

140th
ANNIVERSARY

THE POWER OF POSSIBILITY...



DIRECTORS' REPORT AND FINANCIAL STATEMENTS 2014



MISSION STATEMENT

We are a mutual organisation satisfying our members and customers with a competitive range of savings, mortgage loans, financial and other services, directly and through our subsidiaries.

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NOTICE of ANNUAL GENERAL MEETING

Notice is hereby given that the 140th Annual General Meeting of Shareholders of The Jamaica National Building Society will be held at the Jamaica Pegasus Hotel in the parish of Saint Andrew at 4 o'clock in the afternoon of Wednesday, July 23, 2014.

The following items of business will be considered:

1. To receive, consider and adopt the following:
 - i) The Directors' Report for the year ended March 31, 2014.
 - ii) The Statement of Accounts for the year ended March 31, 2014.
 - iii) The Auditors' Report for the year ended March 31, 2014.
2. To elect Directors.
3. To appoint Auditors.
4. To transact any other business permissible by the Rules at an Annual General Meeting.

By Order of the Board
Dated this June 11, 2014



Karene Miller
Secretary

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



VOTING PROCEDURES

36(a) Qualification and Method of Voting at Meetings of Members

Every question submitted to any meeting of members shall be decided by a simple majority of votes and such votes shall be taken in the first instance by a show of hands, upon which the decision of the Chairman of the meeting shall be final. A Poll may (before or on the declaration of the result of the show of hands) be demanded by:

- i. the Chairman of the meeting or
- ii. at least ten members who are entitled to vote at the meeting and are present in person or by proxy, and in the event of such a demand, it shall forthwith be taken by ballot, counting or otherwise as the Chairman may decide and then every member qualified to vote shall have one vote and if there is an equality of votes the Chairman shall give the casting vote in addition to his vote as a member. In case of shares held jointly, only the person whose names appears first on the account shall be entitled to vote and all communications of any kind shall be sent to that person.

36(b) Voting by Proxy

- i. Votes may be given personally or, subject to the ensuing provisions of this paragraph, by General Proxy or Special Proxy.

36(d) Personal Interest

No member shall vote either personally or by Proxy on any question in which he shall have a personal interest distinct from the other members.

36(e) Misbehaviour of Members

In case of gross misbehaviour on the part of a member or of disobedience to the ruling of the Chairman at any meeting, the members present shall have power by their votes to deprive the offender of his right of voting at that meeting.

36(f) Counting of Votes

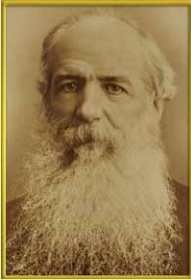
If on a show of hands or on a Poll:

- i. any votes are counted which out not to have been
- ii. any votes are not counted which ought to have been counted

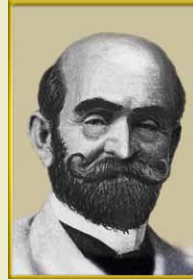
the error shall not vitiate the decision arrived at unless it shall, in the opinion of the Chairman, be of sufficient magnitude so to do.

Extracted from the Book of Rules.

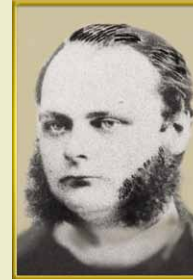
FOUNDERS, MERGERS & ACQUISITIONS



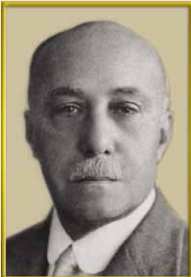
Reverend Henry Clarke
Founder of the Westmoreland Building Society (1874)



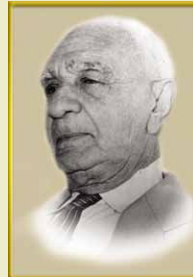
Reverend Josias Cork
This photograph is believed to be that of the Rev. Josias Cork, founder of the St Ann Benefit Building Society (1874)



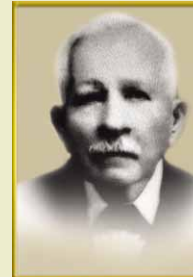
John E. Kerr
Chairman of the St James Building Society from 1883 to 1903. The Society was founded in 1874



J. H. Allwood
Solicitor and founder of the Brown's Town Building Society 1983



John Gerrard Marchallick, JP
One of the two persons spearheading the move from the St Thomas Mutual Building Society, which had its first meeting on June 1, 1897



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



Ernest Clark
One of the founders and first Chairman of the Manchester Mutual Building Society (1955)

Westmoreland Building Society
(founded August 13, 1874)

1967

Manchester Mutual Building Society

1970

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

December 1970

Change of name to
The Jamaica National Building Society

1976

St. Thomas Mutual Building Society

1977

Jamaica Permanent Building Society

1983

St. Mary Benefit Building Society

1996

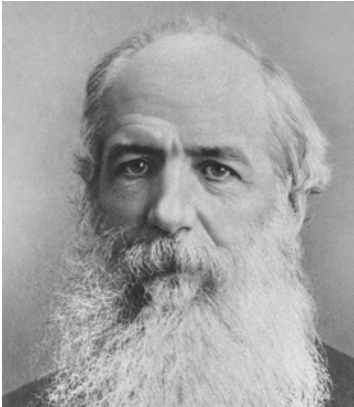
Hanover Benefit Building Society

2001

Jamaica Savings & Loans
Building Society

CHAIRPERSONS & GENERAL MANAGERS

CHAIRPERSONS



Reverend Henry Clarke
1874-1907



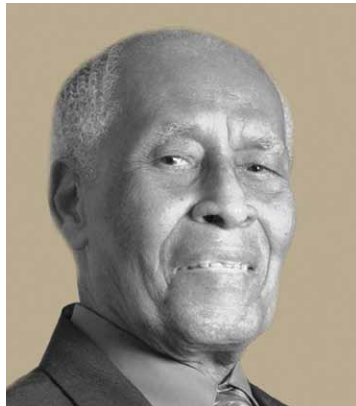
Hugh Clarke
1907-1944



Eric Clarke
1944-1966



J. Osmond H. Hudson Sr.
1966-1976



Keith Francis, JP
1997-2002

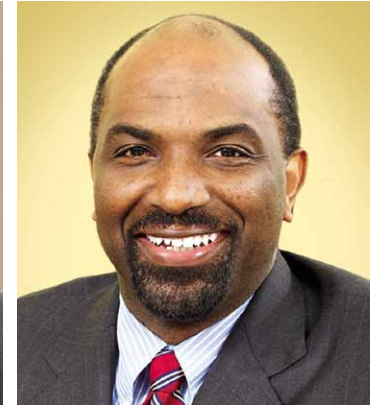


Hon. Oliver F. Clarke, OJ, JP
1977-1997 and 2002 – present

GENERAL MANAGERS



Lancelot Reynolds, OD, JP
1976-1999



Earl Jarrett, CD, JP
1999 – present

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



MUTUALITY STATEMENT

The **Jamaica National Building Society** was founded on the principle of mutuality which has guided the Society's progress and conduct throughout its 139 years.

Based on trust and benefit, mutuality means that the Society is owned by its members, the people who save with it, and that the Society strives to safeguard the interests of those members.

As a mutual organisation, the Society's main goal is to increase its membership base and encourage savings among members primarily to help them to acquire homes.

The Society also strives to manage the savings of its members prudently with the interest of savers in mind. In that regard, it seeks to satisfy the needs of both savers and borrowers by offering attractive rates of interest on savings and loans.

The Society's business conduct is also guided by mutuality - one member, one vote - regardless of the amount of savings of each member; thus, the interest of the smallest saver is safeguarded, as much as the interest of the largest. JNBS also seeks to operate efficiently and profitably to the greater benefit of its members.

BOARD of DIRECTORS

Hon. Oliver F. Clarke, OJ, Hon. LL.D, JP
FCA, B.Sc. (Econ)
Chairman



The Hon. Oliver F. Clarke worked with the Jamaica National Building Society as Assistant General Manager, and then as General Manager from 1971 to 1976. He held the position of Chairman of JNBS for two decades from 1977 to 1997 and served as Deputy Chairman from 1997 until 2002, when he was reappointed Chairman.

Mr. Clarke is the Chairman of JN General Insurance Company, formerly NEM Insurance Company (JA) Ltd., and JN Money Services Ltd., the parent company of the Jamaica National Overseas companies in the United States of America, Canada and the United Kingdom. He is also director of JN Small Business Loans Limited.

Mr. Clarke, a Chartered Accountant, is Chairman and former Managing Director of The Gleaner Company Limited and past President of both The Private Sector Organisation of Jamaica (PSOJ) and The Inter American Press Association. In 1990 he received the Americas Award from the Americas Foundation and in 1996 the PSOJ inducted him into the Private Sector Hall

of Fame. The American Foundation for The University of the West Indies recognised him as a Caribbean Luminary in 2004, and in April 2006, the American Friends of Jamaica awarded Mr. Clarke with its International Humanitarian Award.

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



Dr. Dhiru Tanna
PhD, MA, BSc (Econ)
Deputy Chairman

Dr. Dhiru Tanna has been a member of the JNBS Board since 1981 and Chairman of JN Fund Managers Ltd. since 2005. He is a long standing member of the Society's Finance & Investment Committee, now renamed the Risk Committee.

A graduate of the University of London and the University of California, Berkeley, Dr. Tanna is an Economist. He is a former Director and Chairman of a number of Jamaican and West Indian companies. His career spans assignments in Uganda, the USA, Puerto Rico and several organisations in Jamaica, and other CARICOM states. Some of these entities include Neal &

Massy Holdings Ltd., The University of the West Indies, Jamaica National Investment Co. Ltd. (JNIC) and Capital Development Fund. Dr. Tanna has served as a Director of the Development Bank of Jamaica since 2007. He is Executive Chairman of Blue Power Group Ltd. which was listed on the Junior Market of the Jamaica Stock Exchange in 2010.

BOARD of DIRECTORS

Earl Jarrett, CD, Hon. LL.D, JP
FCA, MSc (Accounting)
General Manager



Earl Jarrett was appointed General Manager of JNBS in October 1999. He joined the Society in 1997 as Executive with responsibility for Compliance and Overseas Subsidiaries. Mr. Jarrett is a member of the Society's Board and all its local and overseas subsidiaries, as well as the JNBS Foundation. He is the Chairman of the Jamaica Automobile Association (Services) Limited, and the overseas subsidiary companies of JN Money Services Limited.

A Chartered Accountant and graduate of The University of the West Indies, Mr. Jarrett is:

- Chairman, Caribbean Association of Housing Finance Institutions (CASHFI); Jamaica Cancer Society; Jamaican Diaspora Foundation and Mona GeoInformatics Institute
- Director, The Gleaner Company's UK and North American Boards; Edna Manley College Arts Foundation
- Trustee, Dudley Grant Memorial Trust and the YWCA Trust
- Trustee Member, FIA Foundation Region 2
- Member, National Council of Jamaica, Order of St John; The University of the West Indies Mona Campus Council

He is former Deputy Chairman of the Jamaica Tourist Board (JTB), former Council Member of the Institute of Chartered Accountants of Jamaica and past President of the Rotary Club of New Kingston. He has served as a member of the National Task Force on Political Tribalism and as Honorary Secretary of The Private Sector Organisation of Jamaica (PSOJ). In 2008 Mr

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

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

In 2011, he received a second Doctor of Laws (LL.D) degree from The University of the West Indies. In 2012, Mr Jarrett was awarded the Kiwanis Club of New Kingston's Man of Excellence award and recognised as the Jamaica Institute of Management (JIM)/Gleaner 2011 Manager of the Year; and subsequently inducted as a JIM Fellow.

In March 2013, Mr Jarrett was appointed a member of the Electoral Commission of Jamaica.



**Hon. Dorothy Pine-McLarty
OJ**

The Hon. Dorothy Pine-McLarty has been a member of the Board since September 1998. She is Chairperson of the Jamaica National Independent Retirement Scheme and a director of JN Money Services Limited.

A practicing Attorney-at-law for some 48 years, she retired from partnership of Myers, Fletcher & Gordon, but remains a Consultant. She served as the head of that firm's Property Department from 1992 to 1995 and was Managing Partner of the firm's London office from its inception in 1995 until June 1998. Admitted as a Solicitor of the Supreme Court of the United Kingdom in 1995, Mrs. Pine-McLarty serves on the Boards of several organizations including— Independent Member and Chairperson of the Electoral Commission of Jamaica, Member of the Board of Governors of the St. Andrew High School for Girls, Chairperson of the Access to Information Tribunal, Member of the Finance Committee of the University of Technology.

Mrs. Pine-McLarty was awarded the Order of Jamaica in October 2007 for outstanding public service.



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

Parris A. Lyew-Ayee joined the Board of Directors in June 2007, having previously served as a Director of NEM Insurance Company (Ja.) Limited, a subsidiary of JNBS. He has also been a member of the JNBS Foundation since 2007. In April 2009, he was appointed Chairman, JN Small Business Loans Limited.

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

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

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

BOARD of DIRECTORS



Jennifer Martin, JP

Jennifer Alayne Martin, an Attorney-at-Law, has been a Director of the Board since the merger of the Jamaica Savings & Loan Building Society and the JNBS in 2001.

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

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



William Mahfood
Hon. DPS, BSc.

William Mahfood was appointed to the Board in July 2006. He holds the degree of Bachelor of Science in Industrial Engineering & Management Information Systems from Northeastern University, Boston, Massachusetts. Prior to joining the JNBS Board, Mr. Mahfood was a Director of JN Small Business Loans Ltd.

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

He is very active in outreach programmes in Spanish Town and its environs, as well as serving on boards of charitable organisations such as Food For The Poor and The Laws Street Trade Training Centre.

In August 2011, he was conferred with the Honorary Doctor of Public Service degree from the Northern Caribbean University.



Peter Morris
MBA, BSc (Hons.)

Peter Morris was appointed to the JNBS Board in January 1993. He is a Director of JN Fund Managers Limited, JN Life Insurance Company Ltd, JN General Insurance Company Limited and a member of the JNBS Finance Committee. Mr. Morris has a Bachelor's Degree in Economics from The University of the West Indies and an MBA in Finance from the Columbia University Graduate School of Business. He has more than twenty years of business experience at the management and Board level in Jamaica, the United Kingdom and the United States.



John Small
FCMI, CQSW, BA (Hons.)

John Small has been a Director of the Jamaica National Building Society since September 1998. He is a graduate of Bradford University, England and a Fellow of the Chartered Management Institute in the UK. Mr. Small is a former Deputy Director of Social Services for the London Borough of Hackney, England, former non-executive Director of North London University and former Lecturer, Department of Sociology, Psychology and Social Work, The University of the West Indies. He was Chairman of The Planning Institute of Jamaica's "Working Group on International Migration" and founder and first President of the National Association of Returning Residents. Mr. Small is a member of the Board of Governors of United Way of Jamaica and is a self-employed international consultant in the Management of Human Services.

