2024 ANNUAL REPORT

April 2023 - March 2024

52 YEARS

Financing Safe and Affordable **Housing Solutions** Fulfilling the Dream of Home Ownership.

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LETTER OF TRANSMITTAL

July 1, 2024

Most Honourable Andrew Holness, ON, PC, MP
Prime Minister and Minister of Economic Growth and Job Creation
c/o Office of the Prime Minister
1 Devon Road Kingston 10

Dear Prime Minister Holness,

In accordance with Section 15 (1) of the Jamaica Mortgage Bank Act, No. 16 of 1972, I have the honour of transmitting herewith the Bank's Report for the year ended March 31, 2024 and a copy of the Statement of the Bank's Accounts as at March 31, 2024, duly certified by the Auditors.

Yours respectfully,

Mr. Ryan Parkes
Acting Chairman
for the Board of Directors

CORPORATE INFORMATION

REGISTERED OFFICE

33 Tobago Avenue
PO Box 950, Kingston 5, Jamaica

AUDITORS

Ernst & Young
8 Olivier Road, Kingston 8

BANKERS

Sagicor Bank Jamaica Limited
17 Dominica Drive, Kingston 5

National Commercial Bank
1 Knutsford Boulevard, Kingston 5

ATTORNEYS-AT-LAW

Myers Fletcher & Gordon
21 East Street, Kingston

Hart Muirhead Fatta
53 Knutsford Boulevard, Kingston 5

Samuda & Johnson
15 Trinidad Terrace, Kingston 5

Livingston Alexander & Levy
72 Harbour Street, Kingston

Social Media

@jamortgagebank

@jamaicamortgagebank

JAMAICA MORTGAGE BANK

Facilitating Home Ownership

52 YEARS

VISION

To finance safe and affordable housing so that all Jamaicans will have access to home ownership.

MISSION STATEMENT

To be a profitable organization mobilizing financial resources for on-lending to public and private sector developers and financial institutions, developing an active secondary mortgage market and providing mortgage indemnity insurance in support of the national settlement goal.

OUR CORE VALUES

RESPECT

We give due regard to the rights of all our stakeholders

ACCOUNTABILITY

We hold ourselves responsible for all decisions and actions taken within the organization

INTEGRITY

We believe in honesty and are guided by strong moral principles

SERVICE-ORIENTED

We strive to provide satisfaction and are always available to our stakeholders

EXCELLENCE

We are committed to being the best in our Industry

SUMMARY OF JMB'S BUSINESS OPERATIONS

The Jamaica Mortgage Bank (JMB) was established in 1971 as a limited liability company and was converted to a Statutory Corporation by an Act of Parliament in 1973

The main objective of the Bank is to foster the development of housing island wide through:

1. The mobilization of loan funds for on- lending to developers and other lending institutions.
2. The operation of a secondary mortgage market facility.
3. The provision of mortgage insurance services as set out in the Mortgage Insurance Act.

Based on the Jamaica Mortgage Bank Act, and in order to increase its scope of activities, the Jamaica Mortgage Bank may carry out the following activities:

- Guarantee loans made from private investment sources for building developers;
- Sell investments of whatever kind when appropriate; lend money on security to be used for the construction of premises for private residential purposes or of a commercial or industrial nature;
- Lend money on mortgages and carry out any other transaction involving mortgages;
- Furnish financial advice and provide or assist in obtaining managerial, technical and administrative services for persons engaged in building development in Jamaica.

The Bank's current operations fall into the following categories:

PRIMARY MARKET

- The granting of short-term financing for construction and infrastructure development.

SECONDARY MARKET

- The buying of mortgages and securitizing into Mortgage Backed Securities (MBS) for sale on the capital markets.

MORTGAGE INSURANCE

- The insuring of residential and commercial mortgage loans.

DIASPORA HOME BUILDING SERVICE

- The provision of project management services to persons from the diaspora desirous of building a home in Jamaica.

TECHNICAL SUPPORT SERVICE

- The provision of project management assistance to financial institutions lending to developers for housing or commercial construction.

JAMAICA MORTGAGE BANK
Facilitating Home Ownership

2024 STRATEGIC HIGHLIGHTS

PERFORMANCE HIGHLIGHTS

TOTAL INCOME MILESTONE: $832.1M

DISBURSEMENTS OF $1.9B

LOAN PORTFOLIO 45% INCREASE

TOTAL PORTFOLIO $7.9B

MORTGAGE INDEMNITY INSURANCE

247 NEW UTIs $466M

SOCIAL MEDIA SUMMARY

740 Post Reach
21 New Page Posts

728 Followers
19 New Posts


50th
JMB
ANNIVERSARY
JAMAICA MORTGAGE BANK
"Building a New Foundation"
1971-2021
Facilitating Home Ownership for Over 52 Years
Since 1971, the Jamaica Mortgage Bank has been financing safe, affordable and sustainable housing solutions for Jamaicans. By working together with our partners, we continue to live up to our mandate of making home ownership a reality for thousands of Jamaicans.
DIASPORA HOME BUILDING SERVICES
Plan to own a piece of Jamaica? Let's project manage the building of your dream home.
PRIMARY MARKET FINANCING
For Housing Developers seeking construction financing, the JMB is here to help.
MORTGAGE INDEMNITY INSURANCE
Insurance coverage provided to "Approved Lenders" for loans for land or property acquisition.
/jamortgagebank
33 Tobago Avenue, Kingston 5, Jamaica
Tel: (876) 929-6350-2 | Fax: (876) 968-5428
info@jmb.gov.jm | www.jmb.gov.jm
JMB
Facilitating Home Ownership
JAMAICA MORTGAGE BANK

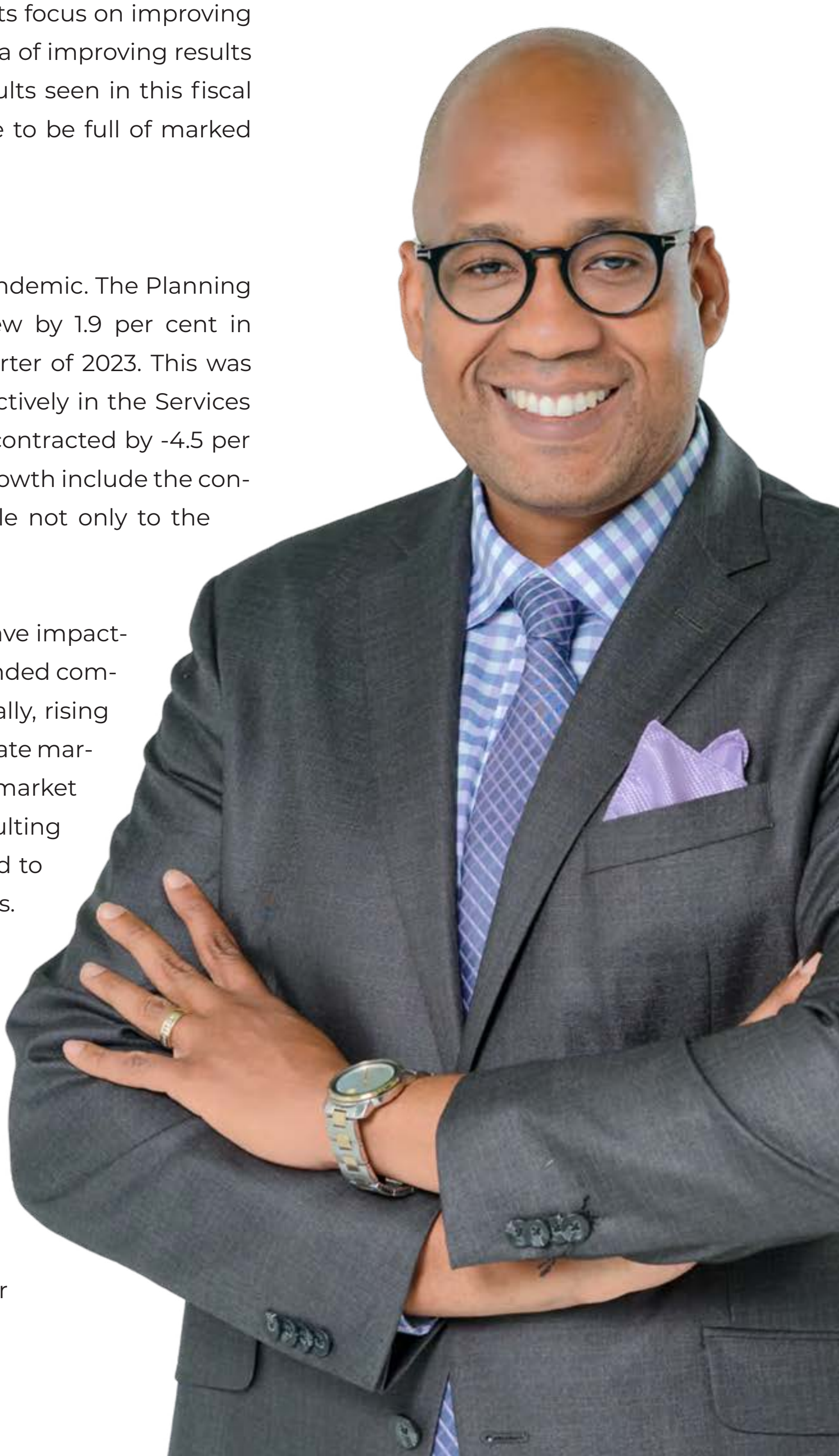
THE BOARD OF DIRECTORS' REPORT

On behalf of the Board of Directors, I am pleased to present the annual report of the Jamaica Mortgage Bank for the Financial Year ending the 31st of March 2024 ("FY23/24").

The Bank experienced a challenging start to the year as issues plaguing the construction and finance industries continued. However, the Management and Staff, with the guidance of the Board, were able to maintain its focus on improving performance, adapt to the challenges and navigate into an era of improving results at the latter part of the year. We believe that the overall results seen in this fiscal year are the foundation on which the coming one will prove to be full of marked achievements.

Economic Overview

FY23/24 began with the continuing effects of the Covid-19 Pandemic. The Planning Institute of Jamaica (PIOJ) reported that the economy grew by 1.9 per cent in the first quarter of 2024, when compared to the similar quarter of 2023. This was attributed to a growth of 1.6 per cent and 3.0 per cent respectively in the Services and Goods Producing industries. The Construction industry contracted by -4.5 per cent during that quarter. Factors contributing to the lack of growth include the continuing worker shortage and supply chain issues attributable not only to the Pandemic, but also the ongoing war in Ukraine.



The commensurate escalation of material and labour costs have impacted the Bank's Borrowers and so the Bank was faced with extended completion dates, funding cost variations and overruns. Additionally, rising interest rates on mortgages contributed to a softening real estate market with less buyers able to finance purchases. The real estate market has seen an increase in the processing time for mortgages resulting in longer completion times for sales. These realities continued to impact the timing of reflows from the Bank's lending activities.

The Bank of Jamaica (BOJ) reported domestic mortgage rates averaging 8.24 per cent as at March 2024 for both Commercial Banks and Building Societies. Although the BOJ has maintained its Policy Rates for at least the last six quarters, data obtained from the Mortgage Indemnity Insurance repository indicates an upward trend in the rates up to a high of 9.5 per cent. An increase in mortgage rates may stymie the housing market as prospective purchasers may be challenged in meeting the eligibility requirements for mortgages.

High Level Strategy

Given the above dynamics, the Board emphasized meticulous monitoring of all the Bank's projects, to manage the increased risk. The Board was particularly diligent in its monitoring of the Bank's loan portfolio, receiving updates at the full Board level to maximize efficiency of reviews and have the benefit of the expertise of all Directors in each discussion.

The Bank recognizes that demand for low and middle-income housing remains high and so continues to target developments in those markets. This strategy is intended to manage the impact of the economic conditions noted above. It also supports the push by the Government of Jamaica (GoJ) and our parent ministry to utilise public-private partnerships as a modality in achieving their housing mandate. Our efforts bore fruit as we began to see completion of some of our longstanding projects in the latter part of the fiscal year.

Performance

Despite the delays in receiving reflows, the Bank was able to continue funding existing projects to ensure completion. This resulted in the Bank realizing revenues of $832.1 million (35 per cent year over year) for the first time in its history. One of the highlights of the year was the opening of "The Vineyards at Deanery," an apartment complex on Deanery Road in Vineyard Town, Kingston. That development was one of eleven projects funded by the Bank which began construction during Covid. The Hon. Prime Minister Andrew Holness was the keynote speaker and noted the impact of the development on the GoJ's efforts to re-gentrify areas of Downtown Kingston. The occasion was extensively reported in the media bringing excellent exposure to the Bank.

In implementing its funding strategy, the Bank continued to benefit from an excellent rapport with its commercial bankers. The Bank also issued two bond offers through Proven Wealth which were well received and fully subscribed shortly after opening. Most subscribers were institutional investors evincing the confidence of the investing public in the Bank's outlook. Debt recovery efforts have been prioritized to offset the impact of rising interest rates and motivate Borrowers to work diligently to closing their loans. These recovery efforts resulted in a non-performing loan rate of 2.7 per cent.

Despite the challenges faced in the 2023/2024 review year, the Bank's core business of development lending remained resilient. Profits before tax declined marginally despite the marked increases in interest costs related to the Bank's own borrowing. The Bank was able to recruit new talent to properly resource its staff complement while maintaining operating costs low enough to produce an enviable efficiency ratio. Additionally, the Bank administers the Mortgage Indemnity Insurance (MII) plan on behalf of the GoJ. The primary objective is to reduce the burden of deposits for first time homeowners. Mortgagees working through their registered financial institutions can obtain a loan-to-value (LTV) mortgage of up to 97 per cent with the assistance of the MII.

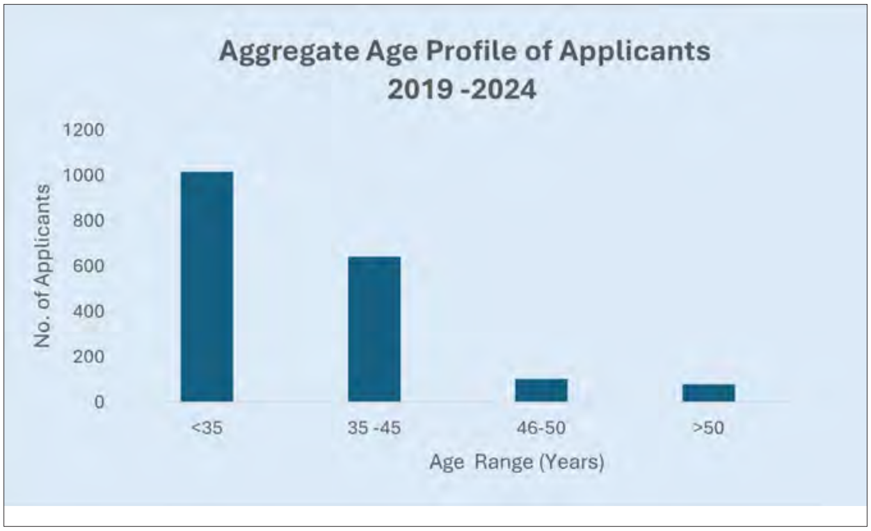


Chart 1: Aggregate Age Profiles of Applicants - 2019 -2024

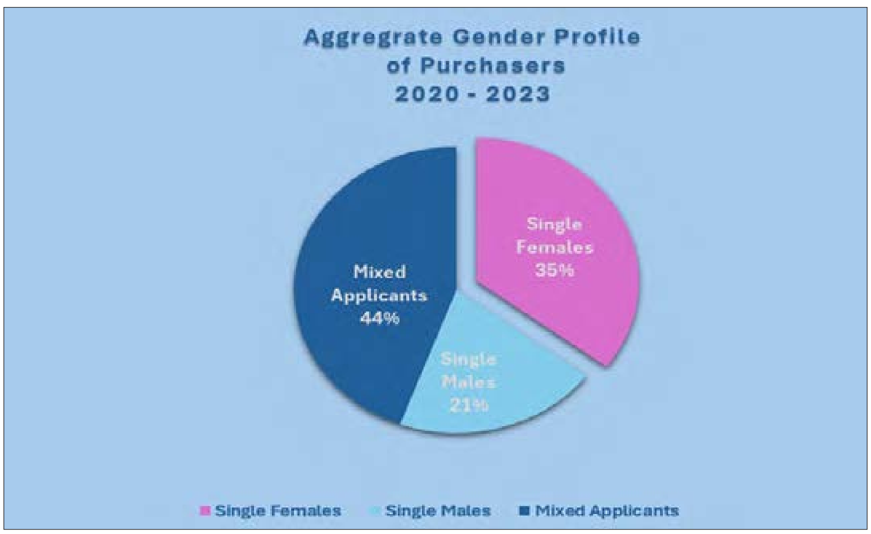


Chart 2: Aggregate Gender Profiles of Purchasers - 2020 -2023

During the FY23/24, the number of policies written was 6.0 per cent lower than the previous year, while the value of policies written was 34.7 per cent higher. This is indicative of a slight reduction in mortgage applications and higher prices of homes due to the market conditions described earlier. Nonetheless, MIIdta continues to support a trend of persons accessing homeownership at an earlier age via the MII as shown in the graph Chart 1.

Over the last four years, it was noted that most mortgages were being done as joint purchases by couples or siblings and to a lesser extent parents. Joint mortgages are usually done to meet loan qualification requirements or based on marital/ common-law relationships.

It was also observed that a significant number of single mortgages were done by female purchasers at a high of 35 per cent. The lowest category represented individual mortgages by male purchasers at 21 per cent.

Risk Management

The Bank ensures that adequate internal controls are in place to mitigate internal risks associated with its day-to-day operations. In addition to these internal risk factors, there are three major threats to the JMB's business.

1) It operates in a relatively high-risk construction lending space with escalating infrastructure and construction cost.
2) The Bank's primary market business of construction lending generates over 90 per cent of its total revenues, thereby presenting a major concentration risk.
3) The acquisition of adequate funding through the Bank's borrowing programme is jeopardized with each economic shock, as in the case of the pandemic. With each shock, the lending institutions tighten or withdraw from lending, thereby limiting the Bank's access to funding which may adversely impact the Bank's reputational risk.

The Bank developed its Enterprise Risk Management Framework (ERMF) in February 2017 to help to manage these and other risks, by using sector information and maintaining market and environmental data. This framework was approved by JMB's Board in 2018, and in February 2019 a detailed Register of Risks, covering all departments of the Bank, was also approved by the Board.

The ERMF was developed using the principles and procedures from the combined Australian and New Zealand Risk Management Standards and COSO Enterprise Risk Management. It involves identification of the risk elements, analysing and assessing the risks, treating (mitigating and/or managing) and reporting on the risks. Shifting the entity to engaging a risk-smart workforce is central to the success of this tool, and is achieved via training by Senior Management, and the active participation of all employees with the overall process being led by the Board of Directors.

Three of the many objectives of the ERMF are to: -

1. Provide a structured approach to addressing risks from beginning to end.

2. Ensure risk management is adopted throughout the organization as a prudent management practice; and
3. Ensure that the organization has a consistent basis for identifying, measuring, controlling, monitoring, and reporting risks across the Bank at all levels.

The direct responsibility for managing risks resides with the Management of the organization, but every employee and associate of the Bank is required to take a responsible approach towards risk. The Board of Directors provides ultimate oversight to the ERMF and places great importance on managing the risks to which the Bank is exposed. On a quarterly basis, the Finance and Risk Management Committee, a sub-committee of the Board, reviews the risk management processes of the Bank.

Senior Managers, led by the General Manager, are responsible for the management of the functional risks and tabling important updates to the committee for review, feedback and /or approval. Similarly, economic drivers, especially factors that could potentially result in shocks to the real estate sector, are monitored and reported to the sub-committee and Board on a quarterly basis.

During the reporting year, the Bank procured a new internal auditor in Baker Tilly Strachan Lafayette who audited several key areas of the Bank's financial and human resource operations. The three areas identified are currently being addressed by management with various timelines for completion.

To address the over exposure in the construction sector, the Bank increased the equity requirements from developers, as well as the number of pre-sales required for project approvals accompanied by pre-approvals from reputable financial institutions. Additionally, the Bank has decided to process triple-A projects within the low to low-middle income market.

To address the concentration risk, the Bank has commenced direct marketing of its Technical Support Services (TSS) that will generate non-interest income, thereby reducing construction income to approximately 65 per cent of total revenues within two years. This will also provide self-funding opportunities versus the high-level dependence on external borrowing.

Outlook

The Bank has set a solid foundation and template for success for the next five years. It will continue to do its part in support of the Government's target to provide 70,000 affordable housing solutions.

Further, the Bank fully anticipates transitioning to a private entity for the 2024/2025 financial year. The privatization process is expected to be completed via an Initial Public Offering (IPO) on the Jamaican Stock Exchange within the 4th quarter.

Given the market conditions described earlier in the report, the Bank will prioritize the completion of all current projects to ensure reflows are adequate to repay borrowings and fund outstanding commitments. The Bank continues to eye sector housing, specifically in the tourism and public sectors, thereby, continuing its rich legacy of nation building and job creation of the past 52 plus years. The Bank will target small to medium-sized housing developers, empower women and ordinary Jamaicans in the space and finance quality home construction projects while minimizing new non-performing loans. The Bank will also look to offload lands held for sale and employ robust risk management and technology to drive efficiency. The objective of the Bank is to facilitate home ownership for as many Jamaicans as possible, while achieving sustainable profitability, and positioning itself for privatization. The Bank delayed its launch of a new innovative service in the mortgage space until after privatization. These new services will not only diversify its offerings but will contribute exponentially to its top-line revenue growth, without adding any significant cost. The new mortgage service is expected to make the mortgage process, for Jamaicans, more efficient.

Likewise, the Bank will continue to use innovative means to stimulate the use of the MII product on behalf of the GoJ, with the primary objective of facilitating even earlier home ownership for the younger population.

Appreciation

The Board of Directors recognizes and thanks the Most Honourable Andrew Holness, ON, PC, MP, Prime Minister and Minister of Housing in the Ministry of Economic Growth and Job Creation (MEGJC), the Permanent Secretary of MEGJC, Mrs. Arlene Williams, and the staff of the Ministry of Economic Growth and Job Creation, for their contribution to its operations during the year and the confidence reposed in the Board to continue the Bank's rich legacy of the past 52 years.

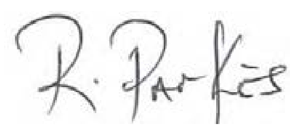
We recognise the unwavering support of our business partners, especially Sagicor Bank, the National Commercial Bank, Proven Wealth, and our Borrowers themselves, the Developers. Your faith in us has been instrumental in helping us to positively impact economic growth, nation building, employment, and the overall quality of life for Jamaicans as we bring the reality of home ownership closer to more of our people. Your trust and support have helped us to achieve our goals and navigate through challenges with confidence.

We also express thanks to our support services providers - our external counsels, actuaries, and internal and external auditors. These partnerships have been a cornerstone of our success, allowing us to make significant strides in our industry.

The Board of Directors specially recognizes the indispensable contribution of the past and present directors, management, and staff of the Bank. We thank you for the professionalism, teamwork, and positive attitude that have been instrumental in overcoming challenges and seizing opportunities. It is because of your collective efforts that we have been able to continue to serve the people of Jamaica well and faithfully.

On behalf of the Board of Directors, I express our gratitude for being called to serve through this Institution and participate in its success. We look forward to a year of progress and seizing opportunities and expect to witness many new achievements by the Jamaica Mortgage Bank.

For and on behalf of the Board of Directors



Mr. Ryan Parkes
Acting Chairman

MEET THE BOARD OF DIRECTORS

Ryan Parkes, Acting Chairman of the Board, is the CEO and Deputy Chairman of ICR Holdings Limited. He holds an LLB (Hons.) and BBA Finance (Hons.). Ryan is Chairman of the Finance, Human Resources and Corporate Governance Committees and is a member of the Projects and Loans Committee. He was appointed to the Board of Directors on April 18, 2016.

Doreen Prendergast is trained in the areas of Geography, Urban and Regional Planning, Environmental Planning and Management, Project Management and Public Sector Senior Management and Leadership. She is a member of the Human Resource and Corporate Governance Committees and the Chairperson of the Projects and Loans Committee. Doreen was appointed to the Board on April 18, 2016.

Kari J. Douglas holds a B.Sc. in Land Economy and Valuation Services. She is a Land Economist, Valuation Surveyor and Real Estate Dealer with over 10 years' experience in her field. She is a member of the Audit and Risk Management, and Projects and Loans Committees. Kari was appointed to the Board of Directors on December 7, 2020.

Tiva Russell-Forbes holds an M.Sc. in Finance. She is a member of the Finance and Audit Committee and Risk Management Committees. Tiva was appointed to the Board of Directors on April 18, 2016.

Patricia Henry holds an MBA and ACCA, and is the CEO of AREL LTD. She is currently a Director on the Boards of the Urban Development Corporation (UDC) and Jamaica Social Investment Fund (JSIF). She is the Chairperson of the Audit and Risk Management Committee and a member of the Finance, Human Resources and Corporate Governance Committees.

Footnotes:

1. The Jamaica Mortgage Bank thanks the following past Directors for their invaluable service during the 2023 / 2024 period:
   - Chairman Michael Shaw Resigned effective May 2023
   - Drector Courtney A.B. Hamilton Resigned effective June 2023
2. The Board of Directors expired on the 6th December, 2023 and the Bank awaits the appointment of a new Board.
3. Ryan Parkes began to serve as Acting Chair in November, 2023.
4. Patricia Henry was appointed a Director effective April, 2023 by letter dated June, 2023.

HIGHLIGHTS FROM OUR LONG SERVICE AWARDS CEREMONY

JAMAICA MORTGAGE BANK
Facilitating Home Ownership










CORPORATE GOVERNANCE REPORT 2023 / 2024

The Jamaica Mortgage Bank ("JMB" or the "Bank") firmly believes that corporate governance is crucial for its growth and overall success. The Bank demonstrates its commitment through strict adherence to the Government of Jamaica's Corporate Governance Framework and its own Corporate Governance Policies, which are guided by the Jamaica Mortgage Bank Act and the Public Bodies Management and Accountability Act.

The Bank is unwavering in its commitment to maintaining and upholding good corporate governance practices to safeguard the interests of its customers, employees, shareholders, and other stakeholders.

Corporate Governance Reporting Structure

Central to the Bank's Corporate Governance Framework is the Board of Directors, composed of qualified individuals appointed by the Portfolio Minister, with the approval of the Cabinet. The Board holds ultimate responsibility for setting policies and overseeing the Bank's general administration. This includes providing direction for strategic plans and performance objectives, reviewing financial plans and budgets, evaluating key operational initiatives, monitoring financial performance and upholding corporate governance principles.

The Chairperson, appointed by the Portfolio Minister from among the Board Members, plays a pivotal role in providing guidance and effective oversight of the Bank's management. The Company Secretary assists the Chairperson and the Board with actioning what is necessary to achieve compliance with the various legislations and Government and Internal Policies and Guidelines applicable to good governance. The Company Secretary also coordinates their continued training and achievement of reporting milestones. Reporting to the Board through its Chair, the General Manager is delegated with the responsibility for managing administrative functions and day-to-day operations of the Bank.

