Total</u>
<u>\$'000</u>	<u>amount</u>	<u>amount</u>	<u>amount</u>
	<u>\$'000</u>	<u>reinsured</u>	<u>retained</u>
		<u>\$'000</u>	<u>\$'000</u>
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	<u>22,408,718</u>	<u>14,798,459</u>	<u>7,610,259</u>
	<u>70,176,556</u>	<u>20,129,766</u>	<u>50,046,790</u>

**41. 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:

- 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 40(a)].
- Secondly, the risk is managed through the use of reinsurance [note 40(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.

**42. Commitments**

At March 31 the Group had:

- Unexpired lease commitments payable as follows:

	<u>Group</u>	
	<u>2018</u>	<u>2017</u>
	<u>\$'000</u>	<u>\$'000</u>
Within one year	152,558	127,125
Subsequent years	<u>164,019</u>	<u>113,585</u>
	<u>316,577</u>	<u>240,710</u>

Included in the unexpired lease commitments for the Group, are amounts due to related entities totalling \$2,289,000 (2017: \$4,389,000).

**THE JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Notes to the Financial Statements (Continued)****March 31, 2018****42. Commitments (continued)**

- (b) Undisbursed approved loans amounted to approximately \$6,578,164,000 (2017: \$6,096,769,000) for the Group.
- (c) Capital commitments:  
Commitments for capital expenditure approved and contracted for was \$117,123,000 (2017: \$330,350,000) for the Group.
- (d) Sponsorship commitments:  
Commitments for sponsorship expenditures amounted to \$40,000,000 (2017: \$Nil) for the Group.

**43. 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 Counsel 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 entity. Consequently, a contingent liability exists should an assuming reinsurer be unable to meet its obligations.
- (iii) An indirect subsidiary of the Group has given guarantees amounting to \$600,000 (2017: \$600,000) in respect of bank guarantees issued to the Collector and Commissioner of Customs.

**44. Scheme of arrangement**

In prior year, under the court approved Scheme of Arrangement, certain transactions were effected to reorganise The JN Group. As a result, the corresponding amounts in the consolidated and separate financial statements were restated and the 2017 reporting period adjusted as if the reorganisation had occurred before the start of the earliest period presented.

**45. Changes in accounting policies**

Except for the changes below, the Group has consistently applied the accounting policies set out in note 46 to all periods presented in these consolidated financial statements.

The details, nature and effects of the changes are as follows:



## **THE JAMAICA NATIONAL GROUP LIMITED**

*(A company limited by guarantee with share capital)*

### **Notes to the Financial Statements (Continued)**

**March 31, 2018**

#### **45. Changes in accounting policies (continued)**

New and amended standards 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, as follows:

- 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.
- *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.
  - IAS 28, *Investments in Associates and Joint Ventures*, effective retrospectively for annual reporting periods beginning on or after January 1, 2017, 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.
- 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 asset 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 adoption of these amendments did not result in any changes to amounts recognised, presented and disclosed in the financial statements.

**THE JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Notes to the Financial Statements (Continued)****March 31, 2018****46. Significant accounting policies**

Except for the changes explained in note 45, 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 remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in fair value of the contingent consideration are recognised in surplus or deficit.

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 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, 2017 (2017: December 31, 2016), updated for significant transactions to March 31, 2018 (2017: March 31, 2017).

**Notes to the Financial Statements (Continued)**

**March 31, 2018**

**46. Significant accounting policies (continued)**

(a) Basis of consolidation (continued):

(ii) Subsidiaries (continued)

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.

(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.



**THE JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Notes to the Financial Statements (Continued)**  
**March 31, 2018****46. Significant accounting policies (continued)****(a) Basis of consolidation (continued):****(v) Interest in equity-accounted investees (continued)**

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.

**(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 46(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 artwork and 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 JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Notes to the Financial Statements (Continued)****March 31, 2018****46. Significant accounting policies (continued)****(b) Property, plant and equipment (continued):**

The depreciation 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
Computer hardware	33⅓%
Furniture, fixtures and office equipment	10%
Motor vehicles	20%

The depreciation methods, useful lives and residual values are reassessed at each reporting date.

**(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 and margin loan payable.

**(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.

**THE JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Notes to the Financial Statements (Continued)****March 31, 2018****46. Significant accounting policies (continued)****(d) Financial instruments (continued):****(i) Classification (continued):**

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.

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.



**Notes to the Financial Statements (Continued)**  
**March 31, 2018**

**46. Significant accounting policies (continued)**

(d) Financial instruments (continued):

(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.

(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 28(b)]. Where fair value cannot be reliably determined, they are stated at cost. Where these securities are disposed of or are 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.