BOARD of DIRECTORS



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

Raphael Gordon, retired Managing Partner of KPMG in Jamaica and Chairman of KPMG CARICOM, joined the Board of Directors in November 2009. A partner in KPMG from 1978 to 2008, Mr. Gordon has had responsibility for the audits of several public companies, statutory bodies, pension funds, manufacturing, distribution and agricultural businesses and financial and educational institutions. He has also served on public committees to examine money laundering, company law reform, and insolvency legislation, the Financial Administration and Audit Act and the Public Bodies Management and Accountability Act in Jamaica.

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

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



Kathleen AJ Moss
MBA, BSc, CBV

Kathleen Moss is a Management Consultant and Chartered Business Valuator with Sierra Associates, an independent advisory and business valuation firm, which she established in 1993. She was appointed to the JNBS Board in November 2012. She has been a director of NEM Insurance Company Limited, now renamed JN General Insurance Company, since 1996 and Deputy Chairman since 2000. Mrs Moss has been a member of the JNBS Group Audit Committee and Finance Committee since their inception in the mid 1990s.

Mrs Moss serves on the boards of Jamaica Producers Group, Assurance Brokers, Pan Jamaican Investment Trust and Kingston Wharves. Prior to establishing Sierra, Mrs Moss worked with the consultancy practice of Price Waterhouse. She is a trustee of the Violence Prevention Alliance and a member of the Finance Committee of the Archdiocese of Kingston. Mrs Moss is a member of the Canadian Institute of Chartered Business Valuations and a graduate of The University of the West Indies and McGill University.



Jacqueline Robotham
MBA

Jacqueline Robotham joined the Jamaica National Building Society in 1994 as a teller at the Half-Way-Tree Branch, and over the years, ascended the ranks of the Society, assuming the roles of Senior Customer Service Representative and Operations Supervisor. In 2006, she was appointed Branch Operations Manager for the Papine location, and in 2010 was appointed Senior Branch Manager for the UWI and Papine locations. Her title, Branch Operations Manager, was changed to Business Relationship and Sales Advisor in 2013.

Mrs Robotham gained a Diploma in Management Studies in 2003 from the Jamaican Institute of Management, a Chartered Business Administrator (2006) from the Chartered Association of Business Administrators, Canada, a Masters in Business Administration (MBA) from the Pebble Hills University (2008) and a Diploma in Project Management (2012) from the Mona School of Business.

Mrs Robotham was crowned Miss JN in 1998 and captained the company's netball team from 1998-2004. She is one of the founding members of the JN Chorale and sits on the Golden Age Home Cluster H committee. She has also been the President of the Stella Maris Preparatory School's PTA since 2006, and sits on the school Board, as well as the Lister Mair Gilby and Danny Williams School for the Deaf. She also sits on the interviewing committee of the Community Service Secretariat of the University of Technology.

She was elected to the JNBS Board as Staff Director in January 2014.

CORPORATE GOVERNANCE

External Regulators

JNBS is a licensed deposit taking institution under the Bank of Jamaica (Building Societies) Regulations 1995 and is regulated by the Bank of Jamaica. Established under the Building Societies Act, the Society is also regulated by the Financial Services Commission, as a licensed Securities Dealer. JNBS is also regulated by the relevant financial authorities overseas that grant licences for the Society to operate Representative Offices in the United Kingdom, United States of America and Canada.

The Board

The JNBS Board remains committed to ensuring that the highest standards of governance are maintained in all areas of the Society and its subsidiary companies. The Board approves strategic direction and organisation structure and oversees the risk management framework. On behalf of the members and other stakeholders to whom they are accountable, the Board provides guidance to the management team and monitors the activities of the JN Group through a well-established governance framework.

The majority of the JNBS Board is made up of independent directors whose balance of qualifications, skills, expertise and experience help to ensure that the Society operates within stipulated ethical and legal guidelines, and that proper records and accountability standards are established, maintained, documented and audited. The Board reviews its composition each year in order to maintain the appropriate mix of experience and competence. Where it is considered that the Board would benefit from the services of a new director with particular skills, critical assessment of qualified candidates is conducted and the most suitable individual selected.

Attendance at Meetings

During the financial year, the Society had twelve Board meetings with attendance as follows:

12 meetings were attended by 4 Directors
11 meetings were attended by 4 Directors
10 meetings were attended by 3 Directors*
8 meetings were attended by 1 Director
7 meetings were attended by 1 Director
1 meeting was attended by the new Staff Director,
who joined the Board in March 2014

*(including the former Staff Director whose tenure ended February 2014)

Board Committees

The Board Committees include only independent Board members as recommended by best practice standards. There are four Committees of the Board:

1. Board Committee

The Board Committee ensures application of corporate governance best practises, approves corporate structure, manages appointments of and removal of Directors from Board and Committees. It provides leadership of the Society's governance processes; Director nominations and evaluations; Director qualification review; evaluations of the Board, CEO, Secretary and Committee evaluations; members' proxies; succession planning; Board and organizational structure; Board member retirement and CEO recruitment. This Committee comprises three independent Directors. It meets semi-annually and reports annually to the Board. The committee receives reports on conflict of interest and requests from members and receives reports from the Company Secretary and Corporate Governance Officer.



2. Audit Committee

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

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

Six Audit Committee meetings were held during the financial year. Two Directors attended all meetings, one member attended five meetings and one Director attended three meetings.

3. Finance Committee

The Finance Committee oversees credit, market and operational risk management, monitors risk profile, ensures legal and regulatory compliance and assists the Board in its risk oversight role by overseeing the risk management framework and monitoring the organisation's adherence to limits and tolerance levels established by the Board. The Committee ensures that policies for enterprise wide risk management are in place; reviews the performance of the Chief Risk Officer and Chief Compliance Officer, with authority to terminate their services.

It comprises four independent Directors selected by the Board Committee and is assisted in its deliberations by the General Manager, Chief Financial Officer, Chief Risk Officer and Chief Compliance Officer. This Committee meets bi-monthly and submits bi-monthly and annual reports to the Board. It receives reports from the Credit, Asset & Liability and Information Technology Steering Management Committees. It also receives periodic reports from the Chief Compliance Officer, Chief Internal Auditor, Chief Risk Officer, Chief Financial Officer and external Auditor. For the financial year ending March 31, the then Finance & Investment Committee had eight meetings, with two Directors attending all meetings, one Director attending seven and one Director five meetings.

4. Compensation Committee

The Compensation Committee is responsible for evaluating the group executive team and manages succession plans of the group executive team. It has oversight of Board and executive compensation systems, to ensure alignment with long term objectives; succession planning; recommends Executive and Board remuneration; commissions industry compensation surveys; reviews compensation and incentives; meets with the Chief Risk Officer and Finance Committee to ensure risks are being managed in this area; makes recommendations on liability insurance and delegates areas of its authority to the Group Human Resources Development (GHRD) department. The Committee comprises three independent Directors selected by the Board Committee and is assisted in its deliberations by the General Manager and the Executive, GHRD. It meets semi-annually and submits annual reports to the Board and Board Committee. The Committee receives reports on compensation, evaluation and succession planning from the Executive, GHRD. In the previous financial year, the Committee met once and all Directors/members were in attendance.

CORPORATE GOVERNANCE

Internal Controls

The Board reviews the business risks to which the Society may be exposed through integrated risk management programmes, which ensure that risks are identified, assessed and appropriately managed. Mechanisms are put in place to facilitate effective implementation of these programmes. At the management level, some of these systems include the following Committees:

- Asset & Liability Committee, comprising the General Manager, Chief Risk Officer and four members of Senior Management – ensures that liquidity, funding and interest rate risks are managed in accordance with the Society's strategic objectives and risk appetite established by the Board; evaluates and assesses the effect of market conditions and recommends action if necessary; ensures that an appropriate transfer pricing mechanism is in place; and recommends changes to the Society's Investment Policy.
- Credit Committee, comprising the General Manager, Chief Risk Officer, Chief Financial Officer and four members of Senior Management – monitors the Society's credit risk management; monitors the effectiveness and administration of credit policies; monitors the performance and quality of the credit portfolio and identifies trends that may affect the portfolio; assesses adequacy of the provision for loan losses; and oversees the implementation of regulatory and accounting requirements.
- Information Technology (IT) Steering Committee, comprising the General Manager, Chief Information Officer and seven members of Senior Management – provides strategic leadership for information technology (IT) through the alignment of IT objectives and activities with the Society's strategic objectives; leads the IT governance, risk and control framework; ensures the Society assesses and manages risk in IT operations and projects.

These Committees all report upwards to the Board Committees.



GROUP AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended March 31, 2014.

Audit Committee members and attendance

The Audit Committee consists of the members listed below. Meetings are scheduled for every other month. During the year, six (6) meetings were held, KPMG was invited to two (2) of these meetings and key members of the audit engagement team attended and discussed significant matters relating to March 31, 2013 year-end audit and plans for the year ending March 31, 2014. Dates of meetings and attendance by committee members were -

MEETING DATES						
	15/4/13	13/6/13	20/8/13	15/10/13	17/12/13	18/2/14
Raphael Gordon (Chairman)	✓	✓	✓	✓	✓	✓
Earl Jarrett	■	✓	✓	■	✓	■
Kathleen Moss	✓	✓	✓	✓	✓	✓
S. Kumaraswamy	✓	■	✓	✓	✓	✓
KEYS:						
Present	✓					
Apology received	■					

Audit Committee responsibilities

The Audit Committee has the following key functions and responsibilities:

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

GROUP AUDIT COMMITTEE REPORT

The effectiveness of Internal Controls

The main objectives of the internal controls system are:

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

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

Training and Development

In today's rapidly changing financial landscape, the aim is to ensure that the Units' employees keep abreast of the latest technical knowledge and best practice standards to effectively carry out their functions. To achieve this, members of the department participated in various internal and external training sessions including monthly internal workshops webinars/seminars covering various audit and AML related topics such as Taxation & Accounting, IT Auditing and Anti-Money-Laundering. Also, members of the Unit embarked on internationally recognised Professional Designation programmes to include Certified Internal Auditors.

Additionally, employees attended various courses during the year. There was training to satisfy FATCA, IFRS, attendance at Bank of Jamaica internal audit training seminar and others.

Content and Quality of reports prepared by the Internal Audit Unit

In keeping with its mandate, the Committee received regular updates from the Chief Internal Auditor. Significant areas requiring improvements in internal controls were noted by the internal auditors. The final reports which include management's risk corrective action plans were presented to the Committee at the scheduled meetings. In addition, quarterly Group Audit Committee reports were submitted to the Board for the period April 2013 to March 2014.

External Auditors

We had meetings and discussions with the external auditors to identify any significant audit issues arising from their examination and issues communicated in their management letter. There were no major issues arising from their examination. Internal Audit followed up on the matters included in the external auditors' management letter to have management deal with them. Their independence was also evaluated and we are satisfied that they have maintained their independence as required by the Institute of Chartered Accountants of Jamaica's Code of Ethics. A 2014 audit planning meeting was also held at which we discussed the:

- Auditors' responsibilities in relation to the audit.
- Audit engagement team has complied with relevant ethical requirements regarding independence.
- Planned scope and timing of the audit, including materiality, areas of significant risks of misstatement, auditors' approach to internal controls, significant accounting policies (based on significance and/or complexity), significant accounting policies requiring use of judgment, initiatives to increase audit efficiency and the audit timetable.
- Standards applicable for the year ending March 31, 2014 and probable effect on the audited financial statements, and
- Significant difficulties which were encountered during the 2013 audit and plans to avoid them in 2014.



Evaluation of Financial Statements

The audit approach to be used by the external auditors KPMG for financial year ending March 31, 2014 was presented at the December 2013 Audit Committee Meeting. A meeting will also be held with KPMG to discuss the 2014 audited financial statements. The Committee will then make its recommendation to the Board.

The Audit Committee reviewed and approved audited financial statements for the Society and all its subsidiaries as at and for the year ended March 31, 2013 and Mutual Building Societies Foundation as at and for the year ended March 31, 2013. The Audit Committee reviewed and approved audited financial statements for companies with December 31, 2013 year end, namely JN General Insurance (JNGI) Company Limited, Jamaica Automobile Association (JAA) Services Limited and JN Life Insurance Company Limited. The Financial Statements for the Contributory Pension Scheme for Jamaica National Building Society (JNBS) and Subsidiary Companies, the JNBS Foundation and JN Individual Retirement Scheme were reviewed and approved by the Committee. JNGI's 2013 directors' report was also reviewed and approved.

Comments on subsidiaries

Internal audit reviews were conducted at subsidiaries during the year. The scope of the reviews included follow up on points raised in internal audit and external audit reports and regulatory reports (where applicable). Reports for JN General Insurance (JNGI) Company Limited and JN Life Insurance Company were discussed at meetings of their Audit Committees. Matters discussed in respect of JN Fund Managers Limited (JNFM) were submitted to their General

Manager for submission to JNFM's Board. The meetings were held quarterly for JNGI and JN Life. Summaries of the issues discussed were included in the monthly reports to the JNBS Board. Reports for the other subsidiaries were discussed at JNBS Audit Committee meetings. The committee is satisfied that issues raised in audit reports were addressed or are being addressed by management.

Annual evaluation

Attached are the Audit Committee and the Internal Audit evaluations for the year ended March 31, 2014. These were discussed and agreed at the April 15, 2014 audit committee meeting.

Chairman of the Audit Committee



CHAIRMAN'S REPORT

The Hon. Oliver F. Clarke

The fiscal year 2013/2014 was one of significant adjustment in the financial sector as the Jamaican government moved with determination to implement the comprehensive economic reform programme of the International Monetary Fund (IMF) Agreement. The Agreement, by its nature, seeks to contract the economy, limit the government's ability to expand its debt portfolio, and to achieve greater efficiencies.

A central component of the IMF Agreement is extensive fiscal reforms, including the adoption of legislation to tighten supervision of the financial services sector. Many of the new laws will affect the JN Group. These include the Banking Services Act 2014, the Securities (Amendment) Act 2013, and the Charities Act 2013. These new laws will increase the supervision of financial institutions and charities; as well as, threaten significant and other financial liabilities on Directors and Managers.

The effect of these economic policies is that the economy has experienced negligible growth of less than one percent, and members of JNBS are experiencing difficulties meeting the increased cost of living while they try to save and plan financially.

Financial Performance

However, the Society and companies within the JN Group continue to perform creditably, despite the long outstanding receivables for Withholding Tax and the lengthy time frame for decisions from the government.

I am pleased to report that the Group achieved growth in key indicators, with Total Assets increasing by 12.3 percent to \$162.5 Billion, while after tax surplus rose to \$2.3 Billion, compared to \$0.9 Billion in 2013/2014. The value of loans moved from \$51.7 Billion to \$55.9 Billion, and investments from \$57.8 Billion to \$67.2 Billion. The Savings Funds recorded moderate growth, moving to \$86.6 Billion, a \$7 Billion increase or approximately 8.8 percent rise over the \$79.6 Billion achieved last year.