Laws, Guidelines and Policies

Having been created under the Jamaica Mortgage Bank Act, the JMB is a statutory body. It is bound to comply with various laws and their regulations as well as guidance from the Ministry of Finance and the Public Service, MoFPS, which together form the core legal obligations of the Bank as it regards corporate governance. Key among these are:

- The Jamaica Mortgage Bank Act
- Mortgage Insurance Act
- The Public Bodies Management and Accountability Act (and its various regulations)
- Financial Administration and Audit Act (and its various regulations)
- Public Bodies Corporate Governance Framework 2012

After the JMB Act, the Public Bodies Management and Accountability Act and the Public Bodies Corporate Governance Framework 2012 form the secondary pillars of the operating guidelines for the JMB. The JMB has the following policies to both meet and exceed the requirements under the PBMAA and 2012 Framework.

- Board Charter and Corporate Governance Policy
- Terms of Reference for the Board and each Board Committee
- Code of Conduct
- Board Dispute Resolution Policy
- Corporate Social Responsibility Policy
- Enterprise Risk Management Policy
- The Protected Disclosures Policy

A new development is that the JMB was certified to be a Commercial Body not falling within the Specified Public Sector effective April 1, 2023.

This certification is an acknowledgment of the Bank's self-financing nature. It affords the Bank various exemptions from requirements placed on public bodies that are funded through the consolidated fund and those that form part of central government. For example, the JMB is now exempt from the Public Investment Management System (PIMS). It affords the Bank greater empowerment and flexibility in its operations.

Board Meetings

Being mindful of its mandate to be collectively responsible for the strategic management and oversight of the JMB, the Acting Board has remained committed to its meetings, incorporating extraordinary meetings where necessary. Despite the departure of two Directors and the former Company Secretary in the reporting year, the Bank was able to maintain its record of Board Meetings and prioritised aerating matters with the full Board. The Bank looks forward to the due appointment of a new Board by the Portfolio Minister and Cabinet, as the GoJ applies the newly implemented protocols in the Public Body Management & Accountability (Nomination, Selection & Appointment) Regulations 2021.

The Board is thankful to former Chairman Mr. Michael Shaw and Director Mr. Courtney Hamilton for their invaluable contributions over their many years of service. Thanks are also extended to Ms. Karen Thompson-Wilson who demitted office as Company Secretary in May 2023.

Ms. Patricia Henry was welcomed to the Board in June 2023 bringing with her a host of qualifications and wealth of experience in business management and accounting.

A new Company Secretary was appointed in January 2024.

Mr. Frederick Bennett, an experienced construction developer has remained a Co-opted Director who serves on the full Board and its Projects Committee. Co-opted Directors do not vote or form a quorum at meetings, however they are invited by the Board to participate on the basis of their subject matter expertise.

Attendance at Board Meetings

Name	Date of Appointment	Date of Departure	Number of Board Meetings Attended
Michael Shaw (Chair)	-	May 2023	1 of 1
Courtney Hamilton	-	June 2023	2 of 3
Ryan Parkes (Actg. Chair)	-	-	12 of 15
Doreen Prendergast	-	-	15 of 15
Mrs. Tiva Russell - Forbes	-	-	13 of 15
Kari Douglas	-	-	9 of 15
Patricia Henry	Effective April 2023	-	11 of 12*
Frederick Bennett (Co-Opted Director)	-	-	12 of 14

*Notification of Director Henry's appointment was issued in June 2023 which is when she began attending meetings

Board Competencies (per JMB Act and Corporate Governance Framework)

	Ryan Parkes	Doreen Prendergast	Tiva Russell Forbes	Kari Douglas	Patricia Henry	Frederick Bennett (Co-Opted Director)
Housing Industry		◆		◆		◆
Economics	◆	◆	◆		◆	
Engineering						◆
Commerce	◆	◆	◆	◆	◆	◆
Law						
Financial (Including ability to understand financial statements)	◆	◆	◆		◆	
Qualified Accountant					◆	

Board Committees

The Board constituted five (5) committees in recognition of the need to precisely deploy the expertise of its members to critical areas of the Bank's operations. On the recommendation of the Corporate Governance Committee, the Board of the Directors re-assigned the Risk Management responsibility from the Finance Committee to the Audit Committee.

In compliance with the PBMA, the Chairman of the Board of Directors is not a member of the Audit & Risk Management Committee. Additionally, the Committee includes a Chartered Accountant and Directors with experience in Finance and Accounting.

Audit & Risk Management

Director	Attendance / Meetings Held
Patricia Henry (Chair)	1/1
Tiva Russell-Forbes	1/1
Kari Douglas	1/1

Finance

Director	Attendance / Meetings Held
Ryan Parkes (Chair)	1/1
Tiva Russell-Forbes	1/1
Patricia Henry	1/1

Human Resources

Director	Attendance / Meetings Held
Ryan Parkes (Chair)	1/1
Doreen Prendergast	1/1
Patricia Henry	1/1

Corporate Governance

Director	Attendance / Meetings Held
Ryan Parkes (Chair)	1/1
Doreen Prendergast	1/1
Tiva Russell-Forbes	1/1
Kari Douglas	1/1
Patricia Henry	1/1

Projects & Loans*

Director	Attendance / Meetings Held during their tenure
Michael Shaw (Chair)**	1/1

Courtney Hamilton ***	1/2
Doreen Prendergast ****	2/3
Kari Douglas	3/3
Frederick Bennett (Co-opted Director)	2/3

* Three (3) additional meetings were held without a quorum to ensure the Management Team continued to have guidance, support and oversight.

** Demitted directorship after meeting held in April 2023 effective May 2023

*** Demitted directorship in June 2023

Statutory Obligations and Evaluations

During the year, the following reports were submitted within the required time-frame:

- Four Year Corporate Plan FY 2024/2025 to 2027/2028, One-Year Operating Plan and Operating and Capital Budgets for the FY 2024/2025 Monthly Financial Reports as required under the PBMA
- Quarterly Performance Reports to the Ministry of Economic Growth and Job Creation
- Quarterly Procurement Report to the Integrity Commission
- Annual Report along with the audited Financial Statements for FY 2022 / 2023

The Bank has recognized the importance of the Data Protection Act and its value to the public. A training session for Board Members and the Management Team was conducted by the Office of the Information Commissioner.

A performance evaluation of the Board commenced in the reporting period, however, it was not completed in time for the annual report.

Corporate Social Responsibility

The Bank is proud to have played its part in initiatives to support local communities and environmental sustainability efforts.

Highlights from the year are:

- Sponsorship of the annual JCDC Kingston and St. Andrew Festival Queen Competition.
- Labour Day Project – Participation in national tree planting initiative with the support of the Forestry Department. Trees were planted at Hellshire Green, a project financed by the Bank.
- Donations to various non-profit organizations.

JAMAICA MORTGAGE BANK
Facilitating Home Ownership

THE GENERAL MANAGER'S REPORT

The financial year 2023/2024 was another record-breaking year for the Bank in terms of financial performance. For the first time in its history, the Bank realized a total income of over $832.1 million and this represents an increase of 35 per cent year over year (YoY). This augurs well for the future of the Bank as it embarks on the privatization process. The construction industry challenges were many during the year, but with strategic planning the Bank stayed the course, served its customers and satisfied all stakeholders.

The high interest rate environment along with other economic factors presented funding challenges for the Bank to manage working capital requirement during the year. However, various methods were adopted with financing partners to get over this hurdle. A significant number of projects that were initiated prior to or during the Covid-19 pandemic, continued to be affected by its lingering effects of material price increases, labour shortage as well as an escalation of housing prices. The Bank continued to work alongside the developers to get these projects to completion and to identify new projects to fulfill its mandate of providing affordable housing solutions to the nation.

During the year, the Bank sourced new funding of approximately $1.8 billion and over $1.9 billion was disbursed to projects. At the year end, the Bank had eleven (11) active projects under management which accounted for four hundred and eleven (411) housing solutions across the island.

There was an increase of 45 per cent in the total loan receivable portfolio when compared to the previous year and similarly interest income from loans also increased by 50 per cent.

Due to the escalation of housing prices and high interest rates for prospective home purchasers, the Mortgage Insurance Fund (MIF) experienced slight YoY declines in number and value of undertakings to insure (UTI) of 5 and 6 per cent respectively. However, there was a year over year increase in the value of policies written.

THE STRATEGY

The year 2023/2024 saw the Bank concentrating on strategies to streamline operations in funding and project financing. Considerable efforts were made to secure funding and bring existing projects to the stage of completion to realize reflows in the short to medium term. Continuing from the previous year, the period saw high interest rates from lenders, an increase in construction costs and extension of maturity periods for construction projects.

In fulfilling its mandate of facilitating safe and affordable housing in support of the Government's 70,000 solutions, the Bank continues to be guided by certain key objectives that were established in a prior year:

- To maintain a laser-like focus on the management of the loan portfolio to prevent creation of any new bad loans.
- To diversify funding strategy using various modalities such as syndication, direct loans, and sale of lands held on its balance sheet.
- To diversify its income stream by introducing new and innovative products and services to the construction and mortgage sectors. The Bank has designed a new and innovative product for the mortgage space, to be launched shortly after privatization. Additionally, the Bank will be using its expertise to offer monitoring services to reduce incidents of breach within the sector. Post Privatization, the Bank intends to enter the more lucrative construction space.
- To increase market share in the Primary Market space of small to medium-size developers whose focus is providing affordable housing solutions.
- To raise equity capital through the GOJ divestment program using the modality of Initial Public Offer (IPO), effectively transitioning from a Statutory Body to a private enterprise. The Bank is working closely with the Development Bank of Jamaica (DBJ) to implement this initiative within the 2024/2025 fiscal year.
- To employ its proprietary risk management system to manage risk associated with projects undertaken by small and medium-sized developers. The Bank's Enterprise Risk Management Framework (ERMF) that manages the value chain and processes was implemented during the 2018/2019 year. This has contributed to a vast improvement in the Bank's operations, partly resulting in the Bank receiving several awards over a number of years from the Public Bodies Corporate Governance Award annual competition.
- To continue the JMB's culture of strategic thinking that innovates big, creative ideas that redounds to the prosperity of the Bank and the Jamaican community. The JMB prides itself with empowering the ordinary man. Over its 52 years, the Bank has funded new persons entering the construction space including women developers. We continue to train staff, especially those who interface with our customers, but most importantly empower the staff to innovate using trending tools and information. See schedule completed for the year 2023/2024 under "Staff training".

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL OVERVIEW

Summary

The 2023/24 financial year represented a period of growth and resilience for the Bank. The high interest rate environment presented challenges for funding operations, additionally, the lingering effects from covid impacted the completion for several projects and hence reflows to the Bank. Despite the less-than-ideal economic conditions, the Bank was able to navigate the challenges and registered a profit before tax for the year of $195.0 million.

There was a 9 per cent YoY reduction in profit before ECL and one-off items, which was mainly due to a reduction in other income of 42 per cent and an increase in total costs of 58 per cent. The level of expected reflows from projects were not realized for the year and there was an increased demand for additional funding to complete projects. Therefore, the Bank took targeted action towards funding these existing projects to completion rather than the writing of new business.

	2024 ($'000)	2023 ($'000)	Var. ($'000)	Var. %
Revenues				
Interest from Loans	773,248	514,201	259,047	50%
Interest from Deposits	2,697	4,262	-1,565	-37%
Total Interest income	775,945	518,463	257,482	50%
Other income	56,120	96,537	-40,417	-42%
Total Income from Operations	**832,065**	**615,000**	**217,065**	35%
Expenses				
Staff Cost	142,331	138,507	3,824	3%
Other Administrative Cost	61,438	44,829	16,609	37%
Finance Cost	437,603	221,915	215,688	97%
Total Expenses before ECL Allowances	**641,372**	**405,251**	**236,121**	58%
Profits before ECL Allowances and Bad Debt Collections	**190,693**	**209,749**	**-19,056**	-9%
Income from Bad Debt Collections	0	21,933	-21,933	-100%
Withholding tax write off	0	44,013	-44,013	-100%
ECL write back	4,332	22,628	-18,296	-81%
Profit Before Tax	**195,025**	**210,297**	**- 15,272**	-7%
Tax	59,332	54,855	4,477	8%
Net Profit	**135,693**	**155,442**	**- 19,749**	-13%
Other Comprehensive Income/(Deficit)				
Remeasurement gains/(losses)-defined benefit plan	30,865	-16,786	47,651	-284%
Deferred tax-defined benefit plan	-7,716	4,196	-11,912	-284%
	23,149	-12,590	35,739	-284%
TOTAL COMPREHENSIVE INCOME FOR YEAR, NET OF TAX	**158,842**	**142,852**	**15,990**	11%

As a result, new borrowings had to be negotiated with financing partners and the debt portfolio increased significantly by 47 per cent. This along with the increased interest rates on borrowings saw interest expense being increased by 97 per cent over last period.

The additional disbursements to projects grew the construction loan portfolio by 45 per cent and similarly interest income from loans increased by 50 per cent.

GROUP FINANCIAL PERFORMANCE ANALYSIS

FINANCIAL HIGHLIGHTS [illegible]	Mar-24 $	Mar-23 $	Mar-22 $	Change $	 %
Construction Loans	7,871,427	5,429,509	4,516,920	2,441,918	45%
Total Assets	8,487,650	6,491,081	5,153,242	1,996,569	31%
Total Liabilities	5,767,552	3,929,825	2,734,838	1,837,727	47%
Total Equity	2,720,098	2,561,256	2,418,404	158,842	6%

FIVE-YEAR SUMMARY *(Expressed in thousands of dollars)*	Mar-24 $	Mar-23 $	Mar-22 $	Mar-21 $	Mar-20 $	Change 2024 vs 2023 $	 %	FIVE-YEAR Compounded Annual Growth Rate (CAGR)
Interest Income	775,945	518,463	382,525	220,803	166,077	257,482	50%	36%
Non-interest Income	56,120	96,537	77,486	82,065	91,882	(40,417)	-42%	-9%
Total Income from Operations	**832,065**	**615,000**	**460,011**	**302,868**	**257,959**	217,065	35%	26%
Expenses								
Staff Costs	142,331	138,507	125,007	118,165	103,789	3,824	3%	7%
Other Administrative Costs	61,438	44,829	38,411	39,343	47,885	16,609	37%	5%
Finance Costs	437,603	221,915	105,667	37,579	26,822	215,688	97%	75%
Total Expenses before ECL	**641,372**	**405,251**	**269,085**	**195,087**	**178,496**	236,121	58%	29%
Profits/(loss) before ECL and Recoveries	**190,693**	**209,749**	**190,926**	**107,781**	**79,463**	(19,056)	-9%	19%
Income from Bad Debt Collections	-	21,933	70,158	3,410	113,643	(21,933)	-100%	-100%
Withholding tax write off	-	44,013				(44,013)	-100%	0%
ECL write back/(charges)	4,332	22,628	(20,023)	9,572	139,805	(18,296)	-81%	-50%
Profit before taxation	**195,025**	**210,297**	**241,061**	**120,763**	**332,911**	(15,272)	-7%	-10%
Taxation	59,332	54,855	38,641	12,158	27,479	4,477	8%	17%
Profit for the year	**135,693**	**155,442**	**202,420**	**108,605**	**305,432**	(19,749)	-13%	-15%
Other Comprehensive Income/(Loss)								
Remeasurement gains/(losses) on the defined benefit plan	30,865	(16,786)	(2,268)	16,514	(19,550)	47,651	-284%	-210%
remeasurement gains/(losses) on the defined benefit plan	(7,716)	4,196	567	(4,129)	4,888	(11,912)	-284%	-210%
	23,149	**(12,590)**	**(1,701)**	**12,385**	**(14,662)**	35,739	-284%	-210%
Total Comprehensive Income for the year, net of tax	**158,842**	**142,852**	**200,719**	**120,990**	**290,770**	**15,990**	**11%**	**-11%**

INCOME

During the 2023/2024 financial year, the Bank was able to record a YoY increase in total income from operations (before recoveries and one-off items) of 35 per cent. Over the last five years, income from operations have been increasing steadily and this year's income of $832.1 million is a record level which represents a compounded annual growth rate (CAGR) of 26 per cent.

Non-interest income which is comprised primarily of loan fees and other administrative charges experienced a decline YoY of 42 per cent and a reduction in the CAGR for the last five years of 9 per cent. This is mainly because no new business was written for the year, therefore less loan fees were earned.

The Bank's non-performing loan portfolio (NPL) was at an all-time low of 2.7 per cent of the total loan portfolio at the end of the year with no new loan accounts added in the period. The Bank continues its bad debt recovery programme (loans written off the books).

EXPENDITURE

Withholding tax write off

In the prior year, there was a one-time write-off of withholding tax recoverable, which had been on the books for an extended period and was not considered recoverable from the tax authorities. There was no such occurrence in the current year and the Bank continues to follow up with the tax authorities to recover all outstanding withholding taxes.

Expenses

Total expenses increased YoY by $236.1 million or 58 per cent primarily due to the significant increase in finance costs attributable to borrowing.

Finance Costs

Total finance cost which is comprised of interest expense and debt issuance cost, increased significantly YoY by $215.7 million or 97 per cent.

In response to the increased demand for project financing, the Bank raised additional funds of $1.8 billion during the year and extended existing debt facilities of $1.3 billion. These were at interest rates ranging from 10.25 per cent to 12 per cent, even though the Bank of Jamaica had kept policy rate at 7 per cent for the year. Consequently, interest expense increased by $200.0 million or 95 per cent and debt issuance cost increased by $15.7 million or 135 per cent.

The CAGR over the last five years for total finance cost was 75 per cent, this is reflective of the increasingly high interest rate environment in which the Bank operates and the increased competitiveness of the market for its product.

Other Operating Costs

Other operating costs of $203.8 million increased YOY by $20.4 million or 11 per cent, this is comprised of staff costs and other administrative costs. As one of the priorities of the Bank for the year was that of cost containment, discretionary spending was closely monitored and kept at a minimum for the year.

Staff cost increased minimally YoY by $3.8 million or 3 per cent, primarily due to the GoJ's salary transformation programme. The effect of the increase was offset by the fact that some permanent positions were unfilled during the year. Other administrative costs increased over the previous year by $16.6 million of 37 per cent. The increase is due to an increase in price levels and activities of the Bank during the year. The major drivers of this were professional fees, utilities, computer expenses, insurance, bank charges, director fees and general expenses.

Expected Credit Loss

The Bank has been aggressively monitoring the loan portfolio to ensure that no loans fall within the NPL or bad loan categories. Additionally, as collateral values have increased, the Bank has realised write backs in provisioning over the last two years. However, YoY there was a reduction in write back of $18.3 million or 81 per cent which is reflective of the stages of completion of projects.

GROUP FINANCIAL POSITION

FIVE-YEAR SUMMARY OF SELECTED FINANCIAL DATA	Mar-24	Mar-23	Mar-22	Mar-21	Mar-20	Change 2024 vs 2023		FIVE-YEAR Compounded Annual Growth Rate (CAGR)
	$	$	$	$	$	$	%	
Statement of Financial Position								
Construction Loans	7,871,427	5,429,509	4,516,920	3,148,990	2,140,078	2,441,918	45%	30%
Total Assets	8,487,650	6,491,081	5,153,242	3,680,270	2,832,751	1,996,569	31%	25%
Total Liabilities	5,767,552	3,929,825	2,734,838	1,462,585	736,056	1,837,727	47%	51%
Total Equity	2,720,098	2,561,256	2,418,404	2,217,685	2,096,695	158,842	6%	5%

The Bank has continued to report a healthy balance sheet over the last five years and YoY total assets increased by $1.9 billion or 31 per cent to $8.5 billion. Further, the CAGR of total assets over the last five years was 25 per cent.

YoY there was an increase in the construction loan portfolio of $2.4 billion or 45 per cent, this stood at $7.9 billion at the end of the financial under review. The increase in the loan portfolio was due to disbursements to projects and interest accrued on loan balances. Collections from loans were lower than expected as projects experienced delays in completion, however this is expected to improve significantly in the subsequent financial year.

There was a significant reduction in cash balance YoY of $477.2 million or 95 per cent. The cash balance in the prior year was due to the receipt of loan funding on the last day of the fiscal year, this was promptly disbursed to projects in the month following. The Bank maintains a policy of not holding significant cash outside of operational needs and to either promptly disburse funds to projects or place on investment to maximise returns.

There were mixed results for other assets, notably tax recoverables decreased YoY by $45.2 million or 67 per cent due to recovery of withholding taxes from the tax authorities and utilization against income tax payable; land held for development or sale decreased by $11.0 million due to sales; pension assets increased by $34.0 million due to the fair value assessment by the actuaries; other receivables increased by $42.3 million due to increase in loan fees outstanding from developers; and, increases in investments balances were minimal and represented interest earned.

Borrowings accounted for 96 per cent of total liabilities both for the current financial year and prior year. Total liabilities for the reporting year increased to $5.7billion primarily due to new borrowings of $1.8 billion.

Bad Debt

No loan accounts were transitioned to bad debts (debts written off the books) during the year or to the non-performing loan (NPL) portfolio. The Bank continues to monitor the loan portfolio to ensure that all loans are performing based on agreed terms. The total NPL at the end of the year was $213.2 million or 2.7 per cent of the total loan portfolio, this was at 4.1 per cent in the prior year. Also, this contrasts favorably with five years ago when the NPL was at 27 per cent of the total loan portfolio, so the monitoring mechanisms being used by the Bank over the loan portfolio have been effective.

The initiatives utilized by the Bank for the monitoring of the loan portfolio included selling under Powers of Sale contained in the Mortgages, initiating court proceedings, the appointment of receivers where necessary, and commencing foreclosure proceedings for the recovery of amounts due from its NPLs. These measures yielded $13.2 million from the NPL portfolio and efforts are being continued to realise recoveries from bad debts.

Primary Market

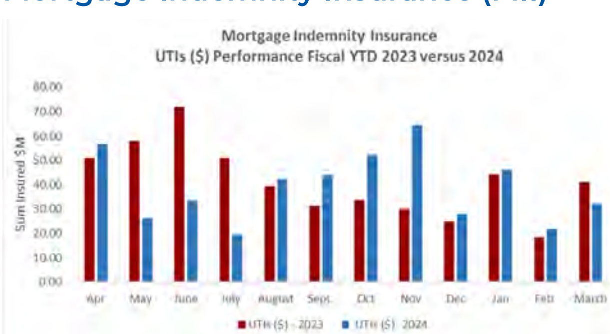
The Construction Industry remained resilient and continues to recover from the impact of the pandemic. Lenders within the Primary Market continued to offer interim construction loan financing to facilitate the construction of both residential and commercial properties, albeit with some degree of tightening. Adjustments have primarily been made to the number of pre-construction sales (up from approximately 25 per cent to upwards of 80 per cent) as well as the equity input of the developers. This is to manage risk as there is uncertainty and speculation surrounding the housing inventory, particularly in the Kingston and St. Andrew Metropolitan Area.

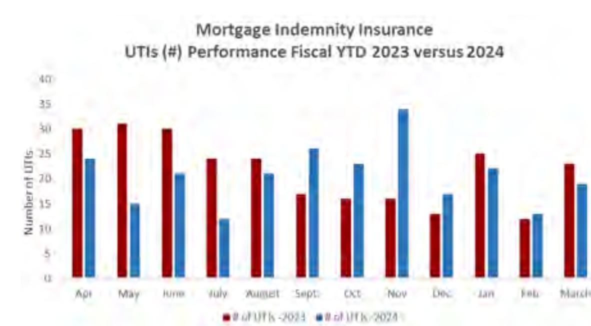
The JMB is acutely aware of the economic conditions and other factors and shifted its strategic focus to the completion of projects under contract. This organic growth resulted in the approval of $850 million as supplementary loans for six projects under management. Total disbursements for the period of $1.9 billion facilitated the progress of works on the existing developments as well as the completion of the Mayfair and Comfort Apartment projects. Additionally, two loans were liquidated during the period as the Genesis 28 and London accounts were settled.

Secondary Market

Over the past five years, the Secondary Mortgage Market has experienced high interest rates, rendering this product unfavourable. The Bank, however, stands ready to resume activities within the sector as soon as the conditions improve.

Mortgage Indemnity Insurance (MII)





The MII portfolio continued to perform well and exceeded the target of 180 new approvals by 37 per cent. As at March 2024, 247 UTIs were written to a value of $466.2 million when compared to the previous year where

261 UTIs valued at $494.8 million were approved, resulting in a marginal decline in the number of UTIs by 5.4 per cent.

There was a 35 per cent increase in the value of policies written when compared to the prior year. A total of 220 policies were written for the review period at a value of $404 million, compared to 235 policies for 2023 at a value of $$299 million.

Diaspora Home Building Services (DHBS) and the Technical Support Services (TSS)

The Diaspora Home Building Services (DHBS) and the Technical Support Services (TSS) seek to leverage the technical and risk management in-house expertise of the Bank. The review and marketing of both products has commenced and they will be focal points of the Bank in 2024/2025 fiscal year.

Other

The Bank continues its working relationship with various stakeholder entities and groups. It partners with the Ministry of Economic Growth and Job Creation on various housing related initiatives and policies affecting the nation.

The Bank also partners with international and local interest groups such as the International Union of Housing Finance (IUHF), the Jamaica Developers Association (JDA), the Jamaica Chamber of Commerce (JCC) and the Incorporated Masterbuilders Association of Jamaica (IMAJ), on issues related to the housing sector.

During the financial period, the Bank participated in several charitable events and assisted various non-for–profit organizations with monetary donations. The Bank also sponsored one Jamaica Cultural Development Commission (JCDC) activity, as well as, partnered with a primary school during Children's month.

The Construction Sector and Housing Sub-Sector

The GoJ continued its mandate to significantly increase the housing stock, especially for Jamaicans in the lower income categories. To achieve this goal, the government has introduced several programmes such as the provision of incentives to private developers, financing arrangements with approved financial institutions and public-private partnerships. This charge is being led by the Ministry of Economic Growth and Job Creation through its various agencies such as the National Housing Trust (NHT), the Housing Agency of Jamaica (HAJ) and the Jamaica Mortgage Bank (JMB).

Per the Minister of Housing's Parliamentary presentation for the FY2023/2024, it was reported that a total of 57,212 of the 70,000 committed units were at various stages including completed, under construction, in negotiations, budgeted, or in planning and design. These units will be supplied as follows:

Organization	Number of Units
NHT	40,080
HAJ	8,332
Greater Bernard Lodge Development	7,000
Social Housing Programme	1,800
TOTAL	57,212

Under the current housing programme, the NHT will prioritize housing developments at price points accessible to contributors in the lowest income groups. The Developers Programme and the Guaranteed Purchase Programme (GPP) are the main mechanisms through which the NHT will deliver its housing programme and has developed a five-year housing plan for each parish.