**THE JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Notes to the Financial Statements (Continued)****March 31, 2018****46. Significant accounting policies (continued)****(d) Financial instruments (continued):****(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.

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.

**Notes to the Financial Statements (Continued)**  
**March 31, 2018**

**46. Significant accounting policies (continued)**

(d) Financial instruments (continued):

(vi) Identification and measurement of impairment (continued):

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.

(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.



**THE JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Notes to the Financial Statements (Continued)****March 31, 2018****46. Significant accounting policies (continued)****(d) Financial instruments (continued):****(vii) Fair value measurement (continued):**

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.

**(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 property:**

Investment property is measured at its cost, less accumulated depreciation and impairment losses. Rental income from investment property 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 identifiable assets acquired.

**Notes to the Financial Statements (Continued)**  
**March 31, 2018**

**46. Significant accounting policies (continued)**

(h) Goodwill and intangible assets (continued):

[i] Goodwill (continued):

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.

[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
Non-compete agreement	5 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, statutory contributions, annual vacation 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 JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Notes to the Financial Statements (Continued)****March 31, 2018****46. Significant accounting policies (continued)****(k) Employee benefits (continued):**

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.

**[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 23) 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.

Remeasurements 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.



**Notes to the Financial Statements (Continued)**

**March 31, 2018**

**46. Significant accounting policies (continued)**

(k) Employee benefits (continued):

[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. Remeasurements are recognised in surplus or deficit in the period in which they arise.

[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 discount 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 recognised in the financial statements but are disclosed when an inflow of economic benefits is probable.

**Notes to the Financial Statements (Continued)**  
**March 31, 2018****46. 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 indirect subsidiary. The loss and loss expense reserves have been reviewed by the indirect subsidiary's actuary using the past loss experience of the indirect subsidiary 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 the indirect subsidiary under contracts of insurance entered into before the end of the financial year and is actuarially determined.

**Notes to the Financial Statements (Continued)**

**March 31, 2018**

**46. 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 indirect subsidiaries involved. The loss and loss expense reserves have been reviewed by the indirect subsidiary's actuary using the past loss experience of indirect 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 premium income.

[ii] Reinsurance assets

In the ordinary course of business, the indirect 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 indirect 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 43(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 indirect subsidiaries will receive from the reinsurer. Impairment losses on reinsurance assets are recognised in surplus or deficit.



**THE JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Notes to the Financial Statements (Continued)****March 31, 2018****46. 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 substantively 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 only to the extent that it is probable that future taxable profits will be available against which the asset can be realised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insignificant to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversal of existing temporary differences, are considered based on the business plans for the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future profits improves.

**Notes to the Financial Statements (Continued)**

**March 31, 2018**

**46. Significant accounting policies (continued)**

(q) Taxation (continued):

[ii] Deferred tax (continued):

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.

(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\$125.3198 (2017: J\$128.22), UK£1.00 = J\$176.7955 (2017: J\$158.72) and Cdn\$1.00 = J\$96.9059 (2017: J\$96.49), 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\$154.6148 (2017: J\$135.40) and Cayman Dollar 1.00 = J\$153.2132 (2017: J\$156.26).

[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 46(d)(v)] and foreign operations [note 46(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 28(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 BOJ and CIMA, 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 28(c)].

**THE JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Notes to the Financial Statements (Continued)****March 31, 2018****46. 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.



**Notes to the Financial Statements (Continued)**

**March 31, 2018**

**46. 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 date 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 46(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 46(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.

The accounting policy for interest income is described at note 46(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.

**Notes to the Financial Statements (Continued)**  
**March 31, 2018****46. 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 or a parent 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. If the Group is itself such a plan, the sponsoring employers are also 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 personnel 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.

**Notes to the Financial Statements (Continued)**

**March 31, 2018**

**46. Significant accounting policies (continued)**

- (z) New and amended standards and interpretations not yet effective:

Certain new 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 financial statements.

- The Group is required to adopt IFRS 15 *Revenue from Contracts with Customers* from January 1, 2018. The standard establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and IFRIC 13 *Customer Loyalty Programmes*.

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.

Management has assessed that the main impact of this standard is in respect of fees and commission income. The Group earns fees and commission income on provision of account servicing, investment management, placement and syndication services. Based on preliminary review, IFRS 15 is not expected to have a material impact on the timing and recognition of fee and commission income. However, management has not yet completed its assessment and the financial impact has not yet been determined.

- The Group is required to adopt IFRS 9 *Financial Instruments* from January 1, 2018. The standard replaces IAS 39 *Financial Instruments: Recognition and Measurement* and sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. It contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

Based on its preliminary assessment, the Group does not believe that the new classification requirements will have a material impact on its accounting for accounts receivables, loans, investments in debt securities and securities purchased under resale agreements. However, the Group is still in the process of its assessment and the final impact is not yet known.