Further details of our financial performance and the accompanying Financial Statements for the Society and the JN Group are recorded elsewhere in this Report.

Growth Focus

The Society has re-submitted an application for a commercial banking licence, and we anticipate a response shortly. A positive response to the application will enable the Society to expand the services offered, while meeting the requirements of the new financial laws being promulgated.



The Society re-submitted its application for a commercial banking licence in November 2013. As a bank, Jamaica National will be better able to meet the needs of its members through expanded product and service offerings. Additionally, the efforts being undertaken throughout the transition to a bank will also enable the organisation to better meet the requirements of the new Banking Services Act (2014) which seeks to streamline the operating and supervisory framework for the financial services sector.

JNBS has established a transition team tasked with the responsibility of preparing the organisation for this new structure. The team's achievements to date include the following:

1. Resubmission of the application in November 2013
2. Establishment of a Business Transformation Team to manage the transition process
3. Identification and development of new products and services to be offered by the bank
4. Development of a Business Transformation Project Plan and Operation Plan to guide the implementation process

We are confident of this positive direction given the research conducted in 2012 in which customers rated Jamaica National higher than the two leading commercial banks. A more recent study conducted in 2013, among 1,700 persons, indicated that there is strong support for the transition to a commercial bank and keen interest in the projected new products and services.

This presents a significant opportunity for us in a changing financial services sector, where increasingly, real personal contact is valued, backed by consistent and high quality products and services from financial institutions. I wish to state that the benefits of mutuality, which have been accessed by many persons, will be continued by the organisation if the banking license is granted. Our rich tradition of service has equipped us with the necessary base; and, as we anticipate this new phase of our existence, we will continue to link our customers to financial opportunities.

Staying Connected

The financial year was an important one for us as we marked the 25th anniversary of serving the Jamaican Diaspora in the United Kingdom. We celebrated the occasion with our members, customers and employees at several events, including a church service in London, which was attended by the Governor-General of Jamaica, His Excellency the Most Honourable Sir Patrick Allen and Lady Allen.

The JNBS Florida Representative Office, based in Tamarac, Florida, also celebrated its tenth year of serving the Jamaican Diaspora community in the United States of America, with an anniversary church service in Lauderhill. Jamaica National was also honoured with three citations from the City of Lauderdale Lakes, Miramar and the Broward County Commissioner's Office.

As we continue to reach out to members of the Jamaican and Caribbean Diaspora, we hosted the annual series of economic forums on Jamaica, Outlook for the Future series, in London, Birmingham, New York and Toronto. Jamaican government representatives were invited to these events to update members of the Jamaican Diaspora about current events in Jamaica. We also hosted our third UK Caribbean Question Time forum to continue to build a stronger Caribbean Diaspora community in the UK; and staged a UK members' convention to apprise our members of new developments in the JN Group.

In Jamaica, the Jamaica Automobile Association partnered with the National Road Safety Council (NRSC) for the visit of His Royal Highness, Prince Michael of Kent, the Royal Patron of the Commission for Global Road Safety and Patron of the FIA, who was a special guest of the NRSC during its 20th anniversary celebrations.

In February, the JNBS Foundation and the University of Birmingham launched the University of Birmingham and Jamaica National Foundation Legacy Scholarship to offer three one-year scholarships to three Jamaicans to pursue post-graduate degrees in business at the University. The scholarship, which is open to Jamaican citizens who are graduates of Jamaican tertiary institutions,

CHAIRMAN'S REPORT

is one of the outcomes of the investments made by the Jamaican Government and the private sector to leverage the London 2012 Olympic Games.

Governance

During the year under review, we improved our governance with the implementation of new Board Committees, which now have oversight responsibilities to ensure that risks are identified and managed on a proactive basis. The other main task of the Board is to approve and monitor the strategic plans of the Group, and I am pleased to report that our plans include:

- Re-organizing the JN Group structure
- Introducing a new Board governance structure
- Introducing new banking services
- Introducing wealth management services within Jamaica National
- Introducing risk-based buying for insurance at JN General Insurance (JNGI) Company Limited
- Integrating JNGI's claims management with the Jamaica Automobile Association for a unique customer experience

The members of the Board of Directors are committed to the principles of corporate governance. And, we will continue to demonstrate competence and knowledge of the issues affecting financial services; while ensuring that Jamaica National continues to meet and exceed the service expectations of members and customers.

Team Members

The Board of Directors commends our staff members who have worked tirelessly during the year to deliver the very best service to members and customers. I also thank Executive teams and Managers for their unrelenting commitment to move the JN Group forward; and thank you, our members, for your continued loyal engagement with your Society.

I also use this opportunity to acknowledge the passing of former Chairman of the Board of Directors, Keith Francis, under whose astute leadership, Jamaica National experienced a significant era of growth and expansion locally and overseas from 1997 to 2002.

Auditors

The firm, KPMG, Chartered Accountants and Auditors of the Society, retires in accordance with the Rules of the Society; and, being eligible, offers itself for re-appointment.

Retiring Directors

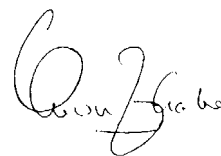
Pursuant to Rules 24 (a) and (b) of the Society's Rules, the retiring directors by rotation are:

1. Peter Morris (first elected in 1993)
2. John Small (a member of the Board since 1998)
3. Raphael Gordon (appointed to the Board in 2009)

These three directors, being eligible, offer themselves up for re-election. And, I take this opportunity to thank all the Directors of the Boards of the JN Group for their unstinting service to the success and growth of the Society; and, by extension, the members and customers we serve.

Outlook

The outlook for 2014 onwards provides for greater economic optimism. The new regulations, which will drive further significant changes to the governance of financial services, are designed to help restore confidence in financial institutions. Your Building Society and its subsidiaries remain well placed for such, ever changing, conditions; and we intend to robustly retain the attributes that have made Jamaica National a constant, successful and durable multinational organisation.



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



GENERAL MANAGER'S REPORT

Earl Jarrett

The financial year for the Jamaica National Building Society (JNBS) was cast against a background of severe economic pressure as the Government of Jamaica explored new ways to reduce the gap between the country's limited financial resources and its mounting debt stock. The economy experienced significant financial jolts as the programmes of the International Monetary Fund Agreement were implemented. This resulted in economic contraction, minimal growth of approximately one percent, reduced government spending, limited liquidity in the economy, and an eleven percent depreciation of the Jamaican currency, all of which significantly affected the disposable income of our members.

Nevertheless, there were also some positive indicators, such as a reduction of our Debt-to-GDP ratio from over 140 percent to 132 percent and containment of the inflation rate to 8.3 percent for the year. Remittances grew marginally from US\$2.04 Billion to US\$2.06 Billion which was US\$22.5 Million or 1.1 percent more than in 2012. Tourism arrivals exceeded two million persons, while Foreign Direct Investment grew by 16 percent to

US\$567 Million. Approximately 6,000 new jobs were added in the business outsourcing sectors. Having successfully met the IMF targets for four consecutive quarters, the level of confidence in the economy began to improve by the end of the financial year.

Financial Performance

The JNBS began the financial year with a capital base of \$12.3 Billion, having contributed \$0.75 Billion to the National Debt Exchange (NDX). Recouping from the effects of the NDX, the Society recorded performances comparable to pre-NDX levels achieved some three years earlier. This was mainly due to concerted efforts to promote the benefits of saving and to deliver premium products to our members.

The Society maintained its position as the leading mortgage provider among building societies in Jamaica with 51 percent of the market share in mortgage loans. Prospective mortgagors welcomed the introduction of our special mortgage rate of 9.29 percent, which came in response to vibrant competition in the mortgage market during the year. This resulted in mortgage origination of



GENERAL MANAGER'S REPORT

\$7.8 Billion, mortgage disbursement of \$7.5 Billion, and moved the Society's loan portfolio to \$50.3 Billion. The quality of our lending portfolio continues to improve through the proactive management of risk; and the quality of the loans written, which enabled us to end the year with our arrears ratio at 5.9 percent.

For the year, the Society reported a Net Surplus of \$1.8 Billion compared to \$300.4 Million for the previous year, while the Net Savings Intake of \$2.4 Billion was below our target by \$4.6 Billion, and reflected the low levels of disposable income in the economy.

Even as we welcome the improvement in our financial performance, our plan is to continue to connect members and customers to financial opportunities, and to enable their businesses to thrive and prosper.

Improving Service Delivery

During the year, the Society and the companies in the JN Group focused on improving our products and services to members and customers; upgrading our internal systems, while strengthening the JN brand, and positioning the organisation as a multinational business.

The building society implemented programmes to improve our member and customer experience in the branches. The decision to segment our branch operations, shifting high volume transaction activities such as remittances and bill payments to the JN MoneyShops, served to improve in-branch customer service, reduce waiting time, and boost overall customer satisfaction.

The Society also took the opportunity to rationalise branch locations and restructure our branch operations in St Mary for greater cost efficiencies. Several branches, including Annotto Bay, Gayle, Christiana, Junction, and Linstead, which were heavily transaction-driven, were converted to MoneyShops. Ever mindful of the needs of our members, we extended the opening hours at MoneyShops to ensure greater access to our services.

These changes also allowed us to offer consultative services within branches. Branch employees are strategically positioned in the banking halls to assist members and customers to use the available technology channels, such as our e-banking services, cash recycler deposit Automated Teller Machines (ATMs) and JN Teller Express areas.

We began the pilot project in September and have experienced a 29 percent decrease in over-the-counter teller transactions and an increase in the use of the drop box facilities at our Half-Way-Tree Branch. What is even more satisfying is the 38 percent increase in the use of the cash recycler deposit ATMs between December 2013 and January 2014.

To support the new strategic direction of the Society, it was also necessary to convert the operational role of the Branch Manager into Business Relationship and Sales Advisors, to lead the charge in driving sales for the organisation. These Managers have become the sales force and "face" of Jamaica National in communities across the island, offering personalised financial services to existing and prospective customers and members.

During the year, we re-implemented our core banking system, Phoenix, with the objective of reducing the processing times and the cost of operations, and upgrading our database management systems. We are pleased to report that this major systems upgrade, which required the collaboration of expertise from Jamaica, the United States of America, and Egypt, was done successfully. As a result, the time for the nightly internal processing of transactions has been reduced by approximately 62 percent and customers and members now experience faster transaction processing times.

The Society's international wire transfer business also grew significantly to 19,611 transfers, a 75 percent increase when compared to the 11,204 wire transfers received in the previous year. To achieve greater levels of



efficiencies, the Society applied to become a member of the Swift Network. Our application was approved and we have worked with Swift to implement the network successfully. The network allows JNBS to offer proprietary wire transfers, resulting in improved transaction processing and an expansion in our product range.

We are also pleased to have retained our ISO 9001:2008 Standard certification. This initiative has reaped significant rewards, in that our Registrar, Lloyd's Register, has helped us to identify opportunities to improve our operations for our members and the organisation. Attendant to our certification was the implementation of a formal electronic records management system, which has enhanced our ISO 9001:2008 registration, given that the retention and retrieval of records are central to the process.

As we move into the next financial year, we will consider implementing a Six Sigma Programme to introduce a formal methodology for process improvement. This sits well within the ISO 9001:2008 framework and will add value to all stakeholders. Even as we set out on this path of continuous improvement, we will also be reviewing our documentation and processes, to ensure alignment with the soon-to-be-released ISO 9001:2015 Standard that will include requirements for Risk Management.

Connecting With Our Members

From the perspective of our members, we continue to build stronger and lasting relationships through the delivery of exceptional customer service. Based on this commitment, new elements of service delivery were introduced that have improved our contact points with members, especially via our online banking platform, **LIVE by JN**.

The online portal was revamped and a new interface designed for personal computers and mobile devices, which was well received by all. The new features include SMS text messaging and account balance texting services to

enable persons to use their cellular phone to check their account balances at any time. **LIVE by JN** can now be described as the best internet banking application in Jamaica. It is now, in fact, the largest branch of JNBS, processing 403,666 transactions for the year at an approximate value of \$4.74 Billion.

During the year, the Society developed a Visa Credit Card product. To date, we have completed the testing phases with plans to introduce the product before the end of 2014. The credit card product will offer new loan products to our members and improve the financial performance of the Society.

We also formally launched the personalised JN Debit Card, which has received great commendation from our members. The personalised card allows members to add an image of their own choosing to the JN Teller 24/7 Debit Card.

In response to requests, we added an auto loan product to the suite of loan and insurance premium financing products offered by the JN Finance division to provide short-term financing of insurance policies for corporate entities, government bodies and individual persons.

We officially launched JN Way, a series of financial products that will help aspiring young people accept financial knowledge and planning as important objectives; and, to encourage them to make sound decisions, which will result in medium and long-term rewards in their lives.

As we sought to expand our customer service reach, we introduced the JN Mobile Unit to promote our products and services and offer greater levels of convenience for existing and prospective members. We first introduced the concept in the United Kingdom and it has reaped significant success there. Since the launch of the JN Mobile Unit in Jamaica last year, we have been able to broaden our customer service support and engage in more promotional activities in communities where we do not have an established presence.

GENERAL MANAGER'S REPORT

Consistent with our strategy to maintain a strong commitment to the communities in which we operate, through established partnerships, and branch-based giving to local community projects under our Branch Advisory Councils, we rolled out our most recent initiative, the Caribbean's first dual capacity crowd-funding website, ISupportJamaica.com.

ISupportJamaica.com, which was launched at the 2013 biennial Jamaica Diaspora Conference in Montego Bay, allows people anywhere in the world to donate or lend funds to the island's micro entrepreneurs or contribute to local charitable projects. The project is being managed through a strategic partnership between our philanthropic arm, the JNBS Foundation, and our microfinance organisation, JN Small Business Loans Limited. We developed this approach to broaden access to financing for micro entrepreneurs, and to allow civic-minded people to raise funds for community projects, or to lend money to entrepreneurs.

The Society's creative division, The Creative Unit, is a critical component in maintaining the strong JN brand presence and image in the markets in which we operate and the products we develop. The division was instrumental in providing artistic direction and creativity to several projects including the "Off You Go" promotion to increase mortgage business from realtors; the launch of the "JN Way" (Wise Aspiring Youth), the JNBS Youth Ambassador programme, and the JN Group 2014 Calendar, which won an award at the annual Printing Association of Florida Print Awards.

I am pleased to say that the year was focused on moving the Society to a higher level of customer service. A significant portion of our resources was devoted to organisational expansion and strengthening to undertake projects aimed at lifting service delivery within the organisation. These strategies have borne fruit resulting in a 97 percent customer satisfaction rate.

Subsidiary Highlights

Our diversified, yet joined-up, business model across the JN Group provides a comprehensive range of services in the areas of finance, insurance, automotive services and information technology. This has enabled us to remain relevant to our customers and members' needs and help them to achieve their ambitions.

