THE JAMAICA NATIONAL GROUP LIMITED

FINANCIAL STATEMENTS

MARCH 31, 2025

KPMG
Chartered Accountants
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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 financial statements of The Jamaica National Group Limited ("the Company") comprising the separate financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries ("the Group"), set out on pages 5 to 189 which comprise the Group's and Company's statements of financial position as at March 31, 2025, the Group's and Company's statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material 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, 2025, and of the Group's and Company's financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Jamaican Companies Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants including International Independence Standards (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

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

Report on the Audit of the Financial Statements (continued)

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report for the year ended March 31, 2025, but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards 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 and Group'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 the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and Group's financial reporting process.

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

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.

- 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 or Group'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 or Group to cease to continue as a going concern.

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)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also (continued):

- 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.

Report on additional matters as required by the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act in the manner required.

KPMG

Chartered Accountants
Kingston, Jamaica

November 26, 2025

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

Consolidated Statement of Financial Position
March 31, 2025

	Notes	2025 $'000	2024 $'000
ASSETS			
Cash resources	6	40,082,463	78,339,359
Securities purchased under resale agreements	7	3,901,955	6,227,723
Investments	8	81,998,397	82,510,079
Taxation recoverable		2,205,146	2,203,033
Interest in associates	11	-	40,151
Loans	12, 39(c)	159,081,367	171,704,739
Other assets	13	5,731,667	4,759,172
Investment property	14	1,911,964	1,734,510
Property, plant and equipment	15	4,998,279	5,504,354
Goodwill and other intangible assets	16	6,715,013	5,669,866
Deferred tax assets	17	5,356,069	5,104,387
Right-of-use assets	26(a)(i)	1,224,930	1,520,422
Insurance contract assets	24(a)	113,466	88,483
Reinsurance contract assets	24(b)	3,946,117	1,617,158
Total assets		317,266,833	367,023,436
LIABILITIES			
Bank overdraft	6(d)	10,696	-
Due to specialised financial institutions	22	4,269,408	2,757,903
Customer deposits	18, 39(c)	211,690,383	267,752,145
Due to related entities	9(b)	147,599	168,171
Securities sold under repurchase agreements	19, 39(c)	40,469,622	32,497,473
Other payables	20, 39(c)	9,736,193	9,169,447
Margin loan payable	21	-	2,216,038
Taxation payable		526,730	568,680
Employee benefits obligation	23(a)	1,614,500	1,198,998
Insurance contract liabilities	24(a)	8,939,416	7,351,080
Long-term loans	25	7,278,383	7,301,507
Lease liabilities	26(a)(ii)	2,802,615	3,256,551
Total liabilities		287,485,545	334,237,993
EQUITY			
Reserve fund	27	7,826,732	7,782,851
Contractual savings reserve	28	14,223	14,223
Other reserves	29	4,675,535	4,698,930
Retained earnings		17,202,968	20,222,503
Total equity attributable to equity holders of the Company		29,719,458	32,718,507
Non-controlling interest	30	61,830	66,936
Total equity		29,781,288	32,785,443
Total liabilities and equity		317,266,833	367,023,436

The financial statements on pages 5 to 189 were approved for issue by the Board of Directors on November 24, 2025, and signed on its behalf by:

Elizabeth Ann Jones Director — Elizabeth Jones, CD
Director — Dhiru Tanna, PhD
Director — Hon. Earl Jarrett, OJ, CD, JP, CStJ

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 Financial Position
March 31, 2025

	Notes	2025 $'000	2024 $'000
ASSETS			
Cash resources	6, 39(c)	230,798	237,518
Due from related entities	9(a)	340,496	173,088
Taxation recoverable		2,250	2,199
Interest in subsidiaries	10	7,695,000	12,334,620
Loans	12, 39(c)	1,354,159	264,684
Other assets	13, 39(c)	259,421	251,698
Property, plant and equipment	15	59,619	161,362
Goodwill and other intangible assets	16	88,132	153,708
Right-of-use assets	26(a)(i)	44,872	85,744
Deferred tax asset	17	299,810	95,738
Total assets		10,374,557	13,760,359
LIABILITIES			
Due to related entities	9(b)	294,806	353,915
Other payables	20, 39(c)	1,059,846	739,248
Taxation payable		350,024	350,024
Long-term loans	25, 39(c)	2,589,174	1,068,911
Lease liabilities	26(a)(ii)	56,569	100,823
Total liabilities		4,350,419	2,612,921
EQUITY			
Other reserves	29	151,601	150,293
Retained earnings		5,872,537	10,997,145
Total equity		6,024,138	11,147,438
Total liabilities and equity		10,374,557	13,760,359

The financial statements on pages 5 to 189 were approved for issue by the Board of Directors on November 24, 2025, and signed on its behalf by:

Elizabeth Ann Jones Director — Elizabeth Jones, CD

Director — Dhiru Tanna, PhD

Director — Hon. Earl Jarrett, OJ, CD, JP, CStJ

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

Statements of Profit or Loss
Year ended March 31, 2025

		Group		Company	
	Notes	**2025** **$'000**	**2024** **$'000**	**2025** **$'000**	**2024** **$'000**
Interest income revenue calculated using the effective interest method:					
Interest on loans	39(d)	16,832,188	14,675,131	149,462	7,623
Interest on investments	39(d)	5,797,555	6,530,872	-	-
		22,629,743	21,206,003	149,462	7,623
Interest expense	31, 39(d)	(7,268,015)	(6,890,754)	(253,707)	(100,092)
Net interest income/(expenses)		15,361,728	14,315,249	(104,245)	(92,469)
Net finance (expenses)/income from insurance contracts	33	(239,441)	319,152	-	-
Net finance income/(expenses) from reinsurance contracts held	33	44,911	(125,521)	-	-
Net insurance finance (expense)/income		(194,530)	193,631	-	-
Insurance revenue	34	8,884,743	8,666,203	-	-
Insurance service expenses	36	(5,715,808)	(5,726,587)	-	-
Net expenses from reinsurance contracts		(2,632,580)	(3,557,892)	-	-
Net insurance revenue/(expenses)		536,355	(618,276)	-	-
Impairment losses on financial instruments	41(b)(ii)(B)(6)	(814,953)	(2,750,881)	-	-
Impairment losses on investment in subsidiaries	10	-	-	(4,639,620)	(238,410)
Net gains on investments	32	66,089	23,805	-	-
Other finance cost		-	(4,315)	-	-
Other operating income	35, 39(d)	10,954,672	13,468,312	4,136,342	5,256,252
Operating expenses	36, 39(d)	(27,922,500)	(28,000,410)	(4,721,567)	(4,547,260)
Operating (loss)/profit		(2,013,139)	(3,372,885)	(5,329,090)	378,113
Share of profit of associates	11	-	961	-	-
Loss on loan modification	25(iii)	-	(144,985)	-	-
Loss on disposal of indirect subsidiary	48	(20,765)	-	-	-
Unrealised foreign exchange (loss)/gain		(252,451)	153,625	410	3,364
(Loss)/profit before taxation		(2,286,355)	(3,363,284)	(5,328,680)	381,477
Taxation	37	(244,332)	826,103	204,072	32,438
(Loss)/profit for the year		(2,530,687)	(2,537,181)	(5,124,608)	413,915
Attributable to:					
Equity holders of the Company		(2,524,886)	(2,529,086)	(5,124,608)	413,915
Non-controlling interest		(5,801)	(8,095)	-	-
		(2,530,687)	(2,537,181)	(5,124,608)	413,915

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 Profit or Loss and Other Comprehensive Income
Year ended March 31, 2025

	Notes	Group 2025 $'000	Group 2024 $'000	Company 2025 $'000	Company 2024 $'000
(Loss)/profit for the year		(2,530,687)	(2,537,181)	(5,124,608)	413,915
Other comprehensive income:					
Items that are or may be reclassified to profit or loss:					
Exchange differences on translation of foreign subsidiaries' balances		259,735	(17,259)	-	-
(Decrease)/increase in fair value of fair value through other comprehensive income (FVOCI) investment securities, net of impairment losses		(246,726)	312,204	-	-
Realised (gains)/losses on investments recognised in the statement of profit or loss	32	(56,119)	16,717	-	-
Deferred tax on FVOCI investment securities and expected credit loss (ECL)	17	101,458	(93,120)	-	-
Finance (expenses)/ income from insurance/ reinsurance contracts	33(a)	(10,520)	9,464	-	-
Net finance (expense)/ income from reinsurance	33(a)	(153)	31	-	-
Deferred tax on insurance and reinsurance contracts	17	2,667	(2,374)	-	-
Revaluation gain on transfer to investment property	14, 29	-	266,870	-	-
		50,342	492,533	-	-
Items that will never be reclassified to profit or loss:					
Remeasurement of employee benefits obligation	23(d)	(253,332)	(288,738)	-	-
Deferred tax on employee benefits obligation	17	84,444	96,246	-	-
		(168,888)	(192,492)	-	-
Total other comprehensive (loss)/income for the year		(118,546)	300,041	-	-
Total comprehensive (loss)/income for the year		(2,649,233)	(2,237,140)	(5,124,608)	413,915
Attributable to:					
Equity holders of the Company		(2,644,144)	(2,241,056)	(5,124,608)	413,915
Non-controlling interest		(5,089)	3,916	-	-
		(2,649,233)	(2,237,140)	(5,124,608)	413,915

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, 2025

	Reserve fund $'000 (note 27)	Contractual savings reserve $'000 (note 28)	Other reserves $'000 (note 29)	Retained earnings $'000	Total $'000	Non - controlling interest $'000 (note 30)	Total equity $'000
Balances at March 31, 2023	7,656,668	14,223	4,052,259	23,235,161	34,958,311	63,037	35,021,348
Total comprehensive loss for the year:							
Loss for the year	-	-	-	(2,529,086)	(2,529,086)	(8,095)	(2,537,181)
Other comprehensive income							
Translation of foreign subsidiaries' balances	-	-	(18,122)	-	(18,122)	863	(17,259)
Decrease in fair value of FVOCI investments, net of impairment losses and deferred tax	-	-	207,998	-	207,998	11,086	219,084
Realised losses on investments recognised in the statement of profit or loss	-	-	16,717	-	16,717	-	16,717
Remeasurement of employee benefits obligation, net of deferred tax	-	-	-	(192,554)	(192,554)	62	(192,492)
Increase in value of property, plant and equipment at fair value	-	-	266,870	-	266,870	-	266,870
Net finance income from insurance and reinsurance contracts, net of deferred tax	-	-	7,121	-	7,121	-	7,121
Total other comprehensive income/(loss)	-	-	480,584	(192,554)	288,030	12,011	300,041
Total comprehensive income/(loss)	-	-	480,584	(2,721,640)	(2,241,056)	3,916	(2,237,140)
Transactions with owners							
Dividend paid [note 30(b)]	-	-	-	-	-	(17)	(17)
Claims on dormant accounts by customers [note 29(d)])	-	-	1,252	-	1,252	-	1,252
	-	-	481,836	(2,721,640)	(2,239,804)	3,899	(2,235,905)
Movement between reserves:							
Transfer from credit loss reserve	-	-	164,835	(164,835)	-	-	-
Transfer from retained earnings reserve	126,183	-	-	(126,183)	-	-	-
Balances at March 31, 2024	7,782,851	14,223	4,698,930	20,222,503	32,718,507	66,936	32,785,443
Total comprehensive loss for the year:							
Loss for the year	-	-	-	(2,524,886)	(2,524,886)	(5,801)	(2,530,687)
Other comprehensive income							
Translation of foreign subsidiaries' balances	-	-	258,742	-	258,742	993	259,735
Decrease in fair value of FVOCI investments, net of impairment losses and deferred tax	-	-	(145,268)	-	(145,268)	-	(145,268)
Realised gains on investments recognised in the statement of profit or loss	-	-	(56,119)	-	(56,119)	-	(56,119)
Net finance expense from insurance and reinsurance contracts, net of deferred tax	-	-	(8,006)	-	(8,006)	-	(8,006)
Remeasurement of employee benefit net of deferred tax	-	-	-	(168,607)	(168,607)	(281)	(168,888)
Total other comprehensive income/(loss)	-	-	49,349	(168,607)	(119,258)	712	(118,546)
Total comprehensive income/(loss)	-	-	49,349	(2,693,493)	(2,644,144)	(5,089)	(2,649,233)
Transactions with owners							
Dividend paid [note 30(b)]	-	-	-	-	-	(17)	(17)
Disposal of subsidiary (note 48)	-	-	(356,213)	-	(356,213)	-	(356,213)
Claims on dormant accounts by customers [note 29(d)])	-	-	1,308	-	1,308	-	1,308
	-	-	(305,556)	(2,693,493)	(2,999,049)	(5,106)	(3,004,155)
Movement between reserves:							
Transfer to credit loss reserve	-	-	282,161	(282,161)	-	-	-
Transfer to reserve fund	43,881	-	-	(43,881)	-	-	-
Balances at March 31, 2025	7,826,732	14,223	4,675,535	17,202,968	29,719,458	61,830	29,781,288

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, 2025

	Other reserves $'000 (note 29)	Retained earnings $'000	Total $'000
Balances at March 31, 2023	149,041	10,583,230	10,732,271
Total comprehensive loss for the year			
Profit for the year, being total comprehensive income	-	413,915	413,915
Transactions with owners recorded directly in equity			
Claims on dormant accounts by customers [note 29(d)]	1,252	-	1,252
Balances at March 31, 2024	150,293	10,997,145	11,147,438
Total comprehensive loss for the year			
Loss for the year, being total comprehensive income	-	(5,124,608)	(5,124,608)
Transactions with owners recorded directly in equity			
Claims on dormant accounts by customers [note 29(d)]	1,308	-	1,308
Balances at March 31, 2025	151,601	5,872,537	6,024,138

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, 2025

	Notes	2025 $'000	2024 $'000
Cash flows from operating activities			
Loss for the year		(2,530,687)	(2,537,181)
Adjustments to reconcile loss to net cash			
(used in)/provided by operating activities:			
Depreciation - property, plant and equipment	15	721,130	677,131
Amortisation of intangible assets	16	620,399	499,095
Depreciation on right-of-use assets	26(a)(i)	460,141	508,909
Write-off of intangible assets	16	-	(56,682)
Gains on disposal of property, plant and equipment		(26,236)	(2,465,447)
Write-off of property, plant and equipment		55,693	2,726
Losses on loan modification		-	144,985
Increase in fair value of investment property		(167,853)	(32,408)
Gains on disposal of investments		(66,089)	(23,805)
Gains on disposal of assets held for sale		-	(135)
Loss on disposal of interest in an associate	11	-	127,750
Loss on disposal of indirect subsidiary		20,765	-
Losses/(gains) on foreign exchange rate changes		655,739	(76,298)
Unrealised loss on investment revaluation		91,827	-
Translation differences		(20,276)	12,424
Dividend income	35	(37,749)	(66,959)
Share of profits of associates	11	-	(961)
Interest income		(22,629,743)	(21,206,003)
Interest expense	31	7,018,813	6,731,131
Interest expenses on lease liabilities	26(a)(iii), 31	249,202	159,623
Current tax expense	37(a)(i)	307,183	213,313
Deferred taxation	17, 37(a)(ii)	(62,851)	(1,039,416)
Benefits paid	23(b)	(19,243)	(16,500)
Current service cost	23(b)	56,206	26,570
Interest cost	23(b)	125,206	102,345
Impairment losses on financial instruments	41(b)(ii)(B)(6)	814,953	2,750,881
		(14,363,470)	(15,564,912)
Changes in operating assets and liabilities:			
Cash reserves with Bank of Jamaica	6	(274,948)	(2,895,527)
Net additions to loans		(29,725,397)	(29,315,073)
Other assets		(1,454,604)	(1,616,242)
Net receipts from customer deposits		12,857,275	62,944,762
Due to related entities		(20,572)	10,929
Insurance contract liabilities	24(a)	1,588,336	1,857,517
Insurance and reinsurance contract assets	24(a),(b)	(2,364,615)	(902,085)
Other payables		1,318,254	1,543,122
Interest in associates		40,151	13,586
Margin loan payable		(2,216,038)	129,322
		(34,615,628)	16,205,399
Interest paid		(8,108,832)	(5,070,794)
Interest received		16,461,302	14,474,081
Income tax paid		(351,246)	(810,322)
Net cash (used in)/ provided by operating activities (page 12)		(26,614,404)	24,798,364

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, 2025

	Notes	2025 $'000	2024 $'000
Net cash (used in)/ provided by operating activities (page 11)		(26,614,404)	24,798,364
Cash flows from investing activities			
Purchase of investments		(62,519,562)	(103,945,114)
Interest received		6,030,412	6,383,530
Dividend received		37,749	66,959
Assets held for sale		-	14,411
Acquisition of securities purchased under resale agreements		(91,395,067)	(330,841,913)
Proceeds from securities purchased under resale agreements		93,310,879	328,161,413
Acquisition of intangible assets	16	(1,675,473)	(918,196)
Acquisition and transfer of property, plant and equipment	15	(266,185)	(1,280,227)
Acquisition of investment property		(1,257)	(201,870)
Increase in right-of-use assets due to sale and lease back		-	(571,372)
Proceeds from disposal of investment property		-	230,000
Proceeds from disposal of investment in associates		-	489,995
Proceeds from sale of assets held for sale		-	19,191
Proceeds from disposal of property, plant and equipment		32,515	3,500,020
Proceeds from disposal of intangible assets		10,755	57,047
Proceeds from disposal of investments		64,995,276	114,606,763
Cash and cash equivalent of subsidiary disposal	48(i)(b)	(29,602,076)	-
Net cash (used in)/ provided by investing activities		(21,042,034)	15,770,637
Cash flows from financing activities			
Repayment of long-term loans		(2,500,638)	(1,174,617)
Proceeds from long-term loans		2,477,514	1,231,279
Proceeds from specialised financial institutions		2,097,526	803,037
Repayments to specialised financial institutions		(586,021)	(486,595)
Repayment of securities sold under repurchase agreements		(254,203,890)	(155,238,219)
Proceeds from issuance of securities sold under repurchase agreements		262,371,997	156,882,773
Increase in lease liability due to sale and lease back		-	2,190,964
Dividend paid to non-controlling interest		(17)	(17)
Claims on dormant accounts		1,308	1,252
Payment of lease liabilities	26(a)(iv)	(867,787)	(732,465)
Net cash provided by financing activities		8,789,992	3,477,392
Net (decrease)/ increase in cash and cash equivalents		(38,866,446)	44,046,393
Cash and cash equivalents at the beginning of the year		60,721,567	16,172,109
Effects of exchange rate changes on cash and cash equivalents		420,334	503,065
Cash and cash equivalents at the end of the year		22,275,455	60,721,567
Comprised of:			
Cash and cash equivalents	6	22,286,151	60,721,567
Bank overdraft		(10,696)	-
		22,275,455	60,721,567

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, 2025

	Notes	2025 $'000	2024 $'000
Cash flows from operating activities			
(Loss)/profit for the year		(5,124,608)	413,915
Adjustments to reconcile (loss)/profit to net cash used in operating activities:			
Depreciation – property, plant and equipment	15	122,272	63,591
Amortisation of intangible assets	16	65,576	102,109
Depreciation on right-of-use assets	26(a)(i)	37,903	39,776
Gains on disposal of property, plant and equipment		(5,329)	(1,517)
Interest income		(149,462)	(7,749)
Dividend income	35	-	(1,058,000)
Interest expense	31	246,057	88,340
Interest expense on lease liability	26(a)(iii), 31	7,650	11,752
Impairment losses on investment in subsidiaries	10	4,639,620	238,410
Deferred taxation	17, 37(a)(ii)	(204,072)	(32,438)
		(364,393)	(141,811)
Changes in operating assets and liabilities:			
Due from related entities		(167,408)	234,951
Taxation recoverable		(51)	(45)
Net additions to loans		(1,064,146)	(131,433)
Other assets		(7,723)	12,689
Due to related entities		(59,109)	21,275
Other payables		320,598	65,165
		(1,342,232)	60,791
Interest paid		(198,569)	(88,340)
Interest received		124,133	7,893
Net cash used in operating activities		(1,416,668)	(19,656)
Cash flows from investing activities			
Interest in subsidiaries		-	(1,279,000)
Dividend received from subsidiaries		-	1,058,000
Acquisition of intangible assets	16	-	(83,279)
Acquisition of property, plant and equipment	15	(20,529)	(19,316)
Proceeds from disposal of property, plant and equipment		5,329	4,434
Net cash used in investing activities		(15,200)	(319,161)
Cash flow from financing activities			
Proceeds from long-term loans		1,541,685	500,000
Repayment of long-term loans		(68,910)	(35,305)
Repayment of lease liabilities	26(a)(iv)	(48,935)	(51,771)
Claims on dormant accounts		1,308	1,252
Net cash provided by financing activities		1,425,148	414,176
Net (decrease)/increase in cash and cash equivalents		(6,720)	75,359
Cash and cash equivalents at the beginning of the year		237,518	162,159
Cash and cash equivalents at the end of the year	6	230,798	237,518

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, 2025

1. The Company

The Jamaica National Group Limited ("the 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 Company is the ultimate holding company with two direct subsidiaries, MCS Group Limited (MCSG) and JN Financial Group Limited (JNFG). Both entities are incorporated in Jamaica under the Jamaican Companies Act.

"Group" refers collectively to the Company and its subsidiaries. The Group also has an interest in associates and a joint venture.

Subsidiaries	Country of incorporation	Percentage Ownership 2025	2024	Nature of business
JN Financial Group Limited and its subsidiaries	Jamaica	100	100	Financial holding company.
JN Bank Limited	Jamaica	100	100	Banking services.
JN Bank UK Limited[1]	United Kingdom	-	100	Banking services.
JN Cayman	Cayman Islands	95.89	95.89	Mortgage lending on residential properties and other financial services.
JN Fund Managers Limited (JNFM)	Jamaica	100	100	Provision of investment services, pension management and administrative services, credit facilities, investment banking and stock brokerage services.
JN Money Services Limited and its subsidiaries:	Jamaica	100	100	Money transfer services, including remittances, bill payments, mobile credit top up and sale of foreign currencies.
JN Money Services (UK) Limited	England	100	100	Money transfer services, including remittances, bill payments and mobile credit top up.
JN Money Services (USA) Inc.	United States of America	100	100	Money transfer services, including remittances, bill payments and mobile credit top up.
JN Money Services (Canada) Limited	Canada	100	100	Money transfer services, including remittances, bill payments and mobile credit top up.
JN Money Services (Cayman) Ltd[2].	Cayman Islands	100	100	Money transfer services, including remittances, bill payments and mobile credit top up.

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

Notes to the Financial Statements (Continued)
March 31, 2025

1. The Company (continued)

Subsidiaries (continued)	Country of incorporation	Percentage Ownership		Nature of business
		2025	**2024**	
JN Financial Group Limited (continued)				
JN Life Insurance Company Limited (JNLIC)	Jamaica	100	100	Life insurance services.
JN General Insurance Company Limited (JNGI)	Jamaica	99.64	99.64	General insurance services.
JN Small Business Loans Limited (JNSBL)[3]	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.
Management Control Systems Limited	Jamaica	97.31	97.31	Sale of technology products, software and implementation services.
The Jamaica Automobile Association (Services) Limited	Jamaica	100	100	Automobile road safety, fleet management and allied services.
JN Properties Limited	Jamaica	100	100	Property management, maintenance, refurbishing and rental 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)[4]	Jamaica	70	70	Housing development services.
Associates and Joint Ventures				
Jamaica Joint Venture Investment Company Limited	Jamaica	50	50	Owners of commercial buildings.
Transaction ePins Limited	Jamaica	19.50	19.50	Distribution of electronic prepaid airtime.

1 JN Bank UK Limited ceased to be a subsidiary effective September 30, 2024 following divestment of 80.1% of its shareholding (see note 48).

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

3 The operations of JNSBL were integrated into JN Bank Limited as part of a wider JN Group strategy effective July 1, 2023.

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

1. The Company (continued)

Other related entities:

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 to assist, through grants or otherwise, with 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. In 2018, $181,676,342 [note 9(b)] representing unclaimed funds were transferred to the Foundation consequent on the restructuring of the JN Group. As part of the arrangement, 50% of the unclaimed funds was distributed to the Foundation. Unclaimed funds are accounts with dormancy exceeding 15 years. The funds are to be utilised to assist with educational programmes. 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 regulation

JN Bank Limited is licensed, and its financial statements are delivered, under the Banking Services Act, 2014 and the Banking Services Regulations 2015, which became effective on September 30, 2015. JN Bank UK Limited is an authorised institution under the Financial Services and Markets Act 2000 of the United Kingdom and is required to submit its financial statements to its regulators annually.

JN Money Services Limited (JNMS) is licensed under section 22G(2) of the Bank of Jamaica Act. JN Fund Managers Limited 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 Accounting Standards") and comply with the relevant provisions of the Jamaican Companies Act.

Details of the Group's material accounting policies are included in note 47.

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

(b) Basis of preparation:

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

- Financial instruments classified as at fair value through profit or loss and at fair value through other comprehensive income are measured at fair value;
- The liability for defined-benefit obligations is recognised as the present value of the defined-benefit obligations; and
- Investment property is measured at fair value, subsequent to initial recognition, with any change there in recognised as profit or loss.
- Insurance and reinsurance contracts are measured at fulfilment cashflows.

The preparation of the financial statements in conformity with IFRS Accounting Standards assumes that the Company will continue in operational existence for the foreseeable future. This means that the statements of financial position and profit or loss and other comprehensive income assume no intention or necessity to liquidate or curtail the scale of operations. This is commonly referred to as the going concern basis.

(c) Functional and presentation currency:

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The financial statements are presented in Jamaica dollars ($), which is the functional currency of the Company. The financial statements of other entities included in the consolidated financial statements that have different functional currencies are translated into Jamaica dollars in the manner set out in note 47(q). Amounts are rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates, assumptions and judgements:

The preparation of the financial statements in conformity with IFRS Accounting Standards 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.

4. Accounting estimates and judgements

(a) Key sources of estimation uncertainty:

The key assumptions about the future and other major sources of estimation uncertainty that have a significant risk of the carrying amounts of assets and liability at the reporting date being materially adjusted in the next financial year, are follows:

(i) Post-retirement benefits:

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

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

(ii) Allowance for impairment losses:

Measurement of the expected credit loss (ECL) allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). The explanation of the inputs, assumptions and estimation techniques used in measuring ECL is detailed in note 42(b), which also sets out key sensitivities of the ECL to changes in these elements.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Establishing the criteria for determining whether credit risk has increased significantly since initial recognition;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

4. Accounting estimates and judgements (continued)

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

(ii) Allowance for impairment losses (continued):

Measurement of the expected credit loss (ECL) allowance (continued)

Detailed information about the judgements and estimates made by the Group in the above areas is set out in note 41(b).

Sensitivity of ECL to future economic conditions

The ECL are sensitive to judgements and assumptions made regarding formulation of forward-looking scenarios and how such scenarios are incorporated into the calculations. Management performs a sensitivity analysis on the ECL recognised on material classes of its assets.

(iii) Insurance and reinsurance contracts

Areas of potential judgement	**Applicable to the general insurance subsidiary**
For insurance contracts issued measured under the Premium Allocation Approach (PAA), management judgement might be required to assess whether facts and circumstances indicate that a group of contracts has become onerous. Further, judgement is required to assess whether facts and circumstances indicate that any changes in the onerous group's profitability and whether any loss component remeasurement is required.	This area of judgement is applicable to the general insurance indirect subsidiary which sets premiums considering recent experience. There are no recent circumstances where there have been onerous contracts. In 2024 and 2025, the general insurance indirect subsidiary reviewed gross combined ratios which indicated that contracts are expected to be profitable. All contracts measured by the general insurance indirect subsidiary in 2024 and 2025 under the PAA were determined to be non-onerous on initial recognition.
An entity can use judgement to determine which cash flows within the boundary of insurance contracts are those that relate directly to the fulfilment of the contracts.	The general insurance indirect subsidiary performs regular expense studies and uses judgement to determine the extent to which fixed and variable overheads are directly attributable to fulfilling insurance contracts.

In applying IFRS 17 measurement requirements, certain inputs and methods were used that include significant estimates. These include estimates of future cash flows to fulfil insurance contracts, mortality, morbidity and persistency assumptions rates, discount rates including any illiquidity premiums, risk adjustment for non-financial risk and assumptions used in the measurement of contractual service margin (CSM).

4. Accounting estimates and judgements (continued)

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

(iii) Insurance and reinsurance contracts (continued)

I. Fulfilment cash flows (FCF)

Fulfilment cash flows comprise:

- estimates of future cash flows;
- an adjustment to reflect the time value of money and the financial risks related to future cash flows, to the extent that the financial risks are not included in the estimates of future cash flows; and
- a risk adjustment for non-financial risk.

The Group's objective in estimating future cash flows is to determine the expected value of a range of scenarios that reflects the full range of possible outcomes.

The Group estimates certain FCF at the portfolio level or higher and then allocates such estimates to groups of contracts. The Group uses consistent assumptions to measure the estimates of the present value of future cash flows for the group of reinsurance contracts held and such estimates for the groups of underlying insurance contracts.

Estimates of future cash flows

Included in the measurement of each group of contracts within the scope of IFRS 17 are all of the future cash flows within the boundary of each group of contracts. The estimates of these future cash flows are based on probability-weighted expected future cash flows. The Group estimates which cash flows are expected and the probability that they will occur as at the measurement date. In making these expectations, the Group uses information about past events, current conditions and forecasts of future conditions. The Group's estimate of future cash flows is the mean of a range of scenarios that reflect the full range of possible outcomes. Each scenario specifies the amount, timing and probability of cash flows.

The probability-weighted average of the future cash flows is calculated using a deterministic scenario representing the probability-weighted mean of a range of scenarios.

Where estimates of expenses-related cash flows are determined at the portfolio level or higher, they are allocated to groups of contracts on a systematic basis, such as activity-based costing method. The Group has determined that this method results in a systematic and rational allocation. Similar methods are consistently applied to allocate expenses of a similar nature.

Uncertainty in the estimation of future claims and benefit payments and premium receipts arises primarily from the unpredictability of changes in the mortality rates, the variability in policyholder behaviour, and uncertainties regarding future inflation rates and expenses growth. Assumptions used to develop estimates about future cash flows are reassessed at each reporting date and adjusted where required.

4. Accounting estimates and judgements (continued)

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

(iii) Insurance and reinsurance contracts (continued)

I. Fulfilment cash flows (FCF) (continued)

Estimates of future cash flows (continued)

The Group projects estimates of future expenses relating to fulfilment of contracts within the scope of IFRS 17 using current expense levels adjusted for inflation. Possible increases in expense assumptions increase estimates of future cash outflows and thus decrease the Contractual Service Margin (CSM) within the Liability for Remaining Coverage (LRC) for contracts measured under the General Measurement Model (GMM), and they increase the Liability for Incurred Claims (LIC) for contracts measured under the Premium Allocation Approach (PAA).

Contract boundaries

The assessment of the contract boundary, which defines which future cash flows are included in the measurement of a contract, requires judgement and consideration of the Group's substantive rights and obligations under the contract.

The assessment of the contract boundary, which defines which future cash flows are included in the measurement of a contract, requires judgement and consideration of the Group's substantive rights and obligations under the contract.

Mortality and morbidity

The Group derives mortality and morbidity rate assumptions from credible mortality and morbidity tables published by actuarial institutes including the Canadian Institute of Actuaries. An investigation into the Group's experience is performed, and statistical methods are used to adjust the assumptions tables to produce the probability-weighted expected rates in the future over the duration of the insurance contracts. Rates are differentiated between policyholder groups, based on gender. A possible increase in mortality rates increases estimates of future cash outflows and thus decreases the CSM.

Persistency

The Group derives assumptions about lapse and surrender rates based on Group and industry experience. Historical lapse and surrender rates are derived from the Group's policy administration data. An analysis is then performed of the Group's historical rates in comparison to the assumptions previously used. Statistical methods are used to derive adjustments to reflect the Group's own experience and any trends in the data, to arrive at the probability-weighted expected lapse and surrender rates. Possible increases in lapse and surrender rates could increase or decrease estimates of future cash outflows and thus decrease or increase the CSM.

The following assumptions about lapse and surrender rates were used:

	2025	2024
Life risk	**0-18%**	**0-18%**

4. **Accounting estimates and judgements (continued)**

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

(iii) Insurance and reinsurance contracts (continued)

I Fulfilment cash flows (FCF) (continued)

Discount rates

For the life insurance subsidiary, the top-down approach was used to derive the discount rates. Under this approach, the discount rate is determined as the yield implicit in the fair value of a reference portfolio adjusted for differences between the reference portfolio of assets and respective liability cash flows (known as an 'illiquidity premium'). The risk-free yield is derived using Government of Jamaica bond rates available in the market denominated in the same currency as the product being measured. For the general insurance subsidiary, the bottom-up approach. The Group's portfolio comprises Government of Jamaica (GOJ) bonds. The assets were selected in order to match the liability cash flows. The yield from the reference portfolio was adjusted to remove both expected and unexpected credit risk, and to reflect the illiquidity of insurance contracts. These adjustments were estimated using information from observed historical levels of default relating to the bonds included in the reference portfolio and observed corporate bond spreads over GOJ bonds.

Observable market information is available for up to 20 years for the life insurance subsidiary. For the unobservable period, the yield curve was interpolated the last observable point and an ultimate spot rate at 60 years using linear interpolation.

The yield curves that were used to discount the estimates of future cash flows are as follows:

	2025				
Product	1 year	5 years	10 years	20 years	30 years
Life risk (issued and reinsurance held)	5.53%	6.10%	7.12%	8.62%	8.26%

	2024				
Product	1 year	5 years	10 years	20 years	30 years
Life risk (issued and reinsurance held)	7.54%	5.12%	6.26%	9.41%	8.31%

Methods used to measure general insurance contracts

Judgement is involved in assessing the most appropriate technique to estimate insurance liabilities for the claims incurred. Estimates are performed on an accident year basis.

4. Accounting estimates and judgements (continued)

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

(iii) Insurance and reinsurance contracts (continued)

I Fulfilment cash flows (FCF) (continued)

Methods used to measure general insurance contracts (continued)

In its claims incurred assessments, the company uses internal data consisting of historical paid claims, case reserves, and allocated claims expenses. This information is used to develop ultimate incurred claims and allocated claim adjustment expense estimates by accident year. The Incurred Development, Bornhuetter-Ferguson and Expected Loss Ratio methods are used to arrive at the estimates of incurred but not reported claims, which are industry standards for this type of claim.

The Incurred Development method projects current reported incurred claims to their ultimate values by accident year based on historical incurred development patterns. The Bornhuetter-Ferguson gives some weight to historically based development patterns and the balancing weight to historically based expected ultimate loss ratios.

The Expected Loss Ratio method derives the ultimate incurred losses by applying the expected loss ratios to the earned premium. This method gives no weight to the losses reported as at the valuation date.

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arise from non-financial risk as the insurance contract is fulfilled. Because the risk adjustment represents compensation for uncertainty, estimates are made on the degree of diversification benefits and expected favourable and unfavourable outcomes in a way that reflects the Group's degree of risk aversion. The Group estimates an adjustment for non-financial risk separately from all other estimates. The Group does not consider the effect of reinsurance in the risk adjustment for non-financial risk of the underlying insurance contracts.

For the life insurance subsidiary, the margin method was used to derive the risk adjustment for non-financial risk at the contract level. In the margin method, the risk adjustment is determined by applying margins to actuarial assumptions relating to non-financial risk. The risk adjustment is calibrated to a confidence level using the Life Insurance Capital Adequacy Test (LICAT) method. The LICAT method maps the relevant shocks for non-financial risks from the Jamaican LICAT capital framework to an 85th confidence level.

For the general insurance subsidiary, the risk adjustment was calculated at a line of business level and then allocated down to each group of contracts in accordance with their risk profiles. The confidence level method was used to derive the risk adjustment for non-financial risk.