**THE JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Notes to the Financial Statements (Continued)****March 31, 2018****46. Significant accounting policies (continued)**

(z) New and amended standards and interpretations not yet effective (continued):

- The Group is required to adopt IFRS 9 *Financial Instruments (continued)*

IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with a forward-looking ‘expected credit loss’ (ECL) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments. Under IFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset’s credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for short-term receivables without a significant financing component.

The Group believes that impairment losses are likely to increase and become more volatile for assets in the scope of IFRS 9 impairment model. However, the Group is still in the process of determining the likely financial impact on its financial statements. IFRS 9 will require extensive disclosures, in particular for credit risk and ECLs. The Group’s assessment included an analysis to identify data gaps against current processes and the Group is in the process of implementing the system and control changes that it believes will be necessary to capture the required data.

Changes in accounting policies resulting from the adoption of IFRS 9 will generally be applied retrospectively, except as follows:

The Group will take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement as well as impairment changes. Differences in the carrying amounts of financial instruments resulting from the adoption of IFRS 9 will generally be recognised in retained earnings and reserves as at April 1, 2018.

The following assessments have to be made on the basis of the facts and circumstances that exist at the date of initial application:

- The determination of the business model within which a financial asset is held.
- The designation and revocation of previous designations of certain financial assets as measured at FVTPL.
- The designation of certain investments in equity investments not held for trading as at FVOCI.

**Notes to the Financial Statements (Continued)**

**March 31, 2018**

**46. Significant accounting policies (continued)**

(z) New 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 standard 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 17 *Insurance Contracts* (expected to be effective January 2021) as follows:

(i) Temporary exemption from IFRS 9:

- a. 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*.
- b. 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 and 2022 financial statements.

**THE JAMAICA NATIONAL GROUP LIMITED***(A company limited by guarantee with share capital)***Notes to the Financial Statements (Continued)****March 31, 2018****46. Significant accounting policies (continued)**

(z) New 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 2019 financial 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.



**Notes to the Financial Statements (Continued)**

**March 31, 2018**

**46. Significant accounting policies (continued)**

(z) New and amended standards and interpretations not yet effective (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 those contracts 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;
- Recognises and measures groups of insurance contracts at:
  - 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);
  - 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 contract is or becomes loss making, an entity recognises 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 where the coverage period is less than a year or where there are no significant expected changes in estimates before the claims are incurred.

The Group is assessing the impact that this standard will have on its 2022 financial statements.

- IFRIC 23 *Uncertainty over Income Tax Treatments*, is effective for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted. IFRIC 23 clarifies the accounting treatment for income tax treatments that are yet to be accepted by tax authorities, whilst aiming to enhance transparency.

**Notes to the Financial Statements (Continued)**  
**March 31, 2018****46. Significant accounting policies (continued)**

(z) New and amended standards and interpretations not yet effective (continued):

- *IFRIC 23 Uncertainty over Income Tax Treatments (continued)*

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.

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 that 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.

The Group is assessing the impact that the interpretation will have on its 2020 financial statements.

- *Improvements to IFRSs 2014-2016*

- 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.

**THE JAMAICA NATIONAL GROUP LIMITED**

*(A company limited by guarantee with share capital)*

**Notes to the Financial Statements (Continued)**

**March 31, 2018**

**46. Significant accounting policies (continued)**

(z) New and amended standards and interpretations not yet effective (continued):

- *Improvements to IFRSs 2014-2016 (continued)*
  - IAS 28, *Investments in Associates and Joint Ventures*, (continued)
    - (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 the amendment will have on its 2019 financial statements.

**47. Subsequent events**

- (i) The exchange rate of the Jamaica dollar at October 30, 2018, being the Bank of Jamaica weighted average exchange rate of the Jamaica dollar was US\$1 to J\$128.06, £1 to J\$164.17, CDN \$1 to J\$97.95, €1 to J\$146.01, and Cayman dollar 1 to J\$156.51, compared to US\$ to J\$125.32, € to J\$176.80, CDN \$1 to J\$96.91, €1 to J\$154.61 and Cayman dollar 1 to J\$153.21, at March 31, 2018.
- (ii) On June 1, 2018, the Government of Barbados announced that it was suspending payments due on debts owed to external commercial creditors. Post-announcement, the price of the Government of Barbados bonds declined by approximately 35% compared to its March 31, 2018 value. As at March 31, 2018, the Group held USD denominated investment in the Government of Barbados bond with a carrying value of \$357,000,000 (2017: \$390,000,000). This was reduced to approximately \$174,000,000 subsequent to the year end as a result of the sale of a portion of the bond.

No adjustment has been made to the financial statement to this effect.



[illegible]