Finance

In 2013, **JN Fund Managers Limited** (JNFM) streamlined its business model by growing its asset management, pension fund administration, and wealth management business lines. The securities industry faced serious challenges, including market liquidity, due to the \$113 Billion bond maturities that were deferred to 2016 as a result of the NDX. This resulted in a sharp rise in interest rates throughout the year. Approximately J\$37.8 Billion in funds are currently being managed for individual customers and corporations locally and throughout the Diaspora, up from \$23.1 Billion for the previous fiscal period.

During the year, JNFM expanded its financial base by acquiring the asset management business of Stocks & Securities Limited. This affected the profit base of the company resulting in a 30.1 percent decline in profit after tax, falling to \$180.4 Million, down from \$258.2 Million.

We also bade farewell to JNFM's first General Manager, Keith Senior, who served the company with excellence from 2000, and welcomed a new General Manager, Brando Hayden, who assumed responsibilities in July 2013, and brings two decades of global and local financial services experience to the position.

Following its expansion to more than 8,000 locations across the Caribbean and the Pacific in the previous year, **JN Money Services Limited** (JNMS) added six more locations to its regional network during the 2013-2014 year. Remittance distribution via the **JN Money Transfer Card** also increased, with the technology accounting for more than 40 percent of distribution, 10 percent



more than last year. The steady increase in the use of the card has made the technology the single largest conduit for the company's remittance distribution locally, surpassing that of its Retail Agents and JN MoneyShop outlets.

The company also implemented new procedures for sending and collecting remittances at its western Jamaica and USA locations, to reinforce measures against the lottery scam. It also re-trained its local and overseas employees and Agents; and launched an information-driven website, to provide customers and members of the wider public with examples of consumer fraud and preventative strategies.

Regionally, the company consolidated its partnership with the Guyanese-based Laparkan Financial Services; and, expanded its JN Money Transfer network to Trinidad & Tobago, Antigua and Barbados. These new locations cemented the JN Money Services Group as the number one Caribbean-owned remittance company, and resulted in an after tax profit of \$61 Million, with total revenue of \$2.1 Billion, reflecting a 12.8 percent growth over last year.

The year 2013-2014 also represented a year full of activities and changes for **JN Small Business Loans Limited**. The company ushered in a new general manager, Philip Bernard, in May and saluted its pioneer, Frank Whyllie in July. The year was geared at re-establishing the company's footing in the market and reaffirming its commitment to micro, small and medium-sized enterprises, while broadening its client base using several strategies and activities to reposition itself. The company undertook a re-branding exercise which resulted in the creation of a new website to take it beyond its competitors and into the 21st century.

These efforts resulted in the company providing some \$2.6 Billion in loans for the year, which translated into 16,151 jobs for the year. The company also continued its mutually beneficial relationship with the Tourism Enhancement

Fund (TEF), by enabling some 23 businesses to access loan funding amounting to \$62.3 Million, under the programme, aimed at strengthening small businesses in the tourism sector. For the financial year, the company earned revenues of \$732.6 Million and realized a profit of \$143.3 Million.

In 2013, the **National Building Society of Cayman** (NBSC) upgraded its financial portfolio and underwent a management change, with the retirement of General Manager, Mr Dunbar McFarlane, who led the building society for almost a decade. The NBSC leadership baton was passed to Ms Wanica Purkiss, a former Mortgage Executive at Jamaica National Building Society.

During the year, the NBSC carried out a major performance survey, which guided the restructuring of the Society's loan portfolio as well as the repositioning of deposit taking, investments, mortgages and other financial products. Additionally, to increase its competitiveness, NBSC attributed greater value to its deposit and loan products. We continue to work to grow the books of the Society, which turned in a savings portfolio of CI\$45.5 Million and mortgage portfolio of CI\$34.6 Million at the end of the financial year.

Going forward, as part of its restructuring programme, the NBSC will highlight the value of membership in a building society; reposition its involvement in the Cayman community; and participate in selected corporate activities, which are of particular interest to its membership.

Insurance

The insurance segment of the JN Group continues to offer value to its clients in an extremely competitive environment.

The management team of **JN General Insurance Company Limited** (JNGI) focused on operational efficiency, improved risk portfolio, and rationalisation of distribution channels. The company's branch network was restructured to

GENERAL MANAGER'S REPORT

strengthen customer service delivery. This involved the closure of nine small branches, while staffing was enhanced at the Montego Bay, Mandeville, and Ocho Rios hubs. Service levels were maintained at the two main branches in Downtown Kingston and New Kingston as well as at the sub-branch, located at the JNBS Half-Way-Tree Branch. An innovative step led to the opening of another sub-branch at MegaMart in Kingston in June, marking the first time that JNGI established an outlet at the customers' location of choice.

The new structure allows JNGI Mobile Officers to visit customers from the main hubs, while maintaining ongoing communication via direct mail, media notifications, website, social media, text messaging, and calls from Customer Service Representatives.

During the year, the company recorded its third consecutive year of decline in the level of its underwriting loss. Profit for the period amounted to \$297.4 Million while gross premium income was \$3.3 Billion.

During its first year of operations, **JN Life Insurance Company** introduced two new life insurance products to the market en route to establishing a reliable and growing income stream. The company started to write business in July 2013, providing a Mortgage Life Protection Policy to new applicants for mortgages at the Jamaica National Building Society.

The portfolio expanded at the beginning of the fourth quarter of 2013, when JN Life extended its offering to existing JNBS mortgage holders. And, in February 2014, the company received approval from the Financial Services Commission to market its second policy, Single Premium Creditor Life Insurance. Operational for nine months from July 2013 to March 2014, JN Life recorded audited profits of \$3.8 Million for the year ending December 2013 and gross premium income of \$51.1 Million.

The company anticipates a strong year-over-year profit performance for 2014, and will continue on a path to develop new products that will meet the insurance needs of members of the Society, and the public at large.

Automotive

The **Jamaica Automobile Association (JAA)** continues to market its business operations, in tandem with JN General Insurance Company Limited, providing roadside assistance support to its member base. The Association also launched its Silver Membership tier, offering a modified package of member benefits at a more accessible cost.

The motor club continued to diversify products and service offerings with the launch of a Premium White Glove Chauffeur service in October 2013; and the expansion of the JAA Driving Academy, which provides training for learner drivers and other driver certification services. These activities have resulted in the Association returning a profit of \$17.8 Million, a significant improvement over the approximately \$11.0 Million realised the previous year.

The Association continues to make significant strides in its road safety and mobility advocacy initiatives, with the launch of the **JAA Junior Clubs** in secondary schools across Jamaica in June 2013. The clubs are operated in collaboration with the JN Foundation and JN General Insurance Company Limited, the Ministry of Education, the FIA Foundation and the FIA Road Safety Grant Programme, with the objective to establish 50 clubs in secondary schools across Jamaica.

The JAA Junior Clubs seeks to educate students about proper road user behaviour, increase awareness of and interest in mechanical related careers; and, raise the level of enthusiasm and participation in the motors sports industry. At the end of the year, 44 clubs were established, with the majority in rural schools.



And, in keeping with its road safety and mobility advocacy efforts, the JAA launched the “Safe Driving, Saves Lives” campaign, in conjunction with the Jamaica Millennium Motoring Club (JMMC), to coincide with the annual Rally Jamaica motor sport event in December 2013.

Manufacturers Credit & Information Services Limited (MCIS) continues to expand its reach, locally and regionally, providing operators of motor vehicle fleets with proper management; and debit and credit facilities to facilitate greater control and accountability.

Highly recognised for its local flagship product, the ADVANCE Card, MCIS continues to strengthen its ties with Trinidad & Tobago and the Turks & Caicos Islands by providing innovative services to its regional clientele. The FleetCard and NCS FleetCard brands have recorded significant growth through increased clients in the region.

MCIS sales improved by \$15.1 Million over the \$127.1 Million achieved last year. Its profit for the financial year was approximately \$59.0 Million, a moderate increase over the \$57.3 Million earned the previous year. The flat profit was against a \$17.1 Million rise in expenses from \$97.8 Million to \$114.9 Million, which was above budgeted expectations.

Information Technology

Management Control Systems (MC Systems) celebrated its 40th anniversary in 2013 with several significant achievements. In June, the company received the Jamaica Exporters Association Best New Exporter Award and the Runner-up award in the Service Category. The Best New Exporter Award was achieved based on MCS recording a 95 percent increase in sales in the previous year; and, achieving sales of approximately US\$500,000 for the Runner-Up Award in the Service Category.

Management Control Systems ended the year as one of the most dominant ICT firms in the Caribbean. For the next fiscal year, the company plans to position itself to extend its leadership as a provider of information technology software solutions, consultancy, training and auditing support; as well as, project management, business systems analysis, design and disaster recovery.

The prevailing economic environment affected the performance of MCS and its earnings for the financial year, moving its profit from \$113.1 Million down to \$85.9 Million. However, the company recorded \$776.0 Million in operating revenue, down from \$783.7 Million for the previous year.

Connecting With Our Staff

It is said that business is all about the bottom line, but behind the numbers are the people who make it happen: our employees. They have been resilient and decisive, acting as ambassadors for Jamaica National wherever they go.

During the year, some of our esteemed team leaders achieved significant milestones, which resulted in their retirement from the JN Group. Through this medium, I once again extend our heartfelt thanks to Wanica Purkiss, Mary Smith, Donna Carroll, Byron Ward, Wendell Smith, Keith Senior and Frank Whyllie, for the enormous contribution they made collectively and individually to the success of the JN Group.

We were also saddened by the passing of our former Chairman of the Board of Directors, Mr Keith Francis and retired Security Executive, Mr Delroy Bowen.

We have also recruited some new team members whose skills and knowledge complement those of our existing team. We aim for a good team balance of established expertise and experience plus a healthy injection of fresh perspectives.

GENERAL MANAGER'S REPORT

Our staff of approximately 1,531 persons across the JN Group has been magnificent in meeting the challenges we faced during the year, and I thank them wholeheartedly for their support. I also thank our business partners, members, and customers for their part in our success.

The Power of Possibility...

The financial landscape has changed fundamentally; and will continue to evolve with the merger and acquisition of some financial institutions by others, to strengthen their economic and customer base. The changing landscape also presents a significant opportunity for us to build a client-centred and customer focused entity, which generates superior and sustainable returns over the long term.

It is within this landscape that your building society is seeking to change its status with an application for a commercial banking licence. You may recall that I made the announcement at the 2008 Annual General Meeting about our plan to apply for a banking licence. When we broached this idea several years ago, it may have been regarded as an act of faith on the part of this building society; however, the announcement by the Jamaican Government of pending changes to the Omnibus regulation governing the operations of financial institutions, point to the foresight of the management team. I am pleased to report that the building society's re-application for a commercial banking licence was submitted in November 2013, and it has been receiving considerable attention from the Bank of Jamaica; therefore, we anticipate a positive response in the immediate future.

The receipt of a commercial banking licence will fulfill a long-standing request from members and customers to expand our product range and services to enable them to use Jamaica National as their core financial institution. It will also expand Jamaica National's footprint into new areas.

The transformation of Jamaica National to a commercial bank will also incorporate new standards of operation; and, it will be a challenging, but also exciting journey. The outcome will be worth the effort; and, as we anticipate this new phase of our existence, we will continue our rich tradition of linking our customers to financial opportunities.

The JN Group remains one of the most responsive business entities in Jamaica with a broad based ownership by Jamaicans locally and overseas. The Society and its subsidiaries are focused on providing financial services that will enhance the lives of customers and members, while managing risks and returning good financial results.

As the financial landscape changes and new markets open up, we continue to be where the growth is... connecting customers and members to opportunities; as well as, helping people to fulfill their hopes, dreams, financial objectives and realise their ambitions.



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



ISO 9001:2008 QUALITY POLICY STATEMENT

The Jamaica National Building Society is a Mutual organisation which
Respects its internal and external customers and members, Owns its
corrective action processes, and is Committed to continually improving
its processes. By hiring Knowledgeable and committed staff members, it
dedicates its efforts to Satisfying customers and members, and providing
the best possible customer experience.

HEADS OF SUBSIDIARIES



Philip Bernard
General Manager



Philip Bernard joined the Jamaica National Building Society in 2004, with a mandate to acquire, transfer and restructure the Jamaica Automobile Association (JAA).

A successful entrepreneur and project management consultant, he brought a synergistic mix of marketing, operations and management to his responsibilities.

His remit was extended to include the development of the JNBS ATM Network and the creation of the JNBS Community Banking Unit, which guided the operations of JN Money Shops, ATMs, and Branches; and oversaw the rollout of the JN Express self-serve kiosks across the Society's distribution network.

In 2011, he was appointed Executive, with additional responsibility for JNBS's Administration, inclusive of Building Services, Office Services, Security, Mail and Courier Services and the Records Center. In 2013, he was appointed, General Manager of JN Small Business Loans Limited.

Mr. Bernard attended Howard University, Nova Southeastern University and the Boston University in the USA, and The University of London, UK.

He holds a Bachelor of Science Degree in Management, a Bachelor of Laws (LLB) and a certificate in Project Management. He recently received his Legal Practising Certificate, having completed his two year training at the Norman Manley Law School.

Mr. Bernard, a Year 2000 nominee for the Ernst & Young Entrepreneur Award, served as a Director of the National Housing Trust and the Central Waste Water Treatment Company between 2009 and 2011. He is also a Board Director for the Jamaica Automobile Association.

Mr. Bernard is an Attorney-at-Law and holds a BSc in Professional Management.



Duane Ellis
General Manager



Duane Ellis, a professional trainer, certified in light duty towing, recovery and automotive lockout services, joined the JN Group in 2005 and was appointed Operations Manager of the Jamaica Automobile Association (JAA) in October 2006, with responsibility for the Association's automotive services, information systems and client services. Following his successful achievements

in this area, Mr Ellis was appointed General Manager in 2010.

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

Mr Ellis has over 18 years experience in automotive repairs and a very keen understanding of the automotive industry. He also has membership in the NAFA Fleet Management Association, International Association of Emergency Managers, Driving Instructors Association (DIA) and in the Rotary Club of St Andrew North.

He is a graduate of the Mico University College and is currently enrolled in the University of London. He has also received training in Business Management and Development from Harvard Business School and Mona School of Business.



Brando Hayden brings two decades of diverse global experience to the JN Group, having specialised in the structuring, trading and management of securities across asset classes and geographical regions. His career in financial services began in the Emerging Markets Fixed Income and

Foreign Exchange Group at Bankers Trust where he structured local currency products for Latin America, Eastern Europe and Middle East-Africa regions. He then went on to trade emerging market currencies at Morgan Stanley, energy derivatives at Enron Global Markets and OTC equity derivatives at UBS Warburg.

Mr. Hayden's experience also includes senior positions with financial services firms in Jamaica. Prior to his appointment as General Manager of JN Fund Managers Limited, Mr. Hayden was Assistant General Manager with responsibility for Treasury and Investments at JNBS.

A graduate of New York University's Leonard N. Stern School of Business, Mr. Hayden holds an MBA in Finance and International Business, and a BBA in Finance from The City University of New York.