4. Accounting estimates and judgements (continued)

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

(iii) Insurance and reinsurance contracts (continued)

I Fulfilment cash flows (FCF) (continued)

Risk adjustment for non-financial risk (continued)

In the confidence level method, the risk adjustment is determined by bootstrapping the loss distribution of the company's historical claims data. A correlation matrix was used to aggregate the risk adjustments to the entity level.

For the life insurance subsidiary, the resulting amount of the calculated risk adjustment corresponds to the confidence level of 87% (2024: 88%). For the general insurance subsidiary, the calculated risks adjustment corresponds to the confidence level of 75% (2024: 75%). The methods and assumptions used to determine the risk adjustment for non-financial risk were not changed in 2025.

II. Contractual service margin (CSM)

Determination of coverage units and period

The amount of the CSM recognised in profit or loss for insurance contract services in the period is determined by the allocation of the CSM remaining at the end of the reporting period over the current and remaining expected insurance coverage period of the group of insurance contracts based on coverage units. The coverage period is defined as a period during which the entity provides insurance contract services.

For individual and creditor life contracts, the coverage period corresponds to the insurance coverage.

The total number of coverage units in a group is the quantity of service provided by the contracts in the group over the expected coverage period. The coverage units are determined at each reporting period-end prospectively by considering:

a. the quantity of benefits provided by contracts in the group;
b. the expected coverage period of contracts in the group; and
c. the likelihood of insured events occurring, only to the extent that they affect the expected coverage period of contracts in the group.

The Group uses the amount that it expects the policyholder to be able to validly claim in each period if an insured event occurs as the basis for the quantity of benefits with respect to insurance coverage. The Group reflects the time value of money in the allocation of the CSM to coverage units, using discount rates determined at initial recognition.

4. Accounting estimates and judgements (continued)

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

(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 47(n) gives information about the assumptions and uncertainties relating to insurance liabilities and discloses the risk factors in these contracts.

(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) Impairment of indirect subsidiary:

Impairment reviews may occur if there are any triggering events or changes in circumstances which may indicate that the carrying amount of the investment in subsidiary is not recoverable. The assessment of recoverable amount requires management to make assumptions to determine estimate of expected future cash flows and appropriate discount rate in order to calculate present value. Impairment losses are calculated on a cash generating unit (CGU) basis. An impairment arises when the recoverable amount of the CGU is less than the carrying amount of the CGU.

(vii) Measurement of fair values:

The Group's accounting policy on fair value measurements is set out in accounting policy note 47(b).

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

4. Accounting estimates and judgements (continued)

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

(vii) Measurement of fair values: (continued)

- 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

- 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 instrument.

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.

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 in which the change has occurred.

(b) Critical accounting judgements (other than these involving estimation) that management has made in applying accounting policies and that have the most significant effect on amounts recognised in these financial statements:

(i) Classification of financial assets:

The assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest (SPPI) on the principal amount outstanding requires management to make certain judgements on its business operations.

In classifying financial assets, management makes judgements about whether the criteria are met. For example, the determination of whether a security may be classified as amortised cost or whether a security's fair value may be classified as 'Level 1' in the fair value hierarchy requires judgement as to whether a market is active.

4. Accounting estimates and judgements (continued)

(b) Critical accounting judgements (other than these involving estimation) that management has made in applying accounting policies and that have the most significant effect on amounts recognised in these financial statements (continued):

(ii) Impairment of indirect subsidiaries:

The valuation of a company is not an exact science and ultimately depends on what the company is worth to a serious investor or buyer. Profit and cash flow forecasts necessarily depend on subjective judgement, the company's underlying business continuing as a going concern and involves determining the company's relevant earnings and then capitalizing those relevant earnings at a rate which reflects the expected risks of achieving those earnings.

(iii) Insurance and reinsurance contracts

A number of significant judgements are made in relation to the following:

- *Classification of insurance and reinsurance contracts*: assessing whether the contract transfers significant insurance risk;
- *Level of aggregation of insurance and reinsurance contracts*: identifying portfolios of contracts and determining groups of contracts that are onerous on initial recognition and those that have no significant possibility of becoming onerous subsequently;
- *Measurement of insurance and reinsurance contracts*: determining the techniques for estimating risk adjustments for non-financial risk and the coverage units provided under a contract;

Detailed information about the judgements made by the Group in the above areas is set out in [note 47(n)]

5. Responsibilities of the appointed actuaries and external auditors

Xavier Benarosch of Eckler Partners Limited, Constance Dalmadge Hall of Eckler Limited and Niala Saith-Deschamps of PricewaterhouseCoopers LLP, have been appointed actuaries by the Board of Directors pursuant to the Insurance Act 2001 or the requirement of IAS 19 where applicable. With respect to the preparation of financial statements, the actuary is required to carry out an actuarial valuation of management's estimate of the indirect insurance subsidiaries' policy liabilities and one of the indirect banking subsidiaries' group health and group life liabilities and report thereon to the shareholders and members. 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 valuations are made in accordance with accepted actuarial practice, as well as any other matter specified in any directive made by regulatory authorities. The actuary's report outlines the scope of his/her work and opinion. An actuarial valuation is prepared annually.

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5. Responsibilities of the appointed actuaries and external auditors (continued)

The external auditors have been appointed by the shareholders pursuant to the Jamaican Companies Act to conduct an independent and objective audit of the financial statements of the indirect subsidiaries 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 his/her report on the indirect subsidiaries' actuarially determined policy liabilities, and post-employment and other obligations. The auditors' report outlines the scope of their audit and their opinion.

6. Cash resources

	Group		Company	
	2025	2024	2025	2024
	$'000	$'000	$'000	$'000
Cash and cash equivalents for statements of cashflow [see (a)]	22,286,151	60,721,567	230,798	237,518
Restricted cash [see (c)]	-	96,428	-	-
	22,286,151	60,817,995	230,798	237,518
Cash reserves with Bank of Jamaica [see (b)]	17,796,312	17,521,364	-	-
	40,082,463	78,339,359	230,798	237,518

(a) Cash and cash equivalents represent cash on hand and balances with banks. Included in this amount is $34.07 million (2024: $27.78 million) received from National Housing Trust (NHT) for NHT members' contribution refund.

(b) Statutory reserves, required by regulation to be held at Bank of Jamaica ("BOJ"), comprise cash reserves not available for use by JN Bank Limited and are determined by the percentage of average prescribed liabilities stipulated by the BOJ.

At March 31, 2025, the required percentage of average prescribed liabilities was 6% (2024: 6%) for Jamaica dollar liabilities and 14% (2024: 14%) for foreign currency liabilities. At March 31, 2025 and 2024 the local banking subsidiary met the cash reserve requirements.

(c) The foreign indirect banking subsidiary had an amount of $Nil million (2024: $96.43 million) held as a restricted deposit for minimum collateral deposit by a financial institution.

(d) Unsecured and secured overdraft facilities amounting to $145 million (2024: $145 million) and $Nil (2024: $ Nil), respectively, are held by indirect subsidiaries with a commercial bank. At the reporting date, the amount drawn under the secured overdraft facility was $10.70 million (2024: $Nil) and $Nil (2024: $Nil) under the secured facility.

(e) The expected credit loss on these balances is immaterial.

7. Securities purchased under resale agreements

	Group	
	2025	2024
	$'000	$'000
Principal	3,785,939	5,986,352
Interest receivable	116,016	241,371
	3,901,955	6,227,723

At March 31, 2025, securities obtained and held under resale agreements for the Group had a fair value of $7,336.02 million (2024: $9,482.54 million). The balance is shown net of expected credit losses of $0.18 million (2024: $0.19 million) [see note 41(b)(ii)].

The movement in expected credit losses on securities purchased under resale agreements is as follows:

	Group	
	2025	2024
	$'000	$'000
At beginning of year	190	514
Decrease in allowance [note 41(b)(ii) B. (6)]	(15)	(324)
Balance at end of year	175	190

Securities purchased under resale agreements, excluding interest receivable, are due, from the reporting date, as follows:

	Group	
	2025	2024
	$'000	$'000
Within 3 months	1,009,205	1,613,404
3 months to 1 year	2,776,734	4,372,948
	3,785,939	5,986,352

8. Investments

	Group	
	2025	2024
	$'000	$'000
Amortised cost		
Treasury bills	-	3,474,794
Corporate bonds	18,369	53,354
Promissory note	20,205	-
Certificates of deposit [see (iv), (v), (vii) below]	4,532,313	9,800,492
Balance carried forward (page 30)	4,570,887	13,328,640

8. Investments (continued)

	Group	
	2025	2024
	$'000	$'000
Balance brought forward (page 29)	4,570,887	13,328,640
Fair value through other comprehensive income		
Corporate and sovereign bonds	10,685,861	12,093,179
Government of Jamaica securities [see (iii), (viii) below]	56,147,559	51,138,255
Treasury bills	8,038,842	3,915,460
Quoted equities	196,939	201,062
Unquoted equities [see (i) below]	19,608	19,608
	75,088,809	67,367,564
Fair value through profit or loss		
Quoted equities	385,775	461,997
Unquoted equities [see (i) below]	710,399	-
Mutual funds	287,592	289,460
	1,383,766	751,457
Sub-total	81,043,462	81,447,661
Interest receivable	960,770	1,068,272
	82,004,232	82,515,933
Less expected credit losses on amortised cost investments [note 41(b)(ii)B(6)]	(5,835)	(5,854)
	81,998,397	82,510,079

Movement in expected credit loss on investments measured at amortised cost and FVOCI are as follows:

	Group	
	2025	2024
	$'000	$'000
At beginning of year	455,662	321,290
Translation adjustments	409	(631)
Increase/(decrease) in allowance [note 41(b)(ii)B(6)]:		
Securities at amortised cost	568	2,822
Securities at FVOCI	(306,163)	132,181
Balance at end of year	150,476	455,662

(i) Unquoted equities comprise 5,020,000 (2025: 5,020,000) units of shares held by JN Bank Limited in Automated Payments Limited, an automated clearing house operator. These shares are classified as fair value through other comprehensive income. Unquoted equities for JN Financial Group Limited which is classified as fair value through profit or loss represent residual investment of 16% in JN Bank UK following the divestment of majority shareholding on September 30, 2024 (see notes 48 and 50).

8. Investments (continued)

Movement in expected credit loss on investments measured at amortised cost and FVOCI are as follows (continued):

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

	Group	
	2025	2024
	$'000	$'000
No specific maturity	1,600,313	972,127
Within 3 months	8,364,772	12,575,699
3 months to 1 year	7,231,299	6,889,507
1 year to 5 years	21,493,620	23,478,506
5 years and over	42,353,458	37,531,822
	81,043,462	81,447,661

(iii) Investments of the general and life insurance indirect subsidiaries, totalling $159.23 million (2024: $160.57 million), are held to the order of the Financial Services Commission (FSC) as required by the Insurance Act 2001.

(iv) The Group's USA-based indirect subsidiary, a money transmitter, is licensed in the States of New York, Maryland, Connecticut, New Jersey, Georgia, Florida, California and Massachusetts and in The District of Columbia. The regulations require a total minimum net worth of US$3.32 million (2024: US$3.22 million). In addition, the regulations require surety bonds in favour of, and/or pledged funds to, the Superintendent of Banking of US$5.68 million (2024: US$5.43 million).

(v) An amount of US$0.03 million (2024: US$0.03 million) is held with Ghana Merchant Bank, in respect of the provision of remittance services, by an indirect subsidiary and accordingly restricted.

(vi) At March 31, 2025, investments that are pledged by the Group as collateral for securities sold under repurchase agreements had a carrying value of $50.46 billion (2024: $37.75 billion) (note 19).

(vii) An indirect banking subsidiary pledged certificates of deposit amounting to $3.07 million (2024: $3.05 million) with a commercial bank to cover a third-party guarantee.

(viii) An indirect banking subsidiary pledged investments amounting to $978.62 million (2024: $883.98 million) to facilitate settlement of Multilink transactions. This represents the pledge of amounts to J.E.T.S Limited. It represents a proportional amount of the indirect banking subsidiary's multilink transactions and is to cover J.E.T.S Limited due to delayed/overnight and over weekend settlement by all financial institutions on the multilink network.

9. Due from/to related entities

(a) This represents amounts due from subsidiaries and other related entities in the ordinary course of business. The amounts are unsecured, interest free and due within three (3) months.

(b) This represents net amounts due to the JN Foundation by the Group, which are unsecured, interest free and payable within three (3) months.

10. Interest in subsidiaries

	Company	
	2025	2024
	$'000	$'000
At beginning of year	12,334,620	11,294,030
Increase in interest in subsidiaries	-	1,279,000
Less: impairment provision	(4,639,620)	(238,410)
Balance at end of year	7,695,000	12,334,620

Impairment losses are calculated on a cash generating unit (CGU) basis. An impairment arises when the recoverable amount of the CGU is less than the carrying amount of the CGU, a single CGU identified for assessment being JN Financial Group Limited. The recoverable amount is the higher of fair value less costs to sell (FVLCS) and value in use (VIU) where FVLCS is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal and the VIU being the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

The recoverable amount of the cash-generating unit was computed using a market approach for the purposes of determining the equity value at the valuation date, specifically a P/B ratio and a discounted cash flow approach, and taking an average of both methods to provide an indication of fair value. Using projections over a five (5) year period ended 2029, the profit after taxes was discounted at the cost of equity. The P/B multiples were then used to determine an equity value based on the net assets of the subsidiary. Thereafter, an average of the results for both the discounted cash flow approach and the P/B multiple approach were used to generate an indicative fair value of the equity of the subsidiary.

The carrying value of the equity investment in a subsidiary exceeded its fair value, as determined using this approach, resulting in an impairment charge of $4.64 billion (2024: $238.41 million) being recognised.

11. Interest in associates

	Group	
	2025	2024
	$'000	$'000
Shares, net (see note 1)	52,499	52,499
Group's share of reserves	(40,151)	605,331
Debentures	582	13,652
	12,930	671,482
Disposal of shares	-	(1)
Disposal of Group's share of reserves	-	(617,745)
Impairment of investment in associates	(12,930)	-
Loan reclassified to loan receivable (note 12)	-	(13,585)
	-	40,151

11. Interest in associates (continued)

The group disposed of its 40% interest in Knutsford Holding Limited during the year and the loan was reclassified to loan receivable (note 12). Loss arising from the disposal was $127.75 million (note 35).

The following table summarises the financial information of the associates, which are equity-accounted for, as included in their own financial statements, after fair value adjustments on acquisition and elimination of differences in accounting policies and intercompany transactions. The latest financial information for Jamaica Joint Venture Investment Company Limited is as at and for the year ended March 31, 2025 (2024: March 31, 2024) and that of Knutsford Holdings Limited is as at and for the period ended November 30, 2024 (2024: year ended December 31, 2023), which is the date the Group sold its stake in its associate. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in these associates.

	Jamaica Joint Venture Investment Company Limited		Knutsford Holdings Limited		Total	
	2025	2024	2025	2024	2025	2024
	$'000	$'000	$'000	$'000	$'000	$'000
Percentage ownership interest	**50%**	**50%**	**40%**	**40%**		
Non-current assets	-	3,137	-	-	-	3,137
Current assets	-	102,641	-	-	-	102,641
Share capital	(52,499)	(52,499)	-	-	(52,499)	(52,499)
Debenture	(582)	(582)	-	-	(582)	(582)
Reserve	53,081	51,917	-	-	53,081	51,917
Current liabilities	-	(24,311)	-	-	-	(24,311)
Net assets (100%)	-	80,303	-	-	-	80,303
Group's share of net assets, being carrying amount of equity-accounted investees	-	40,151	-	-	-	40,151
Revenue	-	36	-	85,477	-	85,513
Admin expenses	-	(40,972)	-	(14,977)	-	(55,949)
Income tax charge	-	-	-	(16,928)	-	(16,928)
Profit and total comprehensive (loss)/income (100%)	-	(40,936)	-	53,572	-	12,636
Group's share of profit or loss and total comprehensive (loss)/income	-	(20,468)	-	21,429	-	961
Dividend received by the Group	-	-	-	-	-	-

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. Shares are shown net of provision for impairment of $93.60 million (2024: $93.60 million) representing the full carrying value of the Group's holding in Transaction ePins Limited. The impairment provision is made as there was no return on the investment to date and projected negative cash flows.

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12. Loans

(a) Loans, less allowances for losses, are as follows:

	Group		Company	
	2025	2024	2025	2024
	$'000	$'000	$'000	$'000
Mortgage loans – principal [see 12(a)(i)]	106,609,004	113,408,733	-	-
Term loans	2,545,499	1,974,073	-	-
Due from Knutsford Holdings Limited [see note 11 and 12(a)(ii)])	-	13,585	-	-
Other loans [see 12(a)(iii)]	48,638,951	55,391,321	1,303,871	239,725
	157,793,454	170,787,712	1,303,871	239,725
Accrued interest	1,287,913	917,027	50,288	24,959
	159,081,367	171,704,739	1,354,159	264,684

The Group's mortgage loan agreements include the right to call mortgages at any time with six months' notice except for new loans, for which the notice to call may not be issued until after the expiration of six months from the issue date.

(i) Included in mortgage loans for the Group are balances due from directors and companies controlled by directors amounting to $Nil (2024: $Nil) and interest due on these loans of $Nil (2024: $Nil).

(ii) Included in other loans is an amount due from Knutsford Holdings Limited which bears interest at 35% per annum with no formal agreement in respect of the terms of repayment. The loans were repaid in full in April 2025.

(iii) Other loans in the Company represent the balance on unsecured and secured loan facilities with direct and indirect subsidiaries. Interest is receivable at 12.35% and 7.5% per annum, with the loans maturing in 2025 and 2027, respectively.

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

	Group		Company	
	2025	2024	2025	2024
	$'000	$'000	$'000	$'000
Within 3 months	9,462,822	3,720,717	-	2,387
3 months to 1 year	7,506,229	6,323,537	1,261,364	7,306
1 year to 5 years	40,324,848	37,482,824	42,507	230,032
5 years and over	100,499,555	123,260,634	-	-
	157,793,454	170,787,712	1,303,871	239,725

(c) The Group's loan portfolio, including accrued interest and less allowance for losses, is concentrated as follows:

	Number of accounts		Value	
	2025	2024	2025	2024
	$'000	$'000	$'000	$'000
Professional and other services	18,319	14,357	8,077,428	6,283,940
Individuals	56,574	76,629	128,502,628	139,181,532
Corporations	164	146	22,501,311	26,239,267
	75,057	91,132	159,081,367	171,704,739

12. Loans (continued)

(d) The Company's loan portfolio, including accrued interest and less allowance for losses, is concentrated as follows:

	Number of accounts		Value	
	2025	2024	2025	2024
			$'000	$'000
Corporations	2	3	1,354,159	264,684

Loans and advances on which interest is no longer accrued amounted to $12,937.04 million (2024: $12,419.86 million) for the Group and $Nil (2024: $Nil) for the Company. This represents 7.90% (2024: 7.07%) of the gross loan portfolio of the Group. These loans are included in the financial statements, net of allowance for losses.

(e) Impairment losses on loans are as follows:

	Group	
	2025	2024
	$'000	$'000
At beginning of year	4,845,971	5,782,692
Increase in allowance made during the year [note 41(b)(ii) B. (5)]	1,068,372	1,965,261
Translation adjustment	2,353	459,311
Write-offs during the year [note 41(b)(ii) B. (5)]	(2,796,031)	(3,361,293)
At end of year [note 41(b)(ii) B. (5)]	3,120,665	4,845,971

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

	Group	
	2025	2024
	$'000	$'000
Specific provision	2,426,051	4,024,906
General provision	1,725,388	1,569,678
	4,151,439	5,594,584

The total provision is broken down as follows:

	Group	
	2025	2024
	$'000	$'000
Provision as per IFRS [note 41(b)(ii) B. (6)]	3,120,665	4,845,971
Additional provision based on Bank of Jamaica provisioning requirements [note 29(c)]	1,030,774	748,613
	4,151,439	5,594,584

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13. Other assets

	Group		Company	
	2025	2024	2025	2024
	$'000	$'000	$'000	$'000
Other receivables [see (ii) below]	5,038,117	4,029,177	204,692	217,817
Bond principal receivable (net of ECL) [see (iii) below]	477,495	481,461	-	-
Deposits on property, plant and equipment	54,729	33,881	54,729	33,881
Office supplies	161,326	214,653	-	-
	5,731,667	4,759,172	259,421	251,698

(i) The balances are reflected net of expected credit loss allowance as follows:

	Group	
	2025	2024
	$'000	$'000
At beginning of the year	701,879	112,220
Write off	(19)	(59,353)
Translation adjustment	(925)	(1,605)
Increase in allowance [note 41(b)(ii) B. (6)]	52,191	650,617
	753,126	701,879

(ii) An indirect banking subsidiary pledged other assets amounting to $49.62 million (2024: $49.10 million) for bid collateral related to guarantees issued by other banks**.**

(iii) In the prior year, the Niquan Energy Trinidad Ltd 11% Secured Bond, which matured in 2024, and for which a new maturity date was not approved by the bondholders, was reclassified to 'other receivables' at amortised cost. This is shown, net of expected credit loss of f $650.95 million (2024: $610.99 million). All the other amounts are due to be recovered within 12 months.

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14. Investment property

(a) Reconciliation of carrying amount:

	Group $'000
Balance at March 31, 2023	1,338,240
Addition	201,870
Disposal	(230,000)
Change in fair value (note 35)	32,408
Transfer to property, plant and equipment (note 15)	(190,000)
Transfer from property, plant and equipment (note 15)	313,655
Increase in value of investment property at transfer to property, plant and equipment (note 29)	266,870
Translation adjustment	1,467
Balance at March 31, 2024	1,734,510
Addition	1,257
Change in fair value (note 35)	167,853
Translation adjustment	8,344
Balance at March 31, 2025	1,911,964

(b) Investment property comprises a number of commercial properties that are leased to third parties. Each of the leases contains an initial non-cancellable period of 5 years. Subsequent renewals are negotiated with the lessee and historically the average renewal period is four years. Further information about these leases is included in note 26.

Changes in fair values are recognised in profit or loss and included in 'other operating income' or 'operating expenses'. All gains or losses are unrealised.

(c) Amounts recognised in profit or loss

The property rental income earned by the Group from some of its investment property which are leased under operating leases amounted to $74.62 million (2024: $43.94 million). Direct operating expenses, arising from the investment property that generated rental income during the year amounted to $28.73 million (2024: $17.72 million).

(d) Measurement of fair values

Fair value hierarchy

The fair value of investment property was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Group's investment property portfolio every three years and estimate the changes in fair value in the intervening periods.

14. Investment property (continued)

(d) Measurement of fair values (continued)

Fair value hierarchy (continued)

The fair value measurement for all of the investment properties has been categorised as a Level 2 and 3 fair value based on the inputs to the valuation technique used.

Valuation techniques – Land and building	**Significant unobservable inputs**	**Inter-relationship between key unobservable inputs and fair value measurement**
Income approach: The valuation model examines the price an investor would be prepared to pay for the right to receive a certain income stream. The model considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rate, and current rental rates. The estimated net cash flows are discounted using current yields. Among other factors, the yield estimation considers the quality of a building and its location, tenants' credit quality and lease terms.	• Expected market rental growth yields (7%- 8.5%) • Occupancy rate (75%- 85%) • Risk adjusted discount rate (9%)	The estimated fair value would increase/(decrease) if: • Expected market rental growth were higher/(lower); • The occupancy rates were higher/(lower); • Rent-free periods were shorter/(longer); or • Yields were lower/(higher).
Sales comparison method: The method considers transactions of comparable properties in the area and similar areas for which the price, size of the property, terms and conditions of sales are known.	Per square feet value was derived based on similar property values. The value of a square feet in the property portfolio ranges from \$10,000 to \$12,000.	The estimated fair value would increase/(decrease) if comparable property value was higher /(lesser).

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15. Property, plant and equipment

	Group					
	Freehold land and buildings $'000	Leasehold land and buildings $'000	Computers and office equipment $'000	Motor vehicles $'000	Work-in-progress $'000	Total $'000
Cost:						
March 31, 2023	4,649,158	1,111,882	6,878,719	975,222	208,207	13,823,188
Additions	464,089	16,530	498,099	11,333	290,176	1,280,227
Disposals	(1,583,470)	(20,523)	(123,337)	(88,461)	(127,484)	(1,943,275)
Transfers from work-in-progress	-	1,092	2,010	-	(3,102)	-
Transfers to investment property (note 14)	(472,134)	-	-	-	-	(472,134)
Transfers from investment property (note 14)	190,000	-	-	-	-	190,000
Write -offs	-	-	(5,875)	-	-	(5,875)
Translation adjustments	11,970	11,102	9,303	706	-	33,081
March 31, 2024	3,259,613	1,120,083	7,258,919	898,800	367,797	12,905,212
Additions	38,802	42,451	175,357	47,388	91,440	395,438
Disposals	-	-	(7,575)	(89,937)	-	(97,512)
Transfers	-	-	-	-	(144,893)	(144,893)
Adjustments	54,652	-	(217,007)	(11,612)	-	(173,967)
Translation adjustments	3,572	12,304	12,174	760	-	28,810
March 31, 2025	3,356,639	1,174,838	7,221,868	845,399	314,344	12,913,088
Depreciation:						
March 31, 2023	1,225,846	814,095	4,914,051	797,670	-	7,751,662
Charge for the year	104,453	66,247	426,733	79,698	-	677,131
Write -off	-	-	(3,149)	-	-	(3,149)
Transfers to investment property (note 14)	(158,479)	-	-	-	-	(158,479)
Translation adjustments	4,616	8,519	32,125	(2,865)	-	42,395
Eliminated on disposals	(733,560)	(20,433)	(68,964)	(85,745)	-	(908,702)
March 31, 2024	442,876	868,428	5,300,796	788,758	-	7,400,858
Charge for the year	104,850	65,581	516,937	33,762	-	721,130
Transfers	-	(15,844)	204	-	-	(15,640)
Adjustments	54,652	-	(165,465)	(7,461)	-	(118,274)
Translation adjustments	1,399	10,274	8,775	(2,480)	-	17,968
Eliminated on disposals	-	-	(5,893)	(85,340)	-	(91,233)
March 31, 2025	603,777	928,439	5,655,354	727,239	-	7,914,809
Net book values:						
March 31, 2025	2,752,862	246,399	1,566,514	118,160	314,344	4,998,279
March 31, 2024	2,816,737	251,655	1,958,123	110,042	367,797	5,504,354

Included in freehold land and building is the cost of land at $127,900,000 (2024: $109,438,000).

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15. Property, plant and equipment (continued)

	Company		
	Computers and office equipment $'000	Motor Vehicles $'000	Total $'000
Cost:			
March 31, 2023	412,780	170,681	583,461
Additions	19,316	-	19,316
Disposals	(3,747)	(13,130)	(16,877)
March 31, 2024	428,349	157,551	585,900
Additions	20,529	-	20,529
Disposals	-	(33,859)	(33,859)
March 31, 2025	448,878	123,692	572,570
Depreciation:			
March 31, 2023	233,251	142,004	375,255
Charge for the year	46,477	17,114	63,591
Eliminated on disposals	(1,178)	(13,130)	(14,308)
March 31, 2024	278,550	145,988	424,538
Charge for the year	140,148	(17,876)	122,272
Eliminated on disposals	-	(33,859)	(33,859)
March 31, 2025	418,698	94,253	512,951
Net book values:			
March 31, 2025	30,180	29,439	59,619
March 31, 2024	149,799	11,563	161,362

16. Goodwill and other intangible assets

	Group							
	Customer relationships $'000	Trademarks $'000	Goodwill $'000	Licence $'000	Software $'000	Non-compete agreement $'000	Work-in-progress $'000	Total $'000
Cost:								
March 31, 2023	423,213	146,522	1,088,137	300,323	3,788,818	37,710	2,461,210	8,245,933
Additions	-	-	-	-	757,381	-	160,815	918,196
Disposals	-	-	-	-	(59,548)	-	(964)	(60,512)
Transfer	-	-	-	-	1,477,679	-	(1,477,679)	-
Translation adjustments	(270)	(249)	-	(2,574)	(2,368)	-	-	(5,461)
March 31, 2024	422,943	146,273	1,088,137	297,749	5,961,962	37,710	1,143,382	9,098,156
Additions	913,768	-	-	-	355,608	-	406,097	1,675,473
Disposals	-	-	-	-	-	-	(10,755)	(10,755)
Transfer	(62,981)	-	-	-	62,981	-	-	-
Translation adjustments from sub-group	-	(166)	-	-	483	-	-	317
Translation adjustments	-	-	-	-	1,403	-	-	1,403
March 31, 2025	1,273,730	146,107	1,088,137	297,749	6,382,437	37,710	1,538,724	10,764,594
Amortisation and impairment losses:								
March 31, 2023	141,097	19,908	-	51,315	2,739,666	37,710	-	2,989,696
Charge for the year	16,433	11,451	-	11,547	459,664	-	-	499,095
Elimination on disposals	-	-	-	-	(3,465)	-	-	(3,465)
Adjustments for write-off	-	-	-	-	(56,682)	-	-	(56,682)
Translation adjustments	-	171	-	(995)	470	-	-	(354)
March 31, 2024	157,530	31,530	-	61,867	3,139,653	37,710	-	3,428,290
Charge for the year	17,832	11,431	-	-	591,136	-	-	620,399
Translation adjustments	-	236	-	-	656	-	-	892
March 31, 2025	175,362	43,197	-	61,867	3,731,445	37,710	-	4,049,581
Net book values:								
March 31, 2025	1,098,368	102,910	1,088,137	235,882	2,650,992	-	1,538,724	6,715,013
March 31, 2024	265,413	114,743	1,088,137	235,882	2,822,309	-	1,143,382	5,669,866

16. Goodwill and other intangible assets (continued)

	Company Software $'000
Cost:	
March 31, 2023	245,191
Additions	83,279
Disposal	(3,813)
March 31, 2024 and 2025	324,657
Depreciation:	
March 31, 2023	72,305
Charge for the year	102,109
Eliminated on disposal	(3,465)
March 31, 2024	170,949
Charge for the year	65,576
March 31, 2025	236,525
Net book value:	
March 31, 2025	88,132
March 31, 2024	153,708

(a) Goodwill

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

(b) Impairment assessment

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 their 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 used in the valuation. 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 five (5) years for Quick cash and four (4) years for MCIS 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 would make.

16. Goodwill and other intangible assets (continued)

(b) Impairment assessment (continued)

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

	Group			
	2025		2024	
	QuikCash	MCIS	QuikCash	MCIS
	%	%	%	%
Discount rates – Cayman Islands and Jamaica, respectively	17	22	16	22
Growth rates	4	5	4	5
Jamaica dollar devaluation rate	-	5	-	5

The estimated recoverable amount of QuikCash exceeded its carrying amount by approximately CI$0.32 million as at March 31, 2025 (2024: CI$0.36 million). Management has identified that a reasonably possible change of the amount shown in the following key assumptions could cause the estimated recoverable amount of goodwill to be reduced to its carrying amount:

	Group	
	2025	2024
	%	%
Discount rate	19.26	17.37
Growth rate	0.77	0.98

17. Deferred tax assets

Deferred tax assets and liabilities are attributable to the following:

	Group	
	Net assets	
	2025	2024
	$'000	$'000
Other assets	228,806	20,724
Interest receivable	(191,567)	62,814
Property, plant and equipment	17,825	4,203
Employee benefits obligation	541,665	403,347
Other payables	165,694	208,654
FVOCI investment securities	3,046,826	2,936,188
Contractual savings reserve	(4,487)	(4,741)
Tax losses carried forward	643,044	487,625
Impairment losses on other assets	62,583	42,833
Impairment losses on investment securities at FVOCI	(10,612)	1,440
Intangible assets	106,812	95,138
Right-of-use assets	(289,912)	(345,814)
Lease liabilities	758,345	869,513
Unrealised foreign exchange gains	19,427	26,770
Impairment losses on loans	231,419	279,012
IFRS 17 adjustment	41,708	45,805
Fair value acquired loan portfolio	-	(14,950)
Insurance finance reserve	(11,469)	(14,166)
Reinsurance finance reserve	(38)	(8)
Net deferred tax assets	5,356,069	5,104,387

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17. Deferred tax assets (continued)

	Company Net assets 2025 $'000	Company Net assets 2024 $'000
Interest receivable	(12,572)	(6,240)
Property, plant and equipment	79,556	(11,220)
Other payables	46,912	34,103
Right-of-use assets	(11,218)	(21,436)
Lease liabilities	14,142	25,206
Unrealised foreign exchange loss	(103)	(841)
Tax losses carried forward	183,093	76,166
Net deferred tax assets	299,810	95,738

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

	Group 2025				
	Balances at April 1, 2024 $'000	Recognised in profit $'000 [Note 37(a)(ii)]	Recognised in other comprehensive income $'000	Currency translation $'000	Balances at March 31, 2025 $'000
Other assets	20,724	208,082	-	-	228,806
Interest receivable	62,814	(254,381)	-	-	(191,567)
Property, plant and equipment	4,203	13,622	-	-	17,825
Employee benefits obligation	403,347	53,874	84,444	-	541,665
Other payables	208,654	(42,960)	-	-	165,694
FVOCI investment securities	2,936,188	9,180	101,458	-	3,046,826
Contractual savings reserve	(4,741)	254	-	-	(4,487)
Tax losses carried forward	487,625	155,419	-	-	643,044
Impairment losses on other assets	42,833	19,750	-	-	62,583
Impairment losses on investment securities at FVOCI	1,440	(12,052)	-	-	(10,612)
Intangible assets	95,138	11,674	-	-	106,812
Right-of-use assets	(345,814)	55,902	-	-	(289,912)
Lease liabilities	869,513	(111,168)	-	-	758,345
Unrealised foreign exchange (loss)/gain	26,770	(7,605)	-	262	19,427
Impairment losses on loans	279,012	(47,593)	-	-	231,419
IFRS 17 adjustment	45,805	(4,097)	-	-	41,708
Fair value acquired loan portfolio	(14,950)	14,950	-	-	-
Insurance finance reserve	(14,166)	-	2,697	-	(11,469)
Reinsurance finance reserve	(8)	-	(30)	-	(38)
Net deferred tax assets	5,104,387	62,851	188,569	262	5,356,069

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17. Deferred tax assets (continued)

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

	Group 2024				
	Balances at April 1, 2024 $'000	Recognised in profit $'000 [Note 37(a)(ii)]	Recognised in other comprehensive income $'000	Currency translation $'000	Balances at March 31, 2024 $'000
Other assets	27,909	(7,185)	-	-	20,724
Interest receivable	(117,726)	180,540	-	-	62,814
Property, plant and equipment	268,951	(264,748)	-	-	4,203
Employee benefits obligation	265,926	41,175	96,246	-	403,347
Other payables	212,845	(4,191)	-	-	208,654
FVOCI Investment Securities	2,725,836	303,472	(93,120)	-	2,936,188
Contractual savings reserve	(4,741)	-	-	-	(4,741)
Tax losses carried forward	407,522	80,103	-	-	487,625
Impairment losses on other assets	19,738	23,095	-	-	42,833
Impairment losses on investment securities at FVOCI	74	1,366	-	-	1,440
Intangible assets	6,111	89,027	-	-	95,138
Right-of-use assets	(134,533)	(211,281)	-	-	(345,814)
Lease liabilities	153,937	715,576	-	-	869,513
Unrealised foreign exchange (loss)/gain	(22,798)	49,038	-	530	26,770
Impairment losses on loans	261,470	17,542	-	-	279,012
IFRS 17 adjustment	50,894	(5,089)	-	-	45,805
Fair value acquired loan portfolio	(45,926)	30,976	-	-	(14,950)
Insurance finance reserve	(11,800)	-	(2,366)	-	(14,166)
Reinsurance finance reserve	-	-	(8)	-	(8)
Net deferred tax assets	4,063,689	1,039,416	752	530	5,104,387

	Company 2025		
	Balances at April 1, 2024 $'000	Recognised in profit $'000 [Note 37(a)(ii)]	Balances at March 31, 2025 $'000
Interest receivable	(6,240)	(6,332)	(12,572)
Property, plant and equipment	(11,220)	90,776	79,556
Other payables	34,103	12,809	46,912
Right-of-use assets	(21,436)	10,218	(11,218)
Lease liabilities	25,206	(11,064)	14,142
Unrealised foreign exchange (loss)/gain	(841)	738	(103)
Tax losses carried forward	76,166	106,927	183,093
Net deferred tax assets	95,738	204,072	299,810

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17. Deferred tax assets (continued)

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

	2024		
	Balances at April 1, 2023	Recognised in profit	Balances a March 31, 2024
	$'000	$'000 [Note 37(a)(ii)]	$'000
Interest receivable	(6,276)	36	(6,240)
Property, plant and equipment	30,972	(42,192)	(11,220)
Other payables	31,875	2,228	34,103
Right-of-use assets	(32,000)	10,564	(21,436)
Lease liabilities	35,830	(10,624)	25,206
Unrealised foreign exchange (loss)/gain	2,899	(3,740)	(841)
Tax losses carried forward	-	76,166	76,166
Net deferred tax assets	63,300	32,438	95,738

18. Customer deposits

	Group	
	2025	2024
	$'000	$'000
Deposits	211,006,761	266,174,462
Accrued interest	683,622	1,577,683
	211,690,383	267,752,145

Customer deposits are due, from the reporting date, as follows:

	Group	
	2025	2024
	$'000	$'000
Within 3 months	182,425,844	180,227,769
From 3 months to 1 year	27,601,801	45,746,246
Over 1 year	1,662,738	41,778,130
	211,690,383	267,752,145

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

	Number of accounts		Value	
	2025	2024	2025	2024
			$'000	$'000
Public authorities	620	626	4,888,396	4,851,526
Financial institutions	314	380	10,707,262	11,231,855
Commercial and business	10,510	9,851	19,931,355	17,552,144
Individuals	1,247,201	1,163,484	176,163,370	234,116,620
	1,258,645	1,174,341	211,690,383	267,752,145

19. Securities sold under repurchase agreements

	Group	
	2025	2024
	$'000	$'000
Principal	40,095,672	31,927,565
Interest payable	373,950	569,908
	40,469,622	32,497,473

Securities sold under repurchase agreements, excluding interest payables, are due from the reporting date, as follows:

	Group	
	2025	2024
	$'000	$'000
Within 3 months	33,966,953	19,380,520
From 3 months to 1 year	6,128,719	12,547,045
	40,095,672	31,927,565

At March 31, 2025, 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 $50,438,681 million (2024: $37,729.83 million).