The GoJ through the NHT also made some adjustments to boost home ownership and provide increased levels of benefits to its contributors including:

- Increase in the loan limit to single applicants from $6.5 million to $7.5 million and up to $8.5 million towards the purchase of a housing solution priced at $12 million or less.
- For NHT Scheme Units, joint applicants can access funding of up to $15 million up from $13 million. Up to three (3) contributors can co-apply for a single NHT Scheme unit to improve affordability and can access funding of up to $21 million, up from $19.5 miilion.
- Increased loan limits for Home Improvement Loans, House Lot Loans, 10+ Loans for Public Sector Workers and 15+ Loans from $2.5 million to $3.5 million.
- Minimum wage earners contributing to the NHT for a minimum of 7 years are eligible for an increased home grant of $3.5 million, up from $2.5 million, toward the construction of a starter home or improvement of an existing structure.
- Reduction of interest rates for all mortgagors and realignment of the income bands.

The HAJ will also play a crucial role in the achievement of the GoJ's housing commitment and will focus on the delivery of 95 per cent of their projects to the parishes of St. Catherine, St. Elizabeth. St. James and Trelawny. The Greater Bernard Lodge Project will see the space being built out by developers to facilitate both residential homes and commercial buildings to provide services to the community. It is expected that the incentives provided by the GoJ will foster the development of affordable housing for low-income earners within the Greater Bernard Lodge area. The Social Housing Programme will continue to provide housing solutions for the most vulnerable.

Prior to the pandemic, the average purchase price of properties was approximately $17 million and were acquired primarily by persons younger than 45 years old. Post-pandemic, we recognized an increase in the purchase price of properties to an average of $20 million, with all age categories reflecting increased activity. It was also observed that in the last two years, higher-priced properties were being purchased even though mortgage rates were higher.

Macro Real Estate and Legal Environment

The Real Estate sector continues to be impacted by increased mortgage rates attributed to increased interest rates, as well as escalating input cost and labor shortage. These issues have impacted the price of housing by approximately 15 per cent since the Pandemic (per JMB in-house data). This is indicative of some softening currently being experienced in the sector, further evidenced by a reduction in the UTI applications for the period when compared to the pre-pandemic years.

This has resulted in an increase in new home inventory, especially in the higher end of the market. If this trend continues for an extended period, the financial sector may become further exposed to the residential development market.

Short-term rental

The Minister of Tourism, the Hon. Edmund Bartlett, has shared in the media that up to a third of visitors to Jamaica in 2023 stayed at a short-term rental. For years there has been public discourse on the alleged nuisance and inconvenience caused to neighbours by the practice. Strata Corporations began to adopt by-laws defining and prohibiting short-term rentals, and there has been at least one case of such by-laws being upheld by the Tribunal of the Commission of Strata Corporations against a strata property owner. In 2023 the short-term rental concept was formally challenged in the Jamaican Courts in a broader context than Strata By-Laws. The Court found that short term rental amounts to “trade or business” and that it is not a “residential purpose”. Prohibition on use for trade or business and a requirement to use for residential purposes only are common Restrictive Covenants governing the use of properties by their owners. Restrictive Covenants are for the benefit of all neighbours in the area, not only those immediately beside a property, and cannot be changed without their consent. These two are often noted on Titles to properties in residential areas, including gated communities and apartment complexes.

This was true for the property at the centre of the case and so its owners were ordered to cease its short-term rental. Additionally, the Court found the behaviour of the various tenants of the property to be a nuisance to the Claimant, who was a neighbour, and a breach of her right to quiet enjoyment of her own property. The owners were therefore liable to her for damages.

The Court’s ruling makes it clear that many properties will not be legally fit for short term rental. The case showed that prohibitions will often be beyond the control of a vendor and purchaser, and that breach can carry financial penalties in addition to lost income. The impact of this on demand in the real estate market is one to watch in the coming year.

Staff and Training

To ensure that the workforce has the knowledge and skills required to meet the organization’s needs, the Bank employs qualified individuals in keeping with policy directives. There are currently twenty-six (26) members on the team, which includes six (6) members with MBAs, a member currently pursuing an MBA, nine (9) members who hold first degrees, and four (4) persons pursuing a first degree. Several of the other six (6) members hold diplomas and certificates in various disciplines.

The annual training plan seeks to expose team members to additional and current material in furtherance of the Bank’s commitment to the development of a trained and motivated team, while fulfilling the strategic objective of building a learning organization, (‘lifelong learning’ mind-set and knowledge sharing culture). Team members are encouraged to continue pursuing professional and personal development, some of which are financed by the Bank, in keeping with its objective.

The table below depicts the areas and the number of persons who benefitted from training opportunities arranged by the Bank during FY2023/2024:

Number of Participants	Training
3	IFRS Reporting Standards, 9 & 17 and IAS 8
20	Microsoft 365 – Share Point, One Drive, Teams
21	Integrity Commission Anti-Corruption and Good Governance Workshop

The Way Forward

The Bank continues to be an important player in the development financing segment of the construction sector. The Primary Market space has become highly competitive; however, the Bank ends the year managing eleven active residential projects valuing over $7.9 billion when compared to an average of $3.0 billion in previous years. This is testament to the JMB's good reputation in the space. Given the increased risk associated with the financial markets, the Bank will be more selective in its new projects, as well as diversify its offerings within the next two years with the introduction of other mortgage-related products. This will translate into exponential growth in the short to medium term, making JMB an attractive company in terms of value.

Similarly, the Bank has achieved a milestone of exceeding $2.0 billion in total assets for the Mortgage Indemnity Insurance product it manages on behalf of the Government. We expect to achieve even more significant growth of the MII product as the robust demand for low to middle income housing continues in 2024/2025.

The Bank fully expects a change in its ownership structure as it prepares to list on the Jamaica Stock Exchange sometime during the 2024/2025 fiscal year. The Bank has been preparing for the eventual transition, with respect to its processes and key personnel, and looks forward to an exciting future as it creates wealth for potential investors.

The Bank is committed to continuing its 52-year legacy of nation-building for another 50 years and beyond as it provides safe and affordable housing for all Jamaicans.

Courtney Wynter, JP
General Manager

BUDGET 2024/2025
BALANCE SHEET

	2024 Actual $'000	2023 Actual $'000	% Change	Budget - 2024/2025 $'000
ASSETS				
Non-Current Assets				
Property, Plant & Equipment	36,949	37,517	-2%	62,078
Land Held for Development & Sale	442,489	453,489	-2%	304,250
Post Retirement Benefits	59,372	25,371	134%	25,371
Loans Receivable	2,596	3,302	-21%	2,712,589
	541,406	519,679	4%	3,104,288
Current Assets				
Loans Receivable	7,750,612	5,304,330	46%	1,310,719
Receivables and Prepayments	105,372	63,045	67%	71,264
Income Tax Recoverable	21,808	66,975	-67%	11,037
Certificates of Deposit	33,402	25,666	30%	742,174
Resale Agreements	7,746	6,901	12%	
Cash & Cash Equivalents	27,304	504,485	-95%	49,778
	7,946,244	5,971,402	33%	2,184,972
TOTAL ASSETS	**8,487,650**	**6,491,081**	**31%**	**5,289,260**
LIABILITIES AND SHAREHOLDERS' EQUITY				
SHAREHOLDERS' EQUITY				
Share Capital	500,000	500,000	0%	500,000
Contingency Reserve	500,000	500,000	0%	500,000
Special Reserve	340,083	340,083	0%	340,083
Retained Profits	1,380,015	1,221,173	13%	1,669,225
	2,720,098	2,561,256	6%	3,009,308
LIABILITIES				
Non-Current Liabilities				
Bonds and Loans Payable	1,291,740	2,224,543	-42%	1,800,000
Deferred Tax Liability	174,419	118,093	48%	184,646
	1,466,159	2,342,636	-37%	1,984,646
Current Liabilities				
Accounts Payable & Accruals	45,909	38,286	20%	21,959
Short Term Loans	4,255,484	1,548,903	175%	273,347
	4,301,393	1,587,189	171%	295,306
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	**8,487,650**	**6,491,081**	**31%**	**5,289,260**

LEADERSHIP TEAM

COURTNEY WYNTER, JP, B.Sc. (Hons), MBA (Hons) has held the position of General Manager at the Jamaica Mortgage Bank since January 6, 2014. Prior to joining JMB, Mr. Wynter held various domestic and international executive financial management positions in the areas of Telecom Finance and Banking and is a graduate of the prestigious Wharton Business School, AMP Program for Executives.

PATRICIA BURKE, BBA (UTech JA.), MBA (FIU) joined the Jamaica Mortgage Bank on November 12, 2018 as Director, Business Operations. Mrs. Burke brings to the Bank over twenty years' experience in the field of Credit having worked at Jamaica Police Coop Credit Union, First Global Bank and EDUCOM Coop Credit Union.

DENISE BRYSON HINDS, MBA has been the Manager, Human Resource & Administration since November 1, 2016 and is responsible for the development of the Bank's Human Resource Policies and programs as well as the department's operational and strategic plans.

NATALIE MARTIN, FCCA, FCA, MSc. (University of London), joined the Bank on December 19, 2022 as Manager, Finance and has over twenty years' experience in the field of auditing and taxation. She is a Fellow of both the Institute of Chartered Accountants of Jamaica (ICAJ) and the Association of Chartered Certified Accountants (ACCA).

VANESSA LALASINGH, Bsc., LL.B, CIPM (IAPP) is an Attorney-at-Law experienced in Corporate and Commercial Law, Conveyancing and Data Protection. She joined the JMB team in January 2024 and has practiced Law in multiple industries including Commercial Banking, Real Estate and Technology Solutions. Honouring her degree in International Relations, Vanessa is an avid world traveler and aspiring polyglot. She is a proud graduate of Ardenne High School, UWI Mona and the Norman Manley Law School.

We thank the following persons for their invaluable service to the JMB for the 2023 / 2024 financial period:

Ms. Karen Thompson-Wilson, Corporate Secretary / Legal Officer – resigned effective May 2023 and was replaced by Ms. Vanessa Lalasingh in January 2024.

TEAMS

JAMAICA MORTGAGE BANK
Facilitating Home Ownership

Business Operations

Primary Market Financing

- Project Financing
- Project Appraisal and Monitoring Project Risk Analysis
- Technical Support Services
- Diaspora Project Management Services

Secondary Mortgage Market

- Mortgage-backed Securities

Mortgage Insurance

- Evaluation of proposals for insurance for housing schemes
- Claims processing
- Issuing of Undertakings-to-insure Preparation of Mortgage Insurance policies Promotion of Mortgage Insurance facilities

Corporate Secretarial / Legal

- Corporate Secretarial activities, including Corporate Governance and Board of Directors' Issues
- Conveyancing and Securitization
- General Legal Services

Finance & Accounts

- Financial & Management Accounting - Treasury and Cash Management
- Budgeting and Control

General Manager's Office

- Strategy Development, Implementation and Execution
- Information & Communication Technology
- Public Relations and Marketing

Human Resource & Administration

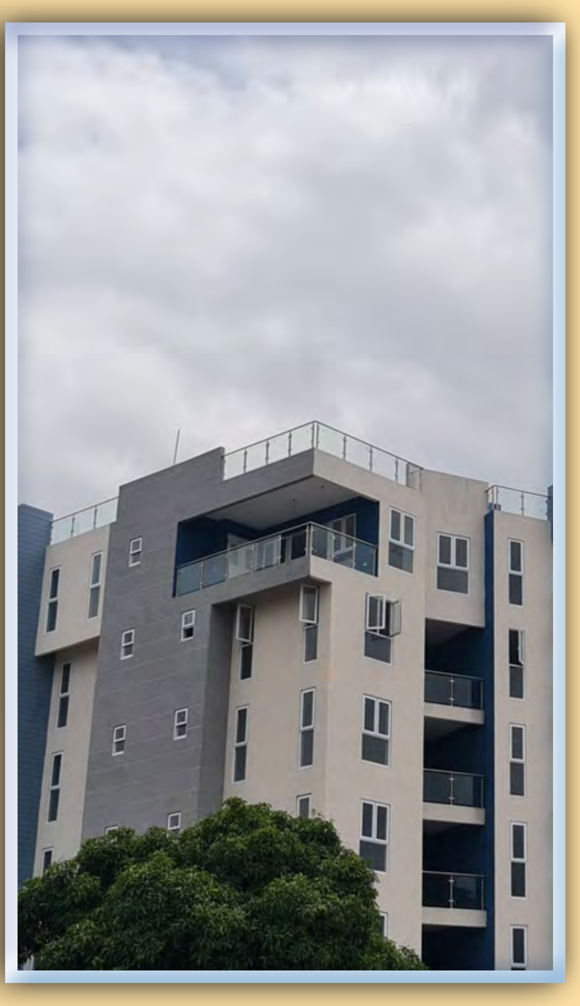
- Human Resource Management
- Policy Development and Administration - Office Administration

JAMAICA MORTGAGE BANK
Facilitating Home Ownership

FLAGSHIP PROJECT

Active & Recently Completed Projects

Active & Recently Completed Projects



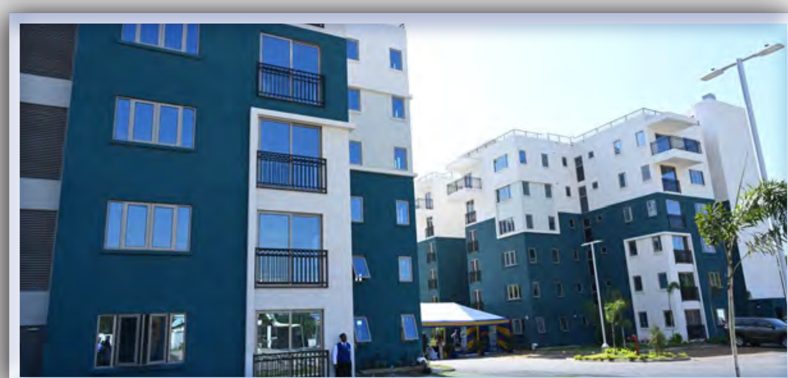
JAMAICA MORTGAGE BANK

Facilitating Home Ownership

52 YEARS

JMB
JAMAICA MORTGAGE BANK
Facilitating Home Ownership

52 YEARS



DIRECTORS & SENIOR EXECUTIVES COMPENSATION

Directors' Compensation: April 1, 2023 - March 31, 2024

Name of Director	Fees	Motor Vehicle/ Travelling	Honoraria	All Other Compensation	Total
Michael Shaw * Board Chairman/Sub-committee Chairman	71,300	-	-	-	71,300
Courtney Hamilton ** Director/ Deputy Chairman	70,000	-	-	-	70,000
Ryan Parkes **** Director/ Sub-committee Chairman / Acting Board Chairman	601,000	-	-	-	601,000
Doreen Prendergast Director/Sub-committee Chairman	654,500				654,500
Tiva Forbes Director	430,000	-	-	-	430,000
Patricia Henry *** Director/Sub-committee Chairman	374,000	-	-	-	374,000
Kari Douglas Director	318,000	-	-	-	318,000
Frederick Bennett Co-opted Member	406,000	-	-	-	406,000
	2,924,800	**0**	**0**	**0**	**2,924,800**

* Chairman Michael Shaw resigned effective May, 2023
** Director Courtney Hamilton resigned effective June 2023
*** Director Patricia Henry was appointed effective April 2023 however she began to serve after notification of her appointment was issued in June 2023
**** Ryan Parkes began serving as Acting Chairman in November, 2023.

Senior Executives' Compensation: April 1, 2023 - March 31, 2024

Names	Salary	Temporary Allowance	Gratuity	Travel Allowance	Mileage	Acting Allowance	Pension	Incentive	Vacation	Total
General Manager Courtney Wynter	14,663,632	2,849,667	-	-	-	-	-	972,039		18,485,338
Director Business Operations Patricia Burke	9,401,821	1,508,099	992,589		254,870	-	224,077	972,859	72,322	13,426,637
Corporate Secretary / Legal Officer (Resigned) **** Karen Thompson-Wilson	1,419,598	103,663					36,910	1,101,703	589,679	3,251,553
Corporate Secretary / Legal Officer ***** Vanessa Lalasingh	1,993,333	-	-	-	-	-	-	-	-	1,993,333
Manager Finance Natalie Martin	7,909,425	464,570	-	-	0	-	102,823	-	-	8,476,818
Manager Finance (Resigned) ****** Sherry-Ann Johnson Hylton	(81,482)	1,216,082	-	(780,507)	-	-	-	-	-	354,093
Manager Human Resources & Administration Denise Bryson Hinds	6,820,273	397,490	-				177,327	882,165	288,550	8,565,805
	42,126,600	**6,539,571**	**992,589**	**(780,507)**	**254,870**	**-**	**541,137**	**3,928,766**	**950,551**	**54,553,577**

**** Mrs. Thompson-Wilson demitted office May 2023
***** Ms. Lalasingh assumed the position effective January 2024.
****** Mrs. Johnson-Hylton demitted office October 2022 , compensation due to GOJ revised salaries paid retroactively

FINANCIAL STATEMENTS FOR THE JAMAICA MORTGAGE BANK AND ITS SUBSIDIARIES

FOR THE YEAR ENDED 31ST MARCH 2024

Ernst & Young Chartered Accountants
8 Olivier Road
Kingston 8

Tel: 876 925 2501
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ey.com

INDEPENDENT AUDITOR'S REPORT

To the Members of Jamaica Mortgage Bank

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated financial statements of Jamaica Mortgage Bank and its subsidiary (the "Group") and the separate financial statements of Jamaica Mortgage Bank (the "Bank"), which comprise the consolidated and separate statements of financial position as at 31 March 2024, and the consolidated and separate statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the financial position of the Group and the Bank as at 31 March 2024, and of the consolidated and separate financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group and Bank in accordance with the International Ethics Standards Board for Accountants' ("IESBA") 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.

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT (Continued)

To the Members of Jamaica Mortgage Bank (Continued)

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements (Continued)

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Bank'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 Group and the Bank or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 consolidated and separate 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 consolidated and separate 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 Group's and the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT (Continued)

To the Members of Jamaica Mortgage Bank (Continued)

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements (Continued)

- 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 Group and the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate 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 auditor's report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that presents a true and fair view.
- 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 the 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 requirements of the Mortgage Bank 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 and the financial statements are in agreement with the accounting records, and give the information required by the Mortgage Bank Act in the manner so required.

Ernst & Young

Chartered Accountants
Kingston, Jamaica
10 July 2024

JAMAICA MORTGAGE BANK AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024
(Expressed in Jamaican Dollars unless otherwise indicated)

	Notes	2024 $'000	2023 $'000
ASSETS			
Non-current assets			
Property and equipment	4	36,949	37,517
Land held for development and sale	5(c)	442,489	453,489
Post- retirement benefits	7(b)	59,372	25,371
Loans receivable	8	2,596	3,302
Total non-current assets		541,406	519,679
Current assets			
Loans receivable	8	7,750,612	5,304,330
Tax recoverable	9	21,808	66,975
Receivables and prepayments	10	105,372	63,045
Certificates of deposit	11	33,402	25,666
Resale agreements	12	7,746	6,901
Cash and cash equivalents	13	27,304	504,485
Total current assets		7,946,244	5,971,402
Total assets		8,487,650	6,491,081
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' Equity			
Share capital	14	500,000	500,000
Reserve fund	15	500,000	500,000
Special reserve fund	16	340,083	340,083
Retained earnings		1,380,015	1,221,173
Total shareholders' equity		2,720,098	2,561,256
Non-current liabilities			
Borrowings – long term portion	17	1,291,740	2,224,543
Deferred tax liability	24	174,419	118,093
Total non-current liabilities		1,466,159	2,342,636
Current liabilities			
Payables and accruals	18	45,909	38,286
Borrowings – current portion	17	4,255,484	1,548,903
Total current liabilities		4,301,393	1,587,189
Total shareholders' equity and liabilities		8,487,650	6,491,081

The accompanying notes form an integral part of these financial statements.

The financial statements were approved for issue by the Board of Directors on 10 July 2024 and are signed on its behalf by:

R. Parkes ______ Acting Chairman
Mr. Ryan Parkes

D. Prendergast ______ Director
Mrs. Doreen Prendergast

JAMAICA MORTGAGE BANK AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 MARCH 2024
(Expressed in Jamaican Dollars unless otherwise indicated)

	Notes	2024 $'000	2023 $'000
Revenue			
Interest from loans	19	773,248	514,201
Interest from deposits	19	2,697	4,262
		775,945	518,463
Expected credit losses			
Net recoveries of expected credit losses on loans	8(c)	4,332	22,628
Net interest income after expected credit losses		780,277	541,091
Non-interest income			
Other income	20	56,120	118,470
		836,397	659,561
Administrative expenses			
Staff costs	21	(142,331)	(138,507)
Administrative and general expenses	22	(61,437)	(88,842)
		(203,768)	(227,349)
Finance costs			
Interest on borrowings		(410,319)	(210,293)
Amortization of debt issuance cost		(27,285)	(11,622)
		(437,604)	(221,915)
Profit before taxation	23	195,025	210,297
Taxation	24	(59,332)	(54,855)
Profit for the year		135,693	155,442
Other comprehensive income/(loss)			
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:			
Remeasurement gains/(losses) on the defined benefit plan	7	30,865	(16,786)
Deferred tax relating to the remeasurement income/losses on the defined benefit plan	24(b)	(7,716)	4,196
		23,149	(12,590)
Total comprehensive income for the year, net of tax		158,842	142,852

The accompanying notes form an integral part of these financial statements.

JAMAICA MORTGAGE BANK AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 MARCH 2024
(Expressed in Jamaican Dollars unless otherwise indicated)

	Share Capital	Reserve Fund	Special Reserve Fund	Retained Earnings	Total
	$'000	$'000	$'000	$'000	$'000
Balance as at 1 April 2022	500,000	500,000	340,083	1,078,321	2,418,404
Profit for the year	-	-	-	155,442	155,442
Other comprehensive loss	-	-	-	(12,590)	(12,590)
Total comprehensive income	-	-	-	142,852	142,852
Balance as at 31 March 2023	500,000	500,000	340,083	1,221,173	2,561,256
Profit for the year	-	-	-	135,693	135,693
Other comprehensive income	-	-	-	23,149	23,149
Total comprehensive income	-	-	-	158,842	158,842
Balance as at 31 March 2024	**500,000**	**500,000**	**340,083**	**1,380,015**	**2,720,098**

The accompanying notes form an integral part of these financial statements.

JAMAICA MORTGAGE BANK AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2024
(Expressed in Jamaican Dollars unless otherwise indicated)

	Notes	2024 $'000	2023 $'000
Operating activities			
Profit before taxation		195,025	210,297
Adjustments to reconcile profit for the year to net cash provided by operating activities:			
Depreciation - property and equipment	4	3,261	3,955
Net recoveries of expected credit loss recognized on loans receivables	8	(4,332)	(22,628)
Gain on land held for development and sale		(1,221)	(3,136)
Loss on disposal of property and equipment		85	-
Net unrealized foreign exchange (gain)/loss		(139)	88
Pension (income)/expense	7(b)	(1,268)	2,322
Amortization of debt issuance costs		27,285	11,622
Interest income	19	(775,945)	(518,463)
Interest expense		410,319	210,293
		(146,930)	(105,650)
Decrease/(Increase) in operating assets and liabilities			
Receivables and prepayments		(42,327)	(34,393)
Tax recoverable		34,444	42,959
Loans receivable		(1,909,599)	(675,454)
Payables and accruals		7,623	(38,523)
Contributions paid post-retirement employee benefits	7(b)	(1,868)	(1,145)
Cash used in operations		(2,058,657)	(812,206)
Interest received		243,825	283,645
Net cash flows used in operating activities		(1,814,832)	(528,561)
Investing activities:			
Resale agreement		(368)	(99)
Certificate of deposit		(7,736)	(535)
Proceeds on disposal of land held for development and sale		12,221	25,536
Additions to property and equipment	4	(2,778)	(1,833)
Net cash flows generated from investing activities		1,339	23,069
Financing activities:			
Interest paid		(375,714)	(175,912)
Proceeds from borrowings		2,750,530	1,442,786
Repayment of borrowings		(1,038,504)	(300,000)
Net cash flows provided by financing activities		1,336,312	966,874
Net (decrease) increase in cash and cash equivalents		(477,181)	461,382
Cash and cash equivalents at beginning of the year		504,485	43,103
Cash and cash equivalents at end of the year	13	27,304	504,485

The accompanying notes form an integral part of these financial statements.

JAMAICA MORTGAGE BANK

SEPARATE STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024
(Expressed in Jamaican Dollars unless otherwise indicated)

	Notes	2024 $'000	2023 $'000
ASSETS			
Non-current assets			
Property and equipment	4	36,949	37,517
Land held for development and sale	5(b)	442,488	453,488
Interest in subsidiary	6	131,426	126,814
Post- retirement benefits	7(b)	59,372	25,371
Loans receivable	8	2,596	3,302
Total non-current assets		672,831	646,492
Current assets			
Loans receivable	8	7,750,612	5,304,330
Tax recoverable	9	21,808	66,975
Receivables and prepayments	10	105,372	63,045
Certificates of deposit	11	33,402	25,666
Resale agreements	12	7,746	6,901
Cash and cash equivalents	13	27,304	504,485
Total current assets		7,946,244	5,971,402
Total assets		8,619,075	6,617,894
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	14	500,000	500,000
Reserve fund	15	500,000	500,000
Special reserve fund	16	340,083	340,083
Retained earnings		1,511,440	1,347,986
Total shareholders' equity		2,851,523	2,688,069
LIABILITIES			
Non-current liabilities			
Borrowings – long term portion	17	1,291,740	2,224,543
Deferred tax liability	24	174,419	118,093
Total non-current liabilities		1,466,159	2,342,636
Current liabilities			
Payables and accruals	18	45,909	38,286
Borrowings – current portion	17	4,255,484	1,548,903
Total current liabilities		4,301,393	1,587,189
Total shareholders' equity and liabilities		8,619,075	6,617,894

The accompanying notes form an integral part of these financial statements.

The financial statements were approved for issue by the Board of Directors on 10 July 2024, and are signed on its behalf by:

R. Parkes ______ Acting Chairman
Mr. Ryan Parkes

D. Prendergast ______ Director
Mrs. Doreen Prendergast

JAMAICA MORTGAGE BANK

SEPARATE STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 MARCH 2024
(Expressed in Jamaican Dollars unless otherwise indicated)

	Notes	2024 $'000	2023 $'000
Revenue			
Interest from loans	19	773,248	514,201
Interest from deposits	19	2,697	4,262
		775,945	518,463
Expected credit losses			
Net recoveries of expected credit losses on loans	8(c)	4,332	22,628
Net interest income after expected credit losses		780,277	541,091
Non-interest income			
Other income	20	56,120	118,470
		836,397	659,561
Administrative expenses			
Staff costs	21	(142,331)	(138,507)
Administrative and general expenses	22	(56,825)	(87,904)
		(199,156)	(226,411)
Finance costs			
Interest on borrowings		(410,319)	(210,293)
Amortization of debt issuance cost		(27,285)	(11,622)
		(437,604)	(221,915)
Profit before taxation	23	199,637	211,235
Taxation	24	(59,332)	(54,855)
Profit for the year		140,305	156,380
Other comprehensive income/loss			
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:			
Remeasurement gains/(losses) on the defined benefit plan	7	30,865	(16,786)
Deferred tax relating to the remeasurement income/losses on the defined benefit plan	24(b)	(7,716)	4,196
		23,149	(12,590)
Total comprehensive income for the year, net of tax		163,454	143,790

The accompanying notes form an integral part of these financial statements.