He is a Director of Bauxite and Alumina Trading Company, Jamaica Bauxite and Mining and the Board of Governors, Munro College. He is also Chairman of the Board of Governor's Sports Committee, Munro College.



Christopher Hind brings a wealth of experience in risk management within the Jamaican financial sector and sound knowledge of fiscal regulatory procedures to the oldest general insurance company in Jamaica. He has

served as Head of Operational Risk for the JN Group; and, prior to entering the financial sector, was in charge of Special Investigations at the Revenue Protection Division of the Ministry of Finance and Planning.

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

Mr Hind is a graduate of the University of Bristol and the Cranfield School of Business in the United Kingdom. He likes to travel, is a keen student of current affairs and modern history and plays squash to keep fit.

HEADS OF SUBSIDIARIES



Leesa Kow
General Manager



Leesa Kow, an experienced business developer, researcher and sales and marketing professional, has worked in the financial services, insurance, remittance and telecommunications industries, locally and internationally. She joined the Jamaica National Building Society in 2003 as a Senior

Manager; and spearheaded its remittance operations, through its JN Money Transfer brand; and was responsible for the growth and development of services, such as JN Money Transfer Card, intra-island remittance service and bill payment facilities, namely JN Bill Pay.

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

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

Miss Kow is a graduate of The University of the West Indies, with a Bachelors of Science Degree, First Class Hons. in Management Studies and Accounting; and, a Master of Science Degree, with distinction, in International Business.



Wanica Purkiss
General Manager



Wanica Purkiss, one of Jamaica's leading authorities on mortgages, who served Jamaica National Building Society (JNBS) for four decades as a Mortgage Operations Executive, was appointed General Manager of The National Building Society of Cayman in 2013; and maintains responsibility

for the Society's Representative Offices in the United Kingdom, North America and Canada.

Mrs Purkiss led the development of JNBS's core business, mortgages; formulated lending policies; and ensured that operational structures supported the delivery of initiatives, which stimulated expansion, and contributed to positioning JNBS as the country's leading mortgage provider. In addition, she served in several areas including Internal Processing and Operations; and, as Manager of the Brown's Town and Duke Street Branches.

Mrs Purkiss has pursued administrative studies at the College of Arts, Science & Technology, now the University of Technology and management studies at The University of the West Indies and the Wharton School of Business.



MC
SYSTEMS

Mrs Dianne Smith-Sears joined the Society in 2005 and has undertaken a number of roles over the years, the most recent being General Manager of Management Control Systems Limited

and its subsidiary, Manufacturers Credit & Information Services Limited. In these roles, she has responsibility for overseeing the sales and operations for both companies, and in particular the support provided to JN Group Information Technology projects.

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



JN Life Insurance
COMPANY LIMITED

Oliver Tomlinson joined the JN Group in June 2013 with years of experience in insurance sales force management. As the head of JN Life Insurance Company, Mr. Tomlinson has established the strategic direction of the company, and placed the company on a path of sustainable growth. Prior to joining

JNBS, he was Business Development Manager at NCB Insurance Company Limited, and prior to that he spent nine years at GraceKennedy Remittance services, where he served as Senior Retail Distribution Manager.

He is the Chairman of the Board of Trustees for JABCHA (Jamaica Business Council on Health Awareness) and an executive member of the Mico Old Students Association.

Mr. Tomlinson holds a Master in Business Administration from the Florida International University and a Bachelor of Science degree in Government from The University of the West Indies.

HEADS OF SUBSIDIARIES



Suzette Campbell
General Manager



Suzette Campbell has a wealth of experience in the financial sector and has excelled in loan recovery and management at various organizations, in both the public and private sector.

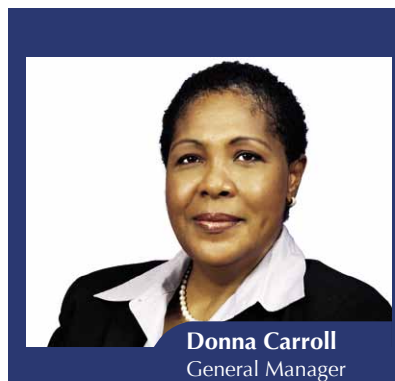
She served as a manager at the now

defunct Citizens Bank before joining FINSAC and later Joslin Jamaica Ltd. as Loan Recovery Manager.

In 2003, she joined the JN Group as a manager at Total Credit Services, with responsibility for the non-performing loans portfolio. She was appointed General Manager of Total Credit Services in 2006 and has been instrumental in the recovery of outstanding loans on behalf of the society. She is a member of the JNBS Credit Committee.

Miss Campbell is a graduate of the Barry University with a Bachelor of Science degree in Economics and Finance (Magna Cum Laude). She also holds an MBA (Executive) from Barry University.

JNBS DIVISION



Donna Carroll
General Manager



Donna Carroll, a skillful “brand designer” and noted “corporate image maker”, has been at the helm of the creative machine behind the JN Group since 2001. Mrs Carroll brought her expertise, along with a talented team of professional designers, graphic artists and event planners, to put a new “face”

on the Jamaica National Building Society (JNBS) and its subsidiary companies in the JN Group.

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

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

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



JNBS DIVISION



Mrs. Aditi Dhiman was appointed Acting General Manager of JN Finance Ltd. in May 2012. JN Finance was subsequently restructured as a division of the Jamaica National Building Society in 2013, and Mrs Dhiman continued in the role of General Manager.

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

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

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

A keen golfer, she is one of the organizers of the annual SANTA Golf Tournament at the Constant Spring Golf Club, which raises funds for charity. In 2014, she also helped to organize a fundraiser for the mobile mammography unit of the Jamaica Cancer Society, which raised over \$1.9 M to repair the unit.

VISION STATEMENT

We are the premier provider of financial and other services, not only in Jamaica, but with certain products internationally. We are the institution of first choice against which other financial institutions in Jamaica are benchmarked.

Our image of excellence, trustworthiness and high standards is clearly etched in our philosophy and values, and reflected in the treatment of members, customers and the community. We have attained full mission, vision and goal congruence within JNBS and its subsidiaries.

We are an organisation enabled by cutting-edge technology, which allows us to deliver superior products and excellent service quickly and efficiently resulting in true customer satisfaction. Our products and services are delivered through all channels.

We have a working environment which keeps staff happy and motivated. All the members of our team are knowledgeable and well qualified. Our staff members understand the JNBS philosophy and are committed to excellence in all areas of their work especially in the delivery of customer service.

We have established a clear understanding of the value of membership in the Society. The many special benefits that accrue to our ever-expanding group of loyal members have validated the concept of mutuality. We are well positioned to approach the future with confidence and continue to be vigorous participants in the development of Jamaica.





FLASHBACK

The Era of Manual Statements!



It is the mid-1970s, the 31st of March, to be exact; and there is a flurry of activity in the branches as the end of the work day. A quick survey of those standing behind the teller wickets will reveal several things.

Congeniality. Accuracy. Speed. Hard work.

These were essential characteristics that you had to display if you were to be a part of the JN front-line staff, never mind your educational capabilities or the well-groomed look. Not that these weren't considered important; however, it was "the quality of service" that customers received.

Whatever day the last day of March fell on, would determine the level of excitement that this period would bring. "If it fell on Saturday, good. You had Friday night, Saturday and even Sunday. But, if it fell during the week, then you know there is the possibility that you can't go home until the account is balanced," Wesley Scott recalled.

Hard you may say? "Not so," said the employees of the day. This was a challenge to be relished, particularly as all the accounts in the Society had to be updated, "manually." Perish the thought of any technology that would allow mastery of the highpoint of the financial year with the mere click of a button. No, the adding machine with its reams of tape, was the closest you would get to technology.

The branches were all set to do battle, to see which one could start the new financial year ready, having updated all their accounts manually.

FLASHBACK (continued)

This was the ideal way to test one's mettle. End of the banking day complete and accounts balanced. It was now time to update passbooks with interest to meet the start of the new financial year on April 1. Within the branches, persons would have already identified their team members to create the synergy, with the perfectly, well-oiled machine, which would generate the information and allow for the accurate and timely completion of the task.

It was also competitive because you wanted your branch to be the first one to complete the process. You constantly linked with other branches to see how well you were doing. Sometimes, each team had about 1,000 or more cards, depending on how many accounts each branch had. The accounts were divided up among staff members who had formed themselves into teams. And, everyone wanted to be on Wesley Scott's (Scotty) team because his team was fun.

Even staff members at the Chief Office got a chance to cash in on the fun, as branch members could recruit persons to assist them in completing the projects.

"Ta- ta-ta tap, tap. Ra ta ta tap. Ra ta-ta-tap." That was the rhythm of fingers flying across the adding machine, punching out numbers. This person is responsible for adding the figures. If someone on the team lost the rhythm there was trouble – they were not going with the flow.

The production team had three essential parts:

- One person to run the adding machine tape...
- One person to call back the figures against the tape to verify that the figures were correct...
- One person to credit the interest on the bank cards...

...and then there was the person who had the important task of ensuring that the team members were well fed.

Naturally, accuracy and speed were important. If the account was out by even a dollar, the team had to recheck the entire account to find the error, "You cannot put it down unless it is balanced," Margaret Ramsay, former Branch Manager at Brown's Town recalled.

The number of transactions you did was prestigious and branch staff took pleasure in boasting about the number of transactions they did manually. Those with a small number would be classified as a 'slinker', perhaps the worst term to be tagged with during those days.

The passion that fired the drive of employees was the desire to complete the job despite the challenges they faced. "We had a desire to please the customer. We were like athletes. We could go the distance without getting sick, or stopping off from work", Scotty declared.

The Society was a growing organisation and everyone felt passionate about contributing to its growth. Today, technology has stolen much from the camaraderie of those days. No longer is the end of the financial year anticipated with as much relish.

The congeniality displayed by the tellers showed in the long lines that formed in some branches as members were willing to wait in line to see their favourite Teller.

The Gem of Customer Service: Making our customers feel as if they are number one.

That was who we were – members serving members.

And, that's what it was like to maintain manual statements!



HUBERT WHITEHORNE

A LOYAL MEMBER

For more than 50 years, Hubert Whitehorne has been a member of Jamaica National Building Society (JNBS). He started out saving with the St. Ann Benefit Building Society in the late 60s, which later merged with JNBS in the 1970s. Mr. Whitehorne said he continued to be a member because of the quality customer service he received throughout the years. "I have stayed with JNBS because of the positive experience and I don't see myself leaving the organization," he said.

The former rail worker, who migrated to the UK in 1954, said JNBS helped him to build his retirement home in St. Ann. "Had it not been for the sound advice of former General Manager, Lancelot Reynolds, I would not have acquired my home," he said, adding that Mr. Reynolds encouraged him to open a special account with JNBS and guided him through the process of saving and investment until he was able to acquire the house in cash.

Mr. Whitehorne said he feels appreciated by the Society and disclosed that in 1984, he received a congratulatory letter from JNBS on his years as a member and was commended for his loyalty. He was again recognized in 2004, but this time by the General Manager, Earl Jarrett, at the 130th anniversary celebrations in St. Ann.

95 YEARS AND COUNTING!

OLIVE PASCOE LAUDS THE SOCIETY

Over her ninety five years, Olive Pascoe has had many good relationships. She says one of the best and most enduring has been her bond with Jamaica National Building Society.

That relationship started in 1963, when the then 45 year-old, along with her husband, sought a loan to build their first home in Kingston. Mrs. Pascoe said she was very satisfied with the service and the couple paid down the mortgage and never looked back.

"I was able to build a four bedroom home with a double verandah," she said proudly. But she was not satisfied with just one home and decided to construct another.

"I paid off the first mortgage quickly and secured another mortgage to I build a two bedroom house," she explained. She now rents the larger house to tenants and lives in the cottage.

And, all two mortgages are fully paid off as she enjoys her retirement. Mrs. Pascoe credits JNBS with playing a key role in her living her dream of owning two homes along with a shop.

"JNBS is a good organization, that makes me feel like number one," she said with a broad smile when asked about her lengthy relationship with the Society. That is why she has encouraged many young persons to join JNBS to achieve their own goals and facilitated her step-daughter and nephew to become members of the Society.

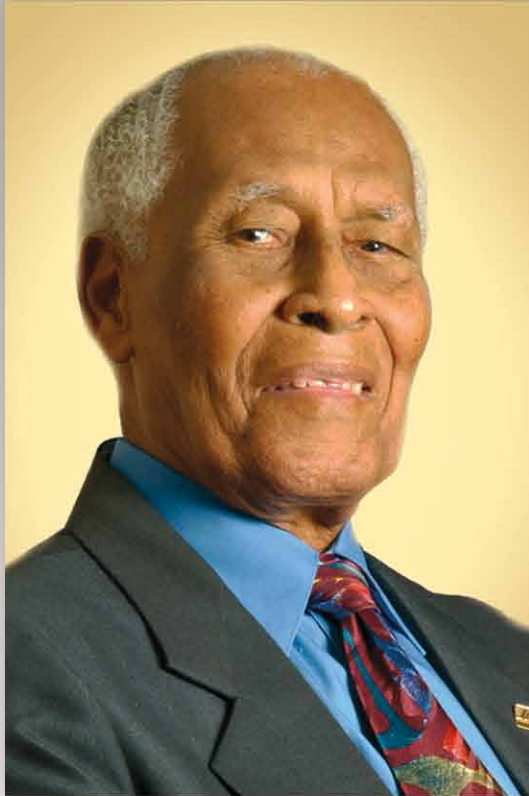


"If you want to own a home, go to Jamaica National Building Society. They will open a way for you," she advises young members of her family.

Although a diabetic and challenged by arthritis, Mrs. Pascoe said she is in relatively good health and can cook her own meals, tidy her home and take care of herself.

"God has strengthened me and given me the power," she declared stoutly. "I live by God. I don't live by man."

TRIBUTE



Keith Francis, 1915-2013
Former Chairman
Jamaica National Building Society
1997-2002

Keith Stafford Francis, a son of St. Thomas, Justice of the Peace, Agriculturist, and active community leader, had the singular distinction, as Chairman of Jamaica National Building Society (JNBS), to lead the organisation into the 21st Century, having served in that capacity from 1997 to 2002.

All of us in the JN Group mourn his passing, at age 98, on September 14, 2013; and extend our sincere condolences to his family, associates and friends, locally and overseas, and particularly to his children, Stafford, Kaye and Jacqueline, who survive him.

Mr. Francis operated Newmarket Estate in Arcadia, St. Thomas, was Manager of R. Ehrenstein & Company Limited; Chairman of the All Island Banana Growers Association (AIBGA); and Chairman of the Banana Board. He also served as Deputy Chairman of the St. Thomas Mutual Building Society; and, on the merger of that building society with the Jamaica National Building Society in 1976, he was appointed to the JNBS Board; and subsequently elected Chairman in 1997.