20. Other payables

	Group		Company	
	2025	2024	2025	2024
	$'000	$'000	$'000	$'000
Deferred income	1,023,873	1,274,253	335,558	123,765
Staff-related accruals	723,010	784,856	-	-
Insurance payable	459,319	344,001	-	-
Collected funds (i)	2,289,355	1,638,163	-	-
Trade payables	2,874,375	2,512,436	283,129	198,314
Accruals	1,156,518	800,515	259,682	248,516
TEF loans liability	-	215,219	181,477	-
Other payables	1,209,743	1,600,004	-	168,653
	9,736,193	9,169,447	1,059,846	739,248

(i) Collected funds include $34.07 million (2024: $27.78 million) received from National Housing Trust (NHT) for members' contribution refund.

21. Margin loan payable

Margin loan payable represents a short-term debt facility provided by a brokerage firm to a banking indirect subsidiary to acquire securities on its own account. The facility was settled during the year (2024: $2.2 billion).

22. Due to specialized financial institutions

	2025	2024
	$'000	$'000
National Housing Trust (NHT) (i)	2,321,561	2,406,964
The National Export-Import Bank (EXIM) (ii)	189,123	301,254
Development Bank of Jamaica (DBJ) (iii)	1,758,724	49,685
	4,269,408	2,757,903

(i) The NHT, in pursuance of its statutory function to, inter alia, make available to its contributors' loans to assist in the purchase, building, maintenance, repair or improvement of houses and makes arrangements with mortgage lending institutions (the Financial Partners/FPs) to originate, underwrite, fully finance, disburse and administer loans, representing the NHT contributors housing benefit. The balances due to NHT are at interest rates of 0.0% to 25% (2024: 0.0% to 4.0%) per annum for periods of 25 years.

(ii) The EXIM loan facility is available for on-lending to qualified Micro and Small and Medium sized Enterprise (MSME). Loans distributed under this facility are for a period of forty-eight (48) months and are at interest rates of 9.25% (2024: 9.25%) per annum.

(iii) The terms of the agreement are to offer funds for on-lending to qualified sub-borrowers in the MSME sectors for eligible projects. The balance due to DBJ are at interest rates of 1.0% to 8.25% (2024: 5.75%) per annum for the periods of 2 years (2024: 8 years).

23. Employee benefits obligation

The Group provides for several post-retirement pension benefits through a defined-contribution scheme which replaced a prior defined-benefit pension scheme for employees within the Group. The pensioners in the defined-benefit scheme were transferred to a defined-contribution scheme, with the guarantee of their pension payments, and active members started to contribute on a defined-contribution basis. The scheme is funded by contributions from the Group and employees in accordance with the rules of the scheme.

Under the defined-contribution scheme, retirement benefits are based on the Group's and employees' accumulated contributions, plus interest and, therefore, the Group has no further obligation 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 obligation of the guarantee of the pension payments from the scheme.

23. Employee benefits obligation (continued)

The following indirect subsidiaries participate in defined-contribution pension schemes in their respective jurisdictions:

	Indirect subsidiary	Pension scheme
(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
(v)	JN Money Services (UK) Limited	Legal & General Assurance Society Limited Pension Plan

The total contributions made for the year are included in employee costs (note 38).

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 statement of financial position for employee benefits in respect of the group life and health insurance plans are as follows:

(a) Employee benefits obligation:

	Group	
	2025	2024
	$'000	$'000
Present value of unfunded obligations	1,612,082	1,196,580
Supplementary benefit [note 23(i)]	2,418	2,418
	1,614,500	1,198,998

23. Employee benefits obligation (continued)

(b) Movement in the present value of unfunded obligations and supplementary benefits:

	Group	
	2025	2024
	$'000	$'000
At beginning of year	1,198,998	797,845
Benefits paid	(19,243)	(16,500)
Service costs [note 23(c)]	56,206	26,570
Interest cost [note 23(c)]	125,206	102,345
Actuarial (gain)/loss arising from:		
Experience adjustments	(32,968)	(59,192)
Demographic assumption	70,697	(34,555)
Financial assumptions	215,604	382,485
Balance at end of year	1,614,500	1,198,998

(c) Expenses recognised in the statement of profit or loss:

	Group	
	2025	2024
	$'000	$'000
Current service costs	56,206	26,570
Interest cost on obligation	125,206	102,345
	181,412	128,915

(d) Items recognised in other comprehensive income:

	Group	
	2025	2024
	$'000	$'000
Remeasurement loss on obligation	253,332	288,738

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

	Group	
	2025	2024
	%	%
Discount rate at March 31	8.5	10.5
Health cost inflation rate	5.0	6.5
Interest on contributions	8.5	10.5

(f) Sensitivity of projected benefit obligation to movements in assorted rates:

The calculation of the projected benefit obligation is sensitive to the assumptions used. The table below summarises 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.

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23. Employee benefits obligation (continued)

(f) Sensitivity of projected benefit obligation to movements in assorted rates (continued):

	Group			
	2025		2024	
	1 % Increase $'000	1 % Decrease $'000	1 % Increase $'000	1 % Decrease $'000
Discount rate	(236,393)	311,955	(166,916)	217,233)
Health inflation rate	325,040	(244,437)	223,996	(149,520)
Interest on contributions	33,102	(27,081)	37,261	(27,780)

(g) At March 31, 2025, the weighted average duration of the defined benefit obligation was 21.1 years (2024: 20.7 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 $32.48 million (2024: $16.38 million).
- Group life plan: decrease of $13.61 million (2024: $11.79 million).

(i) Supplementary pension benefit:

This represents the defined benefit obligation in respect of supplementary pension provided by an indirect subsidiary for 2 (2024: 2) pensioners.

24. Insurance and reinsurance contracts

	2025			2024		
	Contracts not measured under PAA $'000	Contracts measured under PAA $'000	Total $'000	Contracts not measured under PAA $'000	Contracts measured Under PAA $'000	Total $'000
(a) Insurance contracts						
Insurance contracts liabilities:						
Insurance contracts balance	385,058	8,553,412	8,939,470	342,188	7,008,986	7,351,174
Assets for insurance acquisition cash flows	(54)	-	(54)	(94)	-	(94)
	385,004	8,553,412	8,939,416	342,094	7,008,986	7,351,080
Insurance contracts assets:						
Insurance contracts balances	108,346	-	108,346	84,711	-	84,711
Assets for insurance acquisition cash flows	5,120	-	5,120	3,772	-	3,772
	113,466	-	113,466	88,483	-	88,483
(b) Reinsurance contracts						
Reinsurance contract assets	3,845	3,942,272	3,946,117	645	1,616,513	1,617,158

24. Insurance and reinsurance contracts (continued)

(i) The following table sets out the carrying amounts of insurance and reinsurance contracts expected to be (recovered)/settled more than 12 months after the reporting date.

	2025 $'000	2024 $'000
Insurance contract assets	(420,821)	(453,976)
Insurance contract liabilities	8,433,631	6,733,624
Reinsurance contract assets	(3,826,120)	1,567,896

(ii) At 31 March 2025, the maximum exposure to credit risks from insurance contracts is $84.66 million (2024: $79.23 million), which primarily relates to premiums receivable for services that the Group has already provided, and the maximum exposure to credit risk from reinsurance contract is $2.97 million (2024: $0.89 million).

A. Movements in insurance and reinsurance contract balances

Movement in insurance contract balances

	2025 $'000	2024 $'000
Carrying amounts at April 1	5,645,440	4,699,502
Premiums received	2,674,646	4,322,962
Claims and expenses paid	(376,200)	(1,201,725)
Acquisition cash flows	(2,567,777)	(2,365,672)
Insurance revenue	(4,848,581)	(3,478,488)
Insurance service expenses	4,126,362	3,913,047
Insurance finance expenses	205,201	(203,096)
Currency and other changes	(1,481)	(41,090)
Carrying amounts at March 31	4,857,610	5,645,440

The reconciliations in the following tables show how the net carrying amounts of insurance and reinsurance contracts in the reporting segment changed during the year as a result of cash flows and amounts recognised in statement of profit or loss and OCI.

The Group presents a table that separately analyses movements in the liabilities for remaining coverage and movements in the liabilities for incurred claims and reconciles these movements to the line items in the statement of profit or loss and OCI.

It separately analyses changes in the estimates of the present value of future cash flows, the risk adjustment for non-financial risk and the contract service margin (CSM).

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24. Insurance and reinsurance contracts (continued)

A. Movements in insurance and reinsurance contract balances (continued)

(i) Insurance contracts not measured under PAA

Analysis by remaining coverage and incurred claims

	2025			
	Liabilities for remaining coverage			
	Excluding loss component $'000	Loss component $'000	Liabilities for incurred claims $'000	Total $'000
Opening assets	(101,475)	8,796	4,195	(88,483)
Opening liabilities	307,355	-	34,739	342,094
Net opening balance	205,880	8,796	38,934	253,611
Changes in the statement of profit or loss and OCI:				
Insurance revenue (note 34)	(462,237)	-	-	(462,237)
Insurance service expenses:				
Incurred claims and other insurance service expenses	-	(3,017)	169,143	166,126
Amortisation of insurance acquisition cash flows	61,647	-	-	61,647
Losses and reversals of losses on onerous contracts	-	23,690	-	23,690
Adjustments to liabilities for incurred claims	-	-	(34,452)	(34,452)
	(400,590)	20,673	134,691	(245,226)
Insurance service result:				
Net finance expenses from insurance contracts	10,329	1,495	-	11,824
Finance expenses from insurance contracts issued recognised in OCI (note 33)	10,520	-	-	10,520
Total changes in the statement of profit or loss and OCI	(379,741)	22,168	134,691	(222,882)
Insurance acquisition cash flows assets	(11,029)	-	-	(11,029)
Pre-recognition cash flows derecognised and other changes	9,723	-	(159)	9,564
Cash flows				
Premiums received	553,250	-	-	553,250
Claim and other insurance service expenses paid, including investment components	-	-	(124,823)	(124,823)
Insurance acquisition cash flows	(185,153)	-	-	(185,153)
Total cash flows	368,097	-	(124,823)	243,274
Net closing balance	192,930	30,965	48,643	272,538
Represented by:				
Closing assets	(159,721)	30,965	15,290	(113,466)
Closing liabilities	352,651	-	33,353	386,004
Net closing liabilities balance	192,930	30,965	48,643	272,538

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Notes to the Financial Statements (Continued)
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24. Insurance and reinsurance contracts (continued)

A. Movements in insurance and reinsurance contract balances (continued)

(i) Insurance contracts not measured under PAA (continued)

Analysis by remaining coverage and incurred claims (continued)

	2024			
	Liabilities for remaining coverage			
	Excluding loss component $'000	Loss component $'000	Liabilities for incurred claims $'000	Total $'000
Opening assets	(7,523)	4,706	(3,338)	(6,155)
Opening liabilities	260,334	-	31,799	292,133
Net opening balance	252,811	4,706	28,461	285,978
Changes in the statement of profit or loss and OCI:				
Insurance revenue (note 34)	(346,506)	-	-	(346,506)
Insurance service expenses:				
Incurred claims and other insurance service expenses	-	(9,250)	100,386	91,136
Amortisation of insurance acquisition cash flows	29,026	-	-	29,026
Losses and reversals of losses on onerous contracts	-	12,944	-	12,944
Adjustments to liabilities for incurred claims	-	-	(12,191)	(12,191)
	29,026	3,694	88,195	120,915
	(317,480)	3,694	88,195	(225,591)
Insurance service result:				
Net finance expenses from insurance contracts	10,197	397	-	10,594
Finance expenses from insurance contracts issued recognised in OCI (note 33)	(9,464)	-	-	(9,464)
Total changes in the statement of profit or loss and OCI	(316,747)	4,091	88,195	(224,461)
Insurance acquisition cash flows assets	(8,996)	-	-	(8,996)
Pre-recognition cash flows derecognised and other changes	8,769	-	32	8,801
Cash flows				
Premiums received	415,079	-	-	415,079
Claim and other insurance service expenses paid, including investment components	-	-	(77,754)	(77,754)
Insurance acquisition cash flows	(145,036)	-	-	(145,036)
Total cash flows	270,043	-	(77,754)	192,289
Net closing balance	205,880	8,797	38,934	253,611
Represented by:				
Closing assets	(101,475)	8,797	4,195	(88,483)
Closing liabilities	307,355	-	34,739	342,094
Net closing liabilities balance	205,880	8,797	38,934	253,611

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24. Insurance and reinsurance contracts (continued)

A. Movements in insurance and reinsurance contract balances (continued)

(i) Insurance contracts not measured under PAA (continued)

Analysis by measurement component-contracts not measured under the PAA

	2025					
			Contractual service margin			
	Estimates of present value of future cashflows	Risk adjustment for non-financial risk	Contracts under fair value transaction approach	Other contracts	Subtotal	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Opening assets	(578,416)	237,230	99,139	153,564	252,703	(88,483)
Opening liabilities	242,221	34,064	11,384	54,425	65,809	342,094
Net opening balance	(336,195)	271,294	110,523	207,989	318,512	253,611
Changes in the statement of profit or loss and OCI:						
Changes that relate to current services:						
CSM recognised for services provided (note 34)	-	-	(16,087)	(45,490)	(61,577)	(61,577)
Change in risk adjustment for non-financial risk for risk expired	-	(79,478)	-	-	-	(79,478)
Experience adjustments	(97,270)	-	-	-	-	(97,270)
	(97,270)	(79,478)	(16,087)	(45,490)	(61,577)	(238,325)
Changes that relate to future services:						
Contracts initially recognised in the year [note 24C (i)]	(275,339)	155,061	-	132,883	132,883	12,605
Changes in estimates that adjust the CSM	179,455	(18,327)	(19,974)	(141,154)	(161,128)	-
Changes in estimates that result in losses and reversals of losses on onerous contracts	15,588	(4,503)	-	-	-	11,085
	(80,296)	132,231	(19,974)	(8,271)	(28,245)	(23,690)
Changes that relate to past services:						
Adjustments to liabilities for incurred claims	(32,106)	(2,346)	-	-	-	(34,452)
Experience adjustments – arising from premiums received in the period that relates to past service	3,861	-	-	-	-	3,861
	(28,245)	(2,346)	-	-	-	(30,591)
Insurance service result	(205,811)	50,407	(36,061)	(53,761)	(89,822)	(245,226)
Net finance expenses from insurance contracts	(21,181)	21,533	2,407	9,065	11,472	11,824
Finance expenses from insurance contracts issued recognised in OCI (note 33)	14,125	(3,605)	-	-	10,520	10,520
Total changes in the statement of profit or loss and OCI	(212,867)	68,335	(33,654)	(44,696)	(78,350)	(222,882)
Insurance acquisition cash flows assets	(11,029)	-	-	-	-	(11,029)
Pre-recognition cash flows derecognised and other changes	9,564	-	-	-	-	9,564
Cashflows						
Transfer to other items in the statement of financial position	243,274	-	-	-	-	243,274
Net closing balance	(307,253)	339,629	76,869	163,293	240,162	272,538
Represented by:						
Closing assets	(559,479)	303,180	69,493	73,340	142,833	(113,466)
Closing liabilities	252,226	36,449	7,376	89,953	97,329	386,004
Net closing balance at end of year	(307,253)	339,629	76,869	163,293	240,162	272,538

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24. Insurance and reinsurance contracts (continued)

A. Movements in insurance and reinsurance contract balances (continued)

(i) Insurance contracts not measured under PAA (continued)

Analysis by measurement component-contracts not measured under the PAA (continued)

	2024					
			Contractual service margin			
	Estimates of present value of future cashflows $'000	Risk adjustment for non-financial risk $'000	Contracts under fair value transaction approach $'000	Other contracts $'000	Subtotal $'000	Total $'000
Opening assets	(259,740)	138,354	92,907	22,324	115,231	(6,155)
Opening liabilities	226,059	31,514	15,521	19,039	34,560	292,133
Net opening balance	(33,681)	169,868	108,428	41,363	149,791	285,978
Changes in the statement of profit or loss and OCI:						
Changes that relate to current services:						
CSM recognised for services provided (note 34)	-	-	(20,823)	(34,861)	(55,684)	(55,684)
Change in risk adjustment for non-financial risk for risk expired	-	(56,071)	-	-	-	(56,071)
Experience adjustments	(119,293)	-	-	-	-	(119,293)
	(119,293)	(56,071)	(20,823)	(34,861)	(55,684)	(231,048)
Changes that relate to future services:						
Contracts initially recognised in the year [note 24C (i)]	(331,628)	151,739	-	186,912	186,912	7,023
Changes in estimates that adjust the CSM	(20,855)	(6,326)	20,305	6,876	27,181	-
Changes in estimates that result in losses and reversals of losses on onerous contracts	4,194	1,727	-	-	-	5,921
	(348,289)	147,140	20,305	193,788	214,093	12,944
Changes that relate to past services:						
Adjustments to liabilities for incurred claims	(10,159)	(2,032)	-	-	-	(12,191)
Experience adjustments – arising from premiums received in the period that relates to past service	4,704	-	-	-	-	4,704
	(5,455)	(2,032)	-	-	-	(7,487)
	(473,037)	89,037	(518)	158,927	158,409	(225,591)
Insurance service result						
Net finance expenses from insurance contracts	(8,490)	8,772	2,613	7,699	10,312	10,594
Finance expenses from insurance contracts issued recognised in OCI (note 33)	(13,081)	3,617	-	-	-	(9,464)
Total changes in the statement of profit or loss and OCI	(494,608)	101,426	2,095	166,626	168,721	(224,461)
Insurance acquisition cash flows assets	(8,996)	-	-	-	-	(8,996)
Pre-recognition cash flows derecognised and other changes	8,801	-	-	-	-	8,801
Cashflows						
Transfer to other items in the statement of financial position	192,289	-	-	-	-	192,289
Net closing balance	(336,195)	271,294	110,523	207,989	318,512	253,611
Represented by:						
Closing assets	(578,416)	237,230	99,139	153,564	252,703	(88,483)
Closing liabilities	242,221	34,064	11,384	54,425	65,809	342,094
Net closing balance at end of year	(336,195)	271,294	110,523	207,989	318,512	253,611

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Notes to the Financial Statements (Continued)
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24. Insurance and reinsurance contracts (continued)

A. Movements in insurance and reinsurance contract balances (continued)

(ii) Reinsurance contracts not measured under PAA (continued)

Analysis by remaining coverage and incurred claims

	2025			
	Assets for remaining coverage			
	Excluding loss component $'000	Loss component $'000	Assets for incurred claims $'000	Total $'000
Net opening balance	83	1,456	(894)	645
Changes in the statement of profit or loss and OCI:				
CSM recognised for the services received	(100)	-	-	(100)
Expected incurred claims and other directly attributable expenses recovery	594	-	-	594
Amounts recoverable from reinsurers:				
Recoveries of incurred claims and other insurance service expenses	-	(2,087)	(1,048)	(3,135)
Recoveries of losses on onerous underlying contracts on initial recognition	-	3,159	-	3,159
Recoveries and reversals of recoveries of losses on onerous underlying contracts	-	(51)	-	(51)
Changes that relate to past service i.e. changes in the FCF relating to incurred claims recovery	224	-	-	224
Net expenses from reinsurance contracts:	718	1,021	(1,048)	691
Insurance service result:				
Net finance income/(expenses) from insurance contracts (note 33)	(134)	352	-	218
Effect of movements in exchange rates	(153)	-	-	(153)
Total changes in the statement of profit or loss and OCI	431	1,373	(1,048)	756
Other pre-recognised cash flow derecognised and other changes	-	-	5	5
Cash flows				
Recoveries from reinsurance	1,158	-	1,281	2,439
Total cash flows	1,158	-	1,281	2,439
Net closing balance	1,672	2,829	(656)	3,845
Represented by:				
Closing assets at end of year	1,672	2,829	(656)	3,845
Closing liabilities at end of year	-	-	-	-
Net closing (assets)/liabilities balance	1,672	2,829	(656)	3,845

24. Insurance and reinsurance contracts (continued)

A. Movements in insurance and reinsurance contract balances (continued)

(ii) Reinsurance contracts not measured under PAA (continued)

Analysis by remaining coverage and incurred claims (continued)

	2024			
	Assets for remaining coverage			
	Excluding loss component $'000	Loss component $'000	Assets for incurred claims $'000	Total $'000
Opening assets	(161)	531	-	370
Opening liabilities	-	-	-	-
Net opening balance	(161)	531	-	370
Changes in the statement of profit or loss and OCI:				
CSM recognised for the services received	40	-	-	40
Expected incurred claims and other directly attributable expenses recovery	261	-	-	261
Amounts recoverable from reinsurers:				
Recoveries of incurred claims and other insurance service expenses	-	(373)	(1,743)	(2,116)
Recoveries of losses on onerous underlying contracts on initial recognition	-	1,342	-	1,342
Recoveries and reversals of recoveries of losses on onerous underlying contracts	-	(151)	-	(151)
Changes that relate to past service i.e. changes in the FCF relating to incurred claims recovery	(268)	-	-	(268)
Effect of changes in non-performance risk of reinsurers	(162)	-	-	(162)
Net expenses from reinsurance contracts:	(129)	818	(1,743)	(1,054)
Insurance service result:				
Net finance expenses from insurance contracts (note 33)	(10)	107	-	97
Effect of movements in exchange rates	31	-	-	31
Total changes in the statement of profit or loss and OCI	(108)	925	(1,743)	(926)
Other pre-recognised cash flow derecognised and other changes	-	-	138	138
Cash flows				
Insurance acquisition cash flows	352	-	711	1,063
Total cash flows	352	-	711	1,063
Net closing balance	83	1,456	(894)	645
Represented by:				
Closing assets at end of year	83	1,456	(894)	645
Closing liabilities at end of year	-	-	-	-
Net closing (assets)/liabilities balance	83	1,456	(894)	645

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Notes to the Financial Statements (Continued)
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24. Insurance and reinsurance contracts (continued)

A. Movements in insurance and reinsurance contract balances (continued)

(ii) Reinsurance contracts not measured under PAA (continued)

Analysis by measurement component

	2025			
	Contractual service margin			
	Estimates of present value of future cashflows $'000	Risk adjustment for non-financial risk $'000	Other contracts $'000	Total $'000
Opening (assets)	(1,721)	2,707	(341)	645
Opening liabilities	-	-	-	-
Net opening balance	(1,721)	2,707	(341)	645
Changes in the statement of profit or loss and OCI:				
Changes that relate to current services:				
CSM recognised for services provided	-	-	(100)	(100)
Change in risk adjustment for non-financial risk for risk expired	-	(392)	-	(392)
Experience adjustments	(1,924)	-	-	(1,924)
Changes that relate to future services:				
Contracts initially recognised in the year	(927)	1,901	2,185	3,159
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	-	-	(963)	(963)
Changes in estimates that adjust the CSM	8,531	(10,444)	981	(933)
Changes in estimates that result in losses and reversals of losses on onerous contracts	(8,608)	10,451	-	1,843
Changes that relate to past services:				
Net finance expenses from insurance contracts	(240)	281	24	65
Total changes in the statement of profit or loss and OCI	(3,168)	1,797	2,127	756
Other pre-recognised cash flows derecognised and other changes	5	-	-	5
Cash flows [note 24A(i)]	2,439	-	-	2,439
Net closing balance	(2,445)	4,504	1,786	3,845
Represented by:				
Closing assets	(2,445)	4,504	1,786	3,845
Closing liabilities	-	-	-	-
Net closing(assets)/liabilities balance	(2,445)	4,504	1,786	3,845

24. Insurance and reinsurance contracts (continued)

A. Movements in insurance and reinsurance contract balances (continued)

(ii) Reinsurance contracts not measured under PAA (continued)

Analysis by measurement component (continued)

	2024					
			Contractual service margin			
	Estimates of present value of future cashflows $'000	Risk adjustment for non-financial risk $'000	Contracts under fair value transaction approach $'000	Other contracts $'000	Subtotal $'000	Total $'000
Opening (assets)	72	1,048	-	(750)	(750)	370
Opening liabilities	-	-	-	-	-	-
Net opening balance	72	1,048	-	(750)	(750)	370
Changes in the statement of profit or loss and OCI:						
Changes that relate to current services:						
CSM recognised for services provided	-	-	-	40	40	40
Change in risk adjustment for non-financial risk for risk expired	-	(162)	-	-	-	(162)
Experience adjustments	(380)	-	-	-	-	(380)
Changes that relate to future services:						
Contracts initially recognised in the year [note 24C (i)]	(568)	1,474	-	436	436	1,342
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	-	-	-	(429)	(429)	(429)
Changes in estimates that adjust the CSM	(11)	(351)	-	362	362	-
Changes in estimates that result in losses and reversals of losses on onerous contracts	80	550	-	-	-	630
Changes that relate to past services:						
Adjustments to liabilities for incurred claims	(1,743)	-	-	-	-	(1,743)
Net finance expenses from insurance (contracts note 34)	(20)	148	-	-	-	128
Total changes in the statement of profit or loss and OCI	(2,642)	1,659	-	409	409	(574)
Other pre-recognised cash flows derecognised and other changes	138	-	-	-	-	138
Cash flows [note 24A(i)]	711	-	-	-	-	711
Net closing balance	(1,721)	2,707	-	(341)	(341)	645
Represented by:						
Closing assets	(1,721)	2,707	-	(341)	(341)	645
Closing liabilities	-	-	-	-	-	-
Net closing(assets)/liabilities balance	(1,721)	2,707	-	(341)	(341)	645

24. Insurance and reinsurance contracts (continued)

A. Movements in insurance and reinsurance contract balances (continued)

(ii) Reinsurance contracts not measured under PAA (continued)

Analysis by remaining coverage and incurred claims

	2025				2024			
		Liabilities for incurred claims				Liabilities for incurred claims		
		Contracts under PAA				Contracts under PAA		
	Liabilities for remaining coverages	Estimates of present value of future cashflow	Risk adjustment for non-financial risk	Total	Liabilities for remaining coverages	Estimates of present value of future cashflow	Risk adjustment for non-financial risk	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Opening liabilities	2,098,144	4,617,370	293,472	7,008,986	1,589,535	3,408,783	203,112	5,201,430
Changes in the statement of profit or loss and OCI:								
Insurance revenue – Contracts measured under PAA (note 34)	(8,422,505)	-	-	(8,422,505)	(8,319,697)	-	-	(8,319,697)
Insurance service expenses:								
Incurred claims and other insurance service expenses	-	4,127,740	175,828	4,303,568	-	4,151,220	103,033	4,254,253
Amortisation of insurance acquisition cash flow	1,282,118	-	-	1,282,118	1,427,899	-	-	1,427,899
Adjustments to liabilities for incurred claims	-	(71,747)	(14,292)	(86,039)	-	(63,807)	(12,673)	(76,480)
	1,282,118	4,055,993	161,536	5,499,647	1,427,899	4,087,413	90,360	5,605,672
Insurance service result:	(7,140,387)	4,055,993	161,536	(2,922,858)	(6,891,798)	4,087,413	90,360	(2,714,025)
Net finance expenses/(income) from insurance contracts	-	227,617	-	227,617	-	(329,746)	-	(329,746)
Effect of movements in exchange rates	-	-	-	-	(40,727)	-	-	(40,727)
	-	227,617	-	227,617	(40,727)	(329,746)	-	(370,473)
Total changes in the statement of profit or loss and cash flows	(7,140,387)	4,283,610	161,536	(2,695,241)	(6,932,525)	3,757,667	90,360	(3,084,498)
Cash flows								
Premiums received	7,537,993	523	-	7,538,516	8,906,628	-	-	8,906,628
Claims and other insurance service expenses paid, including investment components	(515,955)	(2,782,894)	-	(3,298,849)	(1,465,494)	(2,549,080)	-	(4,014,574)
Total cash flows	7,022,038	(2,782,371)	-	4,239,667	7,441,134	(2,549,080)	-	4,892,054
Closing liabilities balance	1,979,795	6,118,609	455,008	8,553,412	2,098,144	4,617,370	293,472	7,008,986

24. Insurance and reinsurance contracts (continued)

A. Movements in insurance and reinsurance contract balances (continued)

(iv) Reinsurance contracts measured under PAA

Analysis by remaining coverage and incurred claims

	2025				2024			
	Assets for remaining coverage				Assets for remaining coverage			
	Assets for remaining coverage $'000	Estimates of present value of future cash flows $'000	Risk adjustment for non-financial risk $'000	Total $'000	Assets for remaining coverage $'000	Estimates of present value of future cash flows $'000	Risk adjustment for-non financial risk $'000	Total $'000
Opening assets	290,940	1,249,120	76,453	1,616,513	477,464	283,248	26,825	787,537
Changes in the statement of profit or loss and OCI:								
Allocation of reinsurance premiums paid	(5,967,731)	-	-	(5,967,731)	(5,371,733)	-	-	(5,371,733)
Amounts recoverable from reinsurers:								
Recoveries of incurred claims and other insurance service expenses	-	3,256,550	152,177	3,408,727	-	1,828,111	52,999	1,881,110
Adjustments to assets for incurred claims contracts	-	(69,779)	(4,487)	(74,266)	2,746	(65,591)	(3,371)	(66,216)
Net expense from reinsurance contracts:	**(5,967,731)**	**3,186,771**	**147,690**	**(2,633,270)**	**(5,368,987)**	**1,762,520**	**49,628**	**(3,556,839)**
Insurance service result:								
Net finance expenses/(income) from insurance contracts	-	44,694	-	44,694	-	(125,618)	-	(125,618)
	(5,967,731)	3,231,465	147,690	(2,588,576)	-	(125,618)	-	(125,618)
Total changes in the statement of profit or loss and OCI	(5,967,731)	3,231,465	147,690	(2,588,576)	(5,368,987)	1,636,902	49,628	(3,682,457)
Cash flows								
Premiums paid	6,654,155	-	-	6,654,155	5,182,463	-	-	5,182,463
Recoveries from reinsurance	-	(1,739,820)	-	(1,739,820)	-	(671,030)	-	(671,030)
Total cash flows	6,654,155	(1,739,820)	-	4,914,335	5,182,463	(671,030)	-	4,511,433
Net closing liabilities balance	977,364	2,740,765	224,143	3,942,272	290,940	1,249,120	76,453	1,616,513

24. Insurance and reinsurance contracts (continued)

B. Assets for insurance acquisition cash flows

	2025 $'000	2024 $'000
Balance at beginning of year	58,529	28,809
Amounts incurred during the year	27,073	53,868
Amounts derecognised and included in the measurement of insurance contracts	(54,594)	(24,148)
Balance at end of year	31,008	58,529
Assets for insurance acquisition cash flows are presented in the carrying amount of the related portfolio of insurance contracts as follows:		
Insurance contract assets	21,163	48,643
Insurance contract liabilities	54	94

(i) Expected timing of derecognition of insurance acquisition cash flows asset:

	Number of years until expected derecognition		
	1 year	2 years	3 years
As at March 31, 2025	31,008	-	-
As at March 31, 2024	58,529	-	-

C. Effect of contracts initially recognised in the year

The following tables summarise the effect on the measurement components arising from the initial recognition of insurance and reinsurance contracts not measured under the PAA in the year.

(i) Insurance contracts not measured at PAA

	2025			2024		
	Profitable contracts issued $'000	Onerous contracts issued $'000	Total $'000	Profitable contracts issued $'000	Onerous contracts issued $'000	Total $'000
Insurance acquisition cash flows	148,503	5,888	154,391	120,517	4,066	124,583
Estimates of present value of cash outflows	673,475	32,648	706,123	650,416	32,988	683,404
Estimates of present value of cash inflows	(1,100,104)	(35,750)	(1,135,854)	(1,100,865)	(38,751)	(1,139,616)
Risk adjustment for non-financial risk	145,243	9,819	155,062	143,020	8,720	151,740
CSM	132,883	-	132,883	186,912	-	186,912
	(148,503)	6,717	(141,786)	(120,517)	2,957	(117,560)
Losses recognised on initial recognition	-	12,605	12,605	-	7,023	7,023

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24. Insurance and reinsurance contracts (continued)

C. Effect of contracts initially recognised in the year (continued)

The following tables summarise the effect on the measurement components arising from the initial recognition of insurance and reinsurance contracts not measured under the PAA in the year (continued).

(ii) Insurance contracts not measured at PAA (continued)

	2025		2024	
	Contracts initiated without loss recovery components $'000	Total $'000	Contracts initiated without loss recovery components $'000	Total $'000
Estimates of present value of cash inflows	(5,589)	(5,589)	(5,451)	(5,451)
Estimates of present value of cash inflows	6,517	6,517	6,019	6,019
Risk adjustment for non-financial risk	(1,901)	(1,901)	(1,474)	(1,474)
CSM	2,829	2,829	2,042	2,042

D. Contractual service margin

The following table sets out when the Group expects to recognise the remaining CSM in profit or loss after the reporting date for contracts not measured under the PAA.