JAMAICA MORTGAGE BANK

SEPARATE STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 MARCH 2024
(Expressed in Jamaican Dollars unless otherwise indicated)

	Share Capital	Reserve Fund	Special Reserve Fund	Retained Earnings	Total
	$'000	$'000	$'000	$'000	$'000
Balance as at 1 April 2022	500,000	500,000	340,083	1,204,196	2,544,279
Profit for the year	-	-	-	156,380	156,380
Other comprehensive loss	-	-	-	(12,590)	(12,590)
Total comprehensive income	-	-	-	143,790	143,790
Balance as at 31 March 2023	500,000	500,000	340,083	1,347,986	2,688,069
Profit for the year	-	-	-	140,305	140,305
Other comprehensive income	-	-	-	23,149	23,149
Total comprehensive income	-	-	-	163,454	163,454
Balance as at 31 March 2024	**500,000**	**500,000**	**340,083**	**1,511,440**	**2,851,523**

The accompanying notes form an integral part of these financial statements.

JAMAICA MORTGAGE BANK

SEPARATE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2024
(Expressed in Jamaican Dollars unless otherwise indicated)

	Notes	2024 $'000	2023 $'000
Operating activities			
Profit before taxation		199,637	211,235
Adjustments to reconcile profit for the year to net cash provided by operating activities:			
Depreciation - property and equipment	4	3,261	3,955
Net recoveries of expected credit loss recognized on loans receivables	8	(4,332)	(22,628)
Gain on disposal of land held for development and sale		(1,221)	(3,136)
Loss on disposal of property and equipment		85	-
Net unrealized foreign exchange (gain)/loss		(139)	88
Pension (income)/expense	7(b)	(1,268)	2,322
Amortization of debt issuance costs		27,285	11,622
Interest income	19	(775,945)	(518,463)
Interest expense		410,319	210,293
		(142,318)	(104,712)
Decrease/(Increase) in operating assets and liabilities			
Receivables and prepayments		(42,327)	(34,393)
Tax recoverable		34,444	42,959
Loans receivable		(1,909,599)	(675,454)
Payables and accruals		7,623	(38,523)
Contributions paid post retirement employee benefits	7(b)	(1,868)	(1,145)
Cash used in operations		(2,054,045)	(811,268)
Interest received		243,825	283,645-
Net cash used in operating activities		(1,810,220)	(527,623)
Investing activities:			
Resale agreement		(368)	(99)
Certificate of deposit		(7,736)	(535)
Proceeds on disposal of land held for development and sale		12,221	25,536
Additions to property and equipment	4	(2,778)	(1,833)
Interest in subsidiary		(4,612)	(938)
Net cash (used in)/generated from investing activities		(3,273)	22,131
Financing activities:			
Interest paid		(375,714)	(175,912)
Proceeds from borrowings		2,750,530	1,442,786
Repayment of borrowings		(1,038,504)	(300,000)
Net cash provided by financing activities		1,336,312	966,874
Net (decrease) increase in cash and cash equivalents		(477,181)	461,382
Cash and cash equivalents at beginning of the year		504,485	43,103
Cash and cash equivalents at end of the year	13	27,304	504,485

The accompanying notes form an integral part of the financial statements.

1. Identification

The Jamaica Mortgage Bank (the "Bank") was established in 1971 as a private limited company under the Companies Act of 1965, with an authorized share capital of J$5,000,000. On June 5, 1973, the Bank was converted to a statutory corporation by the enactment of the Jamaica Mortgage Bank Act. The Jamaica Mortgage Bank is subject to the provisions of Section 28 of the Interpretation Act 1968 and is wholly owned by the Government of Jamaica. The Bank is domiciled and incorporated in Jamaica and its registered office is located at 33 Tobago Avenue, Kingston 5, Jamaica, which is its principal place of business.

The Bank has a wholly owned subsidiary, JMB Developments Limited (together referred to as the "Group"), whose stated principal activity is carrying on the business of residential, commercial, and industrial real estate development. However, this company is currently inactive. This entity is domiciled and incorporated in Jamaica.

By virtue of the Jamaica Mortgage Bank Act 1973, the Bank may:
(a) lend money on mortgage and carry out any other transactions involving mortgages;
(b) lend money on security to be used for the construction of premises for private residential purposes or of a commercial or industrial nature;
(c) guarantee loans from private investment sources for building development;
(d) furnish financial advice and provide or assist in obtaining managerial, technical, and administrative services for persons engaged in building and development in Jamaica; and
(e) sell investments of whatever kind belonging to the Bank, as and when appropriate.

The present activities of the Bank are the:
(a) mobilization and disbursement, on a wholesale basis, of loan funds to finance housing development in Jamaica;
(b) administration of, including investment management for the Government of Jamaica (GOJ) mortgage insurance fund; and
(c) operation of a secondary mortgage market facility.

2. Adoption of Standards, Interpretations and Amendments

2.1 Standards, interpretations, and amendments to existing standards effective during the year

The International Accounting Standards Board (IASB) issued certain new standards and interpretations as well as amendments to existing standards, which became effective during the year under review. Management has assessed the relevance of these new standards, interpretations and amendments and has adopted and applied in these consolidated and separate financial statements, those standards which are considered relevant to its operations. The nature and the impact of each new standard or amendment is described below.

The following are standards, amendments, and interpretations in respect of published standards which are in effect:

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 (Effective 1 January 2023)

The amendments aim to help entities provide accounting policy disclosures that are more useful by:
- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

2. Adoption of Standards, Interpretation and Amendments (Continued)

2.1 Standards, interpretations, and amendments to existing standards effective during the year (continued)

Deferred Tax related to Assets and Liabilities arising from a Single Transaction- Amendments to IAS 12 (Effective 1 January 2023)

In May 2021, the IASB issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are
attributable for tax purposes to the liability recognized in the consolidated and separate financial statement (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.

An entity should apply the amendments to transactions that occur on or after the beginning of the earliest comparative period presented, it should also recognize deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

Definition of Accounting Estimates - Amendments to IAS 8 (Effective 1 January 2023)
The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are intended to provide preparers of financial statements with greater clarity as to the definition of accounting estimates, particularly in terms of the difference between accounting estimates and accounting policies.

IFRS 17 Insurance Contracts (Effective 1 January 2023)
In May 2017, the IASB issued IFRS 17 Insurance Contracts (“IFRS 17”), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation, and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance, and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

2. Adoption of Standards, Interpretation and Amendments (Continued)

2.1 Standards, interpretations, and amendments to existing standards effective during the year (continued)

Amendments to IAS 12 International Tax Reform- Pillar Two Model Rules (Effective 1 January 2023)
The amendments to IAS 12 have been introduced in response to the OECD's BEPs Pillar Two Rules and includes:

- a mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two Model rules; and
- disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

These amendments had no impact on the consolidated and separate financial statement of the Group and the Bank.

2.2 Standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted

The standards and interpretations that are issued, but not yet effective at 31 March 2024 are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

Classification of Liabilities as Current or Noncurrent and Non-current Liabilities with Covenants - Amendments to IAS 1 (Effective 1 January 2024)

In January 2020 and October 2022, the IASB issued amendments to IAS 1 Presentation of Financial Statements to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument, would the terms of a liability not impact its classification
- Disclosures

The Group is assessing the potential impact of this amendment on its consolidated and separate financial statement.

2. Adoption of Standards, Interpretation and Amendments (Continued)

2.2 Standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted (continued)

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback (Effective 1 January 2024)

The amendment to IFRS 16 Leases specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. After the commencement date in a sale and leaseback transaction, the seller-lessee applies paragraphs 29 to 35 of IFRS 16 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 of IFRS 16 to the lease liability arising from the leaseback. In applying paragraphs 36 to 46, the seller-lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying these requirements does not prevent the seller-lessee from recognising, in profit or loss, any gain or loss relating to the partial or full termination of a lease, as required by paragraph 46(a) of IFRS 16.

The amendment does not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining 'lease payments' that are different from the general definition of lease payments in Appendix A of IFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with IAS 8. These amendments are not expected to have any impact on the consolidated and separate financial statement of the Group and the Bank.

Amendments to IAS 7 and IFRS 7 - Disclosures: Supplier Finance Arrangements (Effective 1 January 2024)

In May 2023, the Board issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures.

The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments clarify the characteristics of supplier finance arrangements. In these arrangements, one or more finance providers pay amounts an entity owes to its suppliers. The entity agrees to settle those amounts with the finance providers according to the terms and conditions of the arrangements, either at the same date or at a later date than on which the finance providers pay the entity's suppliers.

These amendments are not expected to have any impact on the consolidated and separate financial statement of the Group and the Bank.

2. Adoption of Standards, Interpretation and Amendments (Continued)

2.2 Standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted (continued)

Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (deferred indefinitely)

In December 2015, the IASB decided to defer the effective date of the amendments until such time as it has finalised any amendments that result from its research project on the equity method. Early application of the amendments is still permitted.

The amendments address the conflict between IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture.

The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3 Business Combinations. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interest in the associate or joint venture.

These amendments are not expected to have any impact on the consolidated and separate financial statement of the Group and the Bank.

Amendments to IAS 21 – Lack of exchangeability (Effective 1 January 2025)

In August 2023, the Board issued Lack of Exchangeability (Amendments to IAS 21). The amendment to IAS 21 specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

A currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments note that an entity can use an observable exchange rate without adjustment or another estimation technique.

These amendments are not expected to have any impact on the consolidated and separate financial statement of the Group and the Bank.

IFRS 18 – Presentation and Disclosure in Financial Statements (Effective 1 January 2027)

IFRS 18 introduces new requirements on presentation within the statement of profit or loss, including specified totals and subtotals. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. There are also consequential amendments to other accounting standards.

The Group is currently assessing the impact of adopting this standard.

2. Adoption of Standards, Interpretation and Amendments (Continued)

2.2 Standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted (continued)

IFRS 19 – Subsidiaries without Public Accountability: Disclosures (Effective 1 January 2027)

In May 2024, the IASB issued IFRS 19 Subsidiaries without Public Accountability: Disclosures (IFRS 19), which allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement, and presentation requirements in other IFRS accounting standards. Unless otherwise specified, eligible entities that elect to apply IFRS 19 will not need to apply the disclosure requirements in other IFRS accounting standards. The Group is currently assessing the impact of adopting this standard.

3. Statement of Compliance, Basis of Preparation and Material Accounting Policies

(a) Statement of Compliance and Basis of Preparation

The consolidated and separate financial statement have been prepared in accordance and comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the relevant requirements of the Jamaica Mortgage Bank Act,1973.

These financial statements are prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The consolidated and separate financial statement are presented in Jamaican dollars, which is the functional currency of the Group and Bank, and rounded to the nearest thousand, unless otherwise stated.

(b) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Bank and the entity controlled by the Bank (its subsidiary, JMB Developments Limited). Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income, and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary. Total comprehensive income of the subsidiary is attributed to the owners of the Bank and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income, and expenses are eliminated in full on consolidation.

3. Statement of Compliance, Basis of Preparation and Material Accounting Policies (Continued)

(b) Basis of Consolidation (continued)

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Group.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognized in other comprehensive income and accumulated in equity, the amounts previously recognized in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e., reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

(c) Critical Accounting Judgements and Key Sources of Estimation Uncertainty

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. These judgements, estimates and assumptions affect the reported amounts of, and disclosures relating to, assets, liabilities, income, expenses, contingent assets, and contingent liabilities. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Critical Accounting Estimates and Judgements in applying the Group's Accounting Policies

i. Classification of Financial Asset
The assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial assets are solely payments of principal and interest on the principal payment amount outstanding requires management to make certain judgments on its business operations.

3. Statement of Compliance, Basis of Preparation and Material Accounting Policies (Continued)

(c) Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

Critical Accounting Estimates and Judgements in applying the Group's Accounting Policies (continued)

ii. Impairment of Financial Assets
Establishing the criteria of determining whether credit risk of the financial assets has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of expected credit losses (ECL) and selection and approval of models used to measure ECL requires significant judgement.

Risk of estimation uncertainty

1. Measurement of Expected Credit allowance/provision under IFRS 9
The measurement of expected credit allowance for financial assets measured at amortized cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g., That is the likelihood of borrowers defaulting and the resulting loss).

A number of significant judgements are also required in applying the accounting requirements for measuring expected credit losses, as follows:

- Determining criteria for significant increase in credit risk;
- Selecting appropriate models and assumptions for the measurement of expected credit losses;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product or market and associated expected credit loss and;
- Establishing groups of similar financial assets for the purpose of measuring expected credit losses.

2. Key Sources of Estimation Uncertainty
The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

- Pension and Other Post-Employment Benefits:

  The amounts recognized in the consolidated and separate statements of financial position for pension and other post-employment benefits of an asset of $59.372 million (2023: $25.37 million) (Note 7) are determined actuarially using several assumptions. The primary assumptions used in determining the amounts recognized include the discount rate used to determine the present value of estimated future cash flows required to settle the pension obligations and to determine the return on plan assets.

  The Bank's defined benefit obligation is discounted at a rate set by reference to market yields at the end of the reporting period on high quality corporate bonds or, in their absence, certain Government of Jamaica bonds. Significant judgement is required when setting the criteria for bonds to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of the bonds include the issue size of the bonds and the quality of the bonds. There are also demographic assumptions that impact the result of the valuation. Any changes in these assumptions will impact the amounts recorded in the consolidated and separate financial statements for these obligations. Note 7(e) details sensitivity analyses in respect of some of these assumptions.

3. Statement of Compliance, Basis of Preparation and Material Accounting Policies (Continued)

(c) Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

Critical Accounting Estimates and Judgements in applying the Group's Accounting Policies (continued)

Risk of estimation uncertainty (continued)

2. Key Sources of Estimation Uncertainty (continued)

- Loans to borrowers and provision for expected credit losses

  Loans are recognized when cash is advanced to borrowers.

  The Group, under the IFRS 9 Expected Credit Loss (ECL) impairment framework, recognizes ECLs on loans, taking into account past events, current conditions, and forecast information. In this regard, the Group determines the economic variables that are likely to influence the borrowers' ability to meet their loan obligations in the future and incorporate such forward looking economic information in the overall estimation of the expected credit loss.

  Additionally, the entity is required to update the amount of ECLs recognized for each loan to borrowers that is held solely for the collection of principal and interest in accordance with the contractual arrangement between the Group and the borrower. Therefore, loans are classified under the hold to collect business model and are measured at amortized cost.

  The Group assigns an initial risk rating to each loan at the date of disbursement. The risk rating is determined by the credit score assigned and categorized in the recognized credit score bands.

  Loan Staging
  By way of disclosure, the entity estimates and reports the ECL on a stage by stage basis.

  Stage 1
  Loans are placed in Stage 1 at origination and remain in this stage provided that such loans have not experienced a significant increase in credit risk. The Group recognizes an allowance based on twelve (12) months ECLs. These loans are not in arrears for more than ninety days (90) days and have an internal credit risk rating of 1-15.

  Stage 2
  Loans are transitioned to Stage 2 when there is evidence that such loans have experienced a significant increase in credit risk. The Group records an allowance for lifetime expected credit losses. This stage also includes facilities where the credit risk has improved, and the loan has been reclassified from Stage 3 and they have arrears for over ninety (90) days but less than two hundred and seventy (270) days. Stage 2 loans have an internal credit risk rating of 16-45.

  Stage 3
  Loans that are considered credit impaired and an allowance for lifetime is expected as credit losses. These loans are in default over two hundred and seventy (270) days and have an internal credit risk rating of forty-six (46) and above.

  In measuring ECL in accordance with IFRS 9 forward-looking information is considered. The Group establishes provisions for credit losses that are expected to arise over the life of the assets.

3. Statement of Compliance, Basis of Preparation and Material Accounting Policies (Continued)

(c) Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

Critical Accounting Estimates and Judgements in applying the Group's Accounting Policies (continued)

Risk of estimation uncertainty (continued)

2. Key Sources of Estimation Uncertainty (continued)

- Taxes

  Uncertainties exist with respect to the interpretation of tax regulations and the amount and timing of future taxable income. The Group establishes provisions, based on reasonable estimates taking cognizance of possible differing interpretations of tax regulations by the taxable entity and the relevant tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the Group.

  Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies (Note 24).

  Management exercises judgement in designating withholding tax recoverable as collectible. On this basis, the carrying value approximates the fair value.

(d) Financial Instruments

Financial instruments include transactions that give rise to both financial assets and financial liabilities.

Financial assets and liabilities are recognized on the Group and Bank's statement of financial position when the Group or Bank becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities (except for financial assets and financial liabilities at fair value through profit or loss where such costs are recognized immediately in profit or loss), as appropriate, on initial recognition.

The fair values of financial instruments are discussed in Note 27. Listed below are the Group's financial assets and liabilities and the specific accounting policies relating to each.

i. Financial assets

Initial recognition and measurement
Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVPTL). The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

3. Statement of Compliance, Basis of Preparation and Material Accounting Policies (Continued)

(d) Financial Instruments (continued)

i. Financial assets (continued)

Initial recognition and measurement (continued)
The business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of 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. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are ‘solely payments of principal and interest (SPPI)’ on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

- *Amortized cost:* Assets that are held for the 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 amortized cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognized and measured in accordance to IFRS 9. Interest income from these financial assets is included in 'Interest and similar income' using the effective interest method.

- *Fair value through other comprehensive income:* 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.

- *Fair value through profit or loss:* Assets that do not meet the criteria for amortized 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 recognized in profit or loss and presented in the profit or loss statement within 'Net trading income' 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, in which case they are presented separately in 'Net investment income'. Interest income from these financial assets is included in 'Interest income' using the effective interest method.

The SPPI test
‘Principal’ for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

3. Statement of Compliance, Basis of Preparation and Material Accounting Policies (Continued)

(d) Financial Instruments (continued)

i. Financial assets (continued)

The SPPI test (continued)
The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)
This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified, or impaired.

The Group’s financial assets at amortized cost includes loans receivables, other receivables, certificates of deposits, resale agreements and cash and bank balances.

3. Statement of Compliance, Basis of Preparation and Material Accounting Policies (Continued)

(d) Financial Instruments (continued)

i. Financial assets (continued)

Derecognition
The Group derecognizes a financial asset in accordance with IFRS 9, when its contractual rights to the cash flows from the assets expire, or when the Group transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g., when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized is recognized in profit or loss.

Impairment
At each reporting date the Group assesses whether there is objective evidence that financial assets are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an adverse impact on the future cash flows of the asset that can be estimated reliably.

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

3. Statement of Compliance, Basis of Preparation and Material Accounting Policies (Continued)

(d) Financial Instruments (continued)

i. Financial assets (continued)

Impairment (continued)
The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The Group recognizes loss allowances for expected credit losses (ECL) on financial assets that are debt instruments that are not measured at Fair Value Through Profit & Loss (FVTPL). Loss allowances are measured at an amount equal to lifetime ECL except for the following which are measured as a 12-month ECL:

- debt investment securities that are low in risk
- other financial instruments (other than lease receivables) on which credit risk is not increased significantly.

Twelve-month ECLs are the portion of ECL that result from default events of a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognized is referred to as Stage 1 financial instrument.

Lifetime ECLs are the ECL that result from all possible default events over the expected life of the financial instrument. Financial Instruments for which lifetime ECL is recognized and is not credit-impaired is referred to Stage 2 financial instruments.

At each reporting date, the Group assesses whether the financial assets carried at amortized cost are credit-impaired (referred to as Stage 3 financial assets). At each reporting date, the Group is required to update the amount of ECLs recognized to reflect changes in credit risk of the loan portfolio. At least once annually, the Group re-assesses the risk rating bands and carries out the necessary adjustments in order to ensure that the rating bands are consistent with prevailing trends and conditions.

The Group considers a financial asset in default when contractual payments are 270 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The calculation of ECLs
The Group calculates ECLs based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

3. Statement of Compliance, Basis of Preparation and Material Accounting Policies (Continued)

(d) Financial Instruments (continued)

i. Financial assets (continued)

Impairment (continued)

The calculation of ECLs (continued)

- EAD - The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- LGD - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

Incorporation of forward- looking information
The assessment of significant increase in credit risk and the calculation of the ECL incorporates forward looking information along with key economic indicators impacting credit risk and expected credit risk for each portfolio.

The impact of these economic variables on the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD) is determined by performing trend analysis and comparing historical information with forecast macroeconomic data to decide the impact on default rates and on LGD and EAD.

The Group performs scenarios considering the expected impact of interest rates unemployment rates, gross domestic products on a yearly basis.

Collateral valuation
To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible that comes in the form of real estate or debentures. Collateral, unless repossessed, is not recorded on the Group's consolidated statement of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and is not updated except when a loan is individually assessed as impaired.

The Group's credit risk management policies include requirements relating to collateral valuation and management, including verification requirements and legal certainty. Valuations are updated periodically. Management monitors the market value of collateral and requests additional collateral in accordance with the underlying agreement during its periodic review of loan accounts in arrears. Policies are in place to monitor the existence of undesirable concentration in the collateral supporting the Bank's credit exposure.

3. Statement of Compliance, Basis of Preparation and Material Accounting Policies (Continued)

(d) Financial Instruments (continued)

i. Financial assets (continued)

Collateral repossessed
The Group's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date in, line with the Group's policy.

Write-offs
Financial assets are written off, either partially or in their entirety, only when the Group has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

ii. Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and borrowings.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated and separate statement of profit or loss.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged, cancelled, or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognized in the consolidated and separate statement of comprehensive income.

3. Statement of Compliance, Basis of Preparation and Material Accounting Policies (Continued)

(e) Fair value measurement

The determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations for financial instruments traded in active markets. For all other financial instruments, fair value is determined using valuation techniques. The Group generally uses net present value techniques or the discounted cash flow method.

The Group has no financial instruments which are measured at fair value. The fair values of financial instruments measured at amortized cost are disclosed in Note 27.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets for which fair value is disclosed in the financial statements are categorized within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole, described as follows:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets and liabilities
Level 2 - Valuation techniques for which the lowest level input that significant to the fair value measurement is directly or indirectly observable
Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

(f) Property and equipment

Property and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated and separate statement of financial position at historical cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation is recognized in order to write off the cost or valuation of assets (other than land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

3. Statement of Compliance, Basis of Preparation and Material Accounting Policies (Continued)

(f) Property and equipment (continued)

Freehold land is not depreciated. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	50 years
Furniture, Fixtures and Equipment	10 years
Computer Equipment	4 years
Machinery	10 years

Repairs and maintenance costs are recognized in profit or loss.

An item of property and equipment is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognized in profit or loss.

(g) Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

3. Statement of Compliance, Basis of Preparation and Material Accounting Policies (Continued)

(g) Impairment of tangible and intangible assets (continued)

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or the cash-generating unit) in prior years.

A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(h) 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, National Insurance Scheme (NIS) contributions, annual vacation and sick leave, and non-monetary benefits such as medical care and housing; post-employment benefits such as pensions; and other long-term employee benefits such as termination benefits.

i. Employee benefits that are earned as a result of past or current service are recognized in the following manner: Short-term employee benefits are recognized as a liability, net of payments made, and charged as expense. The expected cost of vacation leave that accumulates is recognized when the employee becomes entitled to the leave. Post-employment benefits are accounted for as described below.

ii. The Bank operates a defined benefit pension plan for qualifying employees. The plan is exposed to interest rate risk, inflation, and changes in life expectancy for pensioners. Note 7(d) details the plan’s exposure in respect of various financial assets. The effect on the consolidated and separate financial statement of the undertaking to provide post-employment benefits, comprising pensions, are actuarially determined by a qualified external actuary (using the projected unit credit method), appointed by management. The appointed actuary's report outlines the scope of the valuation and the actuary's opinion. The actuarial valuations are conducted in accordance with IAS 19, and the consolidated and separate financial statement reflect the Group and Bank's post-employment benefit asset and obligation as computed by the actuary.

    In carrying out their audit, the auditors rely on the actuary's report.

    The Bank and Group's net obligation in respect of the plan is calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods; that value is discounted to determine the present value, and the fair value of any plan assets is deducted. The discount rate is determined by reference to the yield at each reporting date on long-term government bonds of maturities approximating the terms of the Bank and Group's obligation.

3. Statement of Compliance, Basis of Preparation and Material Accounting Policies (Continued)

(h) Employee benefits (continued)

ii. (continued)

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest and the return on plan assets (excluding net interest), are recognized immediately in the consolidated and separate statement of financial position with a corresponding debit or credit to the retained earnings through OCI in the period in which they occur. Remeasurements are not classified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Bank and Group recognizes service costs (current service cost, past service cost, gains and losses on curtailments) and net interest expense/income in the staff costs in the statement of comprehensive income. Where the calculation results in a pension surplus to the Bank and Group, the recognized asset is limited to the present value of any future refunds from the plan or reductions in future contributions to the plan, less any unrecognized actuarial losses and past service costs.

The trustees ensure benefits are funded, benefits are paid, and assets are invested to maximize return subject to acceptable investment risks while considering the liability profile. The board of trustees (including sponsor, employee, and pensioner representatives) have contracted a pension services provider to administer the plan's activities. The plan is not registered with the Financial Services Commission.

(i) Investment in subsidiary

The Bank's investment in its subsidiary is stated at cost.

(j) Land held for development and sale

Land held for development and sale is shown at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to sell.

(k) Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

3. Statement of Compliance, Basis of Preparation and Material Accounting Policies (Continued)

(l) Non-current assets held-for-sale

The Group classifies non-current assets as held-for-sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets held for sale are measured at the lower of their carrying amounts and fair value less cost to sell. The criteria for held-for-sale classification is regarded as met only when the sale is highly probable, and the asset is available for immediate sale in its present condition.

(m) Resale agreements

Securities purchased under agreements to resell them on a specified future date and at a specified price (resale agreements) are accounted for as short-term collateralized lending, classified as amortized cost (see Note 3(d)), and the underlying asset is not recognized in the consolidated and separate financial statement. The difference between the purchase price and the amount receivable on resale is recognized as interest income over the term of the agreement using the effective interest method. It is the policy of the Group to obtain possession of collateral, with a market value equal to, or in excess of, the principal amount loaned and interest to be earned.

(n) Certificates of deposit

Certificates of deposit are short-term deposits held with financial institutions, classified as amortized cost (see Note 3(d)).