A firm and decisive Chairman, Mr. Francis' leadership contributed to the steady growth of Jamaica National's assets—which doubled its financial performance from \$14.4 billion in 1998 to \$28.7 Billion in 2002.

It was a significant era of growth and expansion for Jamaica National locally and overseas, as the Society opened new branches in Jamaica and

Representative Offices in the United Kingdom (UK), which is celebrating its 25th anniversary this year; and in the United States of America (USA), that is also celebrating its tenth anniversary.

Under Mr. Francis' watch, Jamaica National merged with Jamaica Savings & Loans Building Society; and acquired three additional subsidiaries—NEM Insurance Company (JA) Limited, now JN General Insurance Company Limited (JNGI); JN Micro Credit Company Limited, now JN Small Business Loans Limited; and the National Building Society of Cayman.

All of those subsidiaries have grown and continue to make significant contributions to the overall financial performance in the JN Group.

Keith Francis was highly regarded in St. Thomas, the parish of his birth; where, as a senior Justice of the Peace, he frequently acted as Custos Rotulorum of the parish; was a Rector's Warden and Lay Preacher at St. Barnabas Anglican Church in Port Morant; and Chairman of the Board of the Bath All-Age School. And, his "give back" to that community was the awarding of scholarships to students to study from secondary school up to the tertiary level.

Keith Francis' expertise extended to being a Director of the National Commercial Bank (NCB) and Edward Gayle & Company Limited; and he was a Council Member of the Building Societies Association of Jamaica (BSAJ).

JNBS General Manager, Earl Jarrett, says, "I was personally in awe of Mr. Francis' calm, yet assertive chairmanship; and, his ability to achieve consensus around a table with persons of varying views and positions. He believed that everyone deserved "his or her say," and was swift in making decisions."

Following his resignation as Chairman of the JNBS Board in 2002, due to health reasons, Mr. Francis continued to serve as a member of the board until January 2007. An avid cricketer, who once captained the St. Thomas Parish Cricket Team, he clearly played a solid personal innings. And, his dynamic leadership of Jamaica National, at the turn of the century, was instrumental in paving the way for the Society's emergence to become one of this country's major multi-national financial institutions.

Keith Francis, husband, father, farmer, developer and cricketer, served his country well; and, he will long be remembered as a stalwart Jamaican citizen.

The JNBS Board expresses its condolences and appreciation for his contribution to the growth of the Society.

TRIBUTE



Delroy Oswald Bowen, 1949-2014

Former Executive
Group Human Resources and Security
Jamaica National Building Society

The recent transition of Delroy Oswald Bowen leaves a vacuum among his many family, friends and associates, as they recall that he was resolute, approachable and precise; and while steadfast in his opinions, was always amenable to change. Those characteristics guided his accounting career, and enabled him to expand his area of expertise at the Jamaica National Building Society, serving in Administration, Compliance, Security and Human Resources for almost four decades.

Mr. Bowen joined Jamaica National in 1972 as a Junior Accountant at the Chief Office, at Hendon House, in Savanna-la-Mar, Westmoreland. And, for 17 years, he served as Branch Manager, Assistant Branch Manager and Accounting Supervisor at the Savanna-la-Mar, Montego Bay and Santa Cruz Branches, playing a pivotal role in the establishment of banking procedures.

Throughout his life, Delroy adopted the maxims of poet Rudyard Kipling's "If" as his guiding principles. He provided strong leadership within JNBS, and was the founding President of the Jamaica National Managers' Association (JANMAS), serving for eight years. He became an advocate for his colleagues, as well as for the organisation and the building society concept, within his sphere of influence.

Despite his initial reluctance, the son of Westmoreland embraced the challenge to move

to Kingston to become part of the experience of building the Caribbean's largest building society. As, Administration Manager, he welcomed his new portfolio with alacrity and led the seamless relocation of the Chief Office from Grenada Crescent to Constant Spring Road, a major milestone in the Society's history.

Mr Bowen continued to be involved in advocacy, becoming President of the Building Societies Cooperative Credit Union (BSCCU) in 1999. His quest for knowledge, which started at Grange Hill Primary and Manning's High School, continued with courses in Strategic Planning, General Management, Counseling and Motivation, Industrial Security and Disciplinary and Grievance Procedures, at The University of the West Indies and other institutions. His successes in administration, led to new responsibilities as the Administration and Compliance Controller in 1999; advancing to Executive, Compliance and Security in 2005. And, after five years in that post, Delroy again welcomed change, taking on the responsibility for Human Resources in 2010.

Mr. Bowen's life reflected the true spirit of Kipling's words in the poem, "If"...in these lines:

***"If you can fill the unforgiving minute
With sixty seconds' worth of distance run
Yours is the Earth and everything that's in it,
And—which is more—you'll be a man, my son!"***

THE POWER OF POSSIBILITY...



The crest of **Jamaica National Building Society** symbolises the organisation's commitment to uphold the honour, values and tradition of the Society; as well as its vow to help its members **"find a way"**



PICTORIAL



BUSINESS FOCUS
MEMBER FOCUS
SPORTS FOCUS
SUBSIDIARY FOCUS

OVERSEAS FOCUS
STAFF FOCUS
CORPORATE SOCIAL RESPONSIBILITY

BUSINESS FOCUS



Launch of JN WAY

(Left to right) Jhana Edwards, JN WAY hostess; Jason McNeish, Youth and Digital Marketing Officer, JNBS; Terry-Ann Denton, JN Youth Ambassador, Excelsior Community College; Earl Jarrett, General Manager, JNBS; and David Fletcher, JN Youth Ambassador, UWI, at the launch of JN WAY- Wise Aspiring Youth, Fiction Lounge on February 5, 2013. JN WAY is a suite of financial products and services tailored for the needs of tertiary students.



Young Project Manager of the Year

Chantelle Tavares, Project Manager in the JNBS Enterprise Project Management Office, accepts the Young Project Manager of the Year award from Robert Hinkley, International Representative for RMC. The presentations were made by the Project Management Global Institute during its annual awards ceremony, at the Jamaica Pegasus Hotel, on December 18.



National Conference on Cyber Security & Digital Forensics

Shereen Jones (2nd left), Assistant General Manager, Group Operations and Information Technology, JNBS, has the rapt attention of (l-r) Audrey Tugwell-Henry, Senior General Manager, Retail Banking, National Commercial Bank; Davon Crump, President and CEO, Global Outsourcing Solutions Limited; Dennis Chung and Dr Indianna Minot-Coy, Deputy Director, Mona ICT Policy Centre, Mona School of Business and Management. The conference was held at the UWI Regional Headquarters, Mona, on October 1, 2013.



5th Biennial Jamaica Diaspora Conference

Earl Jarrett (centre), General Manager, JNBS, has the keen attention of Myrtle Halsall, (left) Senior Deputy Governor at the Bank of Jamaica and Allison Peart, Managing and Tax Partner with Ernst and Young, at the 5th Biennial Jamaica Diaspora Conference at the Montego Bay Convention Centre on June 17, 2013.



Project Management of the Year Award

Craig Perue, President of the Doctor Bird Chapter of the Project Management Institute, presents Pam Thompson, Chief Project Officer and Senior Manager of the Internal Processing Centre at JNBS, with the Project Management of the Year Award for the Society's International Organisation for Standardisation (ISO) 9001:2008 Quality Management System project. The presentation took place at the Jamaica Pegasus Hotel on November 7, 2013.



JN "Off You Go" Mortgage Referral Promotion

Denese Tucker (centre), Sales & Marketing Coordinator/Sales Agent at Richmond Development Company Limited, walked away with the top prize of a brand new 2012 Volkswagen Polo hatchback in the JN 'Off You Go' Mortgage Referral Promotion. Maurice Gabay (left), Managing Director of MJC Masterbuilders Limited, won a weekend for two at Secrets Resort & Spa; and Barbara Cardoza, Legal Assistant and Sales Agent at Gore Developments Limited, won the third prize, a 16GB Apple iPad 3 with WIFI.

BUSINESS FOCUS



JN Individual Retirement Scheme Seminar

(Left to right) Sharon Smith, Consultant at JNBS, with responsibility for the JN Individual Retirement Scheme (JNIRS); Nicolette Jenez, Senior Director, Pensions at the Financial Services Commission; Dorothy Pine-McLarty, JNBS Director and Chair of the Board of Trustees, JNIRS and Dr. Dana Morris-Dixon, Executive, Business Development and Research, JNBS, share a joke ahead of the start of a JNIRS Seminar held at the Knutsford Court Hotel in New Kingston on November 26, 2013. The event was geared at providing JNBS members and JNIRS participants with information to help them plan more vigorously towards retirement.



JN Mobile Services Unit

Students at The University of the West Indies Mona campus access the services provided by the JN Mobile Services Unit on the campus. This initiative is part of the JNBS University and Colleges campus tours, led by the JN Group Marketing, Sales & Promotions Department.



Caribbean Fashion Week 2013

Kingsley Cooper (centre), Executive Chairman, Pulse Investments Ltd, introduces Kim Simplis-Barrow (right), wife of Prime Minister of Belize, Dean Barrow, to Michele Pollard Gonzalez, Executive, Enterprise Contact Centre and Member Ombudsman, JNBS. They were at the press conference for Caribbean Fashion Week (CFW) at the Spanish Court Hotel on June 7, 2013.





Top - Left

Evon Smith (right) accepts an orchid from Sonia Leebeert, owner of That Blooming Florist, a JNBS Discount Merchant Partner, and Collette Yates Miller, JNBS Operations Support Officer at the New Kingston Branch. Mr. Smith was one of seven members who won a prize during a Discount Merchant Promotion.

Top - Centre

Participants in the JNBS Computer Application and Appreciation Training Programme were awarded certificates following a graduation exercise held at the JN Financial Services centre, Catherine Hall, in Montego Bay, on August 7, 2013.

Above -

Mary Smith, then Group Risk Executive, JNBS, speaks with John Davis, a member of the Gayle JN MoneyShop at a Members' Meeting held at the MoneyShop on April 7, 2013.

Bottom - Left

Keleisha Milton (second left) and Troy Allison (second right), representing his mother, Jennifer Daley, winners in the JNBS e-Banking promotion, accepted their Google Nexus Tablet prize following a handover at the JNBS Half-Way-Tree Branch in February 2014. Sharing the occasion are Ricardo Dystant (left), Manager, e-Banking, JNBS, and Suzanne Hendricks, Marketing Communications Specialist at JNBS.

Bottom - Centre

Tanya Pringle (left), Corporate Communications Manager, JNBS, celebrates with Kayan Nelson, first place winner of a Panasonic 31.5" LCD Television in the JNBS Know Your Customer (KYC) Promotion final draw. The presentation was made at the Chief Office on March 25, 2014.



SPORTS FOCUS



Oliver Tomlinson, (left) General Manager of JN Life Insurance presents the Netball Jamaica/JNBS Sunshine Open League Trophy to Shann Lambert, Captain of the UWI Pelicans after they defeated Mico B 37-24 in the Elite Finals of the Netball Jamaica JNBS Open League at the Leila Robinson Courts on Saturday. Looking on is Marva Bernard (centre), President of Netball Jamaica and members of the UWI Pelicans



JN Primary And All-Age Schools Cricket Competition

Maximilian Campbell (left), former Executive, former Group Human Resource Development, JNBS, speaks with young cricketers from the St Andrew Primary School during the launch of the JN Primary and All-Age Schools Cricket Competition, held at the Sabina Park Club House on April 3, 2013. More than 90% of Jamaica's National cricketers have emerged through the competition, which is in its 20th year.



JN Open Amateur Tennis Championships

Brando Hayden (left), General Manager of JN Fund Managers, examines a tennis racket following the launch of the JN Open Amateur Tennis Championships at the Liguanea Club in New Kingston on November 27, 2013. Looking on are Howard Foster (second left), General Sales & Marketing Manager, Toyota Jamaica; Damion Johnson (second right), defending Men's Champion, Dominic Pagon (right), first runner up from last year's event and Llockett McGregor, Tournament Director. The event, which was sponsored by JNBS for the fifth year, ran from November 30 to December 7 at the Liguanea Club.



Inter-Collegiate Basketball League

Maximilian Campbell (centre), former Group Human Resource Development Executive, JNBS, and Rashid Hall, Vice-President of Intercol, celebrate with UTech players, winners in the final of the Inter-Collegiate Division One Basketball League at the Leila Robinson Courts on December 13, 2013.



ESSA 2014 Track and Field Championship

St. Mary High's Gavin Montague, Boys' Class One Triple and Long Jump Champion and Shareen Gordon, Girls Class One 400 metre champion, accept the trophy for Champion School from Edison Taylor, Business Relationship and Sales Advisor at JNBS after St. Mary High emerged winners of the 2014 ESSA/JNBS Track and Field Championships at the National Stadium on March 4, 2014.

SUBSIDIARY FOCUS



Jamaica Exporter Association Awards MC Systems
Dianne Smith-Sears (left), General Manager of MC Systems (MCS), accepts the Jamaica Exporter Association (JEA) award from Vitus Evans, Immediate Past President of the JEA at the JEA's 2013 Awards.



ACL Awards MC Systems
Sabino Ramos (2nd left), Sales Director for ACL in Latin America and the Caribbean, joins Dwayne Russell, (left) Deputy General Manager and Wendell Smith (right) Chairman, Winston Graver (middle), Business Intelligence Consultant and Dodgry Newell (2nd right), Account Manager, all of MC Systems (MCS), to show off an award presented by Mr. Ramos on behalf of ACL to honour MCS' 40-year milestone.



JNFM Supports Junior Achievement Jamaica
Alphie Mullings-Aiken (right), President of Junior Achievement Jamaica, and Brando Hayden (seated centre), General Manager, JN Fund Managers (JNFM), sign a Memorandum of Understanding at the JNFM office on November 5, 2013, that commits JNFM to provide support to the JAJ Programme. Observing are Annette Clayton Baker (seated left), Vice-President for Marketing & Public Relations at JNFM; Shanique Drummond (standing left), Vice-President, St. Hugh's Junior Achievement Club; Peta-Gay Miller (centre) JNFM Financial Advisor; and Omario Brown, President, St. George's Junior Achievement Club.



JAA Junior Club
Tashieka McKane (right), founding member of the JAA Junior Club at the Jonathan Grant High School, is pinned by Tracy-Ann Hall, Faculty Advisor and Automotive Technology Teacher, while Roger Graham, Project Manager, JAA Junior Club, looks on. The club held its first meeting on September 11, 2013, where more than 36 students signed up to become members of the new club.



JN Fund Managers 'Pays it Forward'
Claudette Richardson-Pious (second right), Founder, Children First, expresses her appreciation to Brando Hayden (right), General Manager, JNFM, while Tanea Oglesby (left), Administrator, Caribbean Graduate School of Theology, and Dr. Charmaine Scott, founder of the Jamaica Down's Syndrome Foundation, look on. JNFM was 'Paying Forward' funds collected for charity, at their corporate headquarters in New Kingston recently. JNFM has adopted the principle to allow clients to 'pay forward' funds to selected charities.