	Less than 1 year $'000	1 to 2 years $'000	2 to 3 years $'000	3 to 4 years $'000	4 to 5 years $'000	5 to 10 years $'000	More than 10 years $'000	Total $'000
March 31, 2025								
Insurance contract	55,657	42,876	31,421	22,401	14,917	36,256	36,633	240,161
Reinsurance contract	(240)	(199)	(168)	(146)	(130)	(463)	(439)	(1,785)
March 31, 2024								
Insurance contract	56,696	46,021	36,405	28,688	22,186	63,260	65,256	318,512
Reinsurance contract	(51)	(44)	(39)	(35)	(30)	(101)	(41)	(341)

25. Long-term loans

	Group		Company	
	2025	2024	2025	2024
	$'000	$'000	$'000	$'000
JN Bank Ltd (i)	-	-	1,009,151	968,632
Total Credit Services Limited (ii)	-	-	126,917	100,279
JN Money Services Limited(ii)	-	-	138,793	-
Management Control System(iii)	-	-	31,313	-
Jamaica Money Market Brokers(iv)	1,283,000	-	1,283,000	-
Unsecured bond (v)	5,326,383	6,632,507	-	-
Subordinated debt (vi)	669,000	669,000	-	-
	7,278,383	7,301,507	2,589,174	1,068,911

(i) During the current period, JN Bank Limited issued a revolving loan of $100M at an interest rate of 9.75% to the Company. The revolving loan is due 9 months from the date of draw down.

In prior years, a total of $1B in commercial non-revolving demand loans was issued to the Company, at an interest rate of 9.5%. The total loans payable to JN Bank Limited, as at March 31, 2025 amounted to $1B (2024: $0.96B). The non-revolving loans mature as follows: $220M - December 2027; $280M – February 2028; and $400M – May 2028. Interest is payable quarterly from the issue date of the loans.

(ii) This represents an unsecured loan which bears interest at a rate of 6.00% per annum, with principal repayable upon maturity on March 14, 2026 and September 30, 2026. Interest is repayable monthly. During the year one of the loan facility was expanded and the maturity date of March 14, 2025, extended to March 14, 2026.

(iii) This represents an unsecured loan which bears interest at a rate of 4% per annum, with principal repayable upon maturity on September 14, 2026. Interest is repayable monthly.

(iv) This represents an unsecured debt amounting to US$8.00 million which matures on November 9, 2025. Subsequent to the year-end the company was granted an extension of the maturity date to March 31, 2026. The notes bears interest at a rate of 12.35% and is payable quarterly and a bullet payment of principal at maturity.

During the year, compliance with a financial loan covenant was assessed based on the financial results as at March 31, 2025. The company was in breach of the covenant and obtained approval from the bondholders for forbearance on November 12, 2025, to become compliant with the covenant by March 31, 2026, having notified the trustees of the planned corrective actions to be taken, to include the execution of strategic initiatives to improve profitability.

(v) This represents an unsecured bond which bears interest at 7.75% per annum, with principal repayable upon maturity on September 30, 2025. Interest is repayable quarterly. The loan is disclosed net of deferred transaction cost, which is amortised over the life of the loan, $29.25 million of which was paid to a subsidiary at the outset.

On August 16, 2022, an additional facility of $4 billion was acquired which bears interest at 10.30% per annum, with principal repayable in equal amounts semi-annually on interest payment dates, after an eighteen-month moratorium, until maturity on August 16, 2025. Interest is repayable semi-annually. The loan is disclosed net of deferred transaction cost, which is amortised over the life of the loan, $10 million of which was paid to a subsidiary at the outset.

25. Long-term loans (continued)

(v) (Continued)

During the prior year the maturity date of the loan was extended to August 16, 2028 and the interest rate increased to 12% per annum, resulting in a loss on modification of $Nil (2024: $145 million) being recognised. The amortised cost of the loan before modification in 2024 was $3.95 billion. In the prior year, compliance with a financial loan covenant was assessed based on the financial results as at June 30, 2024, for an unsecured bond issued by a subsidiary. The subsidiary was in breach of the covenant and received approval from the bondholders for forbearance on November 4, 2024, to become compliant with the covenant by September 30, 2025, having notified the trustees of the planned corrective actions to be taken, to include the execution of strategic initiatives to improve profitability. The subsidiary received further forbearance from the bondholders on November 17, 2025, to become compliant with the covenant by September 30, 2026.

(vi) This represents subordinated debt obligations maturing on September 30, 2026. The debt obligations were issued on March 31, 2023 at an interest rate of 7.75% per annum for 5.5 years. The obligations are secured by a basket of securities and have fixed quarterly coupon payments and bullet payments of principal at maturity. This qualifies as Tier 2 capital in keeping with the requirements of the FSC for the indirect investment management subsidiary.

26. Leases

(a) The Group as lessee

The Group leases properties. These leases typically run for periods of five and three years, respectively, with an option to renew the lease after the relevant dates. Lease payments are renegotiated at the time of lease renewal to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases that are short-term and/or leases of low-value items.

Information about leases for which the Group is the lessee is presented below:

(i) Right-of-use assets	Group	Company		
	Land and buildings	Buildings	Motor Vehicles	Total
	$'000	$'000	$'000	$'000
Cost:				
March 31, 2023	2,231,562	83,201	140,204	223,405
Additions	961,759	3,200	11,350	14,550
Translation adjustment	24,437	-	-	-
Lease termination adjustments	(245,811)	(16,885)	(15,994)	(32,879)
March 31, 2024	2,971,947	69,516	135,560	205,076
Additions	157,203	-	-	-
Translation adjustment	21,542	-	-	-
Lease termination adjustments	(102,185)	-	(17,814)	(17,814)
March 31, 2025	3,048,507	69,516	117,746	187,262

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26. Leases (continued)

(a) The Group as lessee (continued)

Information about leases for which the Group is the lessee is presented below:

(i) Right-of-use assets

	Group	Company		
	Land and buildings	Buildings	Motor Vehicles	Total
	$'000	$'000	$'000	$'000
Depreciation:				
March 31, 2023	1,172,842	26,458	68,948	95,406
Charge for the year	508,909	12,208	27,568	39,776
Translation adjustment	14,993	-	-	-
Lease termination adjustment	(245,219)	(6,254)	(9,596)	(15,850)
March 31, 2024	1,451,525	32,412	86,920	119,332
Charge for the year	460,141	11,682	26,221	37,903
Disposal	(101,867)	-	(14,845)	(14,845)
Translation adjustment	13,778	-	-	-
March 31, 2025	1,823,577	44,094	98,296	142,390
Net book values:				
March 31, 2025	1,224,930	25,422	19,450	44,872
March 31, 2024	1,520,422	37,104	48,640	85,744

(ii) Lease liabilities

	Group		Company	
	2025	2024	2025	2024
	$'000	$'000	$'000	$'000
Lease liabilities included in the statements of financial position	2,802,615	3,256,551	56,569	100,823
Lease liabilities are classified as follows:				
Current	692,507	655,888	27,040	41,734
Non-current	2,110,108	2,600,663	29,529	59,089
	2,802,615	3,256,551	56,569	100,823
Maturity analysis of contractual Undiscounted cash flows:				
Less than one year	870,916	860,110	25,948	53,207
One to five years	1,897,035	1,929,256	31,476	65,886
More than five years	620,852	1,169,690	-	-
	3,388,803	3,959,056	57,424	119,093

26. Leases (continued)

(a) The Group as lessee (continued)

(iii) Amounts recognised in statements of profit or loss

Interest expense on lease liabilities (note 31)	249,202	159,623	7,650	11,752
Depreciation on right-of-use assets	460,141	508,909	37,903	39,776
Expenses related to short-term leases	21,400	21,099	-	-

(iv) Amounts recognised in statements of cash flows:

Total cash outflow for leases	867,787	732,465	48,935	51,771

(v) Extension options

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Group has estimated that the potential future lease payments, should it exercise the extension option, would result in an increase in lease liabilities of $96.83 million (2024: $99.58 million).

(vi) In the prior year, the local banking indirect subsidiary entered into a sale and leaseback agreement with a third party to sell and lease back twenty-two (22) of its properties. The properties had a fair value of $4.55 billion. The subsidiary recognized a gain of $1.94 billion from the transaction and included in note 35 as "Gain on disposal of property".

(b) The Group as lessor

The Group leases out property and equipment. The Group has classified these as operating leases, because they do not transfer substantially all the risks and rewards incidental to the ownership of the assets.

Rental income recognised by the Group was $74.62 million (2024: $43.94 million), see note 14(c).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	Group	
	2025	2024
	$'000	$'000
Less than one year	39,292	47,713
One to five years	685,182	274,883
	724,474	322,596

The Company does not have any lease as lessor.

27. 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 to the reserve fund 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 fund is equal to its paid-up capital.

28. 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 interest rate of 3% per annum which is maintained by an indirect subsidiary, became eligible to apply for a mortgage loan at a fixed interest 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 continually monitors the adequacy of the reserve and makes appropriate adjustments, as necessary.

29. Other reserves

	Group		Company	
	2025	2024	2025	2024
	$'000	$'000	$'000	$'000
Capital reserve	83,076	83,076	-	-
Translation reserve [see (a)]	498,516	595,987	-	-
Investment revaluation reserve [see (b)]	(4,520,820)	(4,319,433)	-	-
Credit loss reserve [see (c)]	1,030,774	748,613	-	-
Unclaimed funds reserves [see note (d)]	151,601	150,293	151,601	150,293
Other reserves	8,002	8,002	-	-
Property revaluation reserve [see (f)]	266,870	266,870	-	-
Retained earnings reserve [see (g)]	7,123,000	7,123,000	-	-
Insurance finance reserve[see (e)]	34,516	42,522	-	-
	4,675,535	4,698,930	151,601	150,293

(a) Translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign subsidiaries to Jamaica dollars for consolidation purposes.

(b) This represents unrealised losses on the revaluation of investments classified as FVOCI, net of deferred tax and expected credit losses.

(c) This is a non-distributable reserve representing the excess of regulatory and other provisions over the IFRS allowance for loan losses [note 12(f)].

(d) This reserve was created in the Company on February 1, 2017, under a scheme of arrangement to meet possible claims from customers with dormant accounts exceeding 15 years who may come forward.

29. Other reserves (continued)

(e) The insurance finance reserve comprises the cumulative finance income and expenses recognised in other comprehensive income on insurance and reinsurance contracts.

(f) This represents fair value gains arising from the reclassification of property and equipment to investment properties (note 14).

(g) The Banking Services Act, 2014 permits transfers from net profits to retained earnings reserve for a banking indirect 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 transfer from the reserve must also be approved by the Bank of Jamaica. During the year a banking indirect subsidiary transferred Nil (2024: Nil) from retained earnings to retained earnings reserve.

30. Non-controlling interest

(a) Non-controlling interest

	Group	
	2025	2024
	$'000	$'000
Share capital	3,612	3,612
Share of profits and reserves	58,218	63,324
	61,830	66,936

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

	Non-controlling interest holding	
	2025	2024
	%	%
JN Cayman	4.11	4.11
Management Control Systems Limited	2.69	2.69
JN General Insurance Company Limited	0.36	0.36

(b) Dividends to shareholders

	2025	2024
	$'000	$'000
Interim dividends paid to non-controlling interest	17	17

At the Board of Directors meeting held on March 7, 2025 (2024: November 22, 2023) the directors of an indirect subsidiary declared interim dividends of which $0.017 million (2024: $0.017 million) were paid to shareholders with non-controlling interest.

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31. Interest expense

	Group		Company	
	2025	2024	2025	2024
	$'000	$'000	$'000	$'000
Specialised financial institutions	153,821	61,741	-	-
Customer deposits	3,319,714	3,179,700	-	-
Securities sold under repurchase agreements	2,554,436	2,637,995	-	-
Long-term loans	851,858	825,486	101,688	88,061
Lease liabilities [note 26(a)(iii)]	249,202	159,623	7,650	11,752
Other	138,984	26,209	144,369	279
	7,268,015	6,890,754	253,707	100,092

32. Net gains on investments

	Group	
	2025	2024
	$'000	$'000
Unrealised gains on fair value through profit or loss (FVTPL) on investment securities	9,970	40,522
Gain/(Loss) on disposal of fair value through other comprehensive income (FVOCI) investment securities	56,119	(16,717)
	66,089	23,805

33. Net financial result

The following table analyses the Group's net financial result in profit or loss and OCl.

	Group	
	2025	2024
Investment return:	$'000	$'000
Net interest revenue calculated using the effective interest method	15,506,009	14,471,623
Other investment revenue	66,089	23,805
Expected credit loss adjustment on financial assets	(797,935)	(2,759,206)
Amounts recognised in OCI	(302,845)	328,921
Total investment returns	14,471,318	12,065,143

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33. Net financial result (continued)

The following table analyses the Group's net financial result in profit or loss and OCl (continued).

Net finance (expense)/income from insurance contracts:		
Interest accreted	(239,441)	319,152
Effect of changes in interest rates and other financial assumptions	(10,520)	9,464
Total net finance expenses from insurance contracts	(249,961)	328,616
Net finance income/(expense) from reinsurance contracts:		
Interest accreted	44,540	(125,587)
Other	218	97
Total net finance income/(expense) from reinsurance contracts	44,758	(125,490)
	14,266,115	12,268,269
Represented by:		
Amounts recognised in profit or loss	14,576,813	11,929,853
Amounts recognised in OCI	(310,698)	338,416
	14,266,115	12,268,269

A. Insurance finance income and expenses:		
Net finance expenses from insurance contracts:		
Net finance (expenses)/income from reinsurance contracts-recognised in profit or loss	(239,441)	319,152
Net finance (expenses)/income from reinsurance contracts-recognised in in OCI	(10,520)	9,464
	(249,961)	328,616
Net finance income from reinsurance contracts:		
Net finance income/(expenses) from reinsurance contracts-recognised in profit or loss	44,911	(125,521)
Net finance income/(expenses) from reinsurance contracts-recognised in OCI	(153)	31
	44,758	(125,490)

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33. Net financial result (continued)

The following table analyses the Group's net financial result in profit or loss and OCl (continued).

B. Net finance income from reinsurance contracts:		
Investments measured at fair value through other comprehensive income (FVOCI)	484,598	538,529
Investments measured at amortised cost	191,633	233,287
Staff loans measured at amortised cost	135	363
	676,366	772,179

On transition to IFRS 17, for certain groups of insurance and reinsurance contracts in the life risk and life savings segments, the Group determined the cumulative insurance finance income and expenses recognised in OCI at April 1, 2024 using the fair value approach (see note 50). The movement in the fair value reserve for the debt investments at FVOCI financial assets related to those groups of contracts was as follows:

	2025 $'000	2024 $'000
Balance at beginning of year	13,623	10,394
Net change in fair value	7,051	4,475
Net amount reclassified to profit or loss related income tax	(1,656)	(1,246)
Balance at end of year	19,018	13,623

34. Insurance revenue

	Group	
	2025 $'000	2024 $'000
Contracts not measured under the PAA:		
Amounts relating to changes in liabilities for remaining coverage:		
CSM recognised for services provided [note 24A(ii)]	61,577	55,684
Change in risk adjustment for non-financial risk for risk expired	81,043	55,846
Expected incurred claims and other insurance service expenses	257,971	205,950
Recovery of insurance acquisition cash flows	61,647	29,026
Total insurance revenue for contracts not measured under PAA [note 24A(i)]	462,238	346,506
Contracts measured under the PAA [note 24A(iii)]	8,422,505	8,319,697
Total insurance revenue	8,884,743	8,666,203

35. Other operating income

	Group		Company	
	2025	2024	2025	2024
	$'000	$'000	$'000	$'000
Fees and commission:				
Commission income	660,389	56,344	-	-
Transaction fees	1,030,074	955,700	-	-
Loan fees	895,645	862,256	-	-
Money transfer fees	1,707,214	1,691,699	-	-
Mobile credit top up	12,759	12,777	-	-
Asset management fees	209,774	196,324	-	-
Corporate finance and advisory fees	24,163	148,380	-	-
Other fees and commission	73,624	94,854	-	-
Total fees and commission	4,613,642	4,018,334	-	-
Sundry:				
Realised gains on foreign exchange trading	3,291,249	3,604,901	-	-
Management fees	-	-	2,166,043	2,332,921
Dividends	37,749	66,959	-	1,058,000
Increase in fair value of investment property (note 14)	167,853	32,408	-	-
Rendering of services [note 47(w)]	1,955,516	2,936,402	1,969,244	1,865,205
Gain on disposal of property [note 26(a)(vi)]	14,601	2,466,774	-	-
Loss on disposal of interest in an associate (note 11)	-	(127,750)	-	-
Other	874,062	470,284	1,055	126
Total sundry	6,341,030	9,449,978	4,136,342	5,256,252
Total other operating income	10,954,672	13,468,312	4,136,342	5,256,252

36. Operating expenses

	Group		Company	
	2025	2024	2025	2024
	$'000	$'000	$'000	$'000
Administrative	5,041,032	5,098,999	482,614	638,303
Employee costs (note 38)	14,838,845	14,797,520	3,089,048	2,827,909
Advertising and promotion	757,482	710,580	119,006	100,687
Audit fees – current year	440,394	442,878	19,305	16,099
– Prior year	53,500	-	-	-
Bad debts written-off for loans and other receivables	389,643	590,553	11,734	35,000
Directors' fees	177,928	225,982	39,178	42,731
Directors' remuneration	98,776	102,058	98,776	102,058
Depreciation and amortisation	1,801,670	1,652,384	225,751	205,690
Legal and other professional fees	4,671,850	6,016,596	636,155	578,783
Impairment on asset held for sale	56,732	7,614	-	-
Insurance claims and benefits	5,225,119	4,039,863	-	-
Losses on onerous contracts	23,690	12,944	-	-
Amortization of insurance acquisition cashflows	61,647	29,026	-	-
	33,638,308	33,726,997	4,721,567	4,547,260
Represented by:				
Insurance service expenses	5,715,808	5,726,587	-	-
Other operating expenses	27,922,500	28,000,410	4,721,567	4,547,260
	33,638,308	33,726,997	4,721,567	4,547,260

37. Taxation

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

	Group		Company	
	2025	2024	2025	2024
	$'000	$'000	$'000	$'000
(i) Current tax expense:				
On profit for the year	315,104	285,307	-	-
Employment tax credit	(9,990)	(15,634)	-	-
Adjustments in respect of prior year	2,069	(56,360)	-	-
	307,183	213,313	-	-
(ii) Deferred taxation (note 17):				
Origination and reversal of temporary differences	92,568	(959,313)	(106,927)	43,728
Unrecognised tax losses	(155,419)	(80,103)	(97,145)	(76,166)
	(62,851)	(1,039,416)	(204,072)	(32,438)
Total taxation in statements of profit or loss	244,332	(826,103)	(204,072)	(32,438)

37. Taxation (continued)

(b) Reconciliation of effective tax charge:

Income tax is computed at rates of 25% for the Company, 15%, 33⅓% and 25% for local direct and indirect subsidiaries and 19%, 26½% and 40% for certain foreign indirect subsidiaries. Dividends received from local subsidiaries and companies external to the Group are subject to withholding tax at 0% and 15%, respectively.

Tax is computed on income at 0% for Cayman Islands indirect subsidiaries. The effective tax rate for 2025 was a tax charge of 10.69% of loss before taxation (2024: a tax credit of 24.56% of loss before taxation) for the Group and a tax credit of 3.83% of profit before taxation (2024: a tax credit of 8.50% of profit before taxation) for the Company.

The actual charge differs from the "expected" tax charge for the year, as follows:

	Group		Company	
	2025	2024	2025	2024
	$'000	$'000	$'000	$'000
(Loss)/profit before taxation	(2,286,355)	(3,363,284)	(5,328,680)	381,477
Computed "expected" tax expense at 15% & 19%	4,376	7,566	-	-
Computed "expected" tax expense at 25%	(1,337,056)	394,175	(1,332,170)	95,369
Computed "expected" tax expense at 26½ %	195,288	157,989	-	-
Computed "expected" tax expense at 33⅓% & 40%	(1,710,339)	(698,460)	-	-
	(2,847,731)	(138,730)	(1,332,170)	95,369
Tax effect of difference between profit for financial statements and tax reporting purposes on -				
Depreciation charge and capital allowances	87,718	215,916	(47,410)	70,746
Gain on disposal of property, plant and equipment	(14,834)	(611,587)	(6)	(2,248)
Unfranked and exempt income	(122,255)	(212,473)	-	-
Loss on disposal of investments	-	4,961	-	-
Disallowed expenses, net	277,627	(216,950)	11,095	(254,576)
Loss on disposal of subsidiary	1,434,450	-	-	-
Impairment of subsidiary	1,159,905	59,603	1,159,905	59,603
Employment tax credit	(9,990)	(15,634)	-	-
Tax losses	222,007	(113,627)	17,925	-
Other	55,366	258,778	(13,411)	(1,332)
	242,263	(769,743)	(204,072)	(32,438)
Prior year under provision	2,069	(56,360)	-	-
Actual tax (credit)/expense, net	244,332	(826,103)	(204,072)	(32,438)

37. Taxation (continued)

(c) At March 31, 2025, taxation losses of the Company and local indirect subsidiaries available for relief against future taxable profits, subject to the agreement of the Commissioner General, Tax Administration Jamaica, aggregated approximately $3,197.52 million (2024: $4,997.05 million) for the Group and $748.42 million (2024: $723.81) for the Company.

Effective January 1, 2014, tax losses may be carried forward indefinitely. However, the amount that can be utilised in any one year is restricted to 50% of the taxable profits for the year. This became applicable for the Company and its direct subsidiaries as of April 1, 2024, as they were within their first five years of assessment following the year of assessment in which they commenced business.

(d) At March 31, 2025, a deferred tax liability of approximately $2,600.00 million (2024: $3,800.00 million), for the Group and a deferred tax asset of approximately $1,160.00 million (2024: $Nil) for the Company, relating to investment in certain direct and 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.

38. Employee costs

	Group		Company	
	2025	2024	2025	2024
	$'000	$'000	$'000	$'000
Salaries	11,206,135	11,142,095	2,387,025	2,205,523
Group life, pension and health insurance contributions	1,179,595	1,135,904	262,311	229,721
Statutory payroll contributions	1,162,219	1,203,441	256,134	243,629
Staff welfare	511,381	389,357	-	-
Other	779,515	926,723	183,578	149,036
Total (note 36)	14,838,845	14,797,520	3,089,048	2,827,909

39. Related party balances and transactions

(a) Definition of related party:

A related party is a person or entity that is related to the Group.

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.

39. Related party balances and transactions (continued)

(a) Definition of related party (continued):

B. An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled, or jointly controlled, by a person identified in A.

(vii) A person identified in A(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group [or to the parent of the Group].

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

(b) Identity of related parties:

The Company has a related party relationship with its subsidiaries, indirect subsidiaries, associates, the JN Group Pension Scheme, directors, companies owned by directors, other key management personnel and JN Foundation.

(c) The statements of financial position include balances, arising in the ordinary course of business, with related parties, as follows:

	Group		Company	
	2025	2024	2025	2024
	$'000	$'000	$'000	$'000
Cash resources				
Other related entities	-	-	230,798	237,518
Loans				
Other key management personnel	330,775	250,361	-	-
Other related entities	-	-	1,354,159	264,684
Other assets				
Other related entities	-	-	340,496	173,088
Customer deposits				
Directors	322,223	303,453	-	-
Other key management personnel	97,211	84,942	-	-
Other related entities	36,663	37,949	-	-
Securities sold under repurchase agreements				
Directors	24,223	31,197	-	-
Other related entities	-	304,943	-	-
Other payables				
Other related entities	147,599	168,171	294,806	353,915
Long-term loans				
Other related entities	-	-	1,306,174	1,068,911

THE JAMAICA NATIONAL GROUP LIMITED
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March 31, 2025

39. Related party balances and transactions (continued)

(d) The statements of profit or loss include income earned from, and expenses incurred in, transactions with related parties in the ordinary course of business, as follows:

	Group		Company	
	2025	2024	2025	2024
	$'000	$'000	$'000	$'000
Subsidiaries:				
Dividend income	-	-	-	(1,058,000)
Interest income	-	-	(146,282)	(3,229)
Management fees income	-	-	(180,941)	(54,215)
Fee income	-	-	(20818)	(5,133)
Fee income	-	-	45,225	(5,133)
Management fees expense	-	-	864	-
Directors:				
Interest expense	5,644	6,330	-	-
Other related parties:				
Interest income	-	-	(3,071)	(4,492)
Management fees income	-	-	(1,985,102)	(2,278,706)
Fee expense	-	-	11,220	66,229
Sale expense	-	-	52,236	19,764
Fee income	-	-	(1,873,014)	(1,783,445)
Management fee expense	-	-	24,935	23,956
Interest expense	21	57,811	108,095	89,560
Insurance expense	-	-	42,593	37,229
Contribution to pension scheme	392,055	259,638	111,748	104,313
Contribution to JN Foundation	68,320	72,514	19,205	19,205

(e) Compensation paid to or in respect of key management personnel (directors and senior executives) included in employee costs (note 38) is as follows:

	Group		Company	
	2025	2024	2025	2024
	$'000	$'000	$'000	$'000
Short-term benefits	542,259	541,377	189,473	211,174
Post-employment benefits	21,754	21,080	8,903	8,213
	564,013	562,457	198,376	219,387

40. 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, 2025, these funds amounted to $52.03 billion (2024: $50.77 billion).

41. 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 have established the Finance Committee, the Group 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 proceeds from its disposal of 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 and other financial assets, whilst ensuring that the assets and liabilities are managed on a cash flow and duration basis.

A key aspect of the management of the Group's financial risk is matching the timing of cash flows relating to 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.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions, and products and services offered. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

41. Financial risk management (continued)

(b) Credit risk:

Credit risk is the risk of financial loss should any of the Group's customers, clients or market counterparties fail to fulfil their contractual obligations to the Group. Credit risk arises mainly from interbank, commercial and consumer loans and advances, and loan commitments arising from such lending activities, financial guarantees, letters of credit, endorsements and acceptances. The Group is also exposed to credit risks arising from investments in debt securities and other exposures arising from its trading activities ('trading exposures') including non-equity trading portfolio assets as well as settlement balances with market counterparties and reverse repurchase agreements.

Credit risk is the single largest risk for the Group's business; management therefore carefully manages its exposure to credit risk. The credit risk management and control functions are centralised in the credit risk and treasury management teams which report regularly to the appropriate board committee.

(i) Credit risk management

A. Loans and advances (including loan commitments and guarantees)

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Group measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).

Credit risk grading

The Group uses internal credit risk gradings that reflect its assessment of the creditworthiness of individual counterparties. Borrower and loan specific information collected at the time of application (such as age, total debt service ratio, type of employment, net worth, and level of collateral for retail exposures; turnover and industry type for wholesale exposures) is fed into the rating model. This is supplemented with external data such as credit bureau scoring information on individual borrowers. In addition, the model enables expert judgement from management to be fed into the final internal credit rating for each exposure. This allows for considerations which may not be captured as part of the other data inputs into the model.

The credit grades are calibrated such that the risk of default increases exponentially at each higher risk grade.

41. Financial risk management (continued)

(b) Credit risk (continued):

(i) Credit risk management (continued)

B. Investments

For debt securities in the Treasury portfolio, external rating agency credit grades are used.

These published grades are continually monitored and updated. The PD's associated with each grade are determined based on realised default rates over the prior 12 months, as published by the rating agency.

The Group's rating method comprises 20 rating levels for instruments not in default (1 to 20) and three default levels (21 to 23). The master scale assigns each rating category a specified range of probabilities of default, which is stable over time. The rating methods are subject to an annual validation and recalibration so that they reflect the latest projections in the light of all actually observed defaults.

Group rating	TTC PD as a percentage (Corporate)	TTC PD as a percentage (Sovereign)	S & P	Moody's	Description of Grade
1 - 10	0.02% - 0.23%	0.00% - 0.07%	AAA – BBB-	Aaa – Baa3	Investment Grade
11 - 20	1.10% - 25.6%	0.41% - 14.39%	BB+ - CC	Ba1 - Ca	Speculative grade
21- 23	25.7% - 100%	14.44% - 100.00%	C - SD	C to D	Default

(ii) Expected credit loss measurement

A. Credit impairment modelling

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

Stage 1

A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continually monitored by the Group.

Stage 2

If a significant increase in credit risk ('SICR') since initial recognition is identified but the financial instrument is not yet deemed to be credit-impaired, the financial asset is moved to 'Stage 2'.

41. Financial risk management (continued)

(b) Credit risk (continued):

(ii) Expected credit loss measurement (continued)

A. Credit impairment modelling (continued)

IFRS 9 outlines a ‘three-stage’ model for impairment based on changes in credit quality since initial recognition as summarised below (continued):

Stage 3

Purchased or originated credit-impaired (POCI) financial assets are those financial assets that are credit-impaired on initial recognition. POCI financial assets and financial assets for which there has been a significant increase in credit risk since initial recognition such that the financial assets are determined to be credit impaired are moved to ‘Stage 3’.

Change in credit quality since initial recognition

Stage 1	**Stage 2**	**Stage 3**
(Initial recognition)	(Significant increase in credit risk since initial recognition)	(Significant increase in credit risk and assets deemed credit-impaired)
12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.

A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information. Note 42(b)(ii) B(4) includes an explanation of how the Group has incorporated this in its ECL models.

B. Key judgments and assumptions in determining impairment

The key judgements and assumptions adopted by the Group in addressing the requirements of the standard relating to the determination of ECL are presented below:

(1) Significant increase in credit risk (SICR)

A. Significant increase in credit risk (SICR)

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

- Over 30 days past due
- Actual or pending loss of employment.
- Change in debt obligations (TDSR)

41. Financial risk management (continued)

(b) Credit risk (continued):

(ii) Expected credit loss measurement (continued)

B. Key judgments and assumptions in determining impairment (continued)

The key judgements and assumptions adopted by the Group in addressing the requirements of the standard relating to the determination of ECL are presented below (continued):

(1) Significant increase in credit risk (SICR) (continued):

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met (continued):

- Emerging threat to industry of employment
- Financial difficulties/Forbearance
- Fraud/Incarceration
- Health Issues
- Inability to sustain cash flow.
- Reduction in primary income
- Increase in financial obligation

Quantitative criteria:

Loans

The Group has concluded that delinquency status is the most reliable and appropriate measure as it has not utilised PDs throughout the history of operations. As the Caribbean region has not yet adopted Basel III guidelines, development of PDs has not been required.

Investments

External credit rating grades are used as the basis for the assessment of increases in credit risk of investment instruments. Movements within investment grade are not construed as significant increases in credit risk of investment instruments; however, exceptional conditions may be taken into consideration. A movement by two notches will trigger a migration from Stage 1 to Stage 2.

41. Financial risk management (continued)

(b) Credit risk (continued):

(ii) Expected credit loss measurement (continued)

B. Key judgments and assumptions in determining impairment (continued)

The key judgements and assumptions adopted by the Group in addressing the requirements of the standard relating to the determination of ECL are presented below (continued):

(1) Significant increase in credit risk (SICR) (continued):

A significant increase in credit risk is determined to have occurred if, for both Corporate and Sovereign portfolios, the borrower or issuer is on the Watchlist and/or the instrument meets one or more of the following criteria:

- Significant increase in credit spread;
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates;
- Actual or expected forbearance or restructuring;
- Actual or expected significant adverse change in operating results of the borrower;
- Significant change in collateral value (secured facilities only) which is expected to increase risk of default;
- Early signs of cashflow/liquidity problems such as delay in servicing of trade creditors/loans.

For both loans and investments, the assessment of SICR for incorporates forward-looking information and is performed on a quarterly basis at a portfolio level for all retail financial instruments held by the Group. In relation to Corporate and Sovereign financial instruments, where a Watchlist is used to monitor credit risk, this assessment is performed at the counterparty level and on a periodic basis. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by the independent Credit Risk team.

Backstop:

Regardless of the other criteria listed above for determining whether there has been a significant increase in credit risk, delinquency is applied as a backstop, thus the financial instrument is considered to have experienced a significant increase in credit risk if the borrower or issuer is more than 30 days past due on its contractual payments.

The Group has used the low credit risk exemption for intragroup exposures in the years ended March 31, 2025 and 2024.

41. Financial risk management (continued)

(b) Credit risk (continued):

(ii) Expected credit loss measurement (continued)

B. Key judgments and assumptions in determining impairment (continued)

(1) Significant increase in credit risk (SICR) (continued):

The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

(1) The borrower is more than 90 days past due on its contractual payments (other number of days below 90 days in the case of small business and remittance entities in the Group).

(2) The borrower meets unlikeliness-to-pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

- The borrower is in long-term forbearance;
- The borrower is deceased;
- The borrower is insolvent;
- The borrower is in breach of financial covenant(s);
- An active market for that financial asset has disappeared because of financial difficulties;
- Concessions have been made by the lender relating to the borrower's financial difficulty;
- It is becoming probable that the borrower will enter bankruptcy;
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the PD, EAD and LGD for the Group's expected credit loss calculations.

(2) Measuring ECL - Explanation of inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition, but without the asset being impaired, or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the PD, EAD, and LGD, defined as follows:

- PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.

41. Financial risk management (continued)

(b) Credit risk (continued):

(ii) Expected credit loss measurement (continued)

B. Key judgments and assumptions in determining impairment (continued)

(2) Measuring ECL - Explanation of inputs, assumptions and estimation techniques (continued):

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition, but without the asset being impaired, or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the PD, EAD, and LGD, defined as follows:

- EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).
- LGD represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD).

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition but without the asset being impaired throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type, as follows:

- For amortising products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12-month period or lifetime basis.
- For revolving products, the exposure at default is predicted by taking the current drawn balance and adding a "credit conversion factor" which allows for the expected drawdown of the remaining limit by the time of default. These assumptions vary by product type and current limit utilisation band, based on analysis of the Group's recent default data.

41. Financial risk management (continued)

(b) Credit risk (continued):

(ii) Expected credit loss measurement (continued)

B. Key judgments and assumptions in determining impairment (continued)

(2) Measuring ECL - Explanation of inputs, assumptions and estimation techniques (continued)

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type, as follows:

- For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.
- For unsecured products, LGD is typically set at product level due to the limited differentiation in recoveries achieved across different borrowers.

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by product type.

The assumptions underlying the ECL calculation, such as the underwriting terms, performance of the portfolio and changes in market conditions, are monitored and reviewed on an annual basis.

There have been no significant changes in estimation techniques or significant assumptions during the reporting period.

(3) Forward-looking information incorporated in the ECL models

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. The economic variables for each jurisdiction in which the Group operates (the “base economic scenario”) were provided by the Group’s Business Advisory Services Unit and are reviewed on an annual basis. The macro-economic variables provided were then estimated against each entity’s NPL ratios within the JN Group. The macro-economic variables that were statistically significant with NPLs were then weighted and calibrated to the Through the Cycle (TTC) PDs of each entity by using the Vasicek Model. This model takes into consideration the effects of the business cycle to capture the changes in the macro-environment. Expert judgement was utilised in the process to help determine the impact the change in the macro- environment will have on the components of LGD and EAD. Forecasts provided by the International Monetary Fund along with historical assessments of losses during down times, informed the possible impact on the Group’s credit portfolio default rates.

41. Financial risk management (continued)

(b) Credit risk (continued):

(ii) Expected credit loss measurement (continued)

B. Key judgments and assumptions in determining impairment (continued)

(3) Forward-looking information incorporated in the ECL models (continued)

In addition to the base economic scenario, the Group Risk and Compliance unit also provided other possible scenarios along with scenario weightings. The number of other scenarios used is set based on the analysis of each major product type to ensure non-linearities are captured. The number of scenarios and their attributes are reassessed on an annual basis.

At March 31, 2025 and 2024, the Group concluded that three scenarios appropriately captured non-linearities. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking account of the range of possible outcomes of which each chosen scenario is representative. The assessment of SICR is performed using the Lifetime PD under each of the base and the other scenarios, multiplied by the associated scenario weighting, along with qualitative and backstop indicators.

This determines whether the whole financial instrument is in Stage 1, Stage 2 or Stage 3 and hence whether 12-month or lifetime ECL should be recorded. Following this assessment, the Group measures ECL as either a probability-weighted 12-month ECL (Stage 1), or a probability weighted lifetime ECL (Stages 2 and 3). These probability-weighted ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weighting (as opposed to weighting the inputs). As with any economic forecast, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different from those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within the Group's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

Economic variable assumptions

The most significant assumptions used for the ECL estimate as at March 31, 2025 and 2024 are set out below. The scenarios "base", "upside" and "downside" were used for all portfolios.