(o) Cash and cash equivalents

Cash comprises cash on hand and in banks. Short-term deposits are highly liquid investments with an original maturity of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank and in hand.

(p) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before taxation as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3. Statement of Compliance, Basis of Preparation and Material Accounting Policies (Continued)

(p) Taxation (continued)

Deferred tax
Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated and separate financial statement and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year
Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(q) Revenue

Revenue is recognized to the extent that it is probable that future economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is recognized when, or as, a performance obligation is satisfied by transferring control of the service to the customer, in the amount of the consideration to which the Group expects to be entitled. Revenue may therefore be recognized at a point in time upon completion of the service or over time as the services are provided. When revenue is recognized over time, the Group is generally required to provide the services each period and therefore measures its progress towards completion of the service based upon the time elapsed.

3. Statement of Compliance, Basis of Preparation and Material Accounting Policies (Continued)

(q) Revenue (continued)

i. Interest income

Interest income is recognized in profit or loss for all interest earning instruments on the accrual basis using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset (or, where appropriate, a shorter period) to the carrying amount of the financial asset at initial recognition. Interest income includes coupons earned on fixed income investments, accretion of discount on instruments purchased at a discount, and amortization of premium on instruments purchased at a premium.

When interest-earning financial assets are impaired, they are written down to their recoverable amounts and interest income is thereafter recognized based on the rate of interest that was used to discount the future cash flows for the purpose of measuring the recoverable amount.

ii. Other income

Other income includes commitment fees and management fees in relation to the management of the Mortgage Insurance Fund. Commitment fees are recognized in profit or loss at the point in time when the borrower accepts the terms of the credit in writing.

Management fees are primarily based on the respective value of assets under administration (AUA) and are recognized over the period that the related services are provided. Other amounts included in other income are generally recognized on the accrual basis.

(r) Interest expense

Interest expense is recognized in profit or loss on the accrual basis using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments through the expected life of the financial liability to the carrying amount of the financial liability on initial recognition. Interest expense includes coupons paid on fixed rate instruments and accretion of discount or amortization of premium on instruments issued at other than par.

(s) Foreign currencies

In preparing the consolidated financial statements of the Group, transactions in currencies other than the Group's functional currency, the Jamaican dollar, are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing at the date when the fair value was determined. The gain or loss arising on translation of a non-monetary item measured in fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation differences on items whose fair values gain is recognized in other comprehensive income or profit, or loss are also recognized in other comprehensive income or profit or loss, respectively). Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences are recognized in profit or loss in the period in which they arise.

3. Statement of Compliance, Basis of Preparation and Material Accounting Policies (Continued)

(t) Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

4. Property and Equipment

	Freehold land	Furniture fixtures and equipment	Freehold buildings	Machinery	Total
	$'000	$'000	$'000	$'000	$'000
Group and Bank					
At Cost or valuation:					
31 March 2022	3,000	40,843	72,110	110	116,063
Additions	-	1,833	-	-	1,833
31 March 2023	3,000	42,676	72,110	110	117,896
Additions	-	2,303	475	-	2,778
Disposals	-	(2,180)	-	-	(2,180)
31 March 2024	3,000	42,799	72,585	110	118,494
Accumulated Depreciation:					
31 March 2022	-	35,562	40,752	110	76,424
Charge for the year	-	2,243	1,712	-	3,955
31 March 2023	-	37,805	42,464	110	80,379
Charge for the year	-	1,356	1,905	-	3,261
Disposals	-	(2,095)	-	-	(2,095)
31 March 2024	-	37,066	44,369	110	81,545
Net book values:					
31 March 2024	3,000	5,733	28,216	-	36,949
31 March 2023	3,000	4,871	29,646	-	37,517

5. Land Held for Development and Sale

The amounts represent the inventory of several properties acquired by the Group which are being held for sale in some cases, possibly, after development.

(a) The property held by the subsidiary was acquired from the Ministry of Transport, Works, and Housing (the Ministry) for $1,000 on condition that the Ministry would be beneficially entitled to twenty percent (20%), or otherwise to be agreed, of the residential serviced lots or houses thereafter developed on each of the properties comprising the said lands, such lots to be identified and agreed from time to time by the Ministry and the subsidiary. The subsidiary would be beneficially entitled to the remaining eighty percent (80%) of such residential serviced lots.

The condition to the agreement, as outlined above, was not fulfilled and subsequently an agreement was arrived at to transfer other lands to the Bank to cover the terms of the agreement. In the 2010/2011 financial year, the Ministry transferred the Whitehall property to the Bank in part settlement of the obligation of the subsidiary.

5. Land Held for Development and Sale (Continued)

(b) The following properties are held by the Bank:

	2024 $'000	2023 $'000
Whitehall	270,000	270,000
Phoenix Park	24,100	24,100
Norwich	45,888	45,888
Mount Gotham	65,000	65,000
Ocean Terrace	37,500	48,500
	442,488	453,488

	2024 $'000	2023 $'000
(c) Bank	442,488	453,488
Subsidiary	1	1
Group	442,489	453,489

6. Interest in subsidiary

	2024 $'000	2023 $'000
Long-term loan (a)	117,197	117,197
Recoverable charges (b)	14,229	9,617
	131,426	126,814

On 5 January 1999, the Bank formed a wholly-owned subsidiary, JMB Developments Limited, ("JMBD") to carry on the business of residential, commercial, and industrial real estate development. On 5 July 1999, the subsidiary commenced operations; however, it is currently inactive. JMBD had a deficiency in assets at the reporting date. The Bank has pledged to and continues to support the subsidiary.

(a) The long-term loan, which represents drawdowns under a $250,000,000 facility, should have been repaid over the 5 years ended 31 March 2006, after a moratorium of 24 months on principal. The balance shown represents past-due amounts of $117 million (2023: $117 million). The loan is interest free and is collateralized by lands with value in excess of the loan balance and as such is recoverable.

(b) Transactions represent payments made by the Bank on behalf of the subsidiary for certain administration or operating expenses.

7. Post-Retirement Benefits

(a) Retirement pensions are the only post-employment benefits provided by the Group. For this purpose, the Group operates a contributory, defined-benefit pension plan, the assets of which are held separately from those of the Group. The plan is governed by the Jamaica Mortgage Bank Act, 1973 and the Jamaica Mortgage Bank (Pensioners) Regulations, 1978. The plan's activities are controlled by the Board of Trustees, which consists of a number of employer and employee representatives. The Board of Trustees is responsible for the administration of the plan assets and the definition of the investment strategy. Since August 1993, a life assurance company has been engaged to execute this role.

The plan requires the establishment of a fund which is subject to triennial actuarial funding valuation, carried out by an external firm of actuaries. The latest actuarial valuation for funding purposes undertaken as at 31 July 2022, indicated a past service surplus of $124.931 million. The actuaries recommended that, given the value of the fund at the valuation date, no further contribution was needed from the Bank, or the Bank could contribute a minimum of $1 per annum. However, the Bank has continued to contribute at a reduced rate of 2.6% of pensionable salaries for the year. The employees of the Bank pay a compulsory contribution of 5% of basic salary with the option to contribute up to a maximum rate so that the total contribution (employee and employer) sum to 20% of pensionable salaries. Benefits are determined on a prescribed basis and are payable at a rate of 2% of the final pensionable salary times pensionable service. The next valuation is due on 31 July 2025.

The final pensionable salary is calculated as the average of the basic salary over the three years of employment preceding the date of retirement for all pensionable service. Contributions are vested after five years of pensionable service.

The vesting period was changed from ten to five years by an amendment to the trust deed by the Trustees effective 1 March 2007. The amendment was approved by the Bank's Board of Directors in August 2007.

The plan has financial risk management policies which are directed by the Trustees. The policies are in respect of the plan's overall business strategies and its risk management philosophy. This risk management programme seeks to minimize potential adverse effects of financial performance of the Plan through risk reports from the fund manager which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk, liquidity risk and operational risk.

The most recent actuarial valuation of the plan's assets and the present value of the defined benefit obligations for IFRS purposes was carried out on 26 April 2024 (2023: 19 May 2023) by Employee Benefit Administrator Limited, Consulting Actuaries. This valuation was in respect of balances at 31 March 2024 and 2023. The valuation was carried out using the projected unit credit method.

7. Post-Retirement Benefits (Continued)

(b) The amount recognized in the financial statement in respect of the plan are as follow:

i. Plan Assets recognized in the Statement of Financial Position:

	Group and Bank	
	2024	**2023**
	$'000	**$'000**
Present value of fund obligations	(245,694)	(207,772)
Fair value of plan asset	305,066	282,627
Unrecognized asset due to asset ceiling	-	(49,484)
	59,372	25,371

ii. Movements in net asset recognized in the Statement of Financial Position:

	Group and Bank	
	2024	**2023**
	$'000	**$'000**
Net defined benefit asset at the beginning of the year	25,371	43,334
Employer contribution	1,868	1,145
Pension income (expense)	1,268	(2,322)
Remeasurement gain (loss) recognized in OCI	30,865	(16,786)
Net defined asset at the end of the year	59,372	25,371

7. Post-Retirement Benefits (Continued)

(b) The amount recognized in the financial statement in respect of the plan are as follows: (continued)

iii. Expense/(Income) recognized in the Statement of Comprehensive Income:

	Group and Bank	
	2024 **$'000**	**2023** **$'000**
Current service cost	2,641	6,035
Net interest cost		
Interest on defined benefit obligation	26,267	20,953
Interest income on plan asset	(36,609)	(24,666)
Interest on effect of the asset ceiling	6,433	-
(Income) Expense recognized in net profit	(1,268)	2,322
Change in financial assumptions	36,201	(64,497)
Experience adjustments	(67,066)	81,283
	(30,865)	16,786

iv. Effect of the asset ceiling:

	Group and Bank	
	2024 **$'000**	**2023** **$'000**
Unrecognised asset due to asset ceiling at beginning of the year	49,484	-
Interest on effect of asset ceiling	6,433	-
Remeasurement - experience adjustments	(55,917)	49,484
Unrecognised asset due to asset ceiling at end of the year	-	49,484

(c) Movement in present value of obligation

	Group and Bank	
	2024 **$'000**	**2023** **$'000**
Present value at beginning of the year	207,772	268,385
Service cost	2,641	6,035
Interest cost on defined obligation	26,267	20,953
Member contribution	7,820	5,113
Benefits paid	(5,703)	(16,188)
Values of annuities purchased	-	2,999
Remeasurement - change in financial assumptions	43,123	(78,184)
Remeasurement - change in experience assumptions	(36,226)	(1,341)
Present value at end of the year	245,694	207,772

7. Post-Retirement Benefits (Continued)

(d) Movements in fair value of plan assets

	Group and Bank	
	2024	**2023**
	$'000	**$'000**
Fair value of plan assets at beginning of year	282,627	311,719
Contributions paid - employer	1,868	1,145
- employee	7,820	5,113
Interest income on plan assets	36,609	24,666
Benefits paid	(5,703)	(16,188)
Values of annuities purchased	-	2,999
Remeasurement – changes in financial assumptions	6,922	(13,687)
Remeasurement – changes in experience adjustment	(25,077)	(33,140)
Fair value of plan assets at end of year	305,066	282,627
Plan assets consist of the following:		
Investment in pooled investment funds with investment strategies as follows:		
Equities	65,342	69,628
Fixed income securities	39,010	33,061
Mortgage and real estate	30,509	27,490
Foreign currency fund	45,612	55,187
International equity fund	10,561	10,899
Global market fund	16,687	15,422
CPI fund	43,309	34,974
Money market fund	12,493	-
Annuity purchased	44,427	38,196
Other	(2,884)	(2,230)
Total invested assets	305,066	282,627

(e) Principal actuarial assumptions used for the purpose of the actuarial valuations are as follows:

	Group and Bank	
	2024	**2023**
	%	**%**
Discount rate at 31 March	10.50	13.00
Future salary increases	8.00	7.50
Future pension increases	2.75	4.50
Administrative expense	1.00	1.00
Inflation	5.50	5.50
Minimum funding rate	0.25	0.25

7. Post-Retirement Benefits (Continued)

(e) Principal actuarial assumptions used for the purpose of the actuarial valuations are as follows: (continued)

Demographic Assumptions

i. Mortality

American 1994 Group Annuitant Mortality Static (GAM94S) table with mortality improvement of 5 years.

Mortality rates per 1,000 are set out below:

Age	Males	Females
20 – 30	0.35 – 0.66	0.22 – 0.29
30 – 40	0.66 – 0.85	0.29 – 0.48
40 – 50	0.85 – 1.58	0.48 – 0.97
50 – 60	1.58 – 4.43	0.97 – 2.29
60 – 70	4.43 – 14.54	2.29 – 8.63

ii. Retirement - males and females are assumed to retire at age 60.

iii. Terminations - No assumption was made for exit prior to retirement.

A quantitative sensitivity analysis for significant assumptions is shown below:

As at 31 March 2024

	Discount rate		Salary growth	
	1% increase	1% decrease	1% increase	1% decrease
Sensitivity level	$'000	$'000	$'000	$'000
Impact on defined benefit obligation	(13,305)	17,398	5,143	(4,454)

As at 31 March 2023

	Discount rate		Salary growth	
	1% increase	1% decrease	1% increase	1% decrease
Sensitivity level	$'000	$'000	$'000	$'000
Impact on defined benefit obligation	(10,235)	12,431	2,959	(2,594)

7. Post-Retirement Benefits (Continued)

(e) Principal actuarial assumptions used for the purpose of the actuarial valuations are as follows: (continued)

A quantitative sensitivity analysis for significant assumptions is shown below: (continued)

As at 31 March 2024

	Future Pension Increase		Mortality Improvement	
	1% increase	**1% decrease**	**1 year increase**	**1 year decrease**
Sensitivity level	**$'000**	**$'000**	**$'000**	**$'000**
Impact on defined benefit obligation	21,922	(18,911)	1,766	(1,807)

As at 31 March 2023

	Future Pension Increase		Mortality Improvement	
	1% increase	**1% decrease**	**1 year increase**	**1 year decrease**
Sensitivity level	**$'000**	**$'000**	**$'000**	**$'000**
Impact on defined benefit obligation	17,691	(15,352)	1,467	(1,509)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

(f) Defined benefit pension plan amounts for the current and previous four years were as follows:

	Group and Bank				
	2024	**2023**	**2022**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Present value of obligation	(245,694)	(207,772)	(268,385)	(266,832)	(253,288)
Fair value of plan assets	305,066	282,627	311,719	314,869	289,673
Unrecognized asset due to ceiling	-	(49,484)	-	-	-
Net asset in the statement of financial position	59,372	25,371	43,334	48,037	36,385

(g) The estimated contributions (for both employer and employee) expected to be paid into the pension fund during the next financial year amount to $9.103 million (2023: $6.794 million).

(h) The expected pension benefit income in the next year is expected to be $0.945 million (expense 2023: $1.030 million).

(i) The weighted average duration of the defined benefit obligation at the end of the reporting period is 31 years (2023: 32 years).

8. Loans Receivable

	Group and Bank	
	2024	2023
	$'000	$'000
Construction loans - non-governmental borrowers (see Note 8 (a))	6,828,688	4,918,415
Accrued interest receivable	1,042,739	511,094
	7,871,427	5,429,509
Less: Provision for expected credit loss (see Note 8(b))	(121,610)	(125,942)
	7,749,817	5,303,567
Mortgages (see Note 8(d)) - Staff	1,866	1,995
- Ex staff members	1,525	2,070
	3,391	4,065
	7,753,208	5,307,632
Consists of:		
Current	7,750,612	5,304,330
Non-current	2,596	3,302
	7,753,208	5,307,632

(a) Construction loans are issued at interest rates ranging from 11% -15.50% (2023: 10.00% - 15.50%). The loans are repayable over periods of 12 to 24 months. The loans are generally secured by the properties being developed. An assignment of Mortgage Charge over residential development properties (currently under construction) provides security for $2.376 billion of loan payable facilities (Notes 17(a) and 17 (c)). Included in construction loans is a syndicated loan arrangement with Sagicor Bank Jamaica Limited for loan commitment of $827.5M to one developer. See Note 17(h).

(b) Movement on allowance for impairment losses on loans:

	Group and Bank	
	2024	2023
	$'000	$'000
At beginning of year	125,942	148,570
Expected credit loss (credit) charge	(3,332)	43,661
Amounts recovered during the year	(1,000)	(66,289)
At end of year	121,610	125,942

(c) Net (recoveries)/charges of expected credit losses recognized in the statement of comprehensive income:

	Group and Bank	
	2024	2023
	$'000	$'000
Expected credit loss (credit) charge	(3,332)	43,661
Amounts recovered during the year	(1,000)	(66,289)
At end of year	(4,332)	(22,628)

(d) The mortgage loans are repayable over periods of 10 to 18 years and at varying interest rates.

9. Tax Recoverable

Tax recoverable represents withholding tax and income tax recoverable, either the net of partial amounts recovered or total outstanding amounts as a 31 March 2024. The Bank continues to work with the investment houses and dialogue with the tax authorities to settle the withholding taxes outstanding. Income tax recoverable at year end is $9.14 million (2023: $18.92 million).

10. Receivables and Prepayments

	Group and Bank	
	2024	**2023**
	$'000	**$'000**
Receivables	102,560	60,077
Prepayments	2,812	2,968
	105,372	63,045

11. Certificates of Deposit

	Group and Bank	
	2024	**2023**
	$'000	**$'000**
Certificates of deposit	33,349	25,613
Interest receivable	53	53
	33,402	25,666

The certificates of deposit are made for a period of three months and one year and earn interest at a rate of 3.15% to 4.00% (2023: 3.15% to 3.50%) per annum.

The Bank and Group have pledged $33.35 million (2023: $24.61 million) of its certificate of deposits to fulfil collateral requirements. Refer to Notes 17(a), 17(e) and 26(c) for further details.

12. Resale Agreements

	Group and Bank	
	2024	**2023**
	$'000	**$'000**
Reverse repurchase agreements	7,009	6,640
Interest receivable	737	261
	7,746	6,901

The US$ securities totalling US$45,770 (2023: US$44,275) which mature within three months after year end, earn interest at a rate of 4.85% and 4.35% (2023: 3.65% and 4.35%) per annum.

13. Cash and Cash Equivalents

	Group and Bank	
	2024	**2023**
	$'000	**$'000**
Petty cash	35	35
Current account	10,689	501,361
Savings accounts	16,580	3,089
	27,304	504,485

Cash at banks earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Bank or Group, and earn interest at the respective short-term deposit rates.

14. Share Capital

	Group and Bank	
	2024	**2023**
	$'000	**$'000**
Authorized, issued, and fully paid:		
500,000,000 ordinary shares of no par value at the beginning and end of the year	500,000	500,000

15. Reserve Fund

The reserve fund was created in accordance with the provisions of Section 13 of the Jamaica Mortgage Bank Act 1973, which requires that a minimum of 25% of the Bank's profit after taxation (if any) be set aside in each calendar year towards a reserve fund to meet contingencies, until the total amount standing to the credit of the reserve fund equals the paid up capital of the Bank. As the reserve fund is now equal to the paid up capital (Note 14), no further transfers are required (see also Note 16).

16. Special Reserve Fund

By resolution of the Board, a special reserve fund was created to deal with any unforeseen contingencies that might occur above the amount of the existing reserve fund (Note 15).

17. Borrowings

	Group and Bank	
	2024	**2023**
	$'000	**$'000**
a) Sagicor Bank Revolving $800M	800,000	800,000
b) Proven Bond $1B	1,000,000	1,000,000
c) Development Bank of Jamaica Limited	931,088	500,000
d) MIF term loan	800,000	800,000
e) NCB Revolving $500M	269,869	499,470
f) Proven Investments Limited $800M	800,000	-
g) Proven Investments Limited $500M	500,000	-
h) Sagicor – Syndicated loan	405,475	168,511
	5,506,442	3,767,981
Unamortized bond issuance costs (Note 17(i))	(29,185)	(29,898)
	5,477,257	3,738,083
Accrued interest	69,967	35,363
	5,547,224	3,773,446

	Group and Bank	
	2024	**2023**
	$'000	**$'000**
Current	4,255,484	1,548,903
Non-current	1,291,740	2,224,543
	5,547,224	3,773,446

(a) In May 2021, the Bank accessed a $800 million revolving loan from Sagicor Bank Jamaica Limited at a fixed rate of 6.45%. On July 2021 the Bank drew down $575 million from the facility and subsequently increased its draw down in October 2021 to $800 million. The initial drawdown is for 24 months, unsecured and interest payments are due quarterly. The final drawdown is for 21 months, and interest payments are due quarterly. The facility was extended to mature on 30 June 2024. It is secured by a letter of negative pledge and an Interest Reserve Account which should be equivalent to at least three months interest payment. An assignment of Mortgage Charge over residential development property (currently under construction) provides security for $586M of the facility (Note 8). As at 31 March 2024, certificate of deposits held in respect of this facility amounted to $20.72 million (2023: $12.90) million (Note 11 and Note 26(c)). On 24 June 2024, the facility was extended for an additional nine months to 31 March 2025.

(b) In March 2022, the Bank issued a $1B Bond at a fixed rate of 7.25% for three (3) years. The bond is repayable in full on 31 March 2025.

(c) In March 2023, the Bank accessed a $1 billion loan from the Development Bank of Jamaica Limited (DBJ) at a fixed rate of 11%. The loan is for a period of two (2) years and quarterly interest and principal payment of $48.14 million is due to be made up to March 2024 and $178 million thereafter, until maturity. An amount of $500M was accessed for the 2023-2024 year (2023: $500M). An assignment of Mortgage Charge over residential development properties (currently under construction) provides security for $1.79 billion of the facility (Note 8).

17. Borrowings (Continued)

(d) The Bank received an unsecured revolving loan facility in April 2022 of $800 million at a fixed rate of 6.36%. The loan is for a period of two (2) years with maturity in March 2024. The loan was further extended for a period of one (1) year at an interest rate of 9.50%.

(e) In October 2018, the Bank received a revolving loan at a fixed rate of 7.90%. The revolving loan facility is for 24 months to revolve at least once bi-annually. Interest payments are due quarterly. The facility expired on 2 October 2020 and was extended for a further 24 months until 2 October 2022, subject to annual review. The loan was extended for another 3 months to 3 January 2023 and on maturity it was refinanced for a further 12 months to mature in March 2024. At maturity in March 2024, the loan was extended for two (2) months to mature on May 3, 2024. The loan is secured by a letter of negative pledge and an Interest Reserve Account which should be equivalent to at least three months interest payment. As of 31 March 2024, certificates of deposits held in respect of this facility amounted to $12.63 million (2023: $11.71 million). (See Note 11)

(f) In June 2023, the Bank issued a $800M Bond at a fixed rate of 12% for three (3) years. The bond is repayable in full on 26 June 2026.

(g) In March 2024, the Bank issued a $500M Bond at a fixed rate of 10.50 % for thirteen (13) months. The bond is repayable in full on 21 April 2025.

(h) In May 2022, the Bank entered a syndicated loan arrangement with Sagicor Bank Jamaica Limited (49% participation) for a total loan commitment of $827.50 million in respect of one developer, with the Bank being the lead bank with 51% participation (Note 8(a)). A total amount of $521M was disbursed under this facility to the developer for the year. The loan is at a rate of 13% and matures 31 October 2024.

(i) Unamortized bond issuance costs

	Group and Bank	
	2024	**2023**
	$'000	**$'000**
Balance, beginning of the year	29,898	15,795
Incurred during the year	26,572	25,725
Amortised during the year	(27,285)	(11,622)
Balance, end of the year	29,185	29,898

There were no variable rate facilities at year end.

There have been no breaches of the covenants in the current and prior year.

18. Payables and Accruals

	Group and Bank	
	2024	**2023**
	$'000	**$'000**
Other payables	23,719	20,018
Accruals	22,190	18,268
	45,909	38,286

19. Interest Income

	Group and Bank	
	2024	**2023**
	$'000	**$'000**
Construction loans	772,817	513,660
Mortgage loans	431	541
	773,248	514,201
Deposits (including cash and cash equivalents)	2,697	4,262
	775,945	518,463

20. Other Income

	Group and Bank	
	2024	**2023**
	$'000	**$'000**
Administration fee – Mortgage Insurance Fund	40,609	38,816
Commitment and administration fees	5,533	35,714
Settlement of loans receivable	-	21,933
Other	9,978	22,007
	56,120	118,470

21. Staff Costs

The aggregate cost of employees was as follows:

	Group and Bank	
	2024	**2023**
	$'000	**$'000**
Salaries and wage-related expenses	116,051	108,547
Statutory payroll contributions	12,825	11,643
Employee benefit (income)/expense (Note 7(b)(ii))	(1,268)	2,322
Staff welfare	14,723	15,995
	142,331	138,507

22. Administrative and General Expenses

	Group		Bank	
	2024	2023	2024	2023
	$'000	$'000	$'000	$'000
Utilities	6,668	6,981	6,668	6,981
Printing, postage, and stamp	1,536	1,827	1,533	1,814
Repairs and maintenance	1,699	1,741	1,699	1,741
Insurance	2,766	1,063	2,766	1,063
Legal and professional fees	11,147	2,056	6,622	1,216
Auditor's remuneration	6,800	6,518	6,750	6,468
Mortgage processing fees	301	207	301	207
Depreciation	3,261	3,955	3,261	3,955
Subscriptions and publications	737	750	737	760
Customer services and activities	2,030	1,969	2,030	1,969
Non-recoverable G.C.T.	6,146	4,861	6,146	4,861
Withholding tax write off	-	44,014	-	44,014
General expenses	3,167	2,495	3,167	2,485
Property tax	668	546	634	511
Donations, scholarships, and awards	334	156	334	156
Directors' fees	2,925	1,061	2,925	1,061
Computer expenses	4,163	3,716	4,163	3,716
Meeting expenses	60	31	60	31
Security	2,680	1,198	2,680	1,198
Bank charges	3,907	3,420	3,907	3,420
Miscellaneous expenses	442	277	442	277
	61,437	88,842	56,825	87,904

23. Profit Before Taxation

The following are among the items charged in arriving at the profit before income taxes:

		Group		Bank	
		2024	2023	2024	2023
		$'000	$'000	$'000	$'000
Depreciation (Note 4)		3,261	3,955	3,261	3,955
Directors' emoluments (Note 22)	-fees	2,925	1,061	2,925	1,061
Auditors' remuneration	-current year	6,800	6,518	6,750	6,468

24. Taxation

(a) Income tax

Current and deferred taxes have been calculated using the tax rate of 25% (2023: 25%).

i. The total charge for the period comprises:

	Group and Bank	
	2023 $'000	2022 $'000
Current tax	-	8,214
Employment tax credit	-	(2,188)
Prior years under-accrual	10,722	-
Deferred tax	48,610	48,829
	59,332	54,855

ii. The actual tax charge differed from the expected tax charge for the year as follows:

	Group		Bank	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Profit before taxation	195,025	210,297	199,637	211,235
Computed "expected" tax expense	48,756	52,574	49,909	52,809
Tax effect of treating the following items differently for financial statement purposes than for tax reporting purposes:				
Employment tax credit	-	(2,188)	-	(2,188)
Income not recognized	(2,150)	(6,727)	(2,150)	(6,727)
Expenses not allowed	65	11,617	65	11,617
Other	1,939	(421)	786	(656)
Prior years under accrual	10,722	-	10,722	-
Actual tax charge recognized in the statement of profit or loss	59,332	54,855	59,332	54,855
Tax charge (credit) recognized directly in other comprehensive income	7,716	(4,196)	7,716	(4,196)

24. Taxation (continued)

(b) Deferred taxation

i. Deferred taxes are calculated on all temporary differences using the current tax rate of 25% (2023: 25%).