His Royal Highness Prince Michael of Kent accepts a gift from Anne Leigh Williams and Emile Bain, Head Girl and Head Boy of Monia Heights Primary School, following a tour of the school and a road crossing simulation exercise by students. Prince Michael, who is the Royal Patron of the Commission for Global Road Safety and Patron of the FIA, was the special guest of the National Road Safety Council during its 20th anniversary celebrations.

SUBSIDIARY FOCUS



JNGI Opens At Megamart Kingston

Students of Allman Town Primary School perform at the opening of the JNGI new location at MegaMart in Kingston, on June 22, 2013.



JN Small Business Loans Supports Entrepreneurship

Julian Alscott-Robinson, Senior Field Officer, JN Small Business Loans, responds to questions from young people from the community of Flanker in St. James during a one-day entrepreneurship symposium organised by the Flanker Peace and Justice Centre on February 3, 2014.



JNGI Supports Road Safety

Chris Hind (centre), General Manager, JNGI, delivers the keys to four new 650cc Yamaha motorcycles, to Senior Superintendent Radcliffe Lewis, then Head of the Police Traffic Division, and Angela Buchanan, head of Corporate Services in the Ministry of National Security at the Office of the Commissioner of Police, St. Andrew on May 9, 2013. The presentation was the culmination of a JNGI road safety programme intended to help to reduce Jamaica's road fatalities by half by 2020.



JNGI Rex Nettleford Dance Scholarship

Juett Carty (centre), recipient of the 2014 JNGI Rex Nettleford Dance Scholarship, has her cheque signed by Chris Hind (right), General Manager, JNGI, while Sir Alister McIntyre, Director, Rex Nettleford Foundation, looks on. The presentation was made at Sir Alister's St. Andrew residence in February 2014. Ms. Carty is pursuing a double major with the School of Dance at the Edna Manley College of the Visual and Performing Arts as well as in Computer Science at The University of the West Indies, Mona.

JAA Junior Clubs In School

Earl Jarrett (front left), Chairman of the Jamaica Automobile Association (JAA) and General Manager JNBS, and Rev. the Hon. Ronald Thwaites (front right), Minister of Education, sign a Memorandum of Understanding as part of the official launch of the JAA Junior Clubs in School, at the Courtleigh Hotel, in New Kingston, on June 13, 2013. Witnessing the signing are heads of the partnering organizations (back from L-R) Duane Ellis, General Manager, JAA, Saffrey Brown, General Manager, JNBS Foundation and Chris Hind, General Manager, JN General Insurance Company (JNGI).





JNSBL Tour Of May Pen

An elated Matilda Johnson-Ennevor, proprietor of The Battery Shop in May Pen, Clarendon, welcomes Parris Lyew-Ayee, Chairman, JNSBL, during a tour on December 12, 2013 of businesses financed by JNSBL in the town. Mrs. Johnson-Ennevor has benefited from several loans from JNSBL since forging a relationship with the loan company in 2004. Observing and sharing the moment are: Philip Bernard (left), General Manager, JNSBL and James Burrowes, JNSBL Director.



JN Money Services "Roll Like A Millionaire"

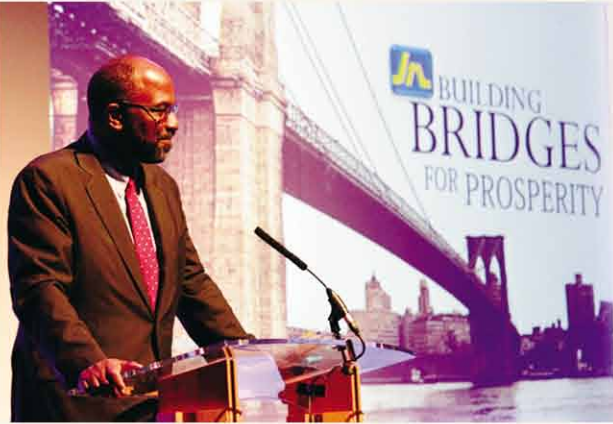
An excited Ingrid Watson (fourth from left) accepts her million dollar cheque from Gabriel Heron (right), Marketing and Business Development Manager at JN Money Services (JNMS) and Jason McNeish, Youth and Digital Media Officer, JNBS, at its New Kingston office. Mrs. Watson was the January 2014 winner in the "Roll Like a Millionaire" promotion. Sharing in her celebration are other weekly winners and Michelle Farr-Vassell, (second left) Marketing Officer, JNMS.

JN Money Services supports Alpha Boys' Home

Pauletta Jones, Administrator at the Alpha Boys' Home, accepts a cheque donation from Gabriel Heron, Marketing and Business Development Manager at JN Money Services (JNMS), operators of JN Money Transfer, during a treat for the boys held at the Home in December 2013. The funds assisted the Home with renovating a room to maintain its well-known screen printing programme.



OVERSEAS FOCUS



JNBS UK 25th Anniversary Convention

The JNBS 25th Anniversary Convention was held in London on September 6, 2013 and in Birmingham on September 7, 2013. These two events included a Real Estate Fair with Jamaican developers, to showcase properties in Jamaica and a Home Ownership Seminar to provide information on how to purchase a home in Jamaica; an Immigration Seminar to update on recent Immigration changes and a Seminar on Personal Financial matters.



JN Money Services (Cayman) supports Philippine hurricane relief efforts

Archie Pacheco of the Organisation of United Filipinos in the Cayman Islands accepts a donation from Sharon Collins, Compliance Officer at JN Money Services (Cayman) Limited. The donation was to be presented to the GMA Kapuso Foundation, one of the relief agencies leading the response to Typhoon Haiyan, which devastated the Philippines on November 8, 2013.



National Building Society of Cayman sponsors Anti-Corruption Conference

Wanica Purkiss (third left) General Manager, NBSC, presents a sponsorship cheque to Dr Livingston Smith, Chair of the University College of the Cayman Island's (UCCI) conference organizing committee. Also in photo are from left, NBSC's accountant, Marvin Gordon, and senior underwriter, Jewel Ebanks. NBSC was the main sponsor of the UCCI conference which ran from March 19-21, 2014 under the theme, 'Toward a Corruption-Free Caribbean: Ethics, Values, Trust and Morality.'



Outlook for the Future

Earl Jarrett, General Manager, JNBS makes a point during a presentation at the Outlook for the Future held in Toronto, Canada in September 2013. Listening at the head table is Sheila Sealy Monteith, Jamaica's High Commissioner to Canada; Dr. Omar Davies, Minister of Transport, Works and Housing and Oliver Clarke, Chairman of JNBS.



JN Toronto Black History Month Competition

Interim Chief Representative Officer at the JNBS Toronto Representative Office (centre), Jerrold Johnson is flanked by Jenate Stamp (right), and Anthony Huang, first and second place winners respectively in the JN Toronto Office Black History Month competition. They were announced as winners at the JN- sponsored Caribbean night at the Toronto Brampton A's basketball game on February 28, 2014.



Caribbean Question Time UK 2014

(From left) Panelists, Simon Wooley, Operation Black Vote; Mike Gapes, British Labour Cooperative MP; Dr. Floyd Millen, Director, Yes Minister Ltd; Nick DeBois, British Conservative Party MP and Simon Hughes, Liberal Democrat MP, share a frame with Paulette Simpson (fourth left), Senior Manager Corporate Affairs and Public Policy, JNBS UK Representative Office and Earl Jarrett (right), General Manager, JNBS, at the staging of Caribbean Question Time on December 3, 2013.



JNBS Florida Representative Office Celebrates 10th Anniversary

The JNBS Representative Office team and guests celebrate 10 years of service to the state of Florida with a cake-cutting ceremony held at the Ascension Peace Presbyterian Church in Lauderhill, Florida on April 21, 2012.



JN Outlook Forum New York

From left- right: Hon. Oliver F Clarke, Chairman, Jamaica National Building Society; Irwine Clare, Jamaica Diaspora Advisory Board Member; Herman Lamont, Consul General of Jamaica to New York, Dr. the Hon. Omar Davies, Minister of Transport, Works and Housing; Professor Gordon Shirley, President and CEO, Port Authority of Jamaica and Ivan Anderson, Managing Director, National Road Operating and Construction Company, stand at attention as the national anthem is played during the JN Outlook for the Future Forum held at the New York Hilton Hotel in October 2013.

STAFF FOCUS



JUSTICE OF THE PEACE APPOINTMENTS (L-R)

Ransford Davidson, Business Relationship and Sales Advisor, was appointed a Justice of the Peace for the parish of St. Ann on October 1, 2013.



Alethia Carpenter-Peart, Business Relationship and Sales Advisor, accepts her Justice of the Peace credential for the parish of St. Elizabeth from Jeremy Palmer, former Mayor of Santa Cruz on October 1, 2013.



Michelle Hines (left) Business Relationship and Sales Advisor, receives the Instrument of Office from Custos Rotulorum for the parish of St. Catherine, Rev. Sophia Azan on January 23, 2014.



STAFF FOCUS



JN TV hosts and production team



JN Executive Retirees' Function, Hope Botanical Gardens, January 21, 2014



Loan Processing team celebrates exceeding their annual target on March 31, 2014



STAFF FOCUS



JN Group Health, Wealth and Wellness Fair, Jamaica College, November 16, 2013



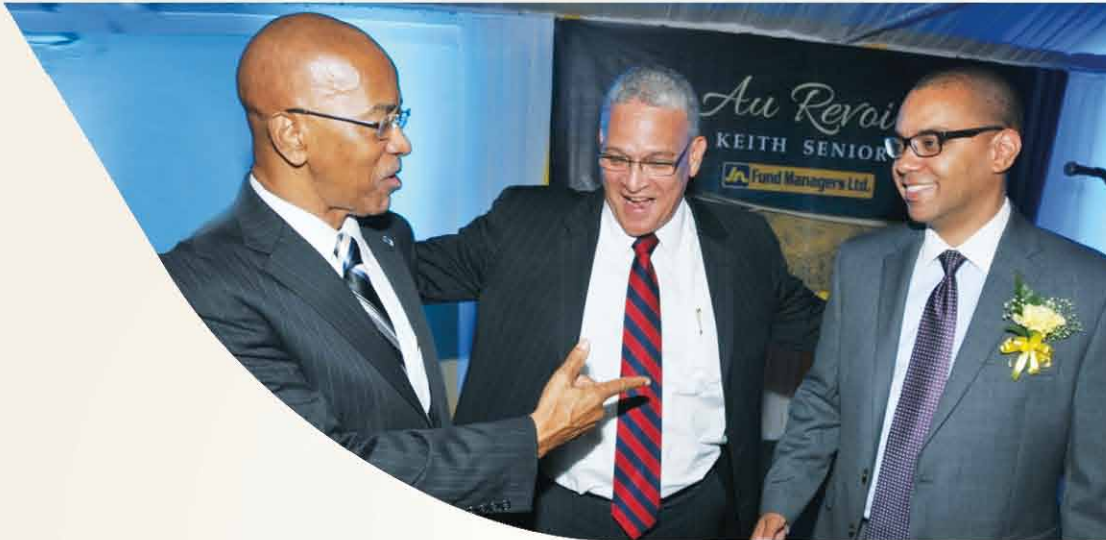
JN Inter-department Football Competition, Football Factory, August 7, 2013



JN Group Health, Wealth and Wellness Fair, Jamaica College, November 16, 2013



STAFF FOCUS



'Au Revoir' - Keith Senior

Keith Senior (centre) former General Manager, JN Fund Managers Ltd. (JNFM), in conversation with Brando Hayden (right) General Manager, JNFM, and Milverton Reynolds, Managing Director, Development Bank of Jamaica. JNFM bade 'Au Revoir' to Mr. Senior, after 13 years service, at a farewell reception at the Terra Nova All Suite Hotel on September 19, 2013.



Saluting Excellence

(Left to right) Wanica Purkiss, General Manager, National Building Society of Cayman, Donna Carroll, General Manager, The Creative Unit; Wendell Smith, former Assistant General Manager; Mary Smith, former Group Risk Executive, and Byron Ward, former Corporate Secretary, were feted by their colleagues and friends in an intimate setting at the Sunken Gardens at the Hope Botanical Gardens on January 21, 2014.



Salute to Frank Whyllie (centre), former General Manager, JN Small Business Loans, Jamaica Pegasus Hotel, July 29, 2013



Staff Awards, JNSBL Duke Street, August 9, 2013

CORPORATE SOCIAL RESPONSIBILITY

For 140 years, the Jamaica National Building Society has been supporting communities and positively impacting the lives of people. Throughout the years, the tradition continued, as the Society is committed to being a good corporate citizen, being mindful of the necessity to contribute to the communities in which it does business.

EDUCATION

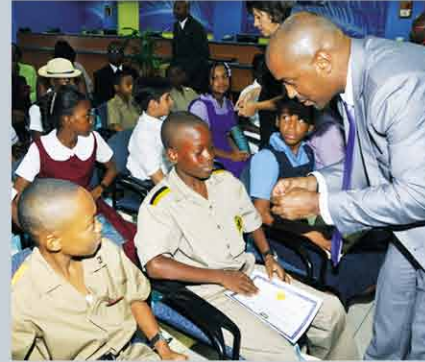
JN Scholarship Programme

The Society supported the education of some 48 new scholarship recipients and the continued support of 70 existing GSAT scholarship recipients.

Fifteen students, five each at The University of the West Indies Mona Campus, University of Technology, and Northern Caribbean University, received funding to pursue degrees in various disciplines, while 33 GSAT students were offered five-year scholarships. Of this number, 14 were parish recipients, three county recipients who are members of the JN School Savings Programme, and 16 were children of JN Group employees.

Maxfield Park Primary School Reading Programme

At the Maxfield Park Primary School, since 2008, school administrators and Grade Two students welcome the one-hour reading session carried out by JNBS employees each month. This project is carried out in collaboration with The Private Sector Organisation of Jamaica, 'Reading... The Bottom Line', initiative aimed at increasing the standard of literacy of students at the primary level.



The Honourable Julian Robinson, Minister of State in the Ministry of Science, Technology, Energy, and Mining, presents a JN scholar pin to Chazrick Davidson, one of 33 students who were awarded five-year scholarships for outstanding performance in the Grade Six Achievement Test. The occasion was the JNBS GSAT Scholarship Reception held at the Society's Half-Way-Tree Branch on September 8, 2013.



Clara Kahwa, Business Continuity Officer, Risk Management Unit, JNBS, has the keen attention of Grade Two students at the Maxfield Park Primary School during a reading session at the school on September 24, 2013.



Top Spelling Bee Champions toured the Society's Chief Office and its Half-Way-Tree Branch on February 7, 2014. From (L-R) are Javane Johnson, third-place finisher; Maximilian Campbell, former Executive, Group Human Resource Development; Tajaun Gibbison, Champion Speller, and Chaunte Blackwood, second-place finisher. Sharing in the occasion are AnnMarie Williams, Communications Officer at JNBS, and Terry-Ann Wilson, Corporate Affairs Officer, The Gleaner. JNBS has been sponsoring The Gleaner's Children's Own Spelling Bee Competition for the past 19 years and has been Associate Sponsor for five years. The 54th staging of the Gleaner Spelling Bee Championship, was held at the Jamaica Pegasus in February 2014.