The weightings assigned to each economic scenario were as follows:

	Base	**Upside**	**Downside**
March 31, 2025			
Loans	45%	35%	20%
Investments	65%	15%	20%
March 31, 2024			
Loans	50%	30%	20%
Investments	60%	30%	10%

41. Financial risk management (continued)

(b) Credit risk (continued):

(ii) Expected credit loss measurement (continued)

B. Key judgments and assumptions in determining impairment (continued)

(3) Forward-looking information incorporated in the ECL models (continued)

Other forward-looking considerations not otherwise incorporated within the above scenarios, such as the impact of any regulatory, legislative or political changes, have also been considered, but are not deemed to have a material impact and therefore no adjustment has been made to the ECL for such factors. This is reviewed and monitored for appropriateness on a quarterly basis.

Management used the Vasicek model to apply forward looking information.

In incorporating the forward - looking information (FLI), the Group assessed the correlation of the following economic variables against its annual non-performing loan (NPL) ratios for the period 2010-2029:

- Real GDP
- Unemployed rate
- Interest rate
- Inflation rate

Annual projections of these variables were incorporated for the period 2024- 2029. The variables that indicated moderate correlation to the Group's NPL ratios were inflation and interest rates. These variables were weighted and included in the Group's Vasicek Model. Linear regression analyses were performed under the different scenarios of base, best and worst cases in the Vasicek Model to determine the standardized Lagged Z Scores. The unstandardized Z Scores were then determined by multiplying the standard deviation of the NPL ratios and adding the mean of the NPL ratios over the period 2010 – 2029. The unstandardized Z scores were then weighted by each economic variable to determine the overall Z Scores for each scenario. The Z Scores for each economic scenario were then calibrated to the Through the Cycle (TTC) PDs to determine the Point in Time (PIT) PDs.

Probability Weighted Scenarios					
Base Case					
Macro Variables	Z score (standardized)	Z score	Sector DR	Weighting	Z score Weighted
Real GDP	-0.123	-0.329	4.062%	2.97%	-0.010
Unemployment rate	0.456	-0.099	3.327%	36.67%	-0.036
Inflatiom rate	-1.300	-0.796	5.958%	26.46%	-0.211
Interest rate	-0.195	-0.357	4.161%	33.91%	-0.121
					-0.37773
Best Case					
Macro Variables	Z score (standardized)	Z score	Sector DR	Weighting	Z score Weighted
Real GDP	0.221	-0.192	3.611%	2.97%	-0.006
Unemployment rate	1.138	0.173	2.606%	36.67%	0.063
Inflatiom rate	0.748	0.018	3.000%	26.46%	0.005
Interest rate	0.368	-0.133	3.431%	33.91%	-0.045
					0.01710
Worst Case					
Macro Variables	Z score (standardized)	Z score	Sector DR	Weighting	Z score Weighted
Real GDP	-0.617	-0.525	4.787%	2.97%	-0.016
Unemployment rate	-1.041	-0.694	5.492%	36.67%	-0.254
Inflatiom rate	-1.300	-0.796	5.958%	26.46%	-0.211
Interest rate	-0.195	-0.357	4.161%	33.91%	-0.121

41. Financial risk management (continued)

(b) Credit risk (continued):

(ii) Expected credit loss measurement (continued)

B. Key judgments and assumptions in determining impairment (continued)

(4) Grouping of instruments for losses measured on a collective basis

For expected credit loss allowances modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous. In performing this grouping, there must be sufficient information for the group to be statistically credible. Where sufficient information is not available internally, the Group has considered benchmarking internal/external supplementary data to use for modelling purposes.

The Group's credit portfolio is segmented by product type due to similar characteristics. These groupings are detailed below by credit portfolio:

- Mortgage loans
- Corporate loans
- Micro finance loans
- Auto loans
- Personal loans
- Staff loans
- Credit card

The appropriateness of groupings is monitored and reviewed on a periodic basis by the Credit Risk management team.

There was no change during the year in the nature of the exposure to credit risk to which the Group is subject or its approach to measuring and managing the risk.

(5) 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 regulatory guidelines;

(iii) loans are not concentrated in one individual, company or group; and

(iv) strong underwriting and credit administration systems are in place.

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Notes to the Financial Statements (Continued)
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41. Financial risk management (continued)

(b) Credit risk (continued):

(ii) Expected credit loss measurement (continued)

B. Key judgments and assumptions in determining impairment (continued)

(5) Management of credit risk (continued)

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 Jamaica Central Securities Depository (JCSD), 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 Group's Risk and Compliance Unit.

Credits to borrowers

Credit facilities to customers and other borrowers primarily comprise 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 Credit Risk Management Unit and 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, 2025, the outstanding principal balances on loans that were restructured for the Group amounted to \$4.03 billion (2024: \$3.58 billion). The amortised cost before the modification, the net modification gain recognised and the loss allowance measured at an amount equal to lifetime expected credit losses, and for which the loss allowance has charged during the year to an amount equal to 12- month expected credit losses are as follows:

	2025 $'000	2024 $'000
Amortised cost before modification	2,869,026	2,351,126
Net modification gain	43,388	185,135
Loss allowance changed to an amount equal to 12-month ECL	17,053	12,505

41. Financial risk management (continued)

(b) Credit risk (continued):

(ii) Expected credit loss measurement (continued)

B. Key judgments and assumptions in determining impairment (continued)

(5) Management of 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

Past due but unimpaired credits to borrowers 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.

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 the Board of Directors for approval.

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the Group's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

Concentration by class and geographical area

The Group limits its exposure to credit risk by investing only with counterparties that have high credit ratings and in Government of Jamaica securities. 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 cash resources, securities purchased under resale agreements, investment securities, loans, and a portion of other assets (excluding inventory). The Group's exposure and the credit ratings of its counterparties are continually monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties based on their credit ratings and limits set.

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Notes to the Financial Statements (Continued)
March 31, 2025

41. Financial risk management (continued)

(b) Credit risk (continued):

(ii) Expected credit loss measurement (continued)

B. Key judgments and assumptions in determining impairment (continued)

(5) Management of credit risk (continued)

Concentration by class and geographical area (continued)

The Group significant concentration of credit exposure, as at the reporting date, by geographic area was as follows:

	Group		Company	
	2025 $'000	2024 $'000	2025 $'000	2024 $'000
Jamaica	259,340,846	242,015,887	2,184,874	753,900
United States of America	10,037,683	9,524,839	-	-
United Kingdom	10,095,884	80,137,150	-	-
Canada	2,223,698	2,266,154	-	-
Ghana	2,018	1,929	-	-
Barbados	19,984	13,463	-	-
Bahamas	-	9,082	-	-
Turks and Caicos Islands	132,979	93,796	-	-
Cayman Islands	7,771,872	8,006,016	-	-
Trinidad & Tobago	815,542	1,178,020	-	-
Philippines	2,151	2,100	-	-
Namibia	118,595	-	-	-
Panama	3,682	-	-	-
Grenada	350	128	-	-
Antigua	52,886	22,389	-	-
Anguilla	3,102	-	-	-
St. Kitts	-	1,089	-	-
British Virgin Island	737	236	-	-
South Africa	-	51,005	-	-
St. Maartin	-	227	-	-
Netherland Antilles	990	-	-	-
St. Lucia	-	569	-	-
St. Vencent & The Grenadines	997	414	-	-
Puerto Rico	10,527	1,926	-	-
	290,634,523	343,326,419	2,184,874	753,900

41. Financial risk management (continued)

(b) Credit risk (continued):

(ii) Expected credit loss measurement (continued)

B. Key judgments and assumptions in determining impairment (continued)

(5) Management of credit risk (continued)

Credit quality of loans

The credit quality of the loans is summarised as follows:

	Group		Company	
	2025	2024	2025	2024
	$'000	$'000	$'000	$'000
Neither past due nor impaired	136,939,069	147,132,951	1,354,159	264,684
Past due but not impaired:				
Below 30 days	13,879,799	15,058,136	-	-
30 to 60 days	4,888,891	5,698,902	-	-
60 to 90 days	1,633,684	1,689,765	-	-
Individually impaired:				
90-180 days	1,428,517	4,570,100	-	-
180-365 days	1,481,767	1,526,129	-	-
12-18 months	766,176	562,762	-	-
18 months and over	1,184,129	311,965	-	-
Balance carried forward (page 93)	162,202,032	176,550,710	1,354,159	264,684

	Group		Company	
	2025	2024	2025	2024
	$'000	$'000	$'000	$'000
Balance brought forward (from page 92)	162,202,032	176,550,710	1,354,159	264,684
Less allowance for losses [note 12(e)]	(3,120,665)	(4,845,971)	-	-
Total loans, net [note 12(a)]	159,081,367	171,704,739	1,354,159	264,684
Loan commitments	9,855,277	10,006,902	-	-
Total credit exposure	168,936,644	181,711,641	1,354,159	264,684

41. Financial risk management (continued)

(b) Credit risk (continued):

(ii) Expected credit loss measurement (continued)

B. Key judgments and assumptions in determining impairment (continued)

(5) Management of credit risk (continued)

Credit quality of loans (continued)

The credit quality of the Group's and Company's loans is summarised as follows (continued):

Exposure to credit risk

The maximum 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.

The maximum exposure to credit risk is represented by the amount of financial assets in the statement of financial position, including off-balance sheet assets and unused credit limits.

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Group's maximum exposure to credit risk on these assets.

	Loans			
	2025			
	ECL staging			
	Stage 1 12-month ECL $'000	**Stage 2** Lifetime ECL $'000	**Stage 3** Lifetime ECL $'000	Total $'000
Standard monitoring	141,049,130	308,127	71,340	141,428,597
Special monitoring	4,996,234	20,513,503	-	25,509,737
Default	-	-	5,118,975	5,118,975
Gross credit exposure	146,045,364	20,821,630	5,190,315	172,057,309
Loss allowance	(1,653,195)	(312,702)	(1,154,768)	(3,120,665)
Total credit exposure	144,392,169	20,508,928	4,035,547	168,936,644

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41. Financial risk management (continued)

(b) Credit risk (continued):

(ii) Expected credit loss measurement (continued)

B. Key judgments and assumptions in determining impairment (continued)

(5) Management of credit risk (continued)

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Group's maximum exposure to credit risk on these assets (continued).

	Loans			
	2024			
	ECL staging			
	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Standard monitoring	157,331,587	16,972	2,374	157,350,933
Special monitoring	4,415,257	17,647,313	-	22,062,570
Default	-	-	7,144,109	7,144,109
Gross credit exposure	161,746,844	17,664,285	7,146,483	186,557,612
Loss allowance	(1,368,841)	(231,046)	(3,246,084)	(4,845,971)
Total credit exposure	160,378,003	17,433,239	3,900,399	181,711,641

Information on how the Expected Credit Loss (ECL) is measured and how the three stages above are determined is included in note 42(b)(ii) 'Expected credit loss measurement'.

The maximum exposure to credit risk for financial assets not subject to impairment is the carrying amount of the financial assets classified as FVTPL (see note 8).

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 the value of such 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 subsidiaries include, but are not limited to, insurance policies, properties, motor vehicles and personal or corporate guarantees.

The Group does not generally hold collateral over balances with banks or broker/dealers, except when securities are held under resale agreements.

The Group employs a range of policies and practices to mitigate credit risk. The most common of these is accepting collateral for funds advanced. The Group has internal policies on the acceptability of specific classes of collateral or credit risk mitigation.

41. Financial risk management (continued)

(b) Credit risk (continued):

(ii) Expected credit loss measurement (continued)

B. Key judgments and assumptions in determining impairment (continued)

(5) Management of credit risk (continued)

Collateral and other credit enhancements held against financial assets (continued)

The fair value of collateral held against loans to borrowers and others is shown below:

	Group			
	Loans and advances		Securities purchased under resale agreements	
	2025	2024	2025	2024
	$'000	$'000	$'000	$'000
Against neither past due nor impaired financial assets:				
Properties	139,405,624	139,432,775	-	-
Debt securities	7,394,538	9,065,267	7,336,025	9,502,619
Liens on motor vehicles	5,604	19,737	-	-
Hypothecation of deposits	2,290,469	2,604,010	-	-
Subtotal	149,096,235	151,121,789	7,336,025	9,502,619
Against past due but not impaired financial assets:				
Properties	27,092,795	35,382,788	-	-
Liens on motor vehicles	839,843	1,300,237	-	-
Subtotal	27,932,638	36,683,025	-	-
Against past due and impaired financial assets:				
Properties	9,005,589	8,153,396	-	-
Liens on motor vehicles	317,260	257,792	-	-
Hypothecation of deposits	601	2,603	-	-
Subtotal	9,323,450	8,413,791	-	-
Grand total	186,352,323	196,218,605	7,336,025	9,502,619

The Group prepares a valuation of the collateral obtained as part of the loan origination process. This assessment is reviewed periodically. The principal collateral types for loans and advances are:

- Mortgages over residential properties;
- Charges over business assets such as premises, inventory and accounts receivable; and
- Charges over financial instruments such as debt securities and equities.

41. Financial risk management (continued)

(b) Credit risk (continued):

(ii) Expected credit loss measurement (continued)

B. Key judgments and assumptions in determining impairment (continued)

(5) Management of credit risk (continued)

Collateral and other credit enhancements held against financial assets (continued)

Longer-term finance and lending to corporate entities are generally secured; revolving individual credit facilities are generally unsecured.

Collateral held as security for financial assets other than loans and advances depends on the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.

The Group's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Group since the prior period.

The Group closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Group will take possession of collateral to mitigate potential credit losses. Financial assets that are credit-impaired and related collateral held in order to mitigate potential losses are shown below:

	Group			
	2025			
	Gross Exposure	Impairment allowance	Carrying amount	Fair value of collateral held
	$'000	$'000	$'000	$'000
Credit-impaired assets				
Loans				
Credit cards	176,301	(98,671)	77,630	-
Term loans	1,692,993	(891,794)	801,199	317,260
Mortgages	3,240,584	(116,774)	3,123,810	9,006,190
Other	80,437	(47,529)	32,908	-
Total for credit impaired assets	5,190,315	(1,154,768)	4,035,547	9,323,450

41. Financial risk management (continued)

(b) Credit risk (continued):

(ii) Expected credit loss measurement (continued)

B. Key judgments and assumptions in determining impairment (continued)

(5) Management of credit risk (continued)

Collateral and other credit enhancements held against financial assets (continued)

	Group			
	2024			
	Gross exposure	**Impairment allowance**	**Carrying amount**	**Fair value of collateral held**
	$'000	$'000	$'000	$'000
Credit-impaired assets				
Loans				
Credit cards	100,409	(60,575)	39,834	-
Term loans	4,038,667	(3,019,070)	1,019,597	257,792
Mortgages	2,957,675	(141,452)	2,816,223	8,155,999
Other	49,539	(24,987)	24,552	-
Totals for credit-impaired assets	7,146,290	(3,246,084)	3,900,206	8,413,791

Loss allowance

Loss allowance recognised in profit or loss and other comprehensive income during the year is summarised below:

	Group	
	2025	2024
	$'000	$'000
Loans (note 12)	1,068,372	1,965,261
Investments at amortised cost (note 8)	568	2,822
Investments at FVOCI (note 8)	(306,163)	132,181
Other financial assets (note 7 and 13)	52,176	650,617
	814,953	2,750,881

The loss allowance recognised in the year is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL;
- Additional allowances for new financial instruments recognised during the year, as well as releases for financial instruments derecognised in the year;
- Discount unwound within ECL due to the passage of time, as ECL is measured on a present value basis;

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41. Financial risk management (continued)

(b) Credit risk (continued):

(ii) Expected credit loss measurement (continued)

B. Key judgments and assumptions in determining impairment (continued)

(5) Management of credit risk (continued)

Loss allowance (continued)

- Foreign exchange retranslations for assets denominated in foreign currencies and other movements; and
- Financial assets derecognised during the year and write-offs of allowances related to assets that were written off during the year.

The following tables explain the changes in the loss allowance between the beginning and the end of the year due to these factors:

	Group			
	2025			
	Stage 1	Stage 2	Stage 3	
	12-month ECL $'000	Lifetime ECL $'000	Lifetime ECL $'000	Total $'000
Loss allowance as at April 1, 2024	1,368,841	231,046	3,246,084	4,845,971
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(39,842)	39,842	-	-
Transfer from Stage 1 to Stage 3	(38,302)	-	38,302	-
Transfer from Stage 2 to Stage 1	52,503	(52,503)	-	-
Transfer from Stage 2 to Stage 3	-	(39,509)	39,509	-
Transfer from Stage 3 to Stage 2	-	35,061	(35,061)	-
Transfer from Stage 3 to Stage 1	20,166	-	(20,166)	-
New financial assets originated or purchased	539,006	-	-	539,006
Financial assets derecognised during the year	(322,686)	(706)	(144,637)	(468,029)
Net remeasurement of loss allowance	263,889	105,179	633,988	1,003,056
FX and other movements	(6,458)	(5,708)	6,505	(5,661)
Loss allowance recognised in profit or loss (note 12)	**468,276**	**81,656**	**518,440**	**1,068,372**
Other movements:				
Translation adjustment (note 12)	2,353	-	-	2,353
Write-offs against provision (note 12)	(186,275)	-	(2,609,756)	(2,796,031)
Loss allowance as at March 31, 2025	1,653,195	312,702	1,154,768	3,120,665

41. Financial risk management (continued)

(b) Credit risk (continued):

(ii) Expected credit loss measurement (continued)

B. Key judgments and assumptions in determining impairment (continued)

(5) Management of credit risk (continued)

Loss allowance (continued)

The following tables explain the changes in the loss allowance between the beginning and the end of the year due to these factors (continued):

	Group			
	2024			
	Stage 1	Stage 2	Stage 3	
	12-month ECL $'000	Lifetime ECL $'000	Lifetime ECL $'000	Total $'000
Loss allowance as at April 1, 2023	**1,545,299**	**544,124**	**3,693,269**	**5,782,692**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(52,483)	52,483	-	-
Transfer from Stage 1 to Stage 3	(78,813)	-	78,813	-
Transfer from Stage 2 to Stage 1	39,364	(39,364)	-	-
Transfer from Stage 2 to Stage 3	-	(124,191)	124,191	-
Transfer from Stage 3 to Stage 2	-	54,332	(54,332)	-
Transfer from Stage 3 to Stage 1	21,775	-	(21,775)	-
New financial assets originated or purchased	584,328	-	1,481,551	2,065,879
Financial assets derecognised during the year	(1,225,268)	(282,379)	(88,956)	(1,596,603)
Net remeasurement of loss allowance	113,186	221,831	1,207,466	1,542,483
FX and other movements	(29,529)	(12,437)	(4,532)	(46,498)
Loss allowance recognised in profit or loss (note 12)	**(627,440)**	**(129,725)**	**2,722,426**	**1,965,261**
Other movements:				
Translation adjustment (note 12)	459,311	-	-	459,311
Write-offs against provision (note 12)	(8,329)	(183,353)	(3,169,611)	(3,361,293)
Loss allowance as at March 31, 2024	**1,368,841**	**231,046**	**3,246,084**	**4,845,971**

41. Financial risk management (continued)

(b) Credit risk (continued):

(ii) Expected credit loss measurement (continued)

B. Key judgments and assumptions in determining impairment (continued)

(5) Management of credit risk (continued)

Loss allowance (continued)

Significant changes in the gross carrying amount of financial assets that contributed to changes in the loss allowance were as follows:

- The high volume of new loans originated during the year, aligned with the Group's strategy.

- The write-off of loans with a total gross carrying amount of $0.28 million (2024: $3,370.00 million) resulted in the reduction of the Stage 3 loss allowance by the same amount.

The following table further explains changes in the gross carrying amount of the loans portfolio to help explain their significance to the changes in the loss allowance for the same portfolio as described above:

	2025			
	Stage 1	Stage 2	Stage 3	
	12-month ECL $'000	Lifetime ECL $'000	Lifetime ECL $'000	Total $'000
Gross carrying amount as at April 1, 2024	**161,746,844**	**17,664,285**	**7,146,483**	**186,557,612**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(8,006,357)	8,006,357	-	-
Transfer from Stage 1 to Stage 3	(1,443,896)	-	1,443,896	-
Transfer from Stage 2 to Stage 3	-	(1,371,617)	1,371,617	-
Transfer from Stage 3 to Stage 2	-	829,895	(829,895)	-
Transfer from Stage 3 to Stage 1	110,880	-	(110,880)	-
Transfer from Stage 2 to Stage 1	3,738,871	(3,738,871)	-	-
New financial assets originated or purchased	37,798,123	-	-	37,798,123
Financial assets derecognised during the year	(47,991,289)	(578,997)	(3,589,746)	(52,160,032)
Other movements:				
Translation adjustment	95,962	24,228	17,635	137,825
Write-offs against provision	(3,774)	(13,650)	(258,795)	(276,219)
Gross carrying amount as at March 31, 2025	**146,045,364**	**20,821,630**	**5,190,315**	**172,057,309**

41. Financial risk management (continued)

(b) Credit risk (continued):

(ii) Expected credit loss measurement (continued)

B. Key judgments and assumptions in determining impairment (continued)

(5) Management of credit risk (continued)

Loss allowance (continued)

The following table further explains changes in the gross carrying amount of the loans portfolio, loan commitments and credit cards to help explain their significance to the changes in the loss allowance for the same portfolio as discussed above (continued):

	2024			
	Stage 1	Stage 2	Stage 3	
	12-month ECL $'000	Lifetime ECL $'000	Lifetime ECL $'000	Total $'000
Gross carrying amount as at April 1, 2023	**137,387,315**	**12,125,423**	**7,411,370**	**156,924,108**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(11,344,634)	11,344,634	-	-
Transfer from Stage 1 to Stage 3	(1,888,556)	-	1,888,556	-
Transfer from Stage 2 to Stage 3	-	(2,138,678)	2,138,678	-
Transfer from Stage 3 to Stage 2	-	601,159	(601,159)	-
Transfer from Stage 3 to Stage 1	119,499	-	(119,499)	-
Transfer from Stage 2 to Stage 1	1,487,094	(1,487,094)	-	-
New financial assets originated or purchased	56,498,981	16,972	(12,729)	56,503,224
Financial assets derecognised during the year	(20,317,906)	(2,759,171)	(703,652)	(23,780,729)
Other movements:				
Translation adjustment (note 10)	82,387	128,189	74,613	285,189
Write-offs against provision (note 10)	(277,336)	(167,149)	(2,929,695)	(3,374,180)
Gross carrying amount as at March 31, 2024	**161,746,844**	**17,664,285**	**7,146,483**	**186,557,612**

Significant changes in the gross carrying amount of financial assets that contributed to changes in the loss allowance were as follows:

- The high volume of new loans originated during the year, which aligned with the Group's strategy; and
- The write-off of loans with a total gross carrying amount $0.28 million (2024: $3.37 billion) resulted in the reduction of the Stage 3 loss allowance by the same amount.

The total amount of undiscounted ECL at initial recognition for purchased or originated credit-impaired financial assets recognised during the period was $27.17 (2024: $30 million).

41. Financial risk management (continued)

(b) Credit risk (continued):

(ii) Expected credit loss measurement (continued)

B. Key judgments and assumptions in determining impairment (continued)

(5) Management of credit risk (continued)

Loss allowance (continued)

Investments

The following table explains the changes in loss allowances between the beginning and the end of the year due to these factors set out on page:

	2025			
	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Loss allowance as at April 1, 2024	133,621	322,041	-	455,662
Movements with P&L impact				
Transfers:				
New assets originated or purchased	24,651	-	-	24,651
Financial assets derecognised during the period	(8,205)	(322,041)	-	(330,246)
Net P&L charge during the period	16,446	(322,041)	-	(305,595)
Foreign exchange and other movements	409	-	-	409
Loss allowance as at March 31, 2025	150,476	-	-	150,476

	2024			
	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Loss allowance as at April 1, 2023	227,166	94,124	-	321,290
Movements with P&L impact				
Transfers:				
Transfer from Stage 2 to Stage 1	25,528	(25,528)	-	-
Financial assets derecognised during the year	(153,006)	-	-	(153,006)
New assets originated or purchased	34,564	253,445	-	288,009
Net P&L charge during the year	(92,914)	227,917	-	135,003
Foreign exchange and other movements	(631)	-	-	(631)
Loss allowance as at March 31, 2024	133,621	322,041	-	455,662

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Notes to the Financial Statements (Continued)
March 31, 2025

41. Financial risk management (continued)

(b) Credit risk (continued):

(ii) Expected credit loss measurement (continued)

B. Key judgments and assumptions in determining impairment (continued)

(5) Management of credit risk (continued)

At the reporting date the Group had investments and securities purchased under resale agreements carried as follows:

	2025				
	Amortised cost		Carried at FVOCI	Total	
	Investments	Reverse Repos	Investments	Investments	Reverse Repos
	$'000	$'000	$'000	$'000	$'000
Investment grade	-	-	19,538,219	19,538,219	-
Speculative grade	4,570,887	3,785,939	55,550,590	60,121,477	3,785,939
	4,570,887	3,785,939	75,088,809	79,659,696	3,785,939
ECL provision at year-end	5,835	175	144,641	150,476	175

	2024					
	Amortised cost		Carried at FVOCI		Total	
	Investments	Reverse Repos	Investments	Reverse Repos	Investments	Reverse Repos
	$'000	$'000	$'000	$'000	$'000	$'000
Investment grade	3,240,463	-	11,817,836	-	15,058,299	-
Speculative grade	10,088,177	5,986,352	55,549,728	-	65,637,905	5,986,352
	13,328,640	5,986,352	67,367,564	-	80,696,204	5,986,352
ECL provision at year end	5,854	190	449,808	-	455,662	190

Speculative grade includes Government of Jamaica securities of $56.14 billion (2024: $51.14 billion) (see note 8).

There was no change during the year in the nature of the exposure to credit risk to which the Group is subject or its approach to measuring and managing the risk.

The following table sets out information about the credit quality of reinsurance contract assets for the general insurance subsidiary:

	AA	A	B	Not rated	Total
	$'000	$'000	$'000	$'000	$'000
March 31, 2025					
Reinsurance contract assets	1,784,247	1,627,488	-	412,091	3,823,826
March 31, 2024					
Reinsurance contract assets	693,499	721,112	-	154,389	1,569,000

41. Financial risk management (continued)

(b) Credit risk (continued):

(ii) Expected credit loss measurement (continued)

B. Key judgments and assumptions in determining impairment (continued)

(5) Management of credit risk (continued)

The following table sets out information about the credit quality of reinsurance contract assets and financial instruments measured at FVTPL for the life insurance subsidiary:

	AA	A	B	Not rated	Total
	$'000	$'000	$'000	$'000	$'000
March 31, 2025					
Financial instruments:					
Mutual funds	-	-	-	29,527	29,527
Quoted equities	-	-	-	31,768	31,768
Reinsurance contract assets	122,291	-	-	-	122,291
March 31, 2024					
Financial instruments:					
Mutual funds	-	-	-	22,308	22,308
Quoted equities	-	-	-	30,381	30,381
Reinsurance contract assets	48,158	-	-	-	48,158

(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

(ii) *Asset/market liquidity risk* – the risk that the Group will not be able 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 general insurance indirect subsidiaries also manage this risk by keeping a substantial portion of its financial assets in liquid form, in accordance with regulatory guidelines. The indirect subsidiary is subject to a liquidity limit imposed by the regulator. The key measurement used for assessing liquidity risk is the ratio of liquid assets (as defined) to total liabilities. The actual ratio at the reporting date was 48% (2024: 77%). The level set by the regulator is 95%.

41. Financial risk management (continued)

(c) Liquidity risk (continued):

Management of liquidity risk (continued)

The amounts payable on demand and the carrying amount of the respective groups of contracts are presented in the following table:

	Amount payable on demand $'000	Carrying amount $'000
March 31, 2025	-	623,903
March 31, 2024	-	514,931

For subsidiaries, liquidity risk is measured using a framework that takes account of the nature of the business and applicable regulatory requirements. For example, the key measurement used for assessing a banking indirect subsidiary's liquidity risk is the ratio of liquid assets (as defined by regulatory requirements) to total liabilities. The liquidity ratios are set according to the currency in which the liabilities are determined. At the reporting date for the Group they were as follows:

Denomination of liabilities	Requirement		Actual	
	2025	2024	2025	2024
	%	%	%	%
Jamaica Dollar	6	6	17	18
United States of America Dollar	14	14	24	21
Canadian Dollar	14	14	87	89
Pound Sterling	14	14	63	66

There was no change during the year in the nature of the exposure to liquidity risk to which the Group is subject or its approach to measuring and managing the risk.

An analysis of the undiscounted cash flows required to settle 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 the timing of the settlement 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.

41. Financial risk management (continued)

(c) Liquidity risk (continued):

Management of liquidity risk (continued)

An analysis of the undiscounted cash flows required to settle 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 the timing of the settlement 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.

In evaluating liquidity risk, the Group uses the profile of undiscounted cash flows, as set out in the table below:

	Group						
	2025						
			Contractual undiscounted cash flows				
	Carrying amount $'000	Total cash outflow $'000	Less than 3 months $'000	3-12 months $'000	1-2 years $'000	2-5 years $'000	More than 5 years $'000
Financial Assets							
Cash resources	40,082,463	40,082,463	22,229,761	17,852,702	-	-	-
Securities purchased under resale agreements	3,901,955	4,059,193	1,073,874	2,985,319	-	-	-
Investments	81,998,397	84,874,335	8,332,826	8,605,543	9,706,185	13,911,913	44,317,868
Loans	159,081,367	172,562,899	5,192,637	11,562,268	8,671,726	35,687,488	111,448,780
Other assets	3,462,204	3,462,204	3,462,204	-	-	-	-
Insurance and reinsurance contracts assets	4,059,583	5,426,601	-	3,007,556	634,151	1,092,850	692,044
Total financial assets	292,585,969	310,467,695	40,291,302	44,013,388	19,012,062	50,692,251	156,458,692
Financial Liabilities							
Bank overdraft	10,696	10,696	10,696	-	-	-	-
Due to specialised financial institutions	4,269,408	4,510,531	23,250	80,642	86,602	257,048	4,062,989
Customer deposits	211,690,383	214,236,781	186,406,047	26,148,042	742,028	931,673	8,991
Due to related entities	147,599	147,599	147,599	-	-	-	-
Securities sold under repurchase agreements	40,469,622	41,985,923	35,706,965	6,278,958	-	-	-
Other payables	8,447,048	8,447,048	8,447,048	-	-	-	-
Long-term loans	7,278,383	10,465,640	1,504,449	6,684,111	1,559,016	718,064	-
Lease liabilities	2,802,615	3,128,046	59,908	895,421	1,126,823	692,684	353,210
	275,115,754	282,932,264	232,305,962	40,087,174	3,514,469	2,599,469	4,425,190
Unrecognised loan commitments	-	12,353,877	12,353,877	-	-	-	-
Insurance contract liabilities	8,939,416	13,260,159	-	6,707,091	1,475,961	2,518,052	2,559,055
	284,055,170	308,546,300	244,659,839	46,794,265	4,990,430	5,117,521	6,984,245
On statement of financial position gap, being total liquidity gap	8,530,799	1,921,395	(204,368,537)	(2,780,877)	14,021,632	45,574,730	149,474,447
Cumulative gap	-	-	(204,368,537)	(207,149,414)	(193,127,782)	(147,553,052)	1,921,395

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41. Financial risk management (continued)

(c) Liquidity risk (continued):

Management of liquidity risk (continued)

	Group						
	2024						
	Contractual undiscounted cash flows						
	Carrying amount $'000	Total cash outflow $'000 Restated*	Less than 3 months $'000 Restated*	3-12 months $'000 Restated*	1-2 years $'000 Restated*	2-5 years $'000 Restated*	More than 5 years $'000
Financial Assets							
Cash resources	78,339,359	77,854,890	60,233,076	17,621,814	-	-	-
Securities purchased under resale agreements	6,227,723	6,596,399	1,813,809	4,762,566	20,024	-	-
Investments	82,510,079	81,324,108	14,060,312	5,221,808	9,211,858	13,150,965	39,679,165
Loans	171,704,739	168,784,045	1,189,477	7,804,831	13,891,042	26,485,262	119,413,433
Other assets	2,985,921	3,338,419	3,338,419	-	-	-	-
Insurance and reinsurance contracts assets	1,705,641	3,188,453	-	1,694,237	109,628	300,317	1,084,271
Total financial assets	343,473,462	341,086,314	80,635,093	37,105,256	23,232,552	39,936,544	160,176,869
Financial Liabilities							
Due to specialised financial institutions	2,757,903	2,976,680	23,336	96,782	103,337	256,554	2,496,671
Customer deposits	267,752,145	277,224,923	181,741,099	46,718,216	47,950,544	804,673	10,391
Due to related entities	168,171	168,171	168,171	-	-	-	-
Securities sold under repurchase agreements	32,497,473	33,868,747	20,796,226	13,072,521	-	-	-
Other payables	7,895,198	8,548,328	8,544,041	4,287	-	-	-
Margin loan payable	2,216,038	2,216,038	2,216,038	-	-	-	-
Long-term loans	7,301,507	9,123,185	4,133,521	2,306,499	691,058	1,992,107	-
Lease liabilities	3,256,551	4,054,197	66,772	937,625	984,805	988,548	1,076,447
	323,844,986	338,180,269	217,689,204	63,135,930	49,729,744	4,041,882	3,583,509
Unrecognised loan commitments	-	16,978,823	16,978,823	-	-	-	-
Insurance contract liabilities	7,351,080	8,492,009	-	4,983,649	942,714	1,202,492	1,363,154
	331,196,066	363,651,101	234,668,027	68,119,579	50,672,458	5,244,374	4,946,663
On statement of financial position gap, being total liquidity gap	12,277,396	(22,564,787)	(154,032,934)	(31,014,323)	(27,439,906)	34,692,170	155,230,206
Cumulative gap	-	-	(154,032,934)	(185,047,257)	(212,487,163)	(177,794,993)	(22,564,787)

	Company						
	2025						
	Contractual undiscounted cash flow						
	Carrying amount $'000	Total cash outflow $'000	Less than 3 months $'000	3-12 months $'000	1-2 years $'000	2-5 years $'000	Morethan 5 years $'000
Financial assets							
Cash resources	230,798	230,798	230,798	-	-	-	-
Due from related entities	340,496	340,496	340,496	-	-	-	-
Loans	1,354,159	1,406,901	43,674	1,315,677	3,179	44,371	-
Other assets	259,421	259,421	259,421	-	-	-	-
Total financial assets	2,184,874	2,237,616	874,389	1,315,677	3,179	44,371	-
Financial liabilities							
Due to related entities	294,806	294,806	294,806	-	-	-	-
Other payables	724,288	724,288	724,288	-	-	-	-
Long-term loans	2,589,174	2,890,841	1,399,764	338,236	302,494	850,347	-
Lease liabilities	56,569	76,546	9,100	25,949	23,431	18,066	-
Total financial liabilities	3,664,837	3,986,481	2,427,958	364,185	325,925	868,413	-
On statement of financial position gap, being total liquidity gap	(1,479,963)	(1,748,865)	(1,553,569)	951,492	(322,746)	(824,042)	-
Cumulative gap	-	-	(1,553,569)	(602,077)	(924,823)	(1,748,865)	(1,748,865)

*See note 51

41. Financial risk management (continued)

(c) Liquidity risk (continued):

Management of liquidity risk (continued)

	Company						
	2024						
	Contractual undiscounted cash flows						
	Carrying amount $'000	Total cash outflow $'000	Less 3 months $'000	3-12 months $'000	1-2 years $'000	2-5 years $'000	More than 5 years $'000
Financial assets							
Cash resources	237,518	237,518	237,518	-	-	-	-
Due from related entities	173,088	173,088	173,088	-	-	-	-
Loans	264,684	369,777	1,937	8,105	11,620	348,115	-
Other assets	251,698	251,698	251,698	-	-	-	-
Total financial assets	926,988	1,032,081	664,241	8,105	11,620	348,115	-
Financial liabilities							
Due to related entities	353,915	353,915	353,915	-	-	-	-
Other payables	615,483	615,483	615,483	-	-	-	-
Long-term loans	1,068,911	1,232,836	44,508	88,828	136,000	963,500	-
Lease liabilities	100,823	119,093	12,190	41,017	33,809	32,077	-
Total financial liabilities	2,139,132	2,321,327	1,026,096	129,845	169,809	995,577	-
On statement of financial position gap, being total liquidity gap	(1,212,144)	(1,289,246)	(361,855)	(121,740)	(158,189)	(647,462)	-
Cumulative gap	-	-	(361,855)	(483,595)	(641,784)	(1,289,246)	(1,289,246)

(d) Market risk:

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the value of the Group's assets, the amount of its liabilities and/or the Group's income. Market risk arises in the Group due to fluctuations in the value of liabilities and the value of investments held. The Group is exposed to market risk on all of its financial assets.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Management of market risk

The Board Finance Committee manages market risks in accordance with its Investment Policy. The Committee reports regularly to the Board of Directors on its activities. For each of the major components of market risk, the Group has policies and procedures in place which detail how each risk should be monitored and managed. The management of each of these major components of risk and the exposure of the Group at the reporting date to each major risk are addressed below.