Analysis for financial reporting purposes:

	Group and Bank	
	2024	2023
	$'000	$'000
Deferred tax assets	89,455	14,191
Deferred tax liabilities	(263,874)	(132,284)
Net deferred tax liability	(174,419)	(118,093)

ii. The movement for the year and prior reporting period in the net deferred tax position is as follows:

	Group and Bank	
	2024	2023
	$'000	$'000
Charged to expense for the year	(48,610)	(48,829)
(Charged) Credited to other comprehensive income for the period	(7,716)	4,196
Net movement	(56,326)	(44,633)

iii. The following are the main deferred tax assets and liabilities recognized by the Group and the movements thereon, during the current and prior reporting periods:

Deferred tax assets

	Group and Bank					
	Accrued vacation	Interest Payable	Accelerated capital allowances	Tax loss	Other	Total
	$'000	$'000	$'000	$'000	$'000	$'000
At 1 April 2022	810	235	3,072	-	2,647	6,764
Credited/(charged) to income for the year	(17)	6,686	231	-	527	7,427
At 31 March 2023	793	6,921	3,303	-	3,174	14,191
Credited/(charged) to income for the year	154	(1,325)	16	76,485	(66)	75,264
At 31 March 2024	947	5,596	3,319	76,485	3,108	89,455

24. Taxation (continued)

(b) Deferred taxation (continued)

Deferred tax liabilities

	Group and Bank			
	Pension Plan Asset	**Interest receivable**	**Other**	**Total**
	$'000	**$'000**		**$'000**
At 1 April 2022	(10,833)	(69,134)	(257)	(80,224)
(Charged)/Credited to income for the year	294	(56,807)	257	(56,256)
Credited to other comprehensive income	4,196	-	-	4,196
At 31 March 2023	(6,343)	(125,941)	-	(132,284)
Charged to income for the year	(784)	(123,055)	(35)	(123,874)
Charged to other comprehensive income	(7,716)	-	-	(7,716)
At 31 March 2024	(14,843)	(248,996)	(35)	(263,874)

Subject to agreement with Tax Administration Jamaica, at the end of the reporting period, the Group had unused tax losses of approximately $305.94 million (2023: $Nil) available for offset against future profits.

25. Related Party Balances and Transactions

A party is related to the Group and Bank if:

(a) directly, or indirectly through one or more intermediaries, the party:
  (i) controls, is controlled by, or is under common control with, the Bank;
  (ii) has an interest in the Bank that gives it significant influence over the Bank; or
  (iii) has joint control over the Bank;
(b) the party is an associate (as defined in IAS *28, Investments in Associates and Joint Ventures)* of the Bank;
(c) the party is a joint venture in which the Bank is a venturer (see IFRS 11, Joint Arrangements*);*
(d) the party is a member of the key management personnel of the Bank;
(e) the party is a close member of the family of any individual referred to in (a) or (d);
(f) the party is a Bank that is controlled, jointly controlled, or significantly influenced by, or for which significant voting power in such Bank resides with, directly or indirectly, any individual referred to in (d) or (e); or
(g) the party is a post-employment benefit plan for the benefit of employees of the Bank, or of any Bank that is a related party of the Bank.
(h) the Bank, or any member of the group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

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

25. Related Party Balances and Transactions (Continued)

Balances outstanding at the end of the reporting period:

	Group and Bank	
	2024	2023
	$'000	$'000
Due from the Mortgage Insurance Fund	30,109	7,425
Due to the Mortgage Insurance Fund	(800,011)	(825,313)

	Group and Bank	
	2024	2023
	$'000	$'000
Related party transaction:		
Administration fees - Mortgage Insurance Fund	40,610	38,816
Interest on loan – Mortgage Insurance Fund	(51,019)	(39,990)

These transactions were carried out in the ordinary course of business.

Balances receivable from key management personnel are as follows:

	Group and Bank	
	2024	2023
	$'000	$'000
Staff loans	583	1,583

Key management compensation is as follows:

	Group and Bank	
	2024	2023
	$'000	$'000
Directors' fees (Note 22)	2,925	1,061
Management remuneration	54,554	52,006
Post-employment (income)/expense	(102)	100

26. Financial Risk Management

Introduction and overview

The Group's activities are principally related to the use of financial instruments. The Group, therefore, has exposure to the following risks from the use of financial instruments in the ordinary course of business:

(a) credit risk
(b) market risk
(c) liquidity risk
(d) operational risk

Detailed below is information about the Group's exposure to each of the above risks and the Group's objectives, policies, and processes for measuring and managing risk.

Risk management framework

The Board of Directors of the Bank has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established Finance and Audit and Loans and Projects Committees, which are responsible for developing and monitoring risk management policies in their specified areas.

The risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. 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.

The Audit Committee is responsible for monitoring the Group's compliance with risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Group.

Exposure to risks on financial instruments and operational risk arises in the ordinary course of the Group's operations.

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is exposed to credit risk from its operating activities (primarily loans receivables) and from investing activities including deposits with banks and financial institutions and other financial instruments. Balances arising from these activities include loans and other receivables, debt securities, resale agreements, cash and cash equivalents and accounts receivable.

The Group has credit policies aimed at minimizing exposure to credit risk, which policies include, *inter alia,* obtaining collateral in respect of loans made, and performing credit evaluations on all applicants for credit. In respect of investments and related interest receivable, these are Government of Jamaica securities or contracts secured on Government of Jamaica securities. Short-term deposits and investments are held with financial institutions that management believes do not present any significant credit risk.

26. Financial Risk Management (Continued)

(a) Credit risk (continued)

i. Exposure to credit risk

The maximum credit exposure, the amount of loss that the Group would suffer if every counterparty to the financial assets held were to default at once, is represented by the carrying amount of financial assets shown on the statement of financial position, as follows:

	Group		Bank	
	2024	**2023**	**2024**	**2023**
	$'000	**$'000**	**$'000**	**$'000**
Cash and cash equivalents	27,304	504,485	27,304	504,485
Certificates of deposit	33,402	25,666	33,402	25,666
Resale agreements	7,746	6,901	7,746	6,901
Receivables	102,560	60,077	102,560	60,077
Loans receivable	7,753,208	5,307,632	7,753,208	5,307,632
Interest in subsidiary	-	-	131,426	126,814
	7,924,220	5,904,761	8,055,646	6,031,575

ii. Management of credit risk

(1) Loans receivable

The management of credit risk in respect of loans receivable is delegated to the Bank's Loans and Projects Committee. The Committee is responsible for oversight of the credit risk, including formulating credit policies, establishing the authorization structure for the approval of credit facilities, reviewing, and assessing credit risk, and limiting concentration of exposure to counterparties.

Exposure to credit risk is managed through regular analysis of the ability of the borrowers and potential borrowers to meet repayment obligations and by changing these lending limits where appropriate. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

An impairment analysis is performed at each reporting date using a model to measure expected credit losses. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecast of future economic conditions. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 8. The Group holds collateral as security against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired. These collaterals are considered in the calculation of impairment as at 31 March 2024. At 31 March 2024, collaterals held resulted in a decrease in the ECL of $1.00 million (2023: $66.29 million). The Group evaluates the concentration of risk with respect to trade receivables as high, as most of its customers operate in the same market (Note 26(a)(iv)).

26. Financial Risk Management (Continued)

(a) Credit risk (continued)

ii. Management of credit risk (continued)

(2) Loan receivable from subsidiary

The directors believe that the credit risk associated with this financial instrument is minimal. The carrying amount of $131.43 million (2023: $126.81 million) at the report date represents the Bank's maximum exposure of this class of financial assets.

(3) Resale agreements

Collateral is held for all resale agreements.

(4) Receivables

The Group has adopted a policy of dealing with credit worthy counter parties as a means of mitigating the risk of financial loss from defaults. The Group's exposure is continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counter parties. The book value of receivables is stated after allowance for likely losses estimated by the Group's management based on prior year experience and their assessment of the current economic environment.

(5) Cash and cash equivalents and certificates of deposits

The credit risk on liquid funds is limited because the counterparties are major banks with high credit ratings of BB or B2 and higher. The carrying amount of cash and bank balances and certificates of deposits (excluding cash on hand) totalling $60.67 million (2023: $530.12 million) represents the Group and Bank's maximum exposure to this class of financial assets.

There was no change to the Group's approach to managing credit risk during the year.

iii. Credit quality of loans

The table below shows the credit quality and the maximum exposure to credit risk based on the Group and Bank's internal credit rating system, stage 1, stage 2, and stage 3. The amounts presented are gross of allowance for ECL. Details of the Group and Bank's internal grading system are explained in Note 3(c) and Group and Bank's impairment assessment, and measurement approach is set out in Note 3(d).During the year,$1.67billion (2023: $1.55 million) was transferred from stage 1 to stage 2; there were no transfers from stage 2 to stage 3 during the year. There were repayments of stage 3 loans of $1.00 million (2023: $66.29 million). The increase in expected credit loss recognized in the statement of comprehensive income was $3.33 million (2023: $43.66 million) (Note 8 (c)).

26. Financial Risk Management (Continued)

(a) Credit risk (continued)

iii. Credit quality of loans (continued)

Group and Bank

	2024			
	Stage 1 $'000	**Stage 2 $'000**	**Stage 3 $'000**	**Total $'000**
Loans receivable	3,117,118	4,541,155	213,154	7,871,427
ECL	(16,221)	(39,255)	(66,134)	(121,610)
	3,100,897	4,501,900	147,020	7,749,817

	2023			
	Stage 1 $'000	**Stage 2 $'000**	**Stage 3 $'000**	**Total $'000**
Loans receivable	3,165,321	2,037,114	227,074	5,429,509
ECL	(55,842)	(9,686)	(60,414)	(125,942)
	3,109,479	2,027,428	166,660	5,303,567

26. Financial Risk Management (Continued)

(a) Credit risk (continued)

iv. Concentration of loans

There are significant concentrations of credit risk in that there are significant investments in various forms of Government of Jamaica securities, and loans are substantially to borrowers in the construction sector.

The following table shows concentration of gross loans by summarizing the credit exposure to borrowers, by category:

	2024		
	Construction Loans	**Mortgage Loans**	**Total**
	$'000	**$'000**	**$'000**
Developers	7,871,427	-	7,871,427
Staff	-	1,866	1,866
Other	-	1,525	1,525
	7,871,427	3,391	7,874,818

	2023		
	Construction Loans	**Mortgage Loans**	**Total**
	$'000	**$'000**	**$'000**
Developers	5,429,509	-	5,429,509
Staff	-	1,995	1,995
Other	-	2,070	2,070
	5,429,509	4,065	5,433,574

Substantially all the Group's lending is to parties in Jamaica.

26. Financial Risk Management (Continued)

(a) Credit risk (continued)

v. Collateral and other credit enhancement

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral. The main types of collateral obtained are mortgage interest over property, other registered securities over assets and guarantees. The value of collaterals is generally assessed, at a minimum, at inception and is not updated except when a loan is individually assessed as impaired.

In its normal course of business, the Group and Bank engages external agents to recover funds from repossessed properties or other assets in its loan's portfolio to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, properties under legal repossession processes are not recorded on the statement of financial position and not treated as non-current assets held for sale.

Collateral is not generally held against deposits and investment securities, and no such collateral was held at 31 March 2024, or 2023.

(b) Market risk

Market risk is the risk that changes in market prices, such as interest rate, equity prices, foreign exchange rates and credit spreads (not relating to the obligor's/issuer's credit standing) will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing returns.

The Group manages interest rate risk by monitoring interest rates daily and ensuring that the maturity profile of its financial assets is matched by that of its financial liabilities to the extent practicable, given the nature of the business. The directors and management believe that the Group has limited exposure to foreign currency risk as it has no foreign currency liabilities and no significant foreign currency assets, and that it has no significant exposure to equity price risk as it has no financial assets which are to be realized by trading in the securities market.

i. Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. It arises when there is a mismatch between interest-earning assets and interest-bearing liabilities which are subject to interest rate adjustment within a specified period. It can be reflected as a loss of future net interest income and/or a loss of current market values.

26. Financial Risk Management (Continued)

(b) Market risk (continued)

i. Interest rate risk (continued)

The following table summarizes the carrying amounts of statement of financial position financial assets, liabilities, and equity to arrive at the Group's and the Bank's interest rate gap based on the earlier of contractual repricing and maturity dates.

Group	2024				
	Within 3 months	3 - 12 months	Over 12 months	Non-rate sensitive	Total
	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	27,304	-	-	-	27,304
Certificates of deposit	12,677	20,725	-	-	33,402
Resale agreements	7,746	-	-	-	7,746
Receivables	-	-	-	102,560	102,560
Loans receivable	6,598,026	1,152,586	2,596	-	7,753,208
Total financial assets	6,645,753	1,173,311	2,596	102,560	7,924,220
Payables				23,719	23,719
Borrowings – current portion	1,139,836	3,115,648	-	-	4,255,484
Borrowings – long-term portion	-	-	1,291,740	-	1,291,740
Total financial liabilities	1,139,836	3,115,648	1,291,740	23,719	5,570,943
Interest rate sensitivity gap	5,505,917	(1,942,337)	(1,289,144)	78,841	2,353,277
Cumulative gap	5,505,917	3,563,580	2,274,436	2,353,277	

	2023				
	Within 3 months	3 - 12 months	Over 12 months	Non-rate Sensitive	Total
	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	504,485	-	-	-	504,485
Certificates of deposit	12,383	13,283	-	-	25,666
Resale agreements	6,901	-	-	-	6,901
Receivables	-	-	-	60,077	60,077
Loans receivable	1,745,113	3,559,217	3,302	-	5,307,632
Total financial assets	2,268,882	3,572,500	3,302	60,077	5,904,761
Payables	-	-	-	20,018	20,018
Borrowings – current portion	27,683	1,521,220	-	-	1,548,903
Borrowings – long-term portion	-	-	2,224,543	-	2,224,543
Total financial liabilities	27,683	1,521,220	2,224,543	20,018	3,793,464
Interest rate sensitivity gap	2,241,199	2,051,280	(2,221,241)	40,059	2,111,297
Cumulative gap	2,241,199	4,292,479	2,071,238	2,111,297	

26. Financial Risk Management (Continued)

(b) Market risk (continued)

i. Interest rate risk (continued)

Bank

	2024				
	Within 3 months	**3 – 12 Months**	**Over 12 months**	**Non-rate sensitive**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Cash and cash equivalents	27,304	-	-	-	27,304
Certificates of deposit	12,677	20,725	-	-	33,402
Resale agreements	7,746	-	-	-	7,746
Receivables	-	-	-	102,560	102,560
Loans receivable	6,598,026	1,152,586	2,596	-	7,753,208
Loan receivable from subsidiary	-	-	-	131,426	131,426
Total financial assets	6,645,753	1,173,311	2,596	233,986	8,055,646
Payables	-	-	-	23,719	23,719
Borrowings – current portion	1,139,836	3,115,648	-	-	4,255,484
Borrowings – long-term portion	-	-	1,291,740	-	1,291,740
Total financial liabilities	1,139,836	3,115,648	1,291,740	23,719	5,570,943
Interest rate sensitivity gap	5,505,917	(1,942,337)	(1,289,144)	210,627	2,484,703
Cumulative gap	5,505,917	3,563,580	2,274,436	2,484,703	

	2023				
	Within 3 months	**3 – 12 Months**	**Over 12 months**	**Non-rate sensitive**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Cash and cash equivalents	504,485	-	-	-	504,485
Certificates of deposit	12,383	13,283	-	-	25,666
Resale agreements	6,901	-	-	-	6,901
Receivables	-	-	-	60,077	60,077
Loans receivable	1,745,113	3,559,217	3,302	-	5,307,632
Loan receivable from subsidiary	-	-	-	126,814	126,814
Total financial assets	2,268,882	3,572,500	3,302	186,891	6,031,575
Payables	-	-	-	20,018	20,018
Borrowings – current portion	27,683	1,521,220	-	-	1,548,903
Borrowings – long-term portion	-	-	2,224,543	-	2,224,543
Total financial liabilities	27,683	1,521,220	2,224,543	20,018	3,793,464
Interest rate sensitivity gap	2,241,199	2,051,280	(2,221,241)	166,873	2,238,111
Cumulative gap	2,241,199	4,292,479	2,071,238	2,238,111	

(Expressed in Jamaican Dollars unless otherwise indicated)

26. Financial Risk Management (Continued)

(b) Market risk (continued)

i. Interest rate risk (continued)

With respect to interest-earning assets and interest-bearing liabilities, the average effective yields by the earlier of contractual repricing and maturity dates are as follows:

Group and Bank

	2024		
	Within 3 months	**3 – 12 12 months**	**Over 12 months**
	%	**%**	**%**
Certificates of deposit	3.15	4.00	-
Resale agreements	4.50	-	-
Loans receivable	-	12.52	7.36
Borrowings	10.83	9.62	12.00

Group and Bank

	2023		
	Within 3 months	**3 – 12 12 months**	**Over 12 months**
	%	**%**	**%**
Certificates of deposit	3.15	3.50	-
Resale agreements	3.65	4.35	-
Loans receivable	9.64	10.56	7.70
Borrowings	6.45	6.95	8.50

Sensitivity analysis
If the interest rate had been 100 basis points higher and 50 basis points lower (2023: 100 basis points higher and 50 basis points lower) and all other variables were held constant for local interest-bearing assets and liabilities, the Bank's/Group's profit for the period would increase by $3.66 million and decrease by $1.83 million, respectively (2023: increase by $3.08 million and decrease by $1.54 million). There were no foreign interest-bearing assets and liabilities at year end.

ii. Foreign currency risk

Foreign currency risk is the risk that the market value of, or the cash flows from, financial instruments will vary because of exchange rate fluctuations. The Group has no material exposure to foreign currency risk as there are no significant transactions that are denominated in foreign currencies.

26. Financial Risk Management (Continued)

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financials instruments. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value. Prudent liquidity risk management requires the Group to maintain sufficient cash and marketable securities, monitoring future cash flows and liquidity on a daily basis and have funding available through an adequate amount of committed facilities.

Due to the dynamic nature of the underlying businesses, the management of the Group ensures that sufficient funds are held in short-term marketable instruments to meet its liabilities and disbursement commitments when due, without incurring unacceptable losses or risk damage to the Group's reputation.

The daily liquidity position is monitored by reports covering the position of the Group. The key measure used by the Group for managing liquidity risk is the ratio of net liquid assets to cash available for disbursements. For this purpose, net liquid assets are considered as including cash and cash equivalents and investment in debt securities for which there is an active liquid market, less loan commitments to borrowers within the coming year.

The following table presents the contractual maturities of financial assets and liabilities, on the basis of their earliest possible contractual maturity.

26. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

Group

	2024						
	Within one month	**1 to 3 months**	**3 to 12 months**	**1 to 5 Years**	**No specific maturity**	**Cash flows total**	**Carrying values total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cash and cash equivalents	-	-	-	-	27,304	27,304	27,304
Certificates of deposit	-	12,677	20,725	-	-	33,402	33,402
Resale agreements		7,746		-	-	7,746	7,746
Receivables	-	102,560	-	-	-	102,560	102,560
Loans receivable	-		7,872,222	2,596	-	7,874,818	7,753,208
Total financial assets	-	122,983	7,892,947	2,596	27,304	8,045,830	7,924,220
Payables	-	23,719	-	-	-	23,719	23,719
Borrowings - current	-	869,968	3,385,516	-	-	4,255,484	4,255,484
Borrowings – long-term	-	-	-	1,291,740	-	1,291,740	1,291,740
Total financial liabilities	-	893,687	3,385,516	1,291,740	-	5,570,943	5,570,943
	-	(770,704)	4,507,431	(1,289,144)	27,304	2,474,887	2,353,277

	2023						
	Within one month	**1 to 3 months**	**3 to 12 months**	**1 to 5 Years**	**No specific maturity**	**Cash Flows Total**	**Carrying values total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cash and cash equivalents	-	-	-	-	504,485	504,485	504,485
Certificates of deposit	-	12,383	13,283	-	-	25,666	25,666
Resale agreements	-	-	6,901	-	-	6,901	6,901
Receivables	-	60,077	-	-	-	60,077	60,077
Loans receivable	-	-	5,430,271	3,302	-	5,433,573	5,307,632
Total financial assets	-	72,460	5,450,455	3,302	504,485	6,030,702	5,904,761
Payables	-	20,018	-	-	-	20,018	20,018
Borrowings - current	-	27,683	1,521,220	-	-	1,548,903	1,548,903
Borrowings – long-term	-	-	-	2,224,543	-	2,224,543	2,224,543
Total financial liabilities	-	47,701	1,521,220	2,224,543	-	3,793,464	3,793,464
	-	24,759	3,929,235	(2,221,241)	504,485	2,237,238	2,111,297

26. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

Bank

	2024						
	Within one month	1 to 3 months	3 to 12 months	1 to 5 years	No specific maturity	Cash flows Total	Carrying values total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	-	-	-	-	27,304	27,304	27,304
Certificates of deposit	-	12,677	20,725	-	-	33,402	33,402
Resale agreements	-	7,746	-	-	-	7,746	7,746
Receivables	-	102,560	-	-	-	102,560	102,560
Loans receivable	-	-	7,872,222	2,596	-	7,874,818	7,753,208
Interest in subsidiary: Long-term loans	-	-	-	-	131,426	131,426	131,426
Total financial assets	-	122,983	7,892,947	2,596	158,730	8,177,256	8,055,656
Payables	-	23,719	-	-	-	23,719	23,719
Borrowings - current	-	869,968	3,385,516	-	-	4,255,484	4,255,484
Borrowings – long-term	-	-	-	1,291,740	-	1,291,740	1,291,740
Total financial liabilities	-	893,687	3,385,516	1,291,740	-	5,570,943	5,570,943
	-	(770,704)	4,507,431	(1,289,144)	158,730	2,606,313	2,484,713

	2023						
	Within one month	1 to 3 Months	3 to 12 months	1 to 5 years	No specific maturity	Cash flows total	Carrying values total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	-	-	-	-	504,485	504,485	504,485
Certificates of deposit	-	12,383	13,283	-	-	25,666	25,666
Resale agreements	-	-	6,901	-	-	6,901	6,901
Receivables	-	60,077	-	-	-	60,077	60,077
Loans receivable	-	-	5,430,271	3,302	-	5,433,573	5,307,632
Interest in subsidiary: Long-term loans	-	-	-	-	126,814	126,814	126,814
Total financial assets	-	72,460	5,450,455	3,302	631,299	6,157,516	6,031,575
Payables	-	20,018	-	-	-	20,018	20,018
Borrowings - current	-	27,683	1,521,220	-	-	1,548,903	1,548,903
Borrowings – long-term	-	-	-	2,224,543	-	2,224,543	2,224,543
Total financial liabilities	-	47,701	1,521,220	2,224,543	-	3,793,464	3,793,464
	-	24,759	3,929,235	(2,221,241)	631,299	2,364,052	2,238,111

26. Financial Risk Management (Continued)

(c) Liquidity risk (continued)

Collateral

The Bank and Group has pledged part of its short- term deposits in order to fulfil the collateral requirements for loans received. At 31 March 2024, the fair value of the short-term deposits pledged is $33.35 million (2023: $24.61 million). The counterparty has an obligation to return the securities to the Bank and Group. There are no other significant terms and conditions associated with the use of collateral.

(d) Operational risk

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorization of transactions
- Requirements for the reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- Requirements for the reporting of operational losses and proposed remedial action
- Development of contingency plans
- Training and professional development
- Ethical and business standards
- Risk mitigation, including insurance where this is effective.

Compliance with Group standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit and Finance Committee and senior management of the Group.

(e) Capital management

The Bank and Group's objectives when managing capital, which is a broader concept than the 'equity' on the face of statement of financial position, are:

i. To safeguard the Bank and Group's ability to continue as a going concern so that it can continue to provide benefits for the shareholder and other stakeholders; and
ii. To maintain a strong capital base to support the development of its business.

The Bank is a statutory body and is not a regulated entity. Accordingly, there are no rules relating to capital that are imposed by regulations. However, by virtue of the provisions of the Jamaica Mortgage Bank Act (see Note 15) and stated Board policy (see Note 16), the Bank is required to set aside retained profits in special reserves.

The Bank's policy is to maintain a strong capital base to ensure credit and market confidence.

26. Financial Risk Management (Continued)

(e) Capital management (continued):

Capital allocation

The allocation of capital between specific operations and activities is driven by:

a. Strategic Plan and Budget approved by the Board of Directors;
b. The desire to fulfil the Bank's mandate; and
c. Support by the Bank for the government's mission to enhance growth and development.

The policies in respect of capital management and allocation are reviewed regularly by the Board of Directors. There were no changes to the Bank and Group’s approach to capital management during the year, and the Bank and Group is not subject to externally imposed capital requirements.

27. Fair Value Measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction. A market price, where an active market (such as a recognized stock exchange) exists, is the best evidence of the fair value of a financial instrument. Where market prices are not available for the financial assets and liabilities, fair values are determined using various estimation techniques based on market conditions existing at the end of the reporting period. Generally, judgement is necessarily required in interpreting market data to develop estimates of fair value. Accordingly, the estimates presented in these consolidated and separate financial statement are not necessarily indicative of the amounts that the Group would realize in a current market exchange.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- Long-term fixed rate and variable rate receivables/borrowings are evaluated by the Group based on parameters such as interest rate, individual credit worthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. The long-term loan to the subsidiary has no fixed repayment date. Fair value determined to be amount payable on demand which approximates to the carrying amount.

- Fair values of the Group’s interest-bearing borrowings and loans are determined by using discounted cash flow methods using a discount rate that reflects the issuer’s borrowing rate as at the end of the reporting period.

Management has assessed that the carrying values of cash and certificates of deposit, repurchase agreements, trade receivables and payables approximate their fair values largely due to the short-term nature of these instruments. Set out below is a comparison by class of the carrying amounts and fair value of the Group’s financial instruments, other than those where the carrying amounts are reasonable approximations of fair value.