There was no change during the year in the nature of the exposure to market risk to which the Group is subject, or its approach to measuring and managing the risk.

(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.

41. Financial risk management (continued)

(d) Market risk (continued):

Management of market risk (continued)

(i) Interest rate risk (continued):

The interest rate risk analysis shows significant excess of short-term interest-bearing liabilities over short-term interest-earning assets. This is a direct consequence of the nature of the Group's business, a significant component of which involves granting long-term loans (up to 30 years) funded by customers' deposits, 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 variable rate 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 deposit-taking indirect subsidiaries manage risk by monitoring their customers' deposits, taking steps to ensure the stability and by adjusting interest rates to the extent practicable within the overall policy of encouraging long term savings and facilitating home ownership.

The following table summarises the carrying amount of recognised financial assets and financial liabilities to arrive at the Group's interest rate gap based on the earlier of contractual repricing and maturity dates. There were no off-balance-sheet financial instruments giving rise to interest rate risk.

	Group						
	2025						
	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	%
Financial Assets							
Cash resources	2,966,589	16,664,438	-	-	20,451,436	40,082,463	0.10
Securities purchased under resale agreements	-	989,125	2,796,814	-	116,016	3,901,955	6.50
Investments	-	8,348,213	7,247,858	63,841,243	2,561,083	81,998,397	6.20
Loans	-	7,861,766	10,678,620	139,265,683	1,275,298	159,081,367	9.70
Insurance and reinsurance contract assets	117,311	-	2,218,891	1,604,935	118,446	4,059,583	8.60
Other assets	-	9,566	-	-	3,452,638	3,462,204	-
Total financial assets	3,083,900	33,873,108	22,942,183	204,711,861	27,974,917	292,585,969	
Financial Liabilities							
Bank overdraft	10,696	-	-	-	-	10,696	7.00
Due to specialised financial institutions	-	21,802	80,408	4,167,198	-	4,269,408	4.40
Customer deposits	96,966	181,645,256	27,601,801	1,662,738	683,622	211,690,383	1.20
Due to related entities	-	-	-	-	147,599	147,599	-
Securities sold under repurchase agreements	-	33,966,953	6,128,719	-	373,950	40,469,622	6.80
Other payables	-	-	-	-	8,447,048	8,447,048	-
Insurance contract liabilities	386,004	-	4,825,328	3,490,185	237,899	8,939,416	8.60
Long-term loans	-	20,000	4,518,037	2,525,691	214,655	7,278,383	16.88
Lease liabilities	-	680,161	788,864	848,389	485,201	2,802,615	8.18
Total financial liabilities	493,666	216,334,172	43,943,157	12,694,201	10,589,974	284,055,170	
On-statement-of-financial position gap, being total interest rate sensitivity gap	2,590,234	(182,461,064)	(21,000,974)	192,017,660	17,384,943	8,530,799	
Cumulative gap	2,590,234	(179,870,830)	(200,871,804)	(8,854,144)	8,530,799	-	

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41. Financial risk management (continued)

(d) Market risk (continued):

Management of market risk (continued)

(i) Interest rate risk (continued):

	Group						
	2024						
	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	%
Financial Assets							
Cash resources	49,029,501	8,084,262	2,032	-	21,223,564	78,339,359	0.04
Securities purchased under resale agreements	-	1,593,324	4,393,028	-	241,371	6,227,723	7.36
Investments	-	12,559,527	6,905,679	61,004,474	2,040,399	82,510,079	4.40
Loans	-	3,298,773	7,773,952	153,456,977	7,175,037	171,704,739	8.20
Insurance and reinsurance contract assets	1,658,128	-	-	-	47,513	1,705,641	7.84
Other assets	-	29,453	-	-	2,956,468	2,985,921	-
Total financial assets	50,687,629	25,565,339	19,074,691	214,461,451	33,684,352	343,473,462	
Financial Liabilities							
Due to specialised financial institutions	-	21,754	95,264	2,640,885	-	2,757,903	3.04
Customer deposits	1,859,011	176,791,075	45,746,246	41,778,130	1,577,683	267,752,145	0.96
Due to related entities	-	-	-	-	168,171	168,171	-
Securities sold under repurchase agreements	-	19,380,520	12,547,045	-	569,908	32,497,473	-
Other payables	4,287	113,315	-	-	7,777,596	7,895,198	-
Margin loan payable	-	2,216,038	-	-	-	2,216,038	-
Insurance contract liabilities	7,178,243	-	-	-	172,837	7,351,080	7.84
Long-term loans	-	20,000	2,000,576	5,189,704	91,227	7,301,507	11.94
Lease liabilities	-	636,532	799,277	1,582,178	238,564	3,256,551	6.00
Total financial liabilities	9,041,541	199,179,234	61,188,408	51,190,897	10,595,986	331,196,066	
On-statement-of-financial - position gap, being total interest rate sensitivity gap	41,646,088	(173,613,895)	(42,113,717)	163,270,554	23,088,366	12,277,396	
Cumulative gap	41,646,088	(131,967,807)	(174,081,524)	(10,810,970)	12,277,396	-	

	Company						
	2025						
	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	%
Financial Assets							
Cash resources	230,798	-	-	-	-	230,798	0.10
Due from related entities	-	-	-	-	340,496	340,496	-
Loans	-	-	1,261,364	42,507	50,288	1,354,159	3.30
Other assets	-	-	-	-	259,421	259,421	-
Total financial assets	230,798	-	1,261,364	42,507	650,205	2,184,874	
Financial Liabilities							
Due to related entities	-	-	-	-	294,806	294,806	-
Other payables	-	-	-	-	724,288	724,288	-
Long-term loan	-	20,000	1,521,364	1,000,321	47,489	2,589,174	10.50
Lease liabilities	-	8,911	18,129	29,529	-	56,569	7.30
Total financial liabilities	-	28,911	1,539,493	1,029,850	1,066,583	3,664,837	
On statement-of-financial -position gap, being total interest rate sensitivity gap	230,798	(28,911)	(278,129)	(987,343)	(416,378)	(1,479,963)	
Cumulative gap	230,798	201,887	(76,242)	(1,063,585)	(1,479,963)	-	

41. Financial risk management (continued)

(d) Market risk (continued):

Management of market risk (continued)

(i) Interest rate risk (continued):

	Company						
	2024						
	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	
Financial Assets							
Cash resources	237,518	-	-	-	-	237,518	0.10
Due from related entities	-	-	-	-	173,088	173,088	-
Loans	-	2,387	7,306	230,032	24,959	264,684	3.30
Other assets	-	-	-	-	251,698	251,698	-
Total financial assets	237,518	2,387	7,306	230,032	449,745	926,988	
Financial Liabilities							
Due to related entities	-	-	-	-	353,915	353,915	-
Other payables	-	-	-	-	615,483	615,483	-
Long-term loan	-	20,000	140,000	900,000	8,911	1,068,911	9.20
Lease liabilities	-	11,168	30,566	59,089	-	100,823	6.00
Total financial liabilities	-	31,168	170,566	959,089	978,309	2,139,132	
On statement-of-financial -position gap, being total interest rate sensitivity gap	237,518	(28,781)	(163,260)	(729,057)	(528,564)	(1,212,144)	
Cumulative gap	237,518	208,737	45,477	(683,580)	(1,212,144)	-	

Sensitivity to interest rate movements:

Fair value sensitivity for fixed rate instruments:

The sensitivity of the Group's financial assets and financial liabilities to interest rate risk is monitored using the impact on profit and reserves of a reasonable possible in interest rates change at the reporting date as set out in the following scenarios:

	Increase in interest rate		**Decrease in interest rate**	
	Basis points		Basis points	
	2025	2024	2025	2024
J$ denominated instruments	25	25	75	25
US$ denominated instruments	25	25	50	25

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

41. Financial risk management (continued)

(d) Market risk (continued):

Management of market risk (continued)

(i) Interest rate risk (continued):

Sensitivity to interest rate movements (continued):

Fair value sensitivity for fixed rate instruments (continued):

	Group			
	2025		2024	
	Increase $'000	Decrease $'000	Increase $'000	Decrease $'000
Other comprehensive income:				
J$	(958,651)	524,010	(594,003)	432,243
US$	(1,028,440)	1,758,070	(1,516,442)	778,853

The Company does not hold any fixed rate instruments.

Sensitivity of insurance contracts and related financial investments to interest rate movements:

An analysis of the indirect life insurance subsidiary's sensitivity to a 100 basis point increase or 100 basis point decrease in market interest rates at the reporting date, assuming that all other variables remain constant, is presented below.

	1% increase in interest rates				1% decrease in interest rates			
			Impact on:				Impact on:	
	Net insurance contacts balance $'000	Investment assets $'000	Profit or loss $'000	Equity $'000	Net insurance contacts balance $'000	Investment assets $'000	Profit or loss $'000	Equity $'000
March 31, 2025	(388,146)	782,693	47,544	35,658	(388,146)	782,693	(67,318)	50,488
March 31, 2024	(378,288)	773,788	30,126	22,595	(378,288)	773,788	(47,309)	(35,482)

The Company has no financial instruments carried at fair value. Therefore, a change in interest rate will not impact the carrying value of the Company's financial instruments.

Cash flow sensitivity analysis for variable rate instruments:

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

	Group	
	Effect on profit	
	Increase $'000	Decrease $'000
March 31, 2025		
Variable rate instruments	10,362	(24,275)
March 31, 2024		
Variable rate instruments	33,519	(33,519)

The Company had no variable rate financial instruments at the reporting date.

41. Financial risk management (continued)

(d) Market risk (continued):

Management of market risk (continued)

(ii) Equity price risk:

Equity price risk arises from equity instruments at FVOCI 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 6% (2024: 6%) increase or a 2% (2024: 3%) decrease in quoted bid prices of the portfolio of equity investments at the reporting date would have the following effect

	Group			
	Effect on reserves		Effect on profit	
	Increase	Decrease	Increase	Decrease
	$'000	$'000	$'000	$'000
March 31, 2025				
Change in value of equity	11,816	3,939	23,147	7,716
March 31, 2024				
Change in value of equity	12,064	6,032	27,720	13,860

The Company does not hold any equity securities.

(iii) Foreign currency risk:

Foreign currency risk is the risk that the value or cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group is exposed to 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 the United States dollar, Canadian dollar, Cayman dollar, Euro 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 prices of the traded currencies. Foreign currency liabilities are generally backed by foreign currency assets.

At the reporting date, net foreign currency assets/(liabilities) were as follows:

	Group		Company	
	2025	2024	2025	2024
	$'000	$'000	$'000	$'000
United States dollars	7,213	(27,447)	2,146	1,678
Canadian dollars	(524)	(29)	192	(48)
Pound sterling	(3,440)	(3,533)	(488)	(755)
Euro	179	-	-	-
Cayman dollars	3,446	5,721	-	-
Trinidad & Tobago dollars	5,059	4,489	-	-

The Bank of Jamaica's weighted average exchange rates ruling at the year-end are shown at note 47(q).

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

Notes to the Financial Statements (Continued)
March 31, 2025

41. Financial risk management (continued)

(d) Market risk (continued):

Management of market risk (continued)

(iii) Foreign currency risk (continued):

Sensitivity to movements in exchange rates:

A 3.5% (2024: 4%) weakening of the Jamaica dollar against the major currencies in which the Group undertakes transactions at March 31 would have increased profit for the year by the amounts shown. A 1% (2024: 1%) strengthening of the Jamaica dollar against these currencies at March 31 would have had the opposite effect as shown in the table. The analysis assumes that all other variables, in particular, interest rates, remain constant.

The analysis was done on the same basis for 2024.

	Group				Company			
	2025		2024		2025		2024	
	3.5%	1%	4%	1%	$'000	$'000	$'000	$'000
United States dollars	39,815	(11,397)	(169,074)	42,269	13,534	(3,384)	10,330	(2,583)
Canadian dollars	(1,991)	571	(132)	33	835	(209)	(218)	55
Pounds sterling	(24,286)	6,949	(27,240)	6,818	(3,940)	985	(5,824)	1,456
Euro	1,072	(306)	-	-	-	-	-	-
Cayman dollars	23,157	(6,616)	42,965	(10,755)	-	-	-	-
Trinidad & Tobago dollars	(4,098)	(1,164)	4,085	(1,032)	-	-	-	-

(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 natural and man-made disasters and from the need to comply with legal and regulatory requirements and 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 Risk and Compliance Unit, centrally, and, in daily operations, to the senior management team.

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

This responsibility is supported by the development of overall Group standards for the management of operational risk that at meet the following requirements:

- risk policies/guidelines for assisting management to understand the ways in which risks can be measured, managed, identified and controlled;
- appropriate segregation of duties, including the independent authorisation of transactions;
- reconciliation and monitoring of transactions;

41. 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 that at meet the following requirement (continued):

- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- 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:

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.

Regulatory capital

Banking indirect subsidiaries

The main regulator of JN Bank Limited (the Bank) is the Bank of Jamaica, which monitors compliance with the capital requirements for the Bank. The Bank'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 Bank. This is supported by the annual Bank Internal Capital Adequacy Assessment Process which seeks to ensure that the Bank is adequately capitalised.

The Bank of Jamaica requires the local indirect bank subsidiary to maintain a prescribed ratio of total capital to total risk weighted assets of 10% (2024: 10%). During the current year, BOJ reduced the requirement of the banking indirect subsidiary from 15% to 13%. The actual ratio of total regulatory capital to total risk weighted assets at March 31, 2025 was 13% (2024: 12.5%).

41. 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 their liabilities as required by their regulator, the Financial Services Commission (FSC). The primary measure used to assess capital adequacy is the Minimum Capital Test (MCT) which is used by the FSC to determine solvency of the company.

The MCT ratio attained by the subsidiary at December 31, 2025 was 264% (December 31, 2024: 261%), with minimum required MCT ratio of 150% (December 31, 2024: 150%).

Life insurance indirect subsidiary

The entity's regulator is the FSC which monitors the capital requirements for the subsidiary. The FSC requires the entity to maintain a minimum capital of $150 million. 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 Life Insurance Capital Adequacy Test (LICAT) as defined by the FSC and dictated by the Insurance Regulations 2001. Under those regulations, the minimum standard recommended for companies is a LICAT ratio of 100%.

The LICAT attained by the subsidiary at December 31 is set out below:

	2024	2023
Regulatory capital held ($`000)	1,062,452	1,006,226
Minimum regulatory capital ($`000)	757,425	595,749
LICAT/ MCCSR ratio (%)	140.27%	168.90%

There was no change during the year in the manner in which the subsidiary manages capital.

Investment management indirect subsidiary

The investment management indirect subsidiary'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	2025 Attained	2024 Attained
Capital ratios:			
Total regulatory qualifying capital expressed as a percentage of total risk weighted assets	Minimum 10%	17.85%	19.27%
Total Tier 1 capital expressed as a percentage of total qualifying capital	Greater than 50%	81.68%	82.67%
Total regulatory capital expressed as a percentage of total assets	Minimum of 6%	13.03%	12.92%

The entity is in compliance with the above-listed externally imposed capital requirements.

41. Financial risk management (continued)

(f) Capital management (continued):

Regulatory capital (continued)

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 indirect 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, 2025 and 2024, 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	2025 minimum for regulatory capital and capital adequacy purposes	Actual	2024 minimum for regulatory capital and capital adequacy purposes
Regulatory capital (CI$)	2,997,567	2,980,143	3,618,972	3,313,919
Risk asset ratio	25%	15%	26%	15%
Liquidity ratio	10%	10%	26%	10%

Money transmission services indirect subsidiaries

The Bank of Jamaica requires the indirect subsidiary to maintain a net worth of US$0.01 million or its equivalent in Jamaica dollars. The indirect subsidiary group's and company's net worth as at March 31, 2025, amounted to the Jamaican equivalent of US$17.13 million (2024: US$18.35 million) and US$ 4.77 million (2024: US$4.90 million), respectively.

CIMA requires one of the indirect subsidiaries to maintain a net worth of CI$0.03 million (2024:CI$0.03 million). Its net worth as at March 31, 2025, amounted to CI$3.77 million (2024: CI$3.76 million).

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

The Financial Conduct Authority requires a United Kingdom indirect subsidiary to maintain a net worth of €0.14million. The indirect subsidiary's net worth as at March 31, 2025, amounted to €0.36 million or €0.30 million) (2024: €0.14 million or €0.12 million).

An 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 during the year in the manner in which capital is managed within the Group.

42. Fair value of financial instruments

The fair values 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 42(b).

The fair values of cash resources, securities purchased under resale agreements, customer deposits, due to/from related entities, other assets, securities sold under repurchase agreements, insurance and reinsurance contract assets, insurance contract liabilities and other payables are considered to approximate their carrying values due to their relatively short-term nature.

The estimated fair value of loans is calculated using the discounted cash flow method, incorporating a credit spread that reflects the risk profile of the portfolio. This model estimates the future expected cash flows of the loans, net of any credit loss allowances, and discounts these cash flows to their present value using a risk-adjusted discount rate. This rate is derived by combining the risk-free rate with an appropriate credit spread, which represents the additional risk premium specific to the loans. The credit spread is determined based on market data for comparable financial instruments, ensuring that the valuation accurately reflects prevailing market conditions and credit risks.

The fair value of long-term loan having specific maturity after one year, is determined by discounting future cash flows using reporting date yields of similar instruments.

(a) Accounting classifications and fair values:

The following table shows the carrying amounts (excluding interest) and fair values of financial assets, including their levels in the fair value hierarchy. Where the carrying amounts of financial assets are measured at fair value, their levels in the fair value hierarchy are also shown. Where the carrying amounts of financial assets 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.

42. Fair value of financial instruments (continued)

(a) Accounting classifications and fair values (continued):

	Group								
	2025								
	Carrying amount					Fair value			
	Amortised cost	Fair value through other comprehensive income	Fair value through profit or loss	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets measured at fair value:									
Corporate and sovereign (other than GOJ) bonds	-	10,685,861	-	-	10,685,861	-	10,685,861	-	10,685,861
Quoted equities	-	196,939	385,775	-	582,714	582,714	-	-	582,714
Unquoted equities	-	19,608	710,399	-	730,007	-	19,608	710,399	730,007
Government of Jamaica securities	-	56,147,559	-	-	56,147,559	-	56,147,559	-	56,147,559
Treasury bills	-	8,038,842	-	-	8,038,842	-	8,038,842	-	8,038,842
Mutual funds	-	-	287,592	-	287,592	-	287,592	-	287,592
	-	75,088,809	1,383,766	-	76,472,575	582,714	75,179,462	710,399	76,472,575
Financial assets not measured at fair value:									
Cash resources	40,082,463	-	-	-	40,082,463	-	40,082,463	-	40,082,463
Securities purchased under resale agreements	3,901,955	-	-	-	3,901,955	-	7,336,025	-	7,336,025
Investments	4,570,887	-	-	-	4,570,887	-	4,570,887	-	4,570,887
Loans	159,081,367	-	-	-	159,081,367	-	-	173,615,291	173,615,291
Other assets	3,462,204	-	-	-	3,462,204	-	-	3,462,204	3,462,204
Insurance and reinsurance contract assets	4,059,583	-	-	-	4,059,583	-	4,059,583	-	4,059,583
Total financial assets	215,158,459	-	-	-	215,158,459	-	56,048,958	177,077,495	233,126,453

42. Fair value of financial instruments (continued)

(a) Accounting classifications and fair values (continued):

	Group 2025								
	Carrying amount					Fair value			
	through other Amortised cost $'000	Fair value through comprehensive income $'000	Fair value Other profit or loss $'000	financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial liabilities not measured at fair value:									
Bank overdraft	-	-	-	10,696	10,696	-	-	10,696	10,696
Due to specialised financial institutions	-	-	-	4,269,408	4,269,408	-	-	4,269,408	4,269,408
Customer deposits	-	-	-	211,690,383	211,690,383	-	-	211,690,383	211,690,383
Due to related entities	-	-	-	147,599	147,599	-	-	147,599	147,599
\ Securities sold under repurchase agreements	-	-	-	40,469,622	40,469,622	-	-	40,469,622	40,469,622
Other payables	-	-	-	8,447,048	8,447,048	-	-	8,447,048	8,447,048
Insurance contract liability	-	-	-	2,802,615	2,802,615	-	-	2,802,615	2,802,615
Long-term loan	-	-	-	7,278,383	7,278,383	-	-	7,278,383	7,278,383
Lease liability	-	-	-	8,939,416	8,939,416	-	-	8,939,416	8,939,416
	-	-	-	284,055,170	284,055,170	-	-	284,055,170	284,055,170

The Company has no financial assets or financial liabilities measured at fair value.

	Group 2024								
	Carrying amount					Fair value			
	Amortised cost $'000	Fair value through other comprehensive income $'000	Fair value through profit or loss $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets measured at fair value:									
Corporate and sovereign (other than GOJ) bonds	-	12,093,179	-	-	12,093,179	-	12,093,179	-	12,093,179
Quoted equities	-	201,062	461,997	-	663,059	663,059	-	-	663,059
Unquoted equities	-	19,608	-	-	19,608	-	19,608	-	19,608
Government of Jamaica securities	-	51,138,255	-	-	51,138,255	-	51,138,255	-	51,138,255
Treasury bills	-	3,915,460	-	-	3,915,460	-	3,915,460	-	3,915,460
Mutual funds	-	-	289,460	-	289,460	-	289,460	-	289,460
	-	67,367,564	751,457	-	68,119,021	663,059	67,455,962	-	68,119,021

42. Fair value of financial instruments (continued)

(a) Accounting classifications and fair values (continued):

The following table sets out the fair values of financial instruments not measured at fair value and analyzes them by the level in the fair value hierarchy into which each value measurement is categorised.

	Group 2024								
	Carrying amount					Fair value			
	Amortised cost $'000	Fair value through other comprehensive income $'000	Fair value through profit or loss $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets not measured at fair value:									
Cash resources	78,339,359	-	-	-	78,339,359	-	78,339,359	-	78,339,359
Securities purchased under resale agreements	6,227,723	-	-	-	6,227,723	-	9,482,539	-	9,482,539
Investments	13,328,640	-	-	-	13,328,640	-	13,328,640	-	13,328,640
Loans	171,704,739	-	-	-	171,704,739	-	-	171,704,739	171,704,739
Other assets	2,985,921	-	-	-	2,985,921	-	-	2,985,921	2,985,921
Insurance and reinsurance contract assets	1,705,641	-	-	-	1,705,641	-	1,705,641	-	1,705,641
Total financial assets	274,292,023	-	-	-	274,292,023	-	102,856,179	174,690,660	277,546,839
Financial liabilities not measured at fair value:									
Due to specialised financial institutions	-	-	-	2,757,903	2,757,903	-	-	2,757,903	2,757,903
Customer deposits	-	-	-	267,752,145	267,752,145	-	-	267,030,061	267,030,061
Due to related entities	-	-	-	168,171	168,171	-	-	168,171	168,171
Securities sold under repurchase agreements	-	-	-	32,497,473	32,497,473	-	-	32,497,473	32,497,473
Other payables	-	-	-	7,895,198	7,895,698	-	-	7,895,198	7,895,198
Margin loan payable	-	-	-	2,216,038	2,216,038	-	-	2,216,038	2,216,038
Insurance contract liability	-	-	-	7,351,080	7,351,080	-	-	7,351,080	7,351,080
Long-term loan	-	-	-	7,301,507	7,301,507	-	-	7,301,507	7,301,507
Lease liability	-	-	-	3,256,551	3,256,551	-	-	3,256,551	3,256,551
	-	-	-	331,196,066	331,196,066	-	-	330,473,982	330,473,982

42. 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 classified as Level 2.

Type	Valuation techniques
US$ denominated GOJ securities, sovereign and corporate bonds	• Obtain bid price provided by a recognised broker/dealer. • Apply price to estimate fair value.
J$ denominated securities issued or guaranteed by GOJ	• Obtain bid price provided by a recognised pricing source (which uses Jamaica-market-supplied indicative bids). • Apply price to estimate fair value.
Units in mutual funds	• Obtain net asset value (NAV) per unit published by Fund Manager. • Apply price to estimate fair value.
Unquoted equities	• Price obtained from third party valuations. • Apply price to estimate fair value.
Promissory note	• Obtain bid price provided by a recognised pricing source (which uses Jamaica-market-supplied indicative bids). • Apply price to estimate fair value
Foreign exchange forward contracts	• Obtain forward foreign exchange rates. • Apply rates to estimate fair value.

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

43. Insurance risk management

(a) Key risks arising from insurance and reinsurance contracts issued

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 nature and extent of the underwriting and financial risks arising from the insurance contracts are determined by the contract design. The risks are evaluated for risk management purposes in conjunction with the risks mitigated by related reinsurance contracts and the risks arising from financial assets held to fund the settlement of the liabilities.

43. Insurance risk management (continued)

(a) Key risks arising from insurance and reinsurance contracts issued (continued)

The principal types of contracts written by the Group are:

- Property insurance
- Liability insurance
- Motor insurance
- Life insurance

For property insurance contracts, the frequency and severity of claims are affected by the occurrence of extreme weather events (e.g. floods and hurricanes) and other natural catastrophes (e.g. earthquakes). In particular, the cost of rebuilding or repairing a property, together with the cost of business interruption, is a significant feature in the overall value of claims in this portfolio. In addition, increasing climate risk could potentially introduce material uncertainty in assumptions and result in inaccurate pricing of insurance risk.

For liability and motor insurance contracts, these contracts are subject to legislative and regulatory changes. Although this portfolio does not contain a large number of individually significant claims, a high frequency of claims can be a risk.

(b) Underwriting risk

Underwriting risk comprises insurance risk, policyholder behaviour risk and expense risk.

- *Insurance risk*: the risk transferred from the policyholder to the company, other than financial risk. Insurance risk arises from the inherent uncertainty about the occurrence, amount or timing of claims.

- *Policyholder behaviour risk*: the risk that a policyholder will cancel a contract (i.e. lapse or persistency risk), increase or reduce premiums.

- *Expense risk*: the risk of unexpected increases in the administrative costs associated with the servicing of a contract (rather than in the costs associated with insured events).

(i) Management of underwriting risk

The Group's management of insurance and financial risk is a critical aspect of the business. 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 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 on terms that will produce an underwriting result consistent with its long term objectives.

43. Insurance risk management (continued)

(b) Underwriting risk (continued)

(i) Management of underwriting risk (continued)

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.

Property insurance contracts:

The risks relating to property contracts are managed primarily through the pricing process. The Group re-prices each contract to reflect the continually evolving risk profile. The Group uses strict underwriting criteria to ensure that the risk of losses is acceptable.

Liability insurance 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.

Motor insurance 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.

(ii) 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.

The Group manages reinsurance risk by selecting reinsurers which have the established capability to meet their contractual obligations and which have favourable credit ratings as determined by a reputable rating agency.
that all other assumptions remains constant.

43 Insurance risk management (continued)

(b) Underwriting risk (continued)

(iii) Sensitivity analysis

	2025								
	FCF as at December 31 $'000	CSM as at December 31 $'000	Total $'000	Impact of FCF $'000	Impact on CSM $'000	Total Increase/ (decrease) in insurance contact liabilities $'000	Remaining CSM $'000	Impact on profit before income tax $'000	Impact on equity $'000
Insurance contract liabilities as at March 31									
Net insurance contracts balance	32,376	240,162	272,538	-	-	-	-	-	-
Reinsurance contract assets	(2,059)	(1,768)	(3,845)	-	-	-	-	-	-
Net insurance contract liabilities	**30,310**	**238,376**	**268,693**	**-**	**-**	**-**	**-**	**-**	**-**
Mortality rate – 10% increase									
Net insurance contracts balance	-	-	-	81,025	(56,074)	24,951	184,087	(24,951)	(18,713)
Reinsurance contract assets	-	-	-	(1,858)	1,705	(153)	3,484	153	115
Net insurance contract liabilities	**-**	**-**	**-**	**79,167**	**(54,369)**	**24,798**	**187,571**	**(24,798)**	**(18,598)**
Mortality rate – 10% decrease									
Net insurance contracts balance	-	-	-	(83,692)	65,164	(18,528)	305,325	18,528	13,896
Reinsurance contract assets	-	-	-	1,848	(1,695)	153	84	(153)	(115)
Net insurance contract liabilities	**-**	**-**	**-**	**(81,844)**	**63,469**	**(18,375)**	**305,409**	**18,375**	**13,781**
Morbidity rate – 10% increase									
Net insurance contracts balance	-	-	-	48,740	(39,682)	9,058	200,479	(9,058)	(6,793)
Reinsurance contract assets	-	-	-	7	(6)	1	1,772	(1)	-
Net insurance contract liabilities	**-**	**-**	**-**	**48,747**	**(39,688)**	**9,059**	**202,251**	**(9,059)**	**(6,793)**
Morbidity rate – 10% increase									
Net insurance contracts balance	-	-	-	(48,089)	39,171	(8,918)	279,333	8,918	6,688
Reinsurance contract assets	-	-	-	(31)	29	(2)	1,808	2	1
Net insurance contract liabilities	**-**	**-**	**-**	**(48,120)**	**39,200**	**(8,920)**	**281,141**	**8,920**	**6,689**

43 Insurance risk management (continued)

(b) Underwriting risk (continued)

(iii) Sensitivity analysis (continued)

	2025								
	FCF as at December 31 $'000	CSM as at December 31 $'000	Total $'000	Impact of FCF $'000	Impact on CSM $'000	Total Increase/ (decrease) in insurance contact liabilities $'000	Remaining CSM $'000	Impact on profit before income tax $'000	Impact on equity $'000
Lapse/surrender rates – 10% increase									
Net insurance contracts balance	-	-	-	2,818	(3,790)	(972)	236,371	972	729
Reinsurance contract assets	-	-	-	13	(12)	1	1,767	(1)	(1)
Net insurance contract liabilities	**-**	**-**	**-**	**2,831**	**(3,802)**	**(971)**	**238,138**	**971**	**728**
Lapse/surrender rates – 10% decrease									
Net insurance contracts balance	-	-	-	(1,454)	2,264	1,210	242,825	(1,210)	(907)
Reinsurance contract assets	-	-	-	(11)	9	(2)	1,788	2	(1)
Net insurance contract liabilities	**-**	**-**	**-**	**(1,465)**	**2,273**	**1,208**	**244,613**	**(1,208)**	**(908)**
Expenses – 10% increase									
Net insurance contracts balance	-	-	-	36,567	(29,015)	7,552	211,147	(7,552)	(5,664)
Reinsurance contract assets	-	-	-	(12)	11	(1)	1,790	1	-
Net insurance contract liabilities	**-**	**-**	**-**	**36,555**	**(29,004)**	**7,551**	**212,937**	**(7,551)**	**(5,664)**
Expenses – 10% decrease									
Net insurance contracts balance	-	-	-	(36,320)	28,799	(7,521)	268,960	7,521	5,641
Reinsurance contract assets	-	-	-	10	(10)	-	1,769	-	-
Net insurance contract liabilities	**-**	**-**	**-**	**(36,310)**	**28,789**	**(7,521)**	**270,729**	**7,521**	**5,641**

43. Insurance risk management (continued)

(b) Underwriting risk (continued)

(iii) Sensitivity analysis (continued)

	2024								
	FCF as at March 31 $'000	CSM as at March 31 $'000	Total $'000	Impact of FCF $'000	Impact on CSM $'000	Total Increase/ (decrease) in insurance contact liabilities $'000	Remaining CSM $'000	Impact on profit before income tax $'000	Impact on equity $'000
Insurance contract liabilities as at March 31									
Net insurance contracts balance	136,186	149,792	285,978	-	-	-	-	-	-
Reinsurance contract assets	(1,120)	750	(370)	-	-	-	-	-	-
Net insurance contract liabilities	**135,066**	**150,542**	**285,608**	-	-	-	-	-	-
Mortality rate – 10% increase									
Net insurance contracts balance	-	-	-	64,599	(47,679)	16,920	102,112	(16,920)	(12,690)
Reinsurance contract assets	-	-	-	(1,158)	1,126	(32)	1,877	32	24
Net insurance contract liabilities	**-**	**-**	**-**	**63,441**	**(46,553)**	**16,888**	**103,989**	**(16,888)**	**(12,666)**
Mortality rate – 10% decrease									
Net insurance contracts balance	-	-	-	(66,574)	56,151	(10,423)	205,943	10,423	7,817
Reinsurance contract assets	-	-	-	1,140	(1,109)	31	-	-	-
Net insurance contract liabilities	**-**	**-**	**-**	**(65,434)**	**55,042**	**(10,392)**	**205,585**	**10,392**	**7,794**
Morbidity rate – 10% increase									
Net insurance contracts balance	-	-	-	39,943	(33,081)	6,862	116,711	(6,862)	(5,146)
Reinsurance contract assets	-	-	-	4	(4)	-	746	-	-
Net insurance contract liabilities	**-**	**-**	**-**	**39,947**	**(33,085)**	**6,862**	**117,457**	**(6,862)**	**(5,146)**
Morbidity rate – 10% decrease									
Net insurance contracts balance	-	-	-	(39,481)	32,765	(6,716)	182,557	6,716	5,037
Net insurance contract assets	-	-	-	(10)	10	-	761	-	-
Net insurance contract liabilities	**-**	**-**	**-**	**(39,491)**	**32,775**	**(6,716)**	**183,318**	**6,716**	**5,037**

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43. Insurance risk management (continued)

(b) Underwriting risk (continued)

(iii) Sensitivity analysis (continued)

	2024								
	FCF as at March 31 $'000	CSM as at March 31 $'000	Total $'000	Impact of FCF $'000	Impact on CSM $'000	Total Increase/ (decrease) in insurance contact liabilities $'000	Remaining CSM $'000	Impact on profit before income tax $'000	Impact on equity $'000
Lapse/surrender rates – 10% increase									
Net insurance contracts balance	-	-	-	10,083	(9,295)	788	140,497	(788)	(591)
Reinsurance contract assets	-	-	-	42	(41)	1	709	(1)	(1)
Net insurance contract liabilities	**-**	**-**	**-**	**10,125**	**(9,336)**	**789**	**141,206**	**(789)**	**(592)**
Lapse/surrender rates – 10% decrease									
Net insurance contracts balance	-	-	-	(9,340)	10,105	765	159,896	(765)	(574)
Reinsurance contract assets	-	-	-	(38)	37	(1)	788	1	1
Net insurance contract liabilities	**-**	**-**	**-**	**(9,378)**	**10,142**	**764**	**160,684**	**(764)**	**(573)**
Expenses – 10% increase									
Net insurance contracts balance	-	-	-	18,534	(15,133)	3,401	134,658	(3,401)	(2,551)
Reinsurance contract assets	-	-	-	(5)	5	-	755	-	-
Net insurance contract liabilities	**-**	**-**	**-**	**18,429**	**(15,128)**	**3,401**	**135,413**	**(3,401)**	**(2,551)**
Expenses – 10% increase									
Net insurance contracts balance	-	-	-	(18,484)	15,134	(3,350)	164,925	3,350	2,513
Reinsurance contract assets	-	-	-	8	(8)	-	743	-	-
Net insurance contract liabilities	**-**	**-**	**-**	**(18,476)**	**15,126**	**(3,350)**	**165,668**	**3,350**	**2,513**

43. Insurance risk management (continued)

(b) Underwriting risk (continued)

(iii) Sensitivity analysis (continued)

For the general insurance subsidiary, the table below analyses how the profit or loss and equity would have increased/(decreased) if changes in underwriting risk variables that were reasonably possible at the reporting date had occurred. This analysis presents the sensitivities both before and after risk mitigation by reinsurance and assumes that all other variables remain constant.

	2025		2024	
	Profit or loss		Equity	
	Gross	Net	Gross	Net
	$'000	$'000	$'000	$'000
Ultimate claims (10% increase)	(208,646)	(154,127)	121,345	115,420
Ultimate claims (10% decrease)	199,955	148,648	(124,815)	(118,875)

(c) Terms and conditions of general and life insurance contracts:

The table below provides an overview of the terms and conditions of general and life insurance contracts written by the Group and the key factors upon which the timing and uncertainty of future cash flows of these contracts depend:

Type of contract	Terms and conditions	Key factors affecting future cash flows
Liability	Under these contracts, compensation is paid for injury suffered by individuals, including employees or members of the public. The main liability exposures are in relation to bodily injury.	The timing of claim reporting and settlement is a function of factors such as the nature of the coverage and the policy provisions. The majority of bodily injury claims have a relatively long tail. In general, these claims involve higher estimation uncertainty.
Property	Property insurance indemnifies, subject to any limits or excesses, the policyholder against the loss or damage to their own material property and business interruption arising from this damage.	The risk on any policy varies according to many factors such as location, safety measures in place and the age of the property. The event giving rise to a claim for damage to buildings or contents usually occurs suddenly (as for fire and burglary) and the cause is easily determinable. Therefore, claims are generally notified promptly and can be settled without delay. Property business is therefore classified as "short-tailed" and expense deterioration and investment return are of less importance in estimating provisions.

43. Insurance risk management (continued)

(c) Terms and conditions of general and life insurance contracts (continued):

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 (continued):

Type of contract	Terms and conditions	Key factors affecting future cash flows
Property (cont'd)		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.
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 bodily 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 of some motorists to obey traffic signals and the road code 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. In general, these claims involve higher estimation uncertainty.
Life	Life insurance contracts insure human life for death, critical illness or permanent disability over short and long durations. These insurance contracts protect the policy holder 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.

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43. Insurance risk management (continued)

(d) Claims development for general insurance:

Analysis of gross claims development:

Claims development information is disclosed in the table below in order to illustrate the insurance risk inherent in the Group (gross and net). 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.

	2015 $'000	2016 $'000	2017 $'000	2018 $'000	2019 $'000	2020 $'000	2021 $'000	2022 $'000	2023 $'000	2024 $'000	Total $'000
Net of reinsurance											
Estimate of cumulative claims at end of financial year	935,384	1,168,836	1,113,423	1,022,795	1,069,797	1,188,693	1,263,976	1,825,246	1,267,557	597,820	-
One year later	928,782	1,142,456	1,145,958	1,054,169	1,188,508	1,271,159	1,505,149	1,938,694	1,194,046	-	-
Two years later	912,764	1,177,974	1,220,699	1,171,655	1,311,370	1,320,433	1,602,566	2,032,642	-	-	-
Three years later	939,272	1,215,308	1,321,563	1,245,417	1,417,676	1,340,900	1,675,751	-	-	-	-
Four years letter	963,322	1,264,737	1,377,165	1,309,656	1,522,464	1,380,047	-	-	-	-	-
Five years Later	992,492	1,309,247	1,436,767	1,384,205	1,483,449	-	-	-	-	-	-
Six years later	1,014,285	1,359,409	1,441,669	1,394,532	-	-	-	-	-	-	-
Seven years later	1,051,824	1,405,885	1,474,331	-	-	-	-	-	-	-	-
Eight years later	1,104,655	1,430,222	-	-	-	-	-	-	-	-	-
Nine years later	1,118,313	-	-	-	-	-	-	-	-	-	-
Estimate of cumulative claims	1,118,313	1,430,222	1,474,331	1,394,532	1,483,449	1,380,047	1,675,751	2,032,642	1,194,046	597,820	13,781,153
Cumulative payments to date	1,037,795	1,311,100	1,327,514	1,189,782	1,225,628	1,066,923	1,179,031	1,272,922	615,015	140,169	10,365,880
Net outstanding claims liability	80,518	119,122	146,816	204,750	257,821	313,124	496,720	759,720	579,030	457,651	3,415,273
Prior years' claims liability	-	-	-	-	-	-	-	-	-	-	178,941
Provision for unallocated loss adjustment expenses	-	-	-	-	-	-	-	-	-	-	470,955
Discounting	-	-	-	-	-	-	-	-	-	-	(778,590)
Risk adjustment	-	-	-	-	-	-	-	-	-	-	219,570
Net outstanding claims liability	-	-	-	-	-	-	-	-	-	-	**3,506,149**

43. Insurance risk management (continued)

(e) Reinsurance limits for general and life insurance subsidiaries for years ended 2025 and 2024.

(i) In the life insurance subsidiary, coverage in excess of the below retention limits is ceded to reinsurers up to the treaty limit. The retention limits used by the Group are summarised below:

Types of insurance contract	Retention limit
Group creditor life contract	JMD 7,500,000; USD 60,000; CAD 75,000; GBP 42,000 of coverage per life insured. Treaty limits apply
Group life contract	JMD 3,000,000 of coverage per life insured. Treaty limits apply
Term Plan	JMD 10,000,000 of coverage per life insured. Treaty limits apply

The benefits assured for the Creditor Life policies, distributed by retained amounts and by reinsured amounts at December 31 are shown below:

	2024		
Band	Total amount	Total amount reinsured	Total amount retained
$'000	$'000	$'000	$'000
0 - 1,000	23,010	266	22,744
1,000 - 2,000	16,484	584	15,900
2,000 - 5,000	44,627	6,713	37,914
5,000 - 10,000	41,543	13,422	28,121
10,000 and over	47,279	24,101	23,178
	172,943	45,086	127,857

	2023		
Band	Total amount	Total amount reinsured	Total amount retained
$'000	$'000	$'000	$'000
0 - 1,000	14,904	-	14,904
1,000 - 2,000	11,723	-	11,723
2,000 - 5,000	44,371	2,399	41,972
5,000 - 10,000	34,641	8,218	26,423
10,000 and over	41,039	27,713	13,326
	146,678	38,330	108,348

43. Insurance risk management (continued)

(f) Discount rates

The settlement of the Group's current outstanding claims is expected to occur within the period for which observable market information is available to determine the IFRS 17 discount rates.

The yield curves (spot rates) that were used to discount the estimates of future cash flows are as follows:

	2024					2023				
Product	**1 year**	**5 years**	**10 years**	**15 years**	**20 years**	**1 year**	**5 years**	**10 years**	**15 years**	**20 years**
General insurance (issued and reinsurance held)	5.36%	7.12%	8.28%	9.61%	9.78%	6.93%	6.82%	7.78%	9.80%	10.55%

44. 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 two key methods of managing these risks are as follows:

(a) Firstly, the risk is managed through the establishment of an appropriate underwriting strategy and its implementation by means of the Group's underwriting policy [note 43(a)].

(b) Secondly, the risk is managed through the use of reinsurance [note 43(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.

(c) The carrying amounts of the indirect general insurance subsidiary insurance contracts (net of reinsurance) are analysed below by type of product.

	2025 $'000	2024 $'000
Property	2,450,988	1,336,872
Liability	934,529	731,956
Motor	1,359,265	3,117,488
Other	(275,316)	80,833
	4,469,466	5,267,149

45. Commitments

(a) At March 31, 2025 the Group had:

(i) Undisbursed approved loans of approximately $11.55 billion (2024: $16.77 billion).

(ii) Capital commitments for capital expenditure approved and contracted for was $682.10 million (2024: $89.60 million).

(iii) Sponsorship commitments for sponsorship expenditures amounted to $75.7 million (2024: $123.20 million).

(b) In the prior year, the Company pledged its commitment to provide financial support, if required, to fund the activities of one of its indirect subsidiaries for a period of twelve months from the dates of signing of the financial statements.

(c) In prior year, JNFG pledged its commitment to provide financial support to fund the activities of one of its subsidiaries.

(d) The local indirect subsidiary bank had commitments under acceptances, guarantees and letters of credit as at March 31, 2025, amounting to $50m (2024:42.5m). In the event of a call on these commitments, the bank has equal and offsetting claims against its customers.

(e) An indirect subsidiary has given guarantees amounting to $0.6 million ($2024: $0.6 million) in respect of bank guarantees issued to the Collector and Commissioner of Customs.

46. Contingent liabilities

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 directors, on the advice of the Group's Legal Counsel, that, in the unlikely event that these claims are successful, liability would not be significant.

47. Material accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these financial statements, except as otherwise mentioned.

(a) Financial assets and financial liabilities:

(i) Recognition and initial measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

47. Material accounting policies (continued)

(a) Financial assets and financial liabilities (continued

(i) Recognition and initial measurement

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss.

The transaction price is usually the best evidence of fair value at initial recognition, represented by the fair value of the consideration given or received in exchange for the financial instrument.

If the Group determines that the fair value differs from the transaction price, the financial instrument is nevertheless recorded at initial recognition at fair value and the difference between the transaction price and fair value is a Day 1 gain or loss, accounted for in a manner that is based on the level in the hierarchy that the fair value falls, that is:

1) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised in profit or loss as a Day 1 gain or loss.

2) When 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 for which any unobservable inputs are judged to be insignificant in relation to the difference, the difference is deferred and the timing of recognition of the deferred Day 1 gain or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

(ii) Classification and subsequent measurement

A. Financial assets

The Group classifies its financial assets in the following measurement categories:

- Fair value through profit or loss (FVPL);
- Fair value through other comprehensive income (FVOCI); or
- Amortised cost.

The classification requirements for debt and equity instruments are described below:

1) Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans and government and corporate bonds.

47. Material accounting policies (continued)

(a) Financial assets and financial liabilities (continued):

(ii) Classification and subsequent measurement (continued)

A. Financial assets (continued)

The classification requirements for debt and equity instruments are described below (continued):

1) Debt instruments (continued)

Classification and subsequent measurement of debt instruments depend on:

- the Group's business model for managing the asset; and
- the cash flow characteristics of the asset.

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:

- *Amortised cost*: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVTPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 39(b). Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

- *Fair value through other comprehensive income (FVOCI)*: Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVTPL, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses on the instrument's amortised cost, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Net gains/(losses) on derecognition of financial assets measured at amortised cost'. Interest income from these financial assets is included in 'interest income' using the effective interest rate method.

- *Fair value through profit or loss*: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the profit or loss statement within 'net trading revenue' in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading,

47. Material accounting policies (continued)

(a) Financial assets and financial liabilities (continued):

(ii) Classification and subsequent measurement (continued)

A. Financial assets (continued)

1) Debt instruments (continued)

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories (continued):

- *Fair value through profit or loss*: (continued)
  In which case they are presented separately in 'Net gains/(losses) on derecognition of financial assets measured at amortised cost'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Assessment of business model: the business model reflects how the Group manages the assets in order to generate cash flows. The measurement category (from the three above) that the Group selects for a particular debt instrument depends on the business model applicable to that instrument. There are three business models, namely, 'hold to collect', 'hold to collect and sell' and 'other'. The Group determines whether its objective is solely to collect the contractual cash flows from the assets or it is to collect both the contractual cash flows and cash flows arising from the sale of the assets

If neither of these is applicable, (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

For example, the Group's business model for the mortgage portfolio is to hold to collect contractual cash flows. Another example is the liquidity portfolio of assets, which is held by the Group as part of liquidity management and is generally classified within the hold to collect and sell business model. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVTPL.

Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI): Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. If so, the debt instrument is classified and measured at amortised cost. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

47. Material accounting policies (continued)

(a) Financial assets and financial liabilities (continued):

(ii) Classification and subsequent measurement (continued)

A. Financial assets (continued)

1) Debt instruments (continued)

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent.

2) Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidences a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Group subsequent to initial recognition measures all equity investments at fair value through profit or loss, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Group's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Gains and losses on equity investments at FVTPL are included in the 'Other operating income' line in the statement of revenue and expenses.

B. Financial liabilities

The Group classifies it financial liabilities as 'at fair value through profit or loss (FVTPL)' if they are held for trading, or designated by the entity as being at FVTPL (if the specified conditions are met); otherwise, they are classified as 'at amortised cost'.

Financial liabilities classified as at FVTPL are initially recognised at fair value and are thereafter carried at fair value. Financial liabilities classified as at amortised cost are initially recognised at fair value less transaction costs and are thereafter carried at amortised cost using the effective interest method.

47. Material accounting policies (continued)

(a) Financial assets and financial liabilities (continued):

(iii) Measurement methods

Amortised cost and effective interest rate

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts, fees and points paid or received that are integral to the effective interest rate, such as origination fees. For purchased or originated credit-impaired ('POCI') financial assets - assets that are credit-impaired [see definition at note 39(b)(ii)] at initial recognition - the Group calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

When the Group revises the estimates of future cash flows, the carrying amount of the respective financial asset or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

(iv) Derecognition of financial assets and financial liabilities

Financial assets

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired (which may apply on a modification [see (a)(v)below], or when they have been transferred and either (i) the Group transfers substantially all the risks and rewards of ownership, or (ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss. Any cumulative gain or loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

47. Material accounting policies (continued)

(a) Financial assets and financial liabilities (continued):

(iv) Derecognition of financial assets and financial liabilities (continued)

Where the Group enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them (as in the cases of securities lending and sale-and-repurchase transactions), the transferred assets are not derecognised.

Where the Group enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards, these transactions are accounted for as 'pass through' transfers that result in derecognition if the Group:

1) has no obligation to make payments unless it collects equivalent amounts from the assets;

2) is prohibited from selling or pledging the assets; and

3) has an obligation to remit any cash it collects from the assets without material delay.

Collateral (shares and bonds) furnished by the Group under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because the Group retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met. This also applies to certain securitisation transactions in which the Group retains a subordinated residual interest.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

(v) Modification of financial assets and financial liabilities

Financial assets

Modification of loans: The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Group assesses whether or not the new terms are substantially different to the original terms. The Group does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cashflows to amounts the borrower is expected to be able to pay.

47. Material accounting policies (continued)

(a) Financial assets and financial liabilities (continued):

(v) Modification of financial assets and financial liabilities (continued)

Financial assets (continued):

Modification of loans: The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Group assesses whether or not the new terms are substantially different to the original terms. The Group does this by considering, among others, the following factors (continued):

- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Change in the currency the loan is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired and the Group derecognises the original financial asset [see (a)(iv) above] and recognises a 'new' asset at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and

- other fees are included in profit or loss as part of the gain or loss on derecognition.

A new effective interest rate for the asset is then calculated. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

47. Material accounting policies (continued)

(a) Financial assets and financial liabilities (continued):

(v) Modification of financial assets and financial liabilities (continued)

Financial assets (continued)

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

Financial liabilities

The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

(vi) Identification and measurement of impairment

The Group assesses on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from loan commitments. The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Note 41(b)(ii)B(6) provides more details of how the expected credit loss allowance is measured.

47. Material accounting policies (continued)

(a) Financial assets and financial liabilities (continued):

(vi) Identification and measurement of impairment (continued)

Allowances for ECL are presented in the statement of financial position as follows:

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets.
- Loan commitments and financial guarantee contracts: generally, as a provision.
- Debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss is recognised in profit or loss as a reclassification from OCI.

(vii) Recognition and measurement of financial guarantee contracts and loan commitments

Financial guarantee contracts require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The amount of the loss allowance, and
- The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

The Group has not made any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

For financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Group cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognised as a provision.

(b) 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.

47. Material accounting policies (continued)

(b) Fair value measurement (continued):

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, that difference is accounted for as described in note 48(a)(i).

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk and 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.

(c) 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 profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities, in which case they are deducted from the proceeds.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts, generally, are recognised in profit or loss.

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 profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities, in which case they are deducted from the proceeds.

47. Material accounting policies (continued)

(c) Basis of consolidation (continued):

[i] Business combinations (continued)

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts, generally, are recognised in profit or loss.

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 profit or loss.

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, whose 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, 2024 (2024: December 31, 2023), updated for significant transactions to March 31, 2025 (2024: March 31, 2024), if any.

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 of all entities in the Group have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

47. Material accounting policies (continued)

(c) Basis of consolidation (continued):

[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 profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

[v] Interest in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and joint ventures.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interest in associates and joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to $Nil and recognition of further losses is discontinued, except to the extent that the Group has incurred legal or constructive obligations, or made payments on behalf of an associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of profits equals the share of losses not recognised.

Book value accounting is used to recognise transfer of investments in associates between investors under common control. The result of the transaction is recognised in equity as arising from a transaction with shareholders. Any difference between the amount paid and the carrying amount of the investee, that is, excess consideration is recognised as an additional investment and any deficit is recorded as dividends received.

47. Material accounting policies (continued)

(c) Basis of consolidation (continued):

[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.

(d) Property, plant and equipment:

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses [see note 47(t)]. 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 profit or loss 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 profit or loss.

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 profit or loss. Leasehold properties are amortised in equal instalments over the shorter of the lease term and the properties' estimated useful lives.

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.

47. Material accounting policies (continued)

(e) Securities purchased/sold under resale/repurchase agreements:

Securities purchased under resale agreements ("Reverse repo") and securities sold under repurchase agreements ("Repo") are short-term transactions whereby securities are bought/sold with simultaneous agreements to resell/repurchase the securities on a specified date and at a specified price. Reverse repos and repos are accounted for as short-term collateralised lending and borrowing, respectively, and are measured at amortised cost less, for reverse repos, 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 resources:

Cash resources are measured at amortised 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 initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

(h) Goodwill and other intangible assets:

[i] Goodwill:

Goodwill represents amount arising on acquisition of subsidiaries and other business ventures. It comprises the excess of the cost of the acquisition over the fair value of the net identifiable assets acquired.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment. Negative goodwill arising on acquisition is recognised directly in profit or loss.

[ii] Other intangible assets:

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

47. Material accounting policies (continued)

(h) Goodwill and other intangible assets (continued):

[ii] Other intangible assets (continued):

Expenditure on intangible assets subsequent to initial acquisition 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.

Amortisation is charged to profit or loss on the straight-line basis over the estimated useful lives of intangible assets, unless such lives are infinite. Goodwill and other intangible assets with an indefinite useful life are systematically tested for impairment at each reporting date. Customer relationships represent the carrying value of acquired customer relationships, primarily for insurance business and is measured at cost less impairment losses. 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
Licences	7 years
Customer relationships	20 years

[iii] Distribution rights of software:

Distribution rights of software represent expenditure incurred for the exclusive right to distribute the Phoenix software object code to specific territories in South America, the Caribbean and parts of Africa.

Distribution right of software has finite useful life and is measured at cost less accumulated amortisation and any accumulated impairment (see note 16).

[iv] Customer relationships:

Customer relationships represent expenditure incurred to acquire contracts for customers who utilise the Phoenix software in the Caribbean, South America and parts of Africa.

(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 remeasurement are recognised in profit or loss. 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.

47. Material accounting policies (continued)

(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 payroll 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 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:

The 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 defined-benefit plan provides benefits for retired employees of the Jamaica National group entities. In the financial statements of the sponsor (JN Bank) and the Group, the plan is accounted for as a defined-benefit plan, as described below, while in the financial statements of the individual participating group companies, the plan is accounted for as a defined-contribution plan, that is, contributions by each group entity, is expensed as they become due. The reasons for this are that (1) although the plan exposes the participating group entities to actuarial risks associated with current and former employees of group entities, there is no stated policy for charging the net defined benefit cost among group entities, and (2) all residual interest in the plan remains with JN Bank.

47. Material accounting policies (continued)

(k) Employee benefits (continued):

[iii] Defined-benefit plans (continued):

The Group's net obligation in respect of its defined-benefit plans (note 23) is calculated by estimating the amounts 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 profit or loss.

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 profit or loss. The Group recognises gains and losses on the settlement of a defined-benefit plan when the settlement occurs.

[iv] Other long-term employee benefits:

The Group's net obligation in respect of long-term employee benefits is the amounts 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 profit or loss 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) 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 profit or loss on the effective interest rate basis. The associated costs are included in interest expense.

47. Material accounting policies (continued)

(m) Contingencies:

The Group recognises a contingent liability in the financial statements when it is probable that a future event confirming the existence of a liability at the reporting date will occur and the amount of economic benefit required to settle it is reasonably estimable. When the Group has a possible obligation (where it is yet to be confirmed whether an outflow of economic benefits will occur) or where the Group has a present obligation but 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.

(n) Insurance and reinsurance contract:

A. Classification

Contracts under which the Group accepts significant insurance risk are classified as insurance contracts. Contracts held by the Group under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts. The Group uses judgement to assess whether a contract transfers insurance risk and whether the accepted insurance risk is significant. Insurance and reinsurance contracts also expose the Group to financial risk. The Group does not accept insurance risk from other insurers.

Insurance contracts may be issued and reinsurance contracts may be initiated by the Group or acquired in a transfer of contracts that do not form a business. All references in these accounting policies to 'insurance contracts' and 'reinsurance contracts' include contracts issued, initiated or acquired by the Group, unless otherwise stated.

All of the Group's insurance contracts transfer significant insurance risk except for the investment riders which have a legal form of insurance but do not transfer significant insurance risk and expose the Group to financial risk. Investment riders are classified as investment contracts, and they follow financial instruments accounting under IFRS 9. Other riders representing add-on provisions to a basic insurance policy that provide additional benefits to the policyholder at additional cost, that are issued together with the main insurance contracts, form part of a single insurance contract with all of the cash flows within its boundary. The Group does not issue insurance contracts with direct or indirect participating features.

In the normal course of business, the Group uses reinsurance to mitigate its risk exposures. A reinsurance contract transfers significant risk if it transfers substantially all of the insurance risk resulting from the insured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a significant loss.

The Group measures insurance contracts issued and reinsurance contracts held by applying either the General Measurement Model ("GMM") or the Premium Allocation Approach ("PAA").

47. Material accounting policies (continued)

(n) Insurance and reinsurance contract (continued):

A. Classification (continued)

(i) Separating components from insurance and reinsurance contracts

Separation of components

At inception the Group assesses whether a set or series of contracts needs to be treated as a single contract and whether embedded derivatives, investment components and goods and services components have to be separated and accounted for under another standard. The Group only has one product the new term-life investment rider that is separated and measured under IFRS 9. The Group does not issue or hold any other insurance contracts that contain investment components.

Combination of contracts

Many of the Group's products offer riders, where the rider has its own contract that is embedded within the base contract as a separate section. The riders are priced separately and often protect against a different insurance risk than the base coverage. However, all the riders offered by the Group cannot exist without the base contract, cannot be purchased on their own, and will terminate on the surrender or cancellation of the base contract. Therefore, the rider cannot be separated from the host contract.

(ii) Aggregation and recognition of insurance and reinsurance contracts

Insurance contracts

Insurance contracts are aggregated into groups for measurement purposes. Groups of insurance contracts are determined by identifying portfolios of insurance contracts, each comprising contracts subject to similar risks and managed together.

The Group manages insurance contracts issued by product lines, where each product line includes contracts that are subject to similar risks and are managed together. All insurance contracts within a product line represent a portfolio of contracts.

Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and are:

(i) contracts that are onerous at initial recognition;
(ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or
(iii) a group of remaining contracts.

47. Material accounting policies (continued)

(n) Insurance and reinsurance contract (continued):

A. Classification (continued)

(ii) Aggregation and recognition of insurance and reinsurance contracts (continued)

These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. Such groups are not subsequently reconsidered. Groups of insurance contracts issued are initially recognised from the earliest of the following:

- the beginning of the coverage period;
- the date when the first payment from the policyholder is due or actually received, if there is no due date; and
- when the Group determines that a group of contracts becomes onerous.

Before a group of insurance contracts is recognised, the Group could recognise assets or liabilities for cash flows related to a group of insurance contracts other than insurance acquisition cash flows, either because of the occurrence of the cash flows or because of the requirements of another IFRS. Cash flows are related to the group of insurance contracts if they would have been included in the fulfilment cash flows at initial recognition of the group if they had been paid or received after that date. Such assets or liabilities (referred to as 'other pre-recognition cash flows') are included in the carrying amount of the related portfolios of insurance contracts issued or in the carrying amount of the portfolios of reinsurance contracts held.

Cash flows that are not directly attributable to a portfolio of insurance contracts are recognised in other operating expenses as incurred.

For each portfolio of contracts, the Group determines the appropriate level at which reasonable and supportable information is available to assess whether these contracts are onerous at initial recognition and whether non-onerous contracts have a significant possibility of becoming onerous. This level of granularity determines sets of contracts. The Group uses judgement to determine at what level of granularity the Group has reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogeneous and will be allocated to the same group without performing an individual contract assessment.

For contracts measured using the PAA, the Group assumes that no such contracts are onerous at initial recognition, unless facts and circumstances indicate otherwise. If facts and circumstances indicate that some contracts are onerous, an additional assessment is performed to distinguish onerous contracts from non-onerous ones. For non-onerous contracts, the Group assesses the likelihood of changes in the applicable facts and circumstances in the subsequent periods in determining whether contracts have a significant possibility of becoming onerous.

47. Material accounting policies (continued)

(n) Insurance and reinsurance contract (continued):

A. Classification (continued)

(ii) Aggregation and recognition of insurance and reinsurance contracts (continued)

Reinsurance contracts

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. Applying the grouping requirements to reinsurance contracts held, the Group aggregates reinsurance contracts held concluded within a calendar year (annual cohorts) into groups of:

(i) contracts for which there is a net gain at initial recognition;
(ii) contracts for which, at initial recognition, there is no significant possibility of a net gain arising subsequently; and
(iii) remaining contracts in the portfolio.

Reinsurance contracts held are assessed for aggregation requirements on an individual contract basis. The Group tracks internal management information reflecting historical experiences of such contracts' performance. This information is used for setting pricing of these contracts such that they result in reinsurance contracts held in a net cost position without a significant possibility of a net gain arising subsequently.

Reinsurance contracts held are recognised as follows:

- a group of reinsurance contracts held that provide proportionate coverage (quota share reinsurance) is recognised at the later of:

  i. the beginning of the coverage period of the group; and
  ii. the initial recognition of any underlying insurance contract;

- all other groups of reinsurance contracts held are recognised from the beginning of the coverage period of the group of reinsurance contracts held;

Unless the Group entered into the reinsurance contract held at or before the date when an onerous group of underlying contracts is recognised prior to the beginning of the coverage period of the group of reinsurance contracts held, in which case the reinsurance contract held is recognised at the same time as the group of underlying insurance contracts is recognised.

Only contracts that individually meet the recognition criteria by the end of the reporting period are included in the groups. When contracts meet the recognition criteria in the groups after the reporting date, they are added to the groups in the reporting period in which they meet the recognition criteria, subject to the annual cohorts restriction. Composition of the groups is not reassessed in subsequent periods.

47. Material accounting policies (continued)

(n) Insurance and reinsurance contract (continued):

A. Classification (continued)

(iii) Insurance acquisition cash flows

The Group defines acquisition cash flows as cash flows that arise from costs of selling, underwriting and starting a group of insurance contracts and that are directly attributable to the portfolio of insurance contracts to which the group belongs. Insurance acquisition cash flows are allocated to groups of insurance contracts on a systematic and rational basis. Insurance acquisition cash flows that are directly attributable to a group of insurance contracts are allocated:

a. to that group; and
b. to groups that will include insurance contracts that are expected to arise from renewals of the insurance contracts in that group.

Insurance acquisition cash flows not directly attributable to a group of contracts but directly attributable to a portfolio of contracts are allocated to groups of contracts in the portfolio or expected to be in the portfolio.

Before a group of insurance contracts is recognised, the Group could pay for directly attributable acquisition costs to originate them. Such balances are recognised as insurance acquisition cash flows assets within the carrying amount of insurance contracts issued and are subsequently derecognised when respective groups of insurance contracts are recognised and the insurance acquisition cash flows are included in the group's measurement. The amounts allocated to groups of insurance contracts yet to be recognised are revised at each reporting date, to reflect any changes in assumptions that determine the inputs to the method of allocation used.

Insurance acquisition cash flows assets not yet allocated to a group are assessed for recoverability if facts and circumstances indicate that the assets might be impaired.

Impairment losses reduce the carrying amount of these assets and are recognised in insurance service expenses. Previously recognised impairment losses are reversed to the extent that the impairment conditions no longer exist or have improved.

47. Material accounting policies (continued)

(n) Insurance and reinsurance contract (continued):

A. Classification (continued)

(iv) Contract boundaries

The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group, determined as follows:

Insurance contracts

The Group uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts. Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums or the Group has a substantive obligation to provide the policyholder with insurance contract services.

The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group, determined as follows:

A substantive obligation ends when:

a. the Group has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or

b. both of the following criteria are satisfied:

   i. the Group has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and

   ii. the pricing of premiums up to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

In assessing the practical ability to reprice, risks transferred from the policyholder to the Group, such as insurance risk and financial risk, are considered; other risks, such as lapse or surrender and expense risk, are not included. Cash flows outside the insurance contracts boundary relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

47. Material accounting policies (continued)

(n) Insurance and reinsurance contract (continued):

A. Classification (continued)

Reinsurance contracts

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the Group that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or in which the Group has a substantive right to receive insurance contract services from the reinsurer.

The contract boundary is reassessed at each reporting date to include the effect of changes in circumstances on the Group 's substantive rights and obligations and, therefore, may change over time.

B. Measurement

The Group uses different measurement approaches, depending on the type of contract, as follows:

Insurance contracts issued	**Measurement model**
Individual life	General measurement model (“GMM”)
Group single premium creditor life	GMM
Group life	Premium Allocation Approach (“PAA”)
Investment riders	Financial liabilities measured at FVTPL under IFRS 9
Reinsurance contracts held	
Individual Life	GMM
Group Life	PAA

The company uses the PAA for measuring contracts with a coverage period of one year or less. For contracts with longer periods, the PAA simplification would produce a measurement of the liability for remaining coverage (LRC) that would not differ materially from the one that would be produced by applying the General Measurement Model (GMM) based on qualitative assessment.

47. Material accounting policies (continued)

(n) Insurance and reinsurance contract (continued):

(B) Measurement (continued)

(i) Contracts measured under GMM

Insurance contracts

For insurance contracts issued, on initial recognition the Group measures a group of insurance contracts as the total of:

a. the fulfilment cash flows (FCF), which comprise estimates of future cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk; and

b. the contractual service margin (CSM).

For contracts issued, at the end of each reporting date subsequent to initial recognition the carrying amount of a group of insurance contracts is the sum of:

a. the liability for remaining coverage, comprising:

   (i) the fulfilment cash flows that relate to services that will be provided under the contracts in future periods, and
   (ii) any remaining CSM at that date; and

b. (LRC) and the liability for incurred claims (LIC).

The liability for incurred claims includes the fulfilment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported.

Fulfilment cash flows

The fulfilment cash flows are the current estimates of the future cash flows within the contract boundary of a group of contracts that the Group expects to collect from premiums and pay out for claims, benefits and expenses, adjusted to reflect the timing and the uncertainty of those amounts.

The estimates of future cash flows:

a. are based on a probability-weighted mean of the full range of possible outcomes;
b. are determined from the perspective of the Group, provided that the estimates are consistent with observable market prices for market variables; and
c. reflect conditions existing at the measurement date.

47. Material accounting policies (continued)

(n) Insurance and reinsurance contract (continued):

(B) Measurement (continued)

(i) Contracts measured under GMM (continued)

Insurance contracts (continued)

The estimates of future cash flows:

a. are based on a probability-weighted mean of the full range of possible outcomes;
b. are determined from the perspective of the Group, provided that the estimates are consistent with observable market prices for market variables; and
c. reflect conditions existing at the measurement date.

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, and it reflects the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Group fulfils insurance contracts.

The estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency and liquidity of cash flows. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgement and estimation.

The fulfilment cash flows are updated by the Group for current assumptions at the end of every reporting period, using the current estimates of the amount, timing and uncertainty of future cash flows and of discount rates. The way in which the changes in estimates of the FCF are treated depends on which estimate is being updated:

a. changes that relate to current or past service are recognised in profit or loss; and
b. changes that relate to future service are recognised by adjusting the CSM or the loss component within the LRC as per the policy below.

The fulfilment cash flows are updated by the Group for current assumptions at the end of every reporting period, using the current estimates of the amount, timing and uncertainty of future cash flows and of discount rates. The way in which the changes in estimates of the FCF are accounted for depends on which estimate is being updated:

a. changes that relate to current or past service are recognised in profit or loss; and
b. changes that relate to future service are recognised by adjusting the CSM or the loss component within the LRC as per the policy below.

47. Material accounting policies (continued)

(n) Insurance and reinsurance contract (continued):

(B) Measurement (continued)

(ii) Contracts measured under GMM (continued)

Insurance contracts (continued)

Contractual service margin (CSM)

The Contractual service margin ("CSM") is a component of the carrying amount of the asset or liability for a group of insurance contracts issued representing the unearned profit that the Group will recognise as it provides insurance contract services in the future. At initial recognition, the CSM is an amount that results in no income or expenses (unless a group of contracts is onerous or insurance revenue and insurance service expenses are recognised as in (d) below) arising from:

a. the initial recognition of the fulfilment cashflows (FCF);
b. cash flows arising from the contracts in the group at that date;
c. the derecognition of any insurance acquisition cash flows asset; and
d. the derecognition of any other pre-recognition cash flows. Insurance revenue and insurance service expenses are recognised immediately for any such assets derecognised.

When the above calculation results in a net outflow, the group of insurance contracts issued is onerous. A loss from onerous insurance contracts is recognised in profit or loss immediately, with no CSM recognised on the balance sheet on initial recognition, and a loss component is established in the amount of loss recognized.

The following adjustments relate to future service and thus adjust the CSM:

a. experience adjustments – arising from premiums received in the period that relate to future service and related cash flows such as insurance acquisition cash flows;
b. changes in estimates of the present value of future cash flows in the LRC; and
c. changes in the risk adjustment for non-financial risk that relate to future service.

The following adjustments do not adjust the CSM:

a. changes in the FCF for the effect of the time value of money and the effect of financial risk and changes thereof;
b. changes in the FCF relating to the LIC;
c. experience adjustments – arising from premiums received in the period that do not relate to future service and related cash flows, such as insurance acquisition cash flows; and
d. experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows).

47. Material accounting policies (continued)

(n) Insurance and reinsurance contract (continued):

B. Measurement (continued)

(i) Contracts measured under GMM (continued)

Insurance contracts (continued)

Contractual service margin (CSM) (continued)

For insurance contracts issued, at the end of each reporting period the carrying amount of the CSM is adjusted by the Group to reflect the effect of the following changes:

a. The effect of any new contracts added to the group.

b. Interest accreted on the carrying amount of the CSM.

c. Changes in the FCF relating to future service are recognised by adjusting the CSM. Changes in the FCF are recognised in the CSM to the extent that the CSM is available. When an increase in the FCF exceeds the carrying amount of the CSM, the CSM is reduced to zero, the excess is recognised in insurance service expenses and a loss component is recognised within the LRC. When the CSM is zero, changes in the FCF adjust the loss component within the LRC with correspondence to insurance service expenses. The excess of any decrease in the FCF over the loss component reduces the loss component to zero and reinstates the CSM.

d. The effect of any currency exchange differences.

e. The amount recognised as insurance revenue for insurance contract services provided during the period, determined after all other adjustments above.