27. Fair Value Measurement (Continued)

Group and Bank	**Carrying amount**		**Fair value**	
	2024	**2023**	**2024**	**2023**
	$'000	**$'000**	**$'000**	**$'000**
Assets				
Loans receivable	7,753,208	5,307,632	7,878,418	5,433,574
Liabilities				
Borrowings – current portion	4,255,484	1,548,903	4,255,484	1,548,903
Borrowings – long-term portion	1,291,740	2,224,543	1,346,952	2,311,171
	5,547,224	3,773,446	5,602,436	3,860,074

The following table provides an analysis of financial instruments held for the Group and the Bank as at 31 March 2024 and 31 March 2023 that subsequent to initial recognition, are measured at amortized cost. The financial instruments are grouped into levels 1 to 3 based on the degree to which the fair value is observable, as follows:

Group and Bank

	2024			
	Level 1	**Level 2**	**Level 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Assets for which fair value is disclosed:				
- Loans and receivables	-	7,878,418	-	7,878,418
Liabilities for which fair values are disclosed:				
- Borrowings – current portion	-	4,255,484	-	4,255,484
- Borrowings – long-term portion	-	1,346,952	-	1,346,952

	2023			
	Level 1	**Level 2**	**Level 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Assets for which fair value is disclosed:				
- Loans and receivables	-	5,433,574	-	5,433,574
Liabilities for which fair values are disclosed:				
- Borrowings – current portion	-	1,548,903	-	1,548,903
- Borrowings – long-term portion	-	2,311,171	-	2,311,171

There were no transfers between Level 1 and Level 2 during the period.

27. Fair Value Measurement (Continued)

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker industry group, pricing service or regulator agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets is the current bid price. These instruments are grouped in Level 1.

The fair value of financial instruments not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

28. Commitments and Contingencies

Loans approved but not disbursed by the Group and the Bank at 31 March 2024 amounted to approximately $720 million (2023: $747 million).

The Group is involved in litigations in the normal course of operations. The Bank currently has three active litigations. One was filed by a former employee and the Bank is aggressively defending same. The others are claims and counter claims involving developers. The Bank is making applications to strike out these claims and applications for summary judgement in counter claims.

Management believes that liabilities, if any, arising from such litigations will not have a material adverse effect on the financial position of the Group. No provision for any liability has been made in these consolidated and separate financial statements.

29. Costs of and Funding for Administration of Mortgage Insurance Fund

Under Section 25 of the Jamaica Mortgage Bank Act 1973, the Jamaica Mortgage Bank is responsible for administering the Mortgage Insurance Fund.

The employees of the Bank manage the operations of the Mortgage Insurance Fund and the Mortgage (Government Guaranteed Loans) Insurance Reserve Fund. Section 14 of the Mortgage Insurance Act provides for the Bank to meet its costs of administering the Funds in the following way:

- one-half of the return on the income and assets of the Mortgage (Government Guaranteed Loans) Insurance Reserve Fund and two-fifths (one-fifth up to July 23, 2008) of the insurance fees received by the Mortgage Insurance Fund; and, if not adequate, then by;
- withdrawals from the Mortgage Insurance Fund of up to one-half of the return on investment and assets of the Fund for that year; and, if more is still required, then by
- advances from the Government of Jamaica's Consolidated Fund.

29. Costs of and Funding for Administration of Mortgage Insurance Fund (Continued)

	2024 $'000	2023 $'000
Cost of Administration of Mortgage Insurance Fund		
Bank charges and interest	70	70
Professional and other	1,298	1,854
Audit fees	658	627
Total costs	2,026	2,551
Funded by:		
Contribution of:		
Two-fifths of Mortgage Insurance fees	8,288	8,574
Loan investigation fees	262	262
One-half of investment income of Mortgage (Government Guaranteed Loans) Insurance Reserve Fund	-	1
	8,550	8,837
Recovered by the Mortgage Insurance Fund	(6,524)	(6,286)
Total funding	2,026	2,551

30. Privatisation

The Ministry of Economic Growth and Job Creation, parent Ministry of the Bank, received approval from Cabinet in its Decision No. 1/24 dated 15 January 2024 for the privatisation strategy of the Bank. Cabinet gave approval, among other things, for:

i) the recommended divestiture modality which involved the sale of 100 percent of the shares of the proposed privatisation vehicle, JMB Developments Limited (JMBD), via an Offer of Sale of Shares and subsequent listing of the shares on the Jamaica Stock Exchange main market;
ii) the transfer of the assets and liabilities of the Bank to JMBD, such transfer to be explicitly stated in the legislation that repeals the Jamaica Mortgage Bank Act;
iii) the sale of the Mortgage Insurance Portfolio;
iv) the repeal of the Jamaica Mortgage Bank Act and the Mortgage Insurance Act.

The privatisation transaction is being handled by the Development Bank of Jamaica (DBJ), the privatisation arm of the Government of Jamaica (GOJ) and at the date of approval of these consolidated and separate financial statement, no additional transactions or events have taken place regarding the privatisation, which would require further disclosures.

FINANCIAL STATEMENTS FOR JMB DEVELOPMENTS

FOR THE YEAR ENDED 31ST MARCH 2024

Ernst & Young Chartered Accountants
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Kingston 8

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INDEPENDENT AUDITOR'S REPORT

To the Shareholder of JMB Developments Limited

Report on the Audit of Financial Statements

Opinion
We have audited the financial statements of JMB Developments Limited (the "Company") which comprise the statement of financial position as at 31 March 2024, the statements of comprehensive loss, changes in shareholder's deficiency 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 Company as at 31 March 2024, and of its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the Jamaican Companies Act.

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's 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' ("IESBA") 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.

Material Uncertainty Related to Going Concern
We draw attention to Note 3(a) in the financial statements, which indicates that the Company incurred a net loss for the year of $4.612 million (2023: $0.938 million) and as at 31 March 2024 there is a shareholder's deficit of $131.425 million (2023: $126.813 million). These conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. As stated in Note 3(a), these financial statements have been prepared on the going concern basis as the parent company has committed to provide financial support to the Company for the foreseeable future. Our opinion is not modified in respect of this matter.

Responsibilities of Management and the Board of Directors for the Financial Statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS and the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Shareholder of JMB Developments Limited (Continued)

Report on the Audit of the Financial Statements (Continued)

Responsibilities of Management and the Board of Directors for the Financial Statements (continued)

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's 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 auditor's 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Shareholder of JMB Developments Limited (Continued)

Report on the Audit of the Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that presents a true and fair view.

We communicate with the Board of Directors 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 requirements of 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 and the financial statements are in agreement with the accounting records, and give the information required by the Jamaican Companies Act in the manner so required.

Ernst & Young

Chartered Accountants
Kingston, Jamaica

10 July 2024

JMB Developments Limited

Statement of Financial Position
As at 31 March 2024
(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2024 $'000	2023 $'000
ASSETS			
Non-current assets			
Investment by parent company		-	-
Land held for development and sale	5	1	1
Total assets		1	1
SHAREHOLDERS' DEFICIENCY AND LIABILITIES			
Shareholder's deficiency			
Share capital	6	-	-
Accumulated deficit		(131,425)	(126,813)
Total shareholder's deficiency		(131,425)	(126,813)
LIABILITIES			
Current liability			
Loan payable to parent	7	131,426	126,814
Total liabilities		131,426	126,814
TOTAL SHAREHOLDER'S DEFICIENCY AND LIABILITIES		1	1

The accompany notes form an integral part of the financial statements.

Approved for issue by the Board of Directors on 10 July 2024 and signed on its behalf by:

R. Parkes

_____________________________ Acting Chairman D. Prendergast _____________________________ Director

Mr. Ryan Parkes Mrs. Doreen Prendergast

JMB Developments Limited

Statement of Comprehensive Loss
For the year ended 31 March 2024
(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2024 $'000	2023 $'000
Administrative expenses			
Professional fees		(4,574)	(890)
Other general expenses		(38)	(48)
Net loss, being total comprehensive loss for the year	8	(4,612)	(938)

The accompanying notes form an integral part of the financial statements.

JMB Developments Limited

Statement of Changes in Shareholder's Deficiency
For the year ended 31 March 2024
(expressed in Jamaican dollars unless otherwise indicated)

	Share Capital	Accumulated Deficit	Total
	$'000	**$'000**	**$'000**
Balance as at 31 March 2022	-	(125,875)	(125,875)
Net loss, being total comprehensive loss for the year	-	(938)	(938)
Balance as at 31 March 2023	-	(126,813)	(126,813)
Net loss, being total comprehensive loss for the year	-	(4,612)	(4,612)
Balance as at 31 March 2024	-	(131,425)	(131,425)

The accompanying notes form an integral part of the financial statements.

JMB Developments Limited

Statement of Cash Flows
For the year ended 31 March 2024
(expressed in Jamaican dollars unless otherwise indicated)

	2024 $'000	2023 $'000
Cash flows from operating activities		
Net loss for the year	(4,612)	(938)
Net cash used in operating activities	(4,612)	(938)
Cash flows from financing activities		
Increase in loan payable to parent	4,612	938
Net cash provided by financing activities	4,612	938
Net change in cash and cash equivalents	-	-
Cash and cash equivalents at the beginning of the year	-	-
Cash and cash equivalents at the end of the year	-	-

The accompanying notes form an integral part of the financial statements.

1. Corporate Information

JMB Developments Limited ("the Company") was incorporated under the laws of Jamaica on January 5, 1999, and commenced operations on July 5, 1999. The Company is a wholly-owned subsidiary of Jamaica Mortgage Bank ("parent body"), which is incorporated in Jamaica under the Jamaica Mortgage Bank Act 1973 and is owned by the Government of Jamaica. The Company is domiciled in Jamaica and its registered office is located at 33 Tobago Avenue, Kingston 5, Jamaica.

The principal activity of the Company is to carry on the business of residential, commercial, and industrial real estate development. However, the Company has been inactive since 1999.

2. Adoption of Standards, Interpretation and Amendments

2.1 Standards, interpretations, and amendments to existing standards effective during the year

The International Accounting Standards Board (IASB) issued certain new standards and interpretations as well as amendments to existing standards, which became effective during the year under review. Management has assessed the relevance of these new standards, interpretations and amendments and has adopted and applied in these financial statements, those standards which are considered relevant to its operations. The nature and the impact of each new standard or amendment is described below.

The following are Standards, Amendments, and Interpretations in respect of published standards which are in effect:

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 (Effective 1 January 2023)
The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies, and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

Definition of Accounting Estimates - Amendments to IAS 8 (Effective 1 January 2023)
The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are intended to provide preparers of financial statements with greater clarity as to the definition of accounting estimates, particularly in terms of the difference between accounting estimates and accounting policies.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction- Amendments to IAS 12 (Effective 1 January 2023)
In May 2021, the IASB issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

2. Adoption of Standards, Interpretation and Amendments (Continued)

2.1 Standards, interpretations, and amendments to existing standards effective during the year (continued)

Deferred Tax related to Assets and Liabilities arising from a Single Transaction- Amendments to IAS 12 (Effective 1 January 2023) (continued)
Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.

An entity should apply the amendments to transactions that occur on or after the beginning of the earliest comparative period presented, it should also recognize deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations. These amendments are not expected to have any impact on the financial statements of the Company.

IFRS 17 Insurance Contracts (Effective 1 January 2023)
In May 2017, the IASB issued IFRS 17 Insurance Contracts ("IFRS 17"), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation, and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance, and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

Amendments to IAS 12 International Tax Reform- Pillar Two Model Rules (Effective 1 January 2023)
The amendments to IAS 12 have been introduced in response to the OECD's BEPs Pillar Two Rules and
includes:

- a mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two Model rules; and
- disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

These amendments had no impact on the financial statements of the Company.

2. Adoption of Standards, Interpretation and Amendments (Continued)

2.2 Standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted by the Company

The standards and interpretations that are issued, but not yet effective at 31 March 2024 are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

Classification of Liabilities as Current or Noncurrent and Non-current Liabilities with Covenants - Amendments to IAS 1 (Effective 1 January 2024)
In January 2020 and October 2022, the IASB issued amendments to IAS 1 Presentation of Financial Statements to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument, would the terms of a liability not impact its classification
- Disclosures

The Company is assessing the potential impact of these amendments on its financial statements.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback (Effective 1 January 2024)

The amendment to IFRS 16 Leases specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. After the commencement date in a sale and leaseback transaction, the seller-lessee applies paragraphs 29 to 35 of IFRS 16 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 of IFRS 16 to the lease liability arising from the leaseback. In applying paragraphs 36 to 46, the seller-lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying these requirements does not prevent the seller-lessee from recognising, in profit or loss, any gain or loss relating to the partial or full termination of a lease, as required by paragraph 46(a) of IFRS 16.

The amendment does not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining 'lease payments' that are different from the general definition of lease payments in Appendix A of IFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with IAS 8. These amendments are not expected to have any impact on the financial statements of the Company.

2. Adoption of Standards, Interpretation and Amendments (Continued)

2.2 Standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted by the Company (continued)

Amendments to IAS 7 and IFRS 7 - Disclosures: Supplier Finance Arrangements (Effective 1 January 2024)

In May 2023, the Board issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures.

The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments clarify the characteristics of supplier finance arrangements. In these arrangements, one or more finance providers pay amounts an entity owes to its suppliers. The entity agrees to settle those amounts with the finance providers according to the terms and conditions of the arrangements, either at the same date or at a later date than on which the finance providers pay the entity's suppliers.

These amendments are not expected to have any impact on the financial statements of the Company.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (deferred indefinitely)

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognized in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. These amendments are not expected to have any impact on the financial statements of the Company.

2. Adoption of Standards, Interpretation and Amendments (Continued)

2.2 Standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted by the Company (continued)

Amendments to IAS 21 – Lack of exchangeability (Effective 1 January 2025)

In August 2023, the Board issued Lack of Exchangeability (Amendments to IAS 21). The amendment to IAS 21 specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

A currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments note that an entity can use an observable exchange rate without adjustment or another estimation technique.

These amendments are not expected to have any impact on the financial statements of the Company.

IFRS 18 – Presentation and Disclosure in Financial Statements (Effective 1 January 2027)

IFRS 18 introduces new requirements on presentation within the statement of profit or loss, including specified totals and subtotals. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. There are also consequential amendments to other accounting standards.

The Company is currently assessing the impact of adopting this standard.

IFRS 19 – Subsidiaries without Public Accountability: Disclosures (Effective 1 January 2027)

In May 2024, the IASB issued IFRS 19 Subsidiaries without Public Accountability: Disclosures (IFRS 19), which allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. Unless otherwise specified, eligible entities that elect to apply IFRS 19 will not need to apply the disclosure requirements in other IFRS accounting standards.

The Company is currently assessing the impact of adopting this standard.

3. Statement of Compliance, Basis of Preparation and Material Accounting Policies:

(a) Statement of Compliance and Basis of Preparation

The financial statements are prepared on the historical cost basis, and in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB) and the requirements of the Jamaican Companies Act.

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of, and disclosures relating to, assets, liabilities, contingent assets, and contingent liabilities at the end of the reporting period and the income and expenses for the year then ended. Actual amounts could differ from those estimates.

The Company incurred a net loss for the year of $4.612 million (2023: $0.938 million) and as at 31 March there is a shareholder’s deficit of $131.425 million (2023: $126.813 million). These conditions indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. The Company's parent has pledged to, and continues to support the Company. The above factors indicate a material uncertainty that may cast doubt on the Company’s ability to continue as a going concern and that the Company may be unable to realise its assets and discharge its liabilities in the ordinary course of business.

The financial statements are presented in Jamaican dollars, which is the functional currency of the Company and rounded to the nearest thousand, unless otherwise stated.

3. Statement of Compliance, Basis of Preparation and Material Accounting Policies:

(b) Financial Instruments

Financial instruments include transactions that give rise to both financial assets and financial liabilities.

Financial assets and liabilities are recognized on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transactions costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities (except for financial assets and financial liabilities at fair value through profit or loss where such costs are recognized immediately in profit or loss), as appropriate, on initial recognition.

Financial assets

Initial recognition and measurement
Financial assets are classified, at initial recognition, and are subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss.

3. Statement of Compliance, Basis of Preparation and Material Accounting Policies:

(b) Financial Instruments (continued)

Financial assets (continued)

Financial assets at amortized cost (debt instruments)
This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified, or impaired.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily derecognized (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment
The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

3. Statement of Compliance, Basis of Preparation and Material Accounting Policies (Continued):

(b) Financial Instruments (continued)

Financial assets (continued)

Impairment (continued)
ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs.

Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due, based on historical experience. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables and due to related party balances.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

3. Statement of Compliance, Basis of Preparation and Material Accounting Policies (Continued):

(b) Financial Instruments (continued)

Financial liabilities (continued)

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged, cancelled, or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognized in the statement of profit or loss.

(c) 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets for which fair value is disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active market for identical assets and liabilities.
Level 2 - Valuation techniques for which the lowest level input that significant to the fair value measurement is directly or indirectly observable
Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

(d) Land Held for Development and Sale

Land held for development and sale is stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost to sell.

3. Statement of Compliance, Basis of Preparation and Material Accounting Policies (Continued):

(e) Property and Equipment

Property and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation is recognized so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

The following useful lives are used in the calculation of depreciation:

- Property and Equipment 10 years

(f) Payables

Trade and other payables are stated at cost.

(g) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of calculated items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred Tax
Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

3. Statement of Compliance, Basis of Preparation and Material Accounting Policies (Continued):

(h) Taxation (continued)

Deferred Tax (continued)
The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and Deferred Tax for the Year
Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

(i) Expenses

Expenses are recorded on the accrual basis.

(j) Related party balances and transactions

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24, Related Party Disclosures as the "reporting entity").

a) A person or a close member of that person's family is related to the reporting entity if that person:

   i. has control or joint control over the reporting entity;
   ii. has significant influence over the reporting entity; or
   iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

b) An entity is related to the reporting entity if any of the following conditions applies:

   i. The entity and the reporting entity 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 reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
   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 reporting entity or to the parent of the reporting entity.

3. Statement of Compliance, Basis of Preparation and Material Accounting Policies (Continued):

(j) Related party balances and transactions (continued)

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

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Company's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized 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.

Critical judgements in applying accounting policies

The directors and management believe that there are no critical judgements that management has made in the process of applying the Company's accounting policies that had a significant effect on the amounts recognized in the financial statements.

Key sources of estimation uncertainty

The directors and management believe there are no key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

5. Land Held for Development and Sale

The properties held by the Company were acquired from the Ministry of Environment and Housing for $1,000 on condition that the Ministry shall be beneficially entitled to twenty percent (20), or otherwise to be agreed, of the residential serviced lots or houses thereafter developed on each of the properties comprising the said lands, such lots to be identified and agreed from time to time by the Ministry and the Company. The Company shall be beneficially entitled to the remaining eighty percent (80) of such residential serviced lots.

The condition to the agreement, as outlined above, was not fulfilled and subsequent to this an agreement was arrived at for the Ministry to transfer to the Company other lands to cover the terms of the agreement. In 2012, the Ministry of Transport, Works, and Housing (formerly the Ministry of Water and Housing, (MOWH)) transferred a property at Whitehall to the Company's parent in part settlement of the obligation of the Company to its parent. The MOWH is to transfer to the Company's parent one additional parcel of land to fully cover the obligation of the Company to its parent.

6. Share Capital

	2024 $'000	2023 $'000
Authorized:		
1,000 shares at no par value at the beginning and end of year		
Issued and fully paid:		
2 shares at no par value at beginning and end of year	-	-

7. Loan Payable to Parent

	2024 $'000	2023 $'000
Long-term loan (a)	117,197	117,197
Recoverable charges (b)	14,229	9,617
	131,426	126,814

(a) The long-term loan, which represents drawdowns under a $250,000,000 facility, should have been repaid over the 5 years ended March 31, 2006, after a moratorium of 24 months on principal. The balance shown represents past- due amounts of $117 million (2023: $117 million). The loan is interest free and is collateralized by lands with value in excess of the loan balance and as such is recoverable.

(b) Transactions represent payments made by the parent body on behalf of the Company for certain administration or operating expenses.

8. Net Loss for the Year

The following are among the items charged in arriving at loss for the year:

	2024 $'000	2023 $'000
Auditor's remuneration	50	50
Professional tees	4,524	840
Printing and stationery	3	13
Property taxes	35	35
	4,612	938

9. Tax Losses

Current and deferred taxes have been calculated using the tax rate of 25% (2023: 25%).

At the reporting date, subject to agreement by the Commissioner, Tax Administration Jamaica, tax losses available for relief against future taxable profits amounted to approximately $100.50 million (2023: $95.18 million).

Potential deferred tax asset of approximately $24.95 million (2023: $23.80 million), arising on the unused tax losses, has not been recognized as the Company is not expected to have taxable profits in the foreseeable future to utilize the losses.

10. Financial Instruments and Financial Instruments Risk Management

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. For the purposes of these financial statements, financial assets and financial liabilities comprise payable and loan payable to parent.

Information relating to fair values and financial risk management is summarized below.

(a) Fair Value

Fair value measurements recognized in the Statement of Financial Position
There were no financial instruments that were measured subsequent to initial recognition at fair value.

Determination of Fair Value:
The fair value of loan payable to parent has been estimated to be its carrying amount as the loan is repayable on demand as repayment is overdue.

(b) Financial Risk Management

Exposure to credit risk, liquidity risk and market risk including interest rate risk and currency risk arises in the ordinary course of the company's business. Information about the Company's exposure to each of the above risks, the Company's objectives, policies, and processes for measuring and managing risk is detailed below.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has established Finance and Audit and Loans and Projects Committees, which are responsible for developing and monitoring risk management policies in their specified areas.

Exposure to risks on financial instruments and operational risk arises in the ordinary course of the Company's operations.

i. Credit Risk

Credit risk is the risk that a party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

At the end of the reporting period, the Company has no financial instrument subject to credit risk.

ii. Market Risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

10. Financial Instruments and Financial Instruments Risk Management (continued)

(b) Financial Risk Management (Continued)

ii. Market Risk (continued)

These arise from changes in interest rates, foreign currency rates and equity prices and will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

- **Foreign currency risk**
  Foreign currency risk is the risk that the market value of, or the cash flows from, financial instruments will fluctuate because of changes in foreign exchange rates.

  The Company has no exposure to foreign exchange risk since it has no foreign currency related transactions or balances.

- **Interest rate risk**
  Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

  The Company currently has no financial instrument subject to significant interest rate risk.

  There has been no change in the manner in which the Company manages and measures this risk during the year.

- **Other market price risk**
  The Company has no exposure to market risk as it does not hold any traded securities.

iii. Liquidity Risk

Liquidity risk, also referred to as funding risk, is the risk that the company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and ensuring the availability of funding through an adequate amount of committed facilities.

The Company had net current liabilities at the reporting date and obtains continued financial support from its parent.

There has been no change to the Company's exposure to liquidity risk or the manner in which it manages and measures the risk during the year.

(c) Capital Risk Management Policies and Objectives

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the equity balance. To maintain or adjust the capital structure, the Company may request capital from its shareholder and intercompany financing.

The Company is not subject to any externally imposed capital requirements and its Board of Directors reviews the capital structure on an annual basis. As a part of this review, the Board of Directors considers the cost of capital and the risks associated with each class of capital.

The Company's overall strategy as directed by its shareholders remains unchanged from year ended 31 March 2023.

11. Privatisation

The Ministry of Economic Growth and Job Creation, parent Ministry of the Jamaica Mortgage Bank ('Bank'), received approval from Cabinet in its Decision No. 1/24 dated 15 January 2024 for the privatisation strategy of the Bank. Cabinet gave approval, among other things, for:

i) the recommended divestiture modality which involved the sale of 100 percent of the shares of the proposed privatisation vehicle, JMB Developments Limited ('JMBD'), via an Offer of Sale of Shares and subsequent listing of the shares on the Jamaica Stock Exchange main market;
ii) the transfer of the assets and liabilities of the Bank to JMBD, such transfer to be explicitly stated in the legislation that repeals the Jamaica Mortgage Bank Act;
iii) the sale of the Mortgage Insurance Portfolio
iv) the repeal of the Jamaica Mortgage Bank Act and the Mortgage Insurance Act.

The privatisation transaction is being handled by the Development Bank of Jamaica ('DBJ'), the privatisation arm of the Government of Jamaica (GOJ) and at the date of approval of these financial statements, no additional transactions or events have taken place regarding the privatisation, which would require further disclosures.

FINANCIAL STATEMENTS FOR THE MORTGAGE INSURANCE FUND AND THE MORTGAGE INSURANCE RESERVE FUND

FOR THE YEAR ENDED 31ST MARCH 2024

Ernst & Young Chartered Accountants
8 Olivier Road
Kingston 8

Tel: 876 925 2501
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of The Mortgage Insurance Fund and
The Mortgage (Government Guaranteed Loans) Insurance Reserve Fund
(Established under the Mortgage Insurance Act
Administered by Jamaica Mortgage Bank)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Mortgage Insurance Fund and the financial statements of The Mortgage (Government Guaranteed Loans) Insurance Reserve Fund (the "Funds"), which comprise the Funds' statements of financial position as at 31 March 2024, and the Funds' statements of changes in fund balance, and statements of 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 Funds as at 31 March 2024, and of the Funds' financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

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 *Auditor's 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' ("IESBA") 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.

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS, and 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.

INDEPENDENT AUDITOR'S REPORT (Continued)

To the Board of Directors of The Mortgage Insurance Fund and
The Mortgage (Government Guaranteed Loans) Insurance Reserve Fund
(Established under the Mortgage Insurance Act
Administered by Jamaica Mortgage Bank) (Continued)

Report on the Audit of the Financial Statements (Continued)

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

In preparing the financial statements, management is responsible for assessing the Funds' 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 Funds or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Funds' financial reporting process.

Auditor's 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 auditor's 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 Funds' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT (Continued)

To the Board of Directors of The Mortgage Insurance Fund and
The Mortgage (Government Guaranteed Loans) Insurance Reserve Fund
(Established under the Mortgage Insurance Act
Administered by Jamaica Mortgage Bank) (Continued)

Report on the Audit of the Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- 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 Funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that presents a true and fair view.

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.

Ernst & Young

Chartered Accountants
Kingston, Jamaica

10 July 2024

The Mortgage Insurance Fund
(Established under the Mortgage Insurance Act
Administered by Jamaica Mortgage Bank)

Statement of Financial Position
As at 31 March 2024
(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2024 $'000	2023 $'000
ASSETS:			
Cash and cash equivalents		87,357	6,115
Investments	4	1,065,478	976,818
Receivables	5	224,119	200,164
Due from related party	6	800,011	825,313
		2,176,965	2,008,410
LIABILITIES			
Accounts payable		3,795	2,670
Due to Mortgage (Government Guaranteed Loans) Insurance Reserve Fund	6	84	84
Due to related party	6	30,109	7,425
		33,988	10,179
NET ASSETS		2,142,977	1,998,231
Represented by:			
ACCUMULATED SURPLUS		2,142,977	1,998,231

The accompanying notes form an integral part of the financial statements.

Approved for issue by the Board of Directors on 10 July 2024 and signed on its behalf by:

R. Parkes ______________ Acting Chairman
Mr. Ryan Parkes

D. Prendergast ______________ Director
Mrs. Doreen Prendergast

The Mortgage Insurance Fund
(Established under the Mortgage Insurance Act
Administered by Jamaica Mortgage Bank)

Statement of Changes in Fund Balance
For the year ended 31 March 2024
(expressed in Jamaican dollars unless otherwise indicated)

	2024 $'000	2023 $'000
Increase in fund		
Three-fifths of mortgage loan insurance fees	12,396	12,806
Investment income	96,927	100,213
Interest income on loans	51,019	39,990
Miscellaneous income	18,751	18,751
Recovered from the Bank as contribution towards the cost of administering the Mortgage Insurance Act	8,289	8,574
	187,382	180,334
Decrease in fund		
Administration charges paid to the Bank	(40,610)	(38,816)
Miscellaneous expense	(2,026)	(2,551)
	(42,636)	(41,367)
Net increase in fund balance for the year	144,746	138,967
Fund balance at the beginning of the year	1,998,231	1,859,264
Fund balance at the end of the year	2,142,977	1,998,231

The accompanying notes form an integral part of the financial statements.

The Mortgage Insurance Fund
(Established under the Mortgage Insurance Act
Administered by Jamaica Mortgage Bank)

Statement of Cash Flows
For the year ended 31 March 2024
(expressed in Jamaican dollars unless otherwise indicated)

	2024 $'000	2023 $'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net increase in fund balance for the year	144,746	138,967
Adjustment for:		
Investment income	(96,927)	(100,213)
Interest income on loans	(51,019)	(39,990)
	(3,200)	(1,236)
(Decrease)/Increase in operating assets and liabilities		
Due from Jamaica Mortgage Bank	25,302	(825,303)
Receivables	(23,955)	(24,928)
Accounts payable	1,125	(2,390)
Due to Jamaica Mortgage Bank	22,684	(2,624)
Cash generated from/(used in) operations	21,956	(856,481)
Investment income received	95,829	99,714
Interest income on loans received	51,019	39,990
Net cash provided by/(used in) operating activities	168,804	(716,777)
Cash flows from investing activities		
Sale of (additions to) investments	(87,562)	480,573
Net cash (used in)/provided by investing activities	(87,562)	480,573
Net increase/(decrease) in cash and cash equivalents	81,242	(236,204)
Cash and cash equivalents at the beginning of the year	6,115	242,319
Cash and cash equivalents at the end of the year	87,357	6,115

The accompanying notes form an integral part of the financial statements.

Mortgage (Government Guaranteed Loans) Insurance Reserve Fund
(Established under the Mortgage Insurance Act
Administered by Jamaica Mortgage Bank)

Statement of Financial Position
As at 31 March 2024
(expressed in Jamaican dollars unless otherwise indicated)

	2024 $'000	2023 $'000
ASSETS		
Due from Mortgage Insurance Fund	84	84
Government of Jamaica Investment Debenture	17	16
	101	100
Represented by:		
ACCUMULATED SURPLUS	101	100

The accompanying notes form an integral part of the financial statements.

Approved for issue by the Board of Directors on 10 July 2024 and signed on its behalf by:

____________________ Acting Chairman

Mr. Ryan Parkes

____________________ Director

Mrs. Doreen Prendergast

Mortgage (Government Guaranteed Loans) Insurance Reserve Fund
(Established under the Mortgage Insurance Act
Administered by Jamaica Mortgage Bank)

Statement of Changes in Fund Balance
For the year ended 31 March 2024
(expressed in Jamaican dollars unless otherwise indicated)

	2024 $'000	2023 $'000
Increase in fund		
Interest income	1	-
Net increase in fund for the year	1	-
Fund balance at the beginning of the year	100	100
Fund balance at the end of the year	101	100

Because of rounding to the nearest thousand, one half of investment income transferred to the Bank as contribution towards the cost of administering the Mortgage Insurance Act in the amount of $617 (2023: $308) is not reflected.

The accompanying notes form an integral part of the financial statements.

Mortgage (Government Guaranteed Loans) Insurance Reserve Fund
(Established under the Mortgage Insurance Act
Administered by Jamaica Mortgage Bank)

Statement of Cash Flows
For the year ended 31 March 2024
(expressed in Jamaican dollars unless otherwise indicated)

	2024 $'000	2023 $'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net increase in fund balance for the year	1	-
Increase in operating assets		
Due from Mortgage Insurance Fund	-	-
Net cash used in operating activities	1	-
Cash flows from investing activities		
Additions to investments	(1)	-
Net cash provided in investing activities	(1)	-
Net increase in cash and cash equivalents		
Cash and cash equivalents at the beginning of the year	-	-
Cash and cash equivalents at the end of the year	-	-

The accompanying notes form an integral part of the financial statements.

1. Corporate Information

(a) The Mortgage Insurance Fund

i. Establishment and Functions

The Mortgage Insurance Fund (the "Fund") was established under Section 9 of the Mortgage Insurance Act (the "Act"). Under Section 25 of the Jamaica Mortgage Insurance Act 1973, the functions of the Jamaica Development Bank in relation to the Mortgage Insurance Act shall be carried out by the Jamaica Mortgage Bank (the "Bank") and references in the Act to the Development Finance Corporation shall (notwithstanding Section 25 of the Jamaica Development Bank Act, 1969) be deemed to be references to the Jamaica Mortgage Bank. Accordingly, all assets and liabilities of the Mortgage Insurance Fund were taken over by the Jamaica Mortgage Bank at 15 June 1973 and administered from that date.

The Fund is domiciled in Jamaica and its principal place of business is located at 33 Tobago Avenue, Kingston 5, Jamaica.

ii. Funding

The Act requires that four-fifths of the insurance fees received by the Bank be paid into the Fund. An amendment to the Act, stipulates that three-fifths of the insurance fees received by the Bank be paid into the Fund, effective 24 July 2008. The income of the Fund belongs to the Fund and not to the Bank except as set out in Note 1 (c) below.

(b) The Mortgage (Government Guaranteed Loans) Insurance Reserve Fund

The Mortgage (Government Guaranteed Loans) Insurance Reserve Fund (the "Reserve Fund") was established under Section 11 of the Mortgage Insurance Act, using certain funds transferred by the Accountant General. The income of this fund belongs to this fund and not to the Bank except as set out in Note 1 (c) below.

(c) Costs of and Funding for Administration of Mortgage Insurance Act

The employees of the Bank manage the operations of the Mortgage Insurance Fund and the Mortgage (Government Guaranteed Loans) Insurance Reserve Fund (together the "Funds"). Section 14 of the Mortgage Insurance Act provides for the Bank to meet its costs of administering the Act in the following way:

- One-half of the return on the income and assets of the Mortgage (Government Guaranteed Loans) Insurance Reserve Fund and two-fifths (one-fifth up to 23 July 2008) of the insurance fees received; and, if not adequate, then by-

- Withdrawals from the Mortgage Insurance Fund of up to one-half of the return on investment and assets of the Fund for that year; and if more is still required, then by advances from the Government of Jamaica's Consolidated Fund.

1. Corporate Information (Continued)

(d) The principal purpose of the Fund is to provide mortgage indemnity insurance.

(e) These Funds are exempt from taxation.

2. Adoption of Standards, Interpretations and Amendments

2.1 Standards, interpretations, and amendments to existing standards effective during the year

The International Accounting Standards Board (IASB) issued certain new standards and interpretations as well as amendments to existing standards, which became effective during the year under review. Management has assessed the relevance of these new standards, interpretations and amendments and has adopted and applied in these financial statements, those standards which are considered relevant to its operations. The nature and the impact of each new standard or amendment is described below.

The following are Standards, Amendments, and Interpretations in respect of published standards which are in effect:

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 (Effective 1 January 2023)
The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies, and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

Definition of Accounting Estimates - Amendments to IAS 8 (Effective 1 January 2023)
The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are intended to provide preparers of financial statements with greater clarity as to the definition of accounting estimates, particularly in terms of the difference between accounting estimates and accounting policies.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction- Amendments to IAS 12 (Effective 1 January 2023)
In May 2021, the IASB issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

2. Adoption of Standards, Interpretation and Amendments (Continued)

2.1 Standards, interpretations, and amendments to existing standards effective during the year (continued)

Deferred Tax related to Assets and Liabilities arising from a Single Transaction- Amendments to IAS 12 (Effective 1 January 2023) (continued)

An entity should apply the amendments to transactions that occur on or after the beginning of the earliest comparative period presented, it should also recognize deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations. These amendments are not expected to have any impact on the financial statements of the Funds.

Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.

IFRS 17 Insurance Contracts (Effective 1 January 2023)

In May 2017, the IASB issued IFRS 17 Insurance Contracts ("IFRS 17"), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation, and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance, and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

Amendments to IAS 12 International Tax Reform- Pillar Two Model Rules (Effective 1 January 2023)

The amendments to IAS 12 have been introduced in response to the OECD's BEPs Pillar Two Rules and includes:

- a mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two Model rules; and
- disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

These amendments had no impact on the financial statements of the Funds.

2. Adoption of Standards, Interpretation and Amendments (Continued)

2.2 Standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted

The standards and interpretations that are issued, but not yet effective at 31 March 2023 are disclosed below. The Funds intends to adopt these standards, if applicable, when they become effective.

Classification of Liabilities as Current or Noncurrent and Non-current Liabilities with Covenants - Amendments to IAS 1 (Effective 1 January 2024)
In January 2020 and October 2022, the IASB issued amendments to IAS 1 Presentation of Financial Statements to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument, would the terms of a liability not impact its classification
- Disclosures

The Funds are assessing the potential impact of this amendment on its financial statements.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback (Effective 1 January 2024)
The amendment to IFRS 16 Leases specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. After the commencement date in a sale and leaseback transaction, the seller-lessee applies paragraphs 29 to 35 of IFRS 16 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 of IFRS 16 to the lease liability arising from the leaseback. In applying paragraphs 36 to 46, the seller-lessee determines ‘lease payments’ or ‘revised lease payments’ in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying these requirements does not prevent the seller-lessee from recognising, in profit or loss, any gain or loss relating to the partial or full termination of a lease, as required by paragraph 46(a) of IFRS 16.

The amendment does not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining ‘lease payments’ that are different from the general definition of lease payments in Appendix A of IFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with IAS 8. These amendments are not expected to have any impact on the financial statements of the Funds.

2. Adoption of Standards, Interpretation and Amendments (Continued)

2.2 Standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted (continued)

Amendments to IAS 7 and IFRS 7 - Disclosures: Supplier Finance Arrangements (Effective 1 January 2024)

In May 2023, the Board issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures.

The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments clarify the characteristics of supplier finance arrangements. In these arrangements, one or more finance providers pay amounts an entity owes to its suppliers. The entity agrees to settle those amounts with the finance providers according to the terms and conditions of the arrangements, either at the same date or at a later date than on which the finance providers pay the entity's suppliers.

These amendments are not expected to have any impact on the financial statements of the Funds.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (deferred indefinitely)

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognized in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. These amendments are not expected to have any impact on the financial statements of the Funds.

2. Adoption of Standards, Interpretation and Amendments (Continued)

2.2 Standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted (continued)

Amendments to IAS 21 – Lack of exchangeability (Effective 1 January 2025)
In August 2023, the Board issued Lack of Exchangeability (Amendments to IAS 21). The amendment to IAS 21 specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

A currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments note that an entity can use an observable exchange rate without adjustment or another estimation technique.

These amendments are not expected to have any impact on the financial statements of the Funds.

IFRS 18 – Presentation and Disclosure in Financial Statements (Effective 1 January 2027)
IFRS 18 introduces new requirements on presentation within the statement of profit or loss, including specified totals and subtotals. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. There are also consequential amendments to other accounting standards.

The Funds are currently assessing the impact of adopting this standard.

IFRS 19 – Subsidiaries without Public Accountability: Disclosures (Effective 1 January 2027)

In May 2024, the IASB issued IFRS 19 Subsidiaries without Public Accountability: Disclosures (IFRS 19), which allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. Unless otherwise specified, eligible entities that elect to apply IFRS 19 will not need to apply the disclosure requirements in other IFRS accounting standards.

The Funds are currently assessing the impact of adopting this standard.

3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies

(a) Statement of Compliance and Basis of Preparation

The financial statements are prepared on the historical cost basis, and in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of, and disclosures relating to assets, liabilities, contingent assets, and contingent liabilities at the end of the reporting period and the income and expenses for the year then ended. Actual amounts could differ from those estimates.

The financial statements are presented in Jamaican dollars, which is the functional currency of the Funds.

(b) Key Sources of Estimation Uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year:

- Withholding Tax Recoverable

Management exercises judgement in designating withholding tax recoverable as collectible. On this basis, the fair value of this amount is determined to approximate its carrying value.

3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies (Continued)

(c) Cash and Cash Equivalents

Cash comprises cash on hand and in banks. Short term deposits are highly liquid investments with an original maturity of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at hand and in bank.

(d) Financial Instruments

Financial instruments include transactions that give rise to both financial assets and financial liabilities.

Financial assets and liabilities are recognized on the Funds' statement of financial position when the Funds become a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities (except for financial assets and financial liabilities at fair value through profit or loss where such costs are recognized immediately in profit or loss), as appropriate, on initial recognition.

The fair values of financial instruments are discussed in Note 8. Listed below are the Funds' financial assets and liabilities and the specific accounting policies relating to each.

i. Financial assets

Initial recognition and measurement
Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVPTL). The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Funds' business model for managing them.

The business model reflects how the Funds manage the assets in order to generate cash flows. That is, whether the Funds' objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of 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 fair value through profit and loss (FVTPL). Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Funds commit to purchase or sell the asset.

3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies (Continued)

(d) Financial Instruments (continued)

i. Financial assets (continued)

Initial recognition and measurement (continued)

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

- *Amortized cost:* Assets that are held for the 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 amortized cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognized and measured in accordance to IFRS 9. Interest income from these financial assets is included in 'Interest and similar income' using the effective interest 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.

- *Fair value through profit or loss:* Assets that do not meet the criteria for amortized 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 recognized in profit or loss and presented in the profit or loss statement within 'Net trading income' 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, in which case they are presented separately in 'Net investment income'. Interest income from these financial assets is included in 'Interest income' using the effective interest method.

The SPPI test
'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount). The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Funds apply judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies (Continued)

(d) Financial Instruments (continued)

i. Financial assets (continued)

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)
This category is the most relevant to the Funds. The Funds measure financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified, or impaired.

The Funds' financial assets at amortized cost includes loans receivables, certificates of deposits, resale agreements, bonds and cash and bank balances.

Derecognition
The Funds derecognize a financial asset in accordance with IFRS 9, when its contractual rights to the cash flows from the assets expire, or when the Funds transfer the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Funds neither transfer nor retain substantially all the risks and rewards of ownership and continues to control the transferred asset, the Funds recognize their retained interest in the asset and an associated liability for amounts it may have to pay. If the Funds retain substantially all the risks and rewards of ownership of a transferred financial asset, the Funds continue to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g., when the Funds retain an option to repurchase part of a transferred asset), the Funds allocate the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized is recognized in profit or loss.

3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies (Continued)

(d) Financial Instruments (continued)

i. Financial assets (continued)

Derecognition (continued)
The Funds derecognize financial liabilities when, the Funds' obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Impairment
At each reporting date, the Funds assess whether there is objective evidence that financial assets are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an adverse impact on the future cash flows of the asset that can be estimated reliably.

The Funds recognize an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Funds expect to receive, discounted at an approximation of the original effective interest rate. The recoverable amount of the Funds' investments in loans and receivables and accounts receivable is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with short duration are not discounted.

For other receivables, the Funds apply a simplified approach in calculating ECLs. Therefore, the Funds do not track changes in credit risk, but instead recognize a loss allowance based on lifetime ECLs at each reporting date. The Funds use the provision matrix as a practical expedient to measuring ECLs on other receivables, based on days past due for groupings of receivables with similar loss patterns. Receivables are grouped based on their nature. The provision matrix is based on historical observed loss rates over the expected life of the receivables and is adjusted for forward-looking estimates

ii. Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Funds' financial liabilities include payables and due to related party balances.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged, cancelled, or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognized in the statement of income.

3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies (Continued)

(e) Receivables

Trade and other receivables are stated at cost, less impairment losses.

(f) Property and Equipment

Property and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation is recognized so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognized in profit or loss.

(g) Payables

Trade and other payables are stated at cost.

(h) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Interest income earned from investments and fees are recorded on the accrual basis.

(i) Expenses

Expenses are recorded on the accrual basis.

(j) Related Party Balances and Transactions

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24, Related Party Disclosures as the "reporting entity").

(a) A person or a close member of that person's family is related to the reporting entity if that person:
- i. has control or joint control over the reporting entity;
- ii. has significant influence over the reporting entity; or
- iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to the reporting entity if any of the following conditions applies:
- i. The entity and the reporting entity 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.

3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies (Continued)

(j) Related Party Balances and Transactions (Continued)

(b) An entity is related to the reporting entity if any of the following conditions applies (continued):

v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
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 reporting entity or to the parent of the reporting entity.

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

4. Investments - Mortgage Insurance Fund

	2024 $'000	2023 $'000
Government of Jamaica:		
Repurchase agreements	91,386	55,949
Investment bonds	853,587	835,097
	944,973	891,046
Time deposits	32,671	18
Deferred shares	75,982	75,000
	1,053,626	966,064
Interest receivable	11,852	10,754
	1,065,478	976,818

5. Receivables

	2024 $'000	2023 $'000
Other receivable	1	1
Withholding tax recoverable	224,118	200,163
	224,119	200,164

6. Due from/(to) related party

	2024 $'000	2023 $'000
Balances outstanding at the end of the reporting period:		
Due to Mortgage (Government Guaranteed Loans) Insurance Reserve Fund	(84)	(84)
Due to Jamaica Mortgage Bank	(30,109)	(7,425)
Due from Jamaica Mortgage Bank	800,011	825,313
Income incurred during the reporting period:		
Administration fees - Jamaica Mortgage Bank	(40,610)	(38,816)
Interest earned on short term loan – Jamaica Mortgage Bank	51,019	39,990

Administration fee is charged at an annual rate of 2.25% of the Fund's investment portfolio balance at the end of each month.

In April 2022, the Fund issued an unsecured loan facility to Jamaica Mortgage Bank totalling $800 million at a fixed rate of 6.36%. The loan is for a period of two (2) years with maturity in March 2024. The loan was extended at maturity for one (1) year at an interest rate of 9.5%. These transactions were carried out in the ordinary course of business.

7. Financial Instruments and Financial Instruments Risk Management

A financial instrument is a contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

For the purpose of the financial statements of the Mortgage Insurance Fund, financial assets have been determined to include cash and cash equivalents, loan receivable from the Jamaica Mortgage Bank, investments, and receivables. Financial liabilities have been determined to include payables, due to Jamaica Mortgage Bank, and due to the Mortgage (Government Guaranteed Loans) Insurance Reserve Fund.

For the purpose of the financial statements of the Mortgage (Government Guaranteed Loans) Insurance Reserve Fund, financial assets have been determined to include Due from Mortgage Insurance Fund and Government of Jamaica Securities. There are no financial liabilities.

(i) Fair Value

Fair value amounts represent estimates of the arm's length consideration that would be currently agreed between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market price, if one exists.

Determination of Fair Value:

The carrying values of the Funds' financial instruments are all considered to approximate their estimated fair values because of their short-term nature. At the end of the period, the fair value of the Fund's investments was $1,065 million in 2024 (2023: $977 million). The fair values are estimated on the basis of pricing models or other recognized valuation techniques.

The investments held are classified as level 2 investments. There were no transfers during the year.

7. Financial Instruments and Financial Instruments Risk Management (Continued)

(ii) Financial Risk Management
The Funds' activities are principally related to the use of financial instruments. The Funds are exposed to credit risk, market risk and liquidity risk from its use of financial instruments. Market risk includes interest rate and foreign currency risk.

The Board of Directors of Jamaica Mortgage Bank has overall responsibility for the establishment and oversight of the Funds' risk management framework. The Board has established Finance and Audit and Loans and Projects Committees for the Bank and, by extension, the Funds. These committees are responsible for developing and monitoring risk management policies in their specified areas - for the Bank and the Funds.

The risk management policies are established to identify and analyze the risks faced by the Funds, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, and products and services offered. The Bank, 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. The Funds are managed by the Bank and benefit from the Bank's risk management policies and processes.

The Audit Committee is responsible for monitoring the Funds' compliance with risk management policies and procedures, and for reviewing the adequacy of the risk management framework.

a. Credit Risk

Credit risk is the risk that a party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The assets presented on the Statement of Financial Position comprise the Funds' exposure to credit risk.

Except for significant investments in various forms of Government of Jamaica securities, there is no significant concentration of credit risk. The Funds' exposure to credit risk is limited to the carrying values of financial assets in the statement of financial position. There has not been any change in the Funds' management of credit risk during the year.

<u>Exposure to Credit Risk</u>
The carrying amount of financial assets represents the maximum exposure to credit risks. At the date of the statement of financial position, these amounts were:

<u>Mortgage Insurance Fund</u>

	2024 $'000	2023 $'000
Cash and cash equivalents	87,357	6,115
Investments	1,065,478	976,818
Receivables	224,119	200,164
Due from Jamaica Mortgage Bank	800,011	825,313
	2,176,965	2,008,410

7. Financial Instruments and Financial Instruments Risk Management (Continued)

(ii) Financial Risk Management (continued)

a. Credit Risk (continued)

Mortgage (Government Guaranteed Loans) Insurance Reserve Fund

	2024 $'000	2023 $'000
Due from Mortgage Insurance Fund	84	84
Government of Jamaica Investment Debenture	17	16
	101	100

The Funds has credit policies aimed at minimizing exposure to credit risk. In respect of investments and related interest receivable, these are Government of Jamaica securities or contracts secured on Government of Jamaica securities. Short-term deposits and investments are held with financial institutions that management believes do not present any significant credit risk.

The directors believe that the credit risk associated with due from related parties is minimal. The carrying amount at the report date represents the Funds' maximum exposure of this class of financial assets.

The Fund has adopted a policy of dealing with credit worthy counter parties as a means of mitigating the risk of financial loss from defaults. The Fund's exposure is continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counter parties. The book value of receivables is stated after allowance for likely losses estimated by the Fund's management based on prior year experience and their assessment of the current economic environment.

The credit risk on liquid funds is limited because the counterparties are major banks with high credit ratings of BB or B2 and higher. The carrying amount of cash and bank balances represents the Fund's maximum exposure to this class of financial assets.

There was no change to the Funds' approach to managing credit risk during the year.

7. Financial Instruments and Financial Instruments Risk Management (Continued)

(ii) Financial Risk Management (continued)

b. Liquidity Risk

Liquidity risk also referred to as funding risk, is the risk that the Funds will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed facilities.

The Funds' exposure to liquidity risk is insignificant as their assets are readily realizable and claims against the Funds would be handled in a manner which provides for careful liquidation of assets.

c. Market Risk

Market risk is the risk that changes in market prices, such as interest rate, equity prices, foreign exchange rates and credit spreads (not relating to the obligor's/issuer's credit standing) will affect the Funds' income or the value of its holdings of financial instruments. Each of the components of market price risks is considered below. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing returns.

i) Interest Rate Risk
Interest rate risk is the risk that that the value of a financial instrument will fluctuate due to changes in market interest rates. It arises when there is a mismatch between interest-earning assets and interest-bearing liabilities, which are subject to interest rate adjustment within a specified period. It can be reflected as a loss of future net interest income and/or a loss of current market values. The Funds manage interest rate risk by monitoring interest rates daily and ensuring that the maturity profile of its financial assets is matched by that of its financial liabilities to the extent practicable, given the nature of the business.

7. Financial Instruments and Financial Instruments Risk Management (Continued)

(ii) Financial Risk Management (continued)

c. Market Risk (continued)

i) Interest Rate Risk (continued)

Set out below is an analysis of the Mortgage Insurance Fund's interest-rate sensitive financial instruments, based on the period in which the earlier of the maturity dates and the contractual re-pricing dates occur. The interest rate sensitive financial instruments of the Mortgage (Government Guaranteed Loans) Insurance Reserve Fund are not material.

31 March 2024

	Average effective yield (%)	Within 3 months $'000	3 to 12 months $'000	1 to 5 years $'000	Over 5 years $'000	No specific Maturity $'000	Total $'000
Cash and Cash Equivalents	0.05	-	-	-	-	87,357	87,357
Investments	9.20	12	211,879	853,587	-	-	1,065,478
Due from related party	6.38	11	800,000	-	-	-	800,011
		23	1,011,879	853,587	-	87,357	1,952,846

31 March 2023

	Average effective yield (%)	Within 3 months $'000	3 to 12 months $'000	1 to 5 years $'000	Over 5 years $'000	No specific Maturity $'000	Total $'000
Cash and Cash Equivalents	0.14	-	-	-	-	6,115	6,115
Investments	8.13	66,713	-	75,000	835,105	-	976,818
Due from related party	6.36	25,313	800,000	-	-	-	825,313
		92,026	800,000	75,000	835,105	6,115	1,808,246

7. Financial Instruments and Financial Instruments Risk Management (Continued)

(ii) Financial Risk Management (continued)

(c) Market Risk (continued)

ii) Foreign Currency Risk
Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The directors and management believe that the Funds have limited exposure to foreign currency risk as they have no foreign currency liabilities and limited foreign currency assets.

iii) Other Market Price Risk
The Funds have no significant exposure to equity price risk as they have no financial assets which are to be realized by trading in the securities market.

8. Fund Valuation

The Fund is subjected to triennial actuarial valuations carried out by an external firm of actuaries. The latest actuarial valuation for funding purposes, undertaken at 31 March 2021, indicated a surplus balance of approximately $1,749 million, with actuarial reserve estimated to be approximately $368.1 million.

9. Privatisation

The Ministry of Economic Growth and Job Creation, parent Ministry of the Jamaica Mortgage Bank ('Bank'), received approval from Cabinet in its Decision No. 1/24 dated 15 January 2024 for the privatisation strategy of the Bank. Cabinet gave approval, among other things, for:

i) the recommended divestiture modality which involved the sale of 100 percent of the shares of the proposed privatisation vehicle, JMB Developments Limited ('JMBD'), via an Offer of Sale of Shares and subsequent listing of the shares on the Jamaica Stock Exchange main market;
ii) the transfer of the assets and liabilities of the Bank to JMBD, such transfer to be explicitly stated in the legislation that repeals the Jamaica Mortgage Bank Act;
iii) the sale of the Mortgage Insurance Portfolio
iv) the repeal of the Jamaica Mortgage Bank Act and the Mortgage Insurance Act.

The privatisation transaction is being handled by the Development Bank of Jamaica ('DBJ'), the privatisation arm of the Government of Jamaica (GOJ) and at the date of approval of these financial statements, no additional transactions or events have taken place regarding the privatisation, which would require further disclosures.