Under the GMM, interest is accreted on the CSM using discount rates determined at initial recognition that are applied to nominal cash flows. If more contracts are added to the existing groups in the subsequent reporting periods, the Group revises these discount curves by calculating weighted-average discount curves over the period during which the contracts in the group are recognised. The weighted-average discount curves are determined by multiplying the new CSM added to the group and their corresponding discount curves over the total CSM.

The amount of the CSM recognised in profit or loss for insurance contract services in the period is determined by the allocation of the CSM remaining at the end of the reporting period over the current and remaining expected insurance coverage period of the group of insurance contracts based on coverage units. The coverage period is defined as a period during which the entity provides insurance contract services.

47. Material accounting policies (continued)

(n) Insurance and reinsurance contract (continued):

B. Measurement (continued)

(i) Contracts measured under GMM (continued)

Insurance contracts (continued)

Contractual service margin (CSM) (continued)

The total number of coverage units in a group is the quantity of service provided by the contracts in the group over the expected coverage period. The coverage units are determined at each reporting period-end prospectively by considering:

a. the quantity of benefits provided by contracts in the group;
b. the expected coverage period of contracts in the group; and
c. the likelihood of insured events occurring, only to the extent that they affect the expected coverage period of contracts in the group.

The Group uses the amount that it expects the policyholder to be able to validly claim in each period if an insured event occurs as the basis for the quantity of benefits with respect to insurance coverage. The Group reflects the time value of money in the allocation of the CSM to coverage units, using discount rates determined at initial recognition.

Loss component

When a loss component exists, the Group allocates the following between the loss component and the remaining component of the liability remaining coverage (LRC) for the respective group of contracts, based on the ratio of the loss component to the fulfilment cash flows relating to the expected future cash outflows:

a. expected incurred claims and other directly attributable expenses for the period;
b. changes in the risk adjustment for non-financial risk for the risk expired; and
c. finance income (expenses) from insurance contracts issued.

The amounts of loss component allocation in (a) and (b) above reduce the respective components of insurance revenue and are reflected in insurance service expenses. Decreases in the fulfilment cash flows in subsequent periods reduce the remaining loss component and reinstate the CSM after the loss component is reduced to zero. Increases in the fulfilment cash flows in subsequent periods increase the loss component.

47. Material accounting policies (continued)

(n) Insurance and reinsurance contract (continued):

B. Measurement (continued)

(i) Contracts measured under General measurement model (GMM)

Reinsurance contracts

The Group applies the same accounting policies to measure a group of reinsurance contracts, adapted where necessary to reflect features that differ from those of insurance contracts.

The carrying amount of a group of reinsurance contracts at each reporting date is the sum of the asset for remaining coverage and the asset for incurred claims. The asset for remaining coverage comprises:

(a) the fulfilment cash flows that relate to services that will be received under the contracts in future periods; and
(b) any remaining CSM at that date.

In the measurement of reinsurance contracts held, the probability-weighted estimates of the present value of future cash flows include the potential credit losses and other disputes of the reinsurer to reflect the non-performance risk of the reinsurer.

The Group estimates certain fulfilment cash flows at the portfolio level or higher and then allocates such estimates to groups of contracts. The Group uses consistent assumptions to measure the estimates of the present value of future cash flows for the group of reinsurance contracts held and such estimates for the groups of underlying insurance contracts.

For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Group to the reinsurer.

(ii) Contracts measured under PAA

The Group uses the PAA for measuring contracts with a coverage period of one year or less.

Insurance contracts

For insurance contracts issued, on initial recognition, the Group measures the LRC at the amount of premiums received, less any acquisition cash flows paid and any amounts arising from the derecognition of the insurance acquisition cash flows asset and the derecognition of any other relevant pre-recognition cash flows.

47. Material accounting policies (continued)

(n) Insurance and reinsurance contract (continued):

B. Measurement (continued)

(ii) Contracts measured under PAA

Insurance contracts (continued)

The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of:

a. the LRC; and

b. the liability for incurred claims ("LIC"), comprising the fulfilment cash flows related to past service allocated to the group at the reporting date.

For insurance contracts issued, at each reporting date subsequent to initial recognition, the LRC is:

a. increased for premiums received in the period, excluding amounts that relate to premium receivables included in the LIC; and
b. decreased for the amounts of expected premium receipts recognised as insurance revenue for the services provided in the period:

For insurance contracts issued, insurance acquisition cash flows allocated to a group are expensed when incurred.

The Group does not adjust the LRC for insurance contracts issued and the remaining coverage for reinsurance contracts held for the effect of the time value of money. For LIC, the estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency and liquidity of cash flows. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgement and estimation.

If facts and circumstances indicate that a group of insurance contracts measured under the PAA is onerous on initial recognition or becomes onerous subsequently, the Group increases the carrying amount of the LRC to the amounts of the fulfilment cash flows with the amount of such an increase recognised in insurance service expenses, and a loss component is established for the amount of the loss recognised. Subsequently, the loss component is remeasured at each reporting date as the difference between the amounts of the fulfilment cash flows relating to the future service and the carrying amount of the LRC without the loss component. Where applicable, resulting changes in the loss component are recognized as insurance service expenses.

47. Material accounting policies (continued)

(n) Insurance and reinsurance contract (continued):

B. Measurement (continued)

(ii) Contracts measured under PAA (continued)

Insurance contracts (continued)

When a loss is recognised on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group, the carrying amount of the asset for remaining coverage for reinsurance contracts held is increased by the amount of income recognised in profit or loss and a loss-recovery component is established or adjusted for the amount of income recognised. The referred income is calculated by multiplying the loss recognised on underlying insurance contracts by the percentage of claims on underlying insurance contracts that the company expects to recover from the reinsurance contract held that are entered into before or at the same time as the loss is recognised on the underlying insurance contracts.

When underlying insurance contracts are included in the same group with insurance contracts issued that are not reinsured, the Group applies a systematic and rational method of allocation to determine the portion of losses that relates to underlying insurance contracts.

An explicit risk adjustment for non-financial risk is estimated separately from the other estimates. It reflects the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Group fulfils insurance contracts.

Unless the contracts are onerous, the explicit risk adjustment for non-financial risk is only estimated for the measurement of the LIC.

Reinsurance contracts

For reinsurance contracts held, on initial recognition, the Group measures the remaining coverage at the amount of ceding premiums paid, plus broker fees paid to a party other than the reinsurer and any amounts arising from the derecognition of any other relevant pre-recognition cash flows. The carrying amount of a group of reinsurance contracts held at the end of each reporting period is the sum of:

a. the remaining coverage; and
b. the incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

47. Material accounting policies (continued)

(n) Insurance and reinsurance contract (continued):

B. Measurement (continued)

(ii) Contracts measured under PAA (continued)

Reinsurance contracts (continued)

For reinsurance contracts held, at each reporting date subsequent to initial recognition, the remaining coverage is:

a. increased for ceding premiums paid in the period;
b. increased for broker fees paid in the period; and
c. decreased for the expected amounts of ceding premiums and broker fees recognised as reinsurance expenses for the services received in the period.

For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Group to the reinsurer.

The Group adjusts the assets for reinsurance contracts held for the effect of the risk of reinsurer's non-performance. In the measurement of reinsurance contracts held, the probability-weighted estimates of the present value of future cash flows include the potential credit losses and other disputes of the reinsurer to reflect the non-performance risk of the reinsurer.

Where applicable, changes in the loss-recovery component are recognized as net income from reinsurance contracts held.

For reinsurance contracts held, broker fees are recognised over the coverage period of contracts in a group.

C. Derecognition and contract modification

An insurance contract is derecognised when it is:

- extinguished; or
- the contract is modified and additional criteria discussed below are met

When an insurance contract is modified by the Group as a result of an agreement with the counterparties or due to a change in regulations, the Group treats changes in cash flows caused by the modification as changes in estimates of the Fulfilment Cash Flows (FCF), unless the conditions for the derecognition of the original contract are met.

47. Material accounting policies (continued)

(n) Insurance and reinsurance contract (continued):

C. Derecognition and contract modification (continued)

The Group derecognises the original contract and recognises the modified contract as a new contract if any of the following conditions are present:

a. if the modified terms had been included at contract inception and the Group would have concluded that the modified contract:

   i. is not within the scope of IFRS 17;

   ii. results in different separable components;

   iii. results in a different contract boundary; or

   iv. belongs to a different group of contracts.

b. the original contract was accounted for under the PAA, but the modification means that the contract no longer meets the eligibility criteria for that approach.

When an insurance contract accounted for under the GMM is derecognised from within a group of insurance contracts, the Group:

a. adjusts the FCF to eliminate the present value of future cash flows and risk adjustment for non-financial risk relating to the rights and obligations removed from the Group;

b. adjusts the CSM (unless the decrease in the FCF is allocated to the loss component of the Liability for Remaining Coverage ("LRC") of the group) in the following manner, depending on the reason for the derecognition:

   i. if the contract is extinguished, in the same amount as the adjustment to the FCF relating to future service;

   ii. if the contract is transferred to a third party, in the amount of the FCF adjustment in (a) less the premium charged by the third party; or

   iii. if the original contract is modified resulting in its derecognition, in the amount of the FCF adjustment in (i) adjusted for the premium that the Group would have charged if it had entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification.

   iv. when recognising the new contract in this case, the Group assumes such a hypothetical premium as actually received; and

   v. adjusts the number of coverage units for the expected remaining insurance contract services, to reflect the number of coverage units removed.

47. Material accounting policies (continued)

(n) Insurance and reinsurance contract (continued):

C. Derecognition and contract modification (continued)

When an insurance contract measured under PAA is derecognised, adjustments to remove related rights and obligations to account for the effect of the derecognition result in the following amounts being charged immediately to profit or loss:

a. if the contract is extinguished, any net difference between the derecognised part of the LRC of the original contract and any other cash flows arising from extinguishment;

b. if the contract is transferred to the third party, any net difference between the derecognised part of the LRC of the original contract and the premium charged by the third party; or

c. if the original contract is modified resulting in its derecognition, any net difference between the derecognised part of the LRC and the hypothetical premium that the entity would have charged if it had entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification.

D. Presentation

Portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. Any assets or liabilities recognised for cash flows arising before the recognition of the related group of contracts (including any assets for insurance acquisition cash flows under [48A(iii)] are included in the carrying amount of the related portfolios of contracts.

The Group disaggregates amounts recognised in the statement of profit or loss and OCI into:

- an insurance service result, comprising insurance revenue and insurance service expenses; and
- insurance finance income and expenses.

Income and expenses from reinsurance contracts are presented separately from income and expenses from insurance contracts. Income and expenses from reinsurance contracts, other than insurance finance income or expenses, are presented on a net basis as 'net expenses from reinsurance contracts' in the insurance service result.

The Group does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk are included in the insurance service result.

47. Material accounting policies (continued)

(n) Insurance and reinsurance contract (continued):

D. Presentation (continued)

(i) Insurance service expenses

Insurance service expenses include the following:

a. incurred claims and benefits, reduced by loss component allocations;
b. other incurred directly attributable expenses, including amounts of any other pre-recognition cash flows assets (other than insurance acquisition cash flows) derecognised at the date of initial recognition;
c. insurance acquisition cash flows amortisation;
d. changes that relate to past service – changes in the fulfilment cash flows relating to the LIC; and
e. changes that relate to future service – changes in the fulfilment cash flows that result in onerous contract losses or reversals of those losses; and
f. insurance acquisition cash flows assets impairment

For contracts measured under the GMM, amortisation of insurance acquisition cash flows is reflected in insurance service expenses in the same amount as insurance acquisition cash flows recovery reflected within insurance revenue, as described above.

For contracts measured under the PAA, amortisation of insurance acquisition cash flows is based on the passage of time. Other expenses not meeting the above categories are included in other operating expenses in the statement of profit or loss.

(ii) Net expenses from reinsurance contracts

The Group presents financial performance of groups of reinsurance contracts held on a net basis in net income (expenses) from reinsurance contracts held, comprising the following amounts:

a. reinsurance expenses;
b. incurred claims recovery, reduced by loss – recovery component allocations;
c. other incurred directly attributable expenses;
d. changes that relate to past service – changes in the FCF relating to incurred claims recovery;
e. effect of changes in the risk of reinsurers' non-performance; and
f. amounts relating to accounting for onerous groups of underlying insurance contracts issued.

47. Material accounting policies (continued)

(n) Insurance and reinsurance contract (continued):

D. Presentation (continued)

(iii) Net expenses from reinsurance contracts (continued)

The amount of reinsurance expenses recognised in the reporting period depicts the transfer of received insurance contract services at an amount that reflects the portion of ceding premiums that the Group expects to pay in exchange for those services. The Group recognises reinsurance expenses based on the passage of time over the coverage period of a group of contracts. Broker fees are included within reinsurance expenses.

(iv) Insurance finance income or expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

a. the effect of the time value of money and changes in the time value of money; and
b. the effect of financial risk and changes in financial risk.

For contracts measured under the GMM, the main amounts within insurance finance income or expenses are:

a. interest accreted on the FCF and the CSM;
b. the effect of changes in interest rates and other financial assumptions; and
c. foreign exchange differences.

For contracts measured under the PAA, the only amounts within insurance finance income or expenses are foreign exchange differences.

The Group does not disaggregate changes in the risk adjustment for non-financial risk between insurance service result and insurance finance income or expenses.

The Group applies the OCI option to disaggregate insurance finance income or expenses between profit or loss and OCI. The effect of changes in the time value of money and changes in financial risk on the LIC for insurance contracts issued and reinsurance contracts held are reflected in OCI in order to minimise accounting mismatches between the accounting for financial assets and insurance contract liabilities. The remainder of insurance finance income and expenses are reflected in profit or loss using locked-in assumptions.

47. Material accounting policies (continued)

(o) Other payables:

Other payables are measured at amortised cost.

(p) Taxation:

Income tax on the profit or loss for the year comprises current and deferred income tax. Income tax is recognised in profit or loss, except to the extent that it relates to a business combination or to items recognised directly in equity or in other comprehensive income.

[i] Current income tax:

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 income tax

Deferred income 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 income 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 profit or loss, 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 insufficient 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.

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.

47. Material accounting policies (continued)

(q) Foreign currencies:

Monetary foreign currency balances at the reporting date are, for the major foreign currencies in which the Group transacts business, translated at the Bank of Jamaica's weighted average rate of US$1.00 = J$157.6705 (2024: J$153.9124), UK£1.00 = J$201.8178 (2024: J$192.8560) and Cdn$1.00 = J$108.6802 (2024: J$113), 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$171.1954 (2024: J$166.5808) and Cayman Dollar 1.00 = J$192.0198 (2024: J$187.6898). Transactions in foreign currencies are converted at the rates of exchange ruling on the dates of those transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the financial currency at the exchange rate at the reporting date.

Realised and unrealised gains and losses arising from fluctuations in exchange rates are included in profit or loss, except for differences arising on the re-translation of fair value through other comprehensive income equity investments [note 47(b)] and foreign operations.

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 profit or loss at the average rate of exchange for the year. Translation differences are recognised in other comprehensive income and presented in the translation reserve in equity [note 29(a)].

(r) Allowance for credit losses:

The allowance for credit losses is maintained at a level considered adequate to provide for expected 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, the matters required by IFRS 9 to be taken into account in computing expected credit losses [as set out in note 41(b)], and regulatory guidance provided in the jurisdictions in which the Group operates, 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 allowance 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 an indirect banking subsidiary at levels in excess of the minimum ½% established by the Bank of Jamaica.

IFRS 9 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 with any subsequent increase in the present value being reported as interest income. The credit loss allowance required under the Regulations (note 2) that is in excess of the amount computed in accordance with the requirements of IFRS is treated as an appropriation of retained earnings and included in a non-distributable credit loss reserve [note 29(c)].

47. Material accounting policies (continued)

(s) Interest income and expense:

Interest income and expense are calculated by applying the effective interest rate to the gross carrying amount of financial assets or liabilities, except for:

[i] POCI financial assets, for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial asset; and

[ii] Financial assets that are not 'POCI' but have subsequently become credit-impaired (i.e 'stage 3'), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss allowance).

The "effective interest rate" is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instruments to its gross carrying amount of the financial asset or the amortised cost of the liability.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset when the asset is not credit-impaired. For financial assets that are credit-impaired, interest income is calculated by applying the effective interest rate to the net carrying amount of the financial asset. The Group reverts to the gross basis if the asset is no longer credit-impaired.

(t) 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 for any asset, 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 profit or loss. 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.

47. Material accounting policies (continued)

(t) 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.

(u) Leases:

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

[i] The Group as a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right of use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and the type of asset leased.

47. Material accounting policies (continued)

(u) Leases (continued):

[i] The Group as a lessee (continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and the corresponding obligation as 'lease liabilities' in the statement of financial position.

[ii] The Group as a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on the straight-line basis over the lease term.

47. Material accounting policies (continued)

(v) Revenue recognition:

Revenue from the provision of services is recognised in profit or loss 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.

Money transfer fees are recognised when funds are transmitted on behalf of customers. Foreign exchanges fees are recognised as earned based on the value remittances.

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.

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 48(s).

(w) Fees and commission:

The nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies are as follows:

Type of service	*Nature and timing of satisfaction of performance obligations, including significant payment terms.*	*Revenue recognition under IFRS 15*
Servicing fees	The local indirect banking subsidiary provides administrative services to its customers in respect of service delivery within its branch network. Fees are determined based on the service provided. Performance obligation is satisfied upon completion of delivery of the service.	Revenue from service is recognised over time as the service is provided.
Commission fees	The local indirect banking subsidiary provides services to its clients based on duly executed client agreements. Performance obligation is satisfied and therefore fees earned when agreed services provided to client's satisfaction. Fees are charged on a monthly basis and are based on fixed rates agreed.	Revenue from service fees is recognised over time as the services are provided.
	Other indirect subsidiaries recognise fees and commission as the related services are performed in accordance with agreed terms.	Revenue from fees and commission are recognised when the entity transfers control over a service to a customer.

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47. Material accounting policies (continued)

(w) Fees and commission (continued):

The nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies are as follows:

Type of service	*Nature and timing of satisfaction of performance obligations, including significant payment terms.*	*Revenue recognition under IFRS 15*
Money transmitting	Performance obligations are considered satisfied when the indirect subsidiary has transmitted money to the customer, the customer has accepted the service, and collectability of the related receivable is reasonably assured.	Revenue from this service is recognised at the point in time when money is transmitted by the sender.
Mobile top up	Performance obligation is satisfied and therefore fees earned when the indirect subsidiary sells phone credit to customers.	Revenue from mobile top up is recognised at the point when the service is delivered.
Bill payments	Performance obligation is satisfied and therefore fees are earned when the indirect subsidiary transacts bill payment services on behalf of customers.	Revenue is recognised at the point in time that the transactions are completed.
Sale of foreign currency	Performance obligation is satisfied when the currency is delivered to the customer, the customer has accepted the currency and collectability of receivable is reasonably assured.	Revenue from sale of currency is recognised at the point the currency is delivered to the customer.
Syndication fees	Performance obligations satisfied when the syndication services have been provided by the local banking subsidiary to, and accepted by, corporate clients in accordance with the agreed mandate. Fees are charged based on the nature of the transaction, which varies from client to client.	Revenue from services is recognised at the successful execution of each transaction.
Administrative fees	The Group's investment indirect subsidiary provides trustee and other administrative services, including physical custody of securities, based on executed client agreements along with the management of members' database and pension contributions. Performance obligation is satisfied, and fees earned when services delivered to, and accepted by, clients in accordance with agreements. Fees are calculated based on a fixed percentage of the value of the assets and are charged quarterly.	Revenue from trustee service is recognised over time as the service is provided.

47. Material accounting policies (continued)

(w) Fees and commission (continued):

Type of service	*Nature and timing of satisfaction of performance obligations, including significant payment terms.*	*Revenue recognition under IFRS 15*
Asset management fees	The Group's investment indirect subsidiary provides portfolio and investment management services to its clients based on duly executed client agreements. Performance obligation is satisfied, and fees earned when services delivered to, and accepted by, clients in accordance with agreements Fees are charged on a monthly basis at the fixed rates agreed.	Revenue from service fees is recognised over time as the services are provided.
Corporate finance & advisory fees	Performance obligation satisfied when the advisory services are provided by the indirect subsidiary to, and accepted by, its corporate clients in accordance with agreed mandate. Fees are charged based on the nature of the transaction, which varies from client to client, and are paid at the successful execution of each transaction.	Revenue from services is recognised at the successful execution of each transaction.
Sale of computer hardware and software	Customers obtain control of goods when the goods are delivered to and accepted by them. Invoices are usually payable within 30 days. Generally, no discounts are provided for the sale of computer hardware and software.	Revenue is recognised at the point in time when the goods are delivered to, and have been accepted by, the customers.
The installation of computer equipment, the provision of computer services and software programming and the provision of network solutions	The sale contract does not permit the customer the right of return, except in instances where the agreed goods were not initially supplied, in which case, if the incorrect item is returned within 7 days, the item is exchanged for the correct item.	Revenue is recognised at the point in time when the performance obligation is met, i.e. the installation of computer equipment, the provision of computer services and software programming and the provision of network solutions complete and delivered to, and accepted by, the customer following their own User Acceptance Testing (UAT).

47. Material accounting policies (continued)

(w) Fees and commission (continued):

Type of service	*Nature and timing of satisfaction of performance obligations, including significant payment terms.*	*Revenue recognition under IFRS 15 .*
	Invoices for the installation computer equipment, the provision of computer services and software programming and the provision of network solutions are generated at each milestone as agreed in the contract. Invoiced amounts are not recognised as revenue but are accounted for as deferred revenue until the conditions for revenue recognised are achieved i.e., when the user, after UAT confirms the performance obligation have been satisfied. Some service contracts include an annual maintenance service component. The price of this is quoted separately in the contract and is invoiced to the customer on a monthly basis. Invoices are usually payable within 30 days.	Revenue is recognised as the service is provided, i.e. in equal monthly instalments over the contract service period.
Distribution and maintenance of Phoenix software	Performance obligation satisfied as service is provided in accordance with agreed maintenance schedule. Invoices for the maintenance of the Phoenix Software are generated at the start of the maintenance period and the revenue deferred and recognised each month.	Revenue is recognised as the service is provided, i.e. in equal monthly instalments over the contract service period.
	Revenue related to specific service requests are billed on completion or progressively based on satisfaction of the performance obligation.	Revenue is recognised at the point in time when the performance obligation is met.

47. Material accounting policies (continued)

(w) Fees and commission (continued):

Type of service	*Nature and timing of satisfaction of performance obligations, including significant payment terms.*	*Revenue recognition under IFRS 15*
Property management fees	An indirect subsidiary provides property management services to certain customers. Performance obligation is satisfied when services are completed for, and accepted by, customers. Fees are charged on a monthly basis and are based on fixed rates agreed.	Revenue from property management fees is recognised over time as the services are provided.
Maintenance income	Performance obligation is met when maintenance services by the indirect subsidiaries are provided to and accepted by tenants, in accordance with the rental agreements. Maintenance fees are billed on a monthly basis and are based on fixed rates agreed.	Revenue from maintenance income is recognised over time as the services are provided.
Membership fee income	An indirect subsidiary charges membership fees to its customers on a yearly basis. These are based on fixed rates agreed.	Revenue from membership fees is recognised over time as the services are provided.
Service income	The Group charges fees to customers for the following services: chauffeur services, driver training and fleet service on a monthly basis based on the terms of contract.	Revenue from service is recognised over time as the services are provided.

(x) Forthcoming standards:

(i) New and amended standards that became effective during the year:

Certain new and amended standards came into effect during the current financial year, none of which had any significant impact on these financial statements.

47. Material accounting policies (continued)

(x) Forthcoming standards:

(ii) New and amended standards and interpretations that are not yet effective:

At the date of authorisation of these financial statements, certain new, revised and amended standards and interpretations which were in issue were not effective at the reporting date and had not been early-adopted by the Group.

The Group has assessed the relevance of all such standards and amendments to standards and has determined that the following is likely to be relevant to its operations:

- *IFRS 18, Presentation and Disclosure in Financial Statements,* is effective for annual reporting periods beginning on or after January 1, 2027. Under current IFRS Accounting Standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. IFRS 18 promotes a more structured income statement. In particular, it introduces a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be allocated between three new distinct categories (Operating, Investing and Financing) based on a company's main business activities.

  All companies are required to report the newly defined 'operating profit' subtotal – an important measure for investors' understanding of a company's operating results – i.e. investing and financing activities are specifically excluded. This means that the results of equity-accounted investees are no longer part of operating profit and are presented in the 'investing' category.

  IFRS 18 also requires companies to analyse their operating expenses directly on the face of the income statement – either by nature, by function or using a mixed presentation. Under the new standard, this presentation provides a 'useful structured summary' of those expenses. If any items are presented by function on the face of the income statement (e.g. cost of sales), then a company provides more detailed disclosures about their nature. IFRS 18 requires some 'non-GAAP' measures to be reported in the financial statements. It introduces a narrow definition for management performance measures (MPMs), requiring them to be a subtotal of income and expenses, used in public communications outside the financial statements and reflective of management's view of financial performance. For each MPM presented, companies will need to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards.

  Companies are discouraged from labelling items as 'other' and will now be required to disclose more information if they continue to do so.

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

- Amendments to IFRS 9 *Financial Instruments* will apply to annual periods beginning on or after January 1, 2026. Entities may choose to early adopt these amendments.

47. Material accounting policies (continued)

(x) Forthcoming standards (continued)

(ii) New and amended standards and interpretations that are not yet effective (continued):

At the date of authorisation of these financial statements, certain new, revised and amended standards and interpretations which were in issue were not effective at the reporting date and had not been early-adopted by the Group. (continued)

The amendments introduce an additional SPPI test for financial assets with contingent features that are not related directly to a change in basic lending risks or costs – e.g. where the cash flows change depending on whether the borrower meets an ESG target specified in the loan contract.

Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature.

The amendments also include additional disclosures for all financial assets and financial liabilities that have certain contingent features that are:

- not related directly to a change in basic lending risks or costs; and
- are not measured at fair value through profit or loss.

Derecognition of a financial liability through electronic transfer:

The amendment allows the Group to deem a financial liability or part thereof that will be settled in cash using an electronic payment system to be discharged before the settlement date if specified criteria are met. An entity that elects to apply the derecognition option would be required to apply it to all settlements made through the same electronic payment system.

The Group is assessing the impact that these amendments will have on it 2027 financial statements.

48. Disposal of indirect subsidiary

On September 30, 2024, JN Financial Group Limited disposed of 80.1% of its interest in JN Bank UK to Step One Money UK Limited, an unrelated party, for a consideration of £20 million. Following the transaction, JN Financial Group Limited retained a 19.9% shareholding in JN Bank UK as at the date of disposal. The disposal also resulted in a change of immediate parent from JN Financial Group Limited to Step One Money UK Limited, and a change of ultimate parent from The Jamaica National Group Limited to Step One Group Limited, a company incorporated in Guernsey.

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48. Disposal of indirect subsidiary (continued)

(i) Disposal arising from change in control of JN Bank UK:

		Group 2025 $'000
(a)	**Consideration**	
	Fair value of consideration	4,059,060
	Fair value of remaining stake in subsidiary	830,802
	Total consideration	4,889,862
(b)	**Net assets disposed of**	
	Cash resources	29,602,076
	Loans after allowances for impairment losses	45,844,676
	Other assets	181,851
	Property and equipment	44,840
	Intangible assets	88,944
	Right-of-use assets	109,236
	Customer deposits	(69,944,914)
	Other payables	(545,915)
	Lease liabilities	(113,954)
	Net assets disposed of	5,266,840
(c)	**Loss on disposal**	
	Total consideration (a)	4,889,862
	Less:	
	Net assets disposed of (b)	(5,266,840)
	Reclassification of foreign currency translation reserve	356,213
	Loss on disposal	(20,765)

49. Analysis of changes in financing during the year

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Note	Group 2025 Securities sold under repurchase agreements $'000	Lease liabilities $'000	Due to specialised financial institutions $'000	Long-term loans $'000	Total $'000
Balance at April 1, 2024		32,497,473	3,256,551	2,757,903	7,301,507	45,813,434
Proceeds from the issuance of repurchase agreements		262,371,997	-	-	-	262,371,997
Repayment of repurchase agreements		(254,203,890)	-	-	-	(254,203,890)
Payment of lease liabilities		-	(867,787)	-	-	(867,787)
Proceeds from due to specialised financial institutions		-	-	2,097,526	-	2,097,526
Payments to specialised financial institutions		-	-	(586,021)	-	(586,021)
Proceeds from long-term loan		-	-	-	2,477,514	2,477,514
Payments on long-term loan		-	-	-	(2,500,638)	(2,500,638)
Total changes from financing cash flows		8,168,107	(867,787)	1,511,505	(23,124)	8,788,701
Liability-related						
Interest expense		2,554,436	-	153,821	979,804	3,688,061
Interest expense on lease liabilities		-	249,202	-	-	249,202
Interest paid		(2,750,394)	-	(153,821)	(979,804)	(3,884,019)
Other changes		-	164,649	-	-	164,649
Balance at March 31, 2025		40,469,622	2,802,615	4,269,408	7,278,383	54,820,028

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49. Analysis of changes in financing during the year (continued)

Reconciliation of movements of liabilities to cash flows arising from financing activities (continued):

	Note	Group 2024				
		Securities sold under repurchase agreements $'000	Lease liabilities $'000	Due to specialised financial institutions $'000	Long-term loans $'000	Total $'000
Balance at April 1, 2024		30,383,059	1,239,190	2,441,461	7,099,860	41,163,570
Proceeds from the issuance of repurchase agreements	20	156,882,773	-	-	-	156,882,773
Repayment of repurchase agreements		(155,238,219)	-	-	-	(155,238,219)
Payment of lease liabilities	15(a)(iv)	-	(732,465)	-	-	(732,465)
Sale and leaseback and other lease		-	2,190,964	-	-	2,190,964
Proceeds from due to specialised financial institution	23	-	-	803,037	-	803,037
Payments to specialised financial institutions	23	-	-	(486,595)	-	(486,595)
Proceeds from long-term loan	26	-	-	-	1,231,279	1,231,279
Payments on long-term loan	26	-	-	-	(1,174,617)	(1,174,617)
Total changes from financing cash flows		**1,644,554**	**1,458,499**	**316,442**	**56,662**	**3,476,157**
Liability-related						
Interest expense	32	2,637,995	-	61,741	825,486	3,525,222
Interest expense on lease liabilities	15(a)(iii)	-	159,623	-	-	159,623
Interest paid		(2,168,135)	-	(61,741)	(825,486)	(3,055,362)
Other changes		-	399,239	-	144,985	544,224
Balance at March 31, 2025		**32,497,473**	**3,256,551**	**2,757,903**	**7,301,507**	**45,813,434**

	Note	Company 2025		
		Lease Liabilities $'000	Long-term loans $'000	Total $'000
Balance at April 1, 2024		100,823	1,068,911	1,169,734
Payment of lease liabilities		(48,935)	-	(48,935)
Proceeds from long-term loan		-	1,541,685	1,541,685
Payments on long-term loan				
Total changes from financing cash flows		-	(68,910)	(68,910)
Liability-related		(48,935)	1,472,775	1,423,840
Interest expense		-	229,634	229,634
Interest expense on lease liabilities		7,650	-	7,650
Interest paid		-	(182,146)	(182,146)
Other changes		(2,969)	-	(2,969)
Balance at March 31, 2025		**56,569**	**2,589,174**	**2,645,743**

49. Analysis of changes in financing during the year (continued)

Reconciliation of movements of liabilities to cash flows arising from financing activities (continued):

		Company		
		2024		
	Note	Lease Liabilities	Long-term loans	Total
		$'000	$'000	$'000
Balance at April 1, 2024		143,321	604,216	747,537
Payment of lease liabilities		(51,771)	-	(51,771)
Proceeds from long-term loan		-	500,000	500,000
Payments on long-term loan		-	(35,305)	(35,305)
Total changes from financing cash flows		**(51,771)**	**464,695**	**412,924**
Liability-related				
Interest expense	32	-	88,061	88,061
Interest expense on lease liabilities	32	11,752	-	11,752
Interest paid		-	(88,061)	(88,061)
Other changes		(2,479)	-	(2,479)
Balance at March 31, 2025		**100,823**	**1,068,911**	**1,169,734**

50. Subsequent events

Divestment of interest in indirect subsidiaries

(a) The Board approved the divestment of JN General Insurance Company Limited (JNGI), on January 10, 2025. On April 3, 2025, a Sale and Purchase Agreement was signed for the parent, JN Financial Group Limited (JNFG), to sell all shares in JN General Insurance Company Limited (JNGI) to British Caribbean Insurance Company Limited (BCIC) and ICD Group Holdings Limited (ICD) in the ratio 37% to BCIC and 63% to ICD. It was further agreed that, subsequent to the acquisition, the insurance business of BCIC will be merged into the operations of JNGI, the merger being part of a broader strategic realignment aimed at enhancing operational efficiency and delivering greater value to policyholders. The transaction received approval from the relevant regulatory authorities on March 25, 2025. The sale was completed on June 6, 2025.

Subsequent to the reporting date, JN Financial Group Limited entered discussions with a potential buyer regarding the sale of JN Fund Managers Ltd. A share sale agreement was executed on August 14, 2025. The transaction is expected to be finalized, subject to the approval of the Financial Services Commission (FSC). JNFG submitted a notice of extension, to the preferred bidder, on October 31, 2025, to have the transaction finalize by December 1, 2025. The approval from the FSC is still outstanding.

(b) Change in unquoted equity investment

JN Financial Group Limited did not participate in further capital calls made by JN Bank UK in June and September 2025. As a result, the Company's shareholding in JN Bank UK decreased from 16.00% to 6.37% (see notes 8(i), 9 and 49).

50. Subsequent events (continued)

Impact of Hurricane Melissa

(a) On October 28, 2025, Hurricane Melissa, a Category 5 storm, severely impacted Jamaica, causing extensive damage to infrastructure, displacement of residents, and disruption of economic activity. The Government of Jamaica declared the country a disaster area under the Disaster Risk Management Act, effective October 28, 2025. These events have created uncertainty in the financial markets and increased credit and liquidity risks across the economy.

Management is assessing the impact of the hurricane on the Group's core operations to determine the effects on its financial position, assets and cashflows as of the reporting date. The Group continues to enhance its risk management measures, including monitoring credit exposures and market conditions. Despite the economic challenges, management expects continued demand for financing solutions and remains committed to supporting clients while pursuing opportunities aligned with the Group's strategic objectives and risk appetite.

51. Correction of a prior period disclosure

During the year, the Group identified an error in the prior year consolidated financial statements relating to the classification of "Long-term loans" in Note 41(c) – Liquidity Risk disclosure.

As at March 31, 2024, the Group was in breach of a covenant on the loan, and forbearance was only granted subsequently in November 2024 [see note 25(v)]. Consequently, the Group did not have the contractual right to defer settlement at March 31, 2024. The loan should therefore have been classified under "Less than 3 months" in the Liquidity Risk table. However, it was incorrectly presented in other categories based on its contractual maturity date of August 16, 2028, and timing of interest payments, rather than reflecting the impact of the covenant breach.

This correction did not affect the statement of financial position, profit or loss and comprehensive income, or cash flows for the prior period. The adjustments impacted only the disclosure of liquidity risk maturity analysis:

	Group						
	2025						
		Contractual undiscounted cash flows					
	Carrying amount $'000	Total cash outflow $'000	Less than 3 months $'000	3-12 months $'000	1-2 years $'000	2-5 years $'000	More than 5 years $'000
Long-term loans							
As reported	7,301,507	10,804,565	74,242	2,786,499	1,171,058	6,772,766	-
Adjustments	-	(1,681,380)	4,059,279	(480,000)	(480,000)	(4,780,659)	-
As restated	7,301,507	9,123,185	4,133,521	2,306,499	691,058	1,992,107	-