Tresha-Gaye Crossman, Member Service Officer, JNBS, attends to a resident of Cluster H at the Golden Age Home in December 2013.

Jamaica National takes an active interest in children and the elderly, the most vulnerable in any community. Throughout the year, several projects were undertaken for their benefit.

Golden Age Home

The Society continues to maintain an active relationship with the administrators, caregivers and, most importantly, the sixty-four residents who reside in the JNBS sponsored Cluster 'H', one of eight clusters at the Golden Age Home (GAH) in Vineyard Town, Kingston.

Support was provided to the fundraising activities of the Home's Resource Mobilisation & Development Committee, through the sales of benefit plays. Residents continue to benefit from the partnership between JN Group employees and the JNBS Foundation Act!on Jamaica

volunteers, who are committed to planning activities, including the annual treats at Christmas and Easter, where they share their talents in speech, music and drama. Other activities include the grooming of the residents, the presentation of personalised gift package of personal care items and lunch treats.

This year, in addition to the annual GAH Fair, the Society also participated in the Home's Christmas Fair, planned by the administrators to launch the Home's first website and to acknowledge the contributions of sponsors.

Best Care Children's Home

Home to 52 physically and mentally challenged children, the Best Care Children's Home nurtures and enriches the lives of its residents, with the support of JNBS. The area of focus during the year was the kitchen. Well-



JN Employees and volunteers organise Christmas gifts for distribution to the residents of Cluster H at the Golden Age Home in December 2013.

needed equipment and other items for the kitchen were supplied as well as laundry baskets. Support was also given for the successful hosting of Mr. and Miss Best Care 2013 and Award Ceremony.

Sophie's Place

Children at Sophie's Place continue to receive financial assistance from employees in the Risk, Compliance, Finance, and Corporate Communications departments of the Society. Each month, employees in these departments contribute a portion of their salary toward the care of 24 children with special needs. In addition, the Society, as part of its annual Christmas Charities programme, donated a large quantity of milk, at the home's request.

Sophie's Place, located in Gordon Town, St. Andrew, is operated by Mustard Seed Communities. The initiative to provide monthly support to the Home has been ongoing since 2007.

CORPORATE SOCIAL RESPONSIBILITY

Supporting the Bustamante Hospital for Children



Leon Mitchell (right), Assistant General Manager, JNBS, in discussion with Orville “Shaggy” Burrell (left) and Dr. Lambert Innis, Head of Anaesthesia and Intensive Care at the Bustamante Hospital for Children, following a donation to the Shaggy Foundation on January 23, 2014. Mr. Mitchell was among several representatives from corporate organisations present at the Bustamante Hospital to hand over contributions raised for the Foundation. The Shaggy Foundation raised in total over \$70 million for the Bustamante Hospital for Children.

Over \$1M Raised for Jamaica Cancer Society Relay for Life 2013 by JN Group Employees

Employees across the JN Group supported the Kingston and St. Mary/St. Ann annual Relay for Life events. The 182-strong JN Group relay team raised close to \$1.3M for the Jamaica Cancer Society between April and June.

The Kingston leg of the event was held at the Police Officer’s Club on June 8 and 9, with JNBS being awarded a record number of prizes. The team was Gold winner in the categories: Most Team Donations, Most Corporate Donations; recipient of the Bronze prize for Best Fundraising Team per capita; and Best Tent for creativity in demonstrating the theme: “Fight the Fight...Find the Cure”. JNBS Team Leader, AnnMarie Kirlew Williams, was awarded Best Individual Fundraiser.

Employees from the Ocho Rios, Christiana, St. Ann’s Bay, Falmouth, Port Maria, Brown’s Town and Mandeville branches participated in the St. Mary/St. Ann Relay for Life, under the theme: Walk for the Cure: Retro 70’s/80’s style”. The JNBS team was recognised for their sterling contribution to the success of the event in that region.

SIGMA Corporate 5k Run/Walk 2014

“Save our children, save our future” was the theme for the Sagcor Sigma Corporate Run, supported by 402 JN Group employees, who were among over 20,000 participants seeking to raise funds to assist children with kidney and sickle cell diseases. The annual walk/run marathon, held in Kingston on February 16, 2014 was an overwhelming success, raising \$21.7 million.

The JN Group was awarded second place in the Best Corporate T-shirt Design and retained the “Perfect Roster Prize” for accurate online registration of its participants. Team JN placed 5th in the corporate results in run time.



Sagcor Sigma Corporate 5k Run/Walk, Emancipation Park, February 16, 2014



Members of the JN team at the Jamaica Cancer Society Relay for Life 2013, Police Officers’ Club, June 8, 2013



VALUES STATEMENT

The success of Jamaica National Building Society is dependent on a set of core values, which relate to our dealing with our customers, colleagues, members, suppliers, regulators and the communities we serve. We are committed to the highest ethical standards, integrity, respect for all and excellence in all we do.

CUSTOMERS

We will provide innovative, high value products and services delivered in a courteous, swift, accurate and personalized manner that meet or exceed our customers' needs.

STAFF

We will create a safe working environment that fosters opportunities for meaningful, challenging and rewarding work, and the empowerment of staff. We will encourage open communication and teamwork throughout the organisation. We are committed to being an equal opportunity employer and to staff advancement and competitive compensation, which is based on consistently excellent performance.

MEMBERS

We are committed to preserving capital, providing competitive returns and representing the interests of members. We will seek opportunities to provide services and benefits that are exclusive to our members and will encourage their participation in charting the direction of their Building Society.

SUPPLIERS

We will honour our agreements and treat our suppliers fairly and will ensure that mutually rewarding relationships are fostered as we seek to obtain the best competitive advantage.

COMMUNITIES

We will be a good corporate citizen, respected and admired as much for our integrity, insight and progressiveness, as for our financial success. We will take an active interest in the communities in which we serve and will encourage our staff to do likewise.

REGULATORS

We will know and comply with the letter and spirit of all relevant laws and regulations governing our operations in those countries in which we operate and keep the regulators informed about key issues relating to our business.


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No penalty for transferring from
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FOUNDATION

LEADING WITH ACT!ON





JN Foundation supports community advancement

The Year 2013 was one of many 'firsts' for the JNBS Foundation, the philanthropic arm of the Jamaica National Building Society (JNBS), which was established in 1990 to spearhead, collaborate and guide initiatives to influence community advancement and national development.

ISupportJamaica.com

Regarded as one of the leading and most active corporate foundations locally, the JN Foundation created history in 2013, by pioneering the Caribbean's first crowd-funding platform. The initial phase of ISupportJamaica.com was officially launched in collaboration with JN Small Business Loans (JNSBL), creating a platform for Jamaican non-profits to receive financial support in a non-traditional manner. Visitors to the website are able to fund financially strapped and promising businesses, which have met stipulated criteria.

Through its continued initiatives to empower persons by equipping them with skill sets and tools to function independently, despite some constraints, the JN Foundation has cemented a partnership with the US Agency for International Development (USAID) to establish the Social Enterprise Boost Initiative (SEBI).

A recipient of numerous awards and recognition since its establishment, JN Foundation was recognised by Food for the Poor for its support to the charity organisation in 2013.

The year closed on a technological high for the Foundation. To consistently increase its audience reach locally and internationally; as well as, to generate wider response to its projects, the JN Foundation 'App' was launched. A success, the App has received downloads from around the world, as far away as China.

In concert with subsidiary companies in the JN Group and external stakeholders, JN Foundation's reach and impact during the financial year was extensive, touching communities in all 14 parishes.



The Resolution Project, a major programme implemented in 2004, as Youth Zoom, was renamed in 2009; and celebrates its tenth year in 2014. The project trains students to become advocates through the use of photography and culminates each year with a photography and advocacy competition. Workshops are held, in which students are taught basic photography and the images produced on various themes are critiqued. In addition, they learn about advocacy; and combine their photography with ideas to applaud or call for community action.

The programme targets schools in rural Jamaica; is currently active in 42 high schools; and continues to capture the support of external supporters, who have contributed to the exposure and success of the project; as well as, appreciation for the work produced by students.

Images produced by participants in the Resolution Project are mounted in permanent exhibitions at the Norman Manley and Sangster International Airports. They have also transcended borders and are being displayed overseas.



General Manager of the JNBS Foundation, Saffrey Brown, shares a winning moment with Chairman of the Foundation and General Manager of Jamaica National Building Society, Earl Jarrett. The two were caught on camera looking at the award the Foundation received for its unwavering support and contributions to the Food for the Poor at the "Christmas For the Classroom" event, hosted by Food For The Poor in 2013.



The JN Foundation, in collaboration with the USAID, launched the SEBI programme in 2013, with funding of US\$100 million dollars from the international agency. The SEBI programme will be pursued for an initial three years, with prescribed amounts disbursed throughout that period.

The major goals of SEBI are to foster and encourage the growth and development of social enterprises; and, the beneficiaries of this programme will be equipped with the knowledge, mindset and methodologies to effectively operate and sustain profitable businesses, while realising the social missions of their companies.



Ten businesses have been selected to participate in the SEBI programme; and will embark on a transformational journey. Participants will be privy to training, mentorship and coaching sessions from successful business development consultants.

The Source Centres, all-inclusive and highly equipped resource centres, are located in five disadvantaged communities across Jamaica. Since the first Source Centre, was opened in August Town in 2008, the project expanded its reach to a total of five fully functional resource centers, including: The Source Maverley, St. Andrew; The Breds Source, Treasure Beach, St. Elizabeth, The Source Ocho Rios, St Ann; and The Source Savanna-la-Mar, Westmoreland.

These community technology centres have become havens for learning where young children, students and adults can access information; as well as, being an ideal place for students to do their homework.



Student participants in the Resolution Project advocacy through photography programme and their teacher coordinators pose for a group shot at a regional workshop held in Mandeville in October 2013.

JNBS FOUNDATION REVIEW



Resolution Project participant, Alesha Rowe, of Hampton School in St. Elizabeth collects one of two gold medals from Howard Moo-Young at the Visual Arts Competition Awards Ceremony, held at the Jamaica Conference Centre in December 2013



The volunteer arm of the JN Foundation, Act!on Jamaica, was established in 2012 to become the nation's first volunteer corps of its kind. Since inception, the group has grown to more than 500 volunteers, with marketable skills, who undertake various projects.

Open to a diverse age range, Act!on Jamaica targets persons who want to actively transform and change the lives of citizens across the island through service. In its quest to build a movement around volunteerism, Act!on Jamaica aims to make volunteerism an attractive and recognised approach to solving some of the country's lingering social challenges.



An Act!on Jamaica volunteer feeds a homeless man, who was one of the many beneficiaries who turned out for the Day of Care initiative in December 2013. The activity, which was a partnership between the Council of Voluntary Social Services (CVSS) and the Jamaica National Foundation, was held in the St William Grant Park in downtown, Kingston, where hundreds of homeless men and women received food, clothing and gift care packages.



Currently operating in 43 schools, the Jamaica Automobile Association (JAA) Junior Club programme, partners with the JN General Insurance Company and the Jamaica Automobile Association, both subsidiaries of the JN Group.

The JAA Junior Club was introduced to schools across the island to stimulate safe and responsible road use among students. As the programme grows in popularity, it is anticipated that the JAA Junior Club will become an agent of significant change, resulting in a reduction of road traffic accidents and fatalities.

An interactive club, students engage in the development of road safety projects and campaigns; as well as, hold talks and presentations led by road safety experts and agencies. The JAA Junior Club also collaborates with the Ministry of Education, the FIA Foundation, and the FIA Road Safety Grant Programme.



Project Manager, Roger Graham (left), stands with the members of the Jonathan Grant High School JAA Junior Club. The club had its first meeting on September 11, 2013 with 36 students.

Financial Literacy

To reinforce the financial literacy message of Jamaica National, the Foundation launched a special programme in 2013, to include sessions about financial competency within its flagship initiatives, to enhance saving and money management among young adults.

The objective is to assist participants in JN Foundation programmes to appreciate the direct correlation between financial literacy and independence. As a result, the JN Foundation's literacy sessions are aligned with other JN Foundation flagship programmes, as well as externally sponsored events. The sessions are interactive and designed with a format to appeal to persons of varying competency levels, backgrounds and ages.



JNBS Foundation's Grants Manager and Financial Literacy Project Manager, Rose Miller (left) and Health Minister Honourable Fenton Ferguson, pay keen attention to the thoughts expressed by Jamaica Cancer Society's Yulith Gordon at the Jamaica Cancer Society's Anti-Tobacco Youth forum at the Courtleigh Auditorium in March 2013.

JNBS FOUNDATION REVIEW

Other supported and grant-funded initiatives:

STEM Talent Expansion through Promotion of Science Workshop:

The JN Foundation partnered with the Society for Scientific Advancement to host a research day for 120 primary and junior high schools students within the Corporate Area. The workshop served to pique the interest of students for greater appreciation of scientific research and to influence more Jamaican students to become scientists.

St. Albans Primary School Benefits from Textbook Donation: Some 50 Grade Four students at St. Albans Primary School were provided with resources to aid the development of their literacy skills. The recipients, all boys, were selected based on a needs basis; and were presented with literacy skills textbooks to assist their preparation for the Grade 4 Literacy Test.

Courtesy of The Norman and Cecile Jarrett Literacy Improvement Programme (LIP), and with financial support from the JNBS Foundation, the textbook donation was part of an effort to improve literacy among students attending inner-city schools.

RISE Life Management Services, a local non-governmental agency, was further strengthened by the signing of a funding agreement between RISE Life and the JN Foundation. Established in 1989 as Addiction Alert, now renamed RISE Life Management Services, the organisation will use the funds to sustain programmes targeting young adults, ages 15 to 24. With a strong presence in six inner city communities in Kingston, RISE Life caters to more than 250 participants who are now beneficiaries of ongoing remedial and life skills programmes.

University of Birmingham and Jamaica National Foundation Legacy Scholarship



There was much to celebrate at the February 2014 launch of the University of Birmingham and Jamaica National Foundation Legacy Scholarship, as evidenced by the smiles on the faces of (left), Professor Edward Peck, Pro Vice Chancellor of the University of Birmingham, Parris Lyew-Ayee, David Fitton, British High Commissioner to Jamaica, and Earl Jarrett, General Manager of Jamaica National Building Society. The Legacy scholarship is a partnership between the University of Birmingham and the Jamaica National Building Society Foundation and will provide three one year scholarships to Jamaican scholars residing in Jamaica to pursue one of 19 Master's Degree programmes offered at the University of Birmingham Business School.



Sonita Abrahams, Executive Director of RISE Life Management Services (left) and JN Foundation's General Manager, Saffrey Brown, affix their signatures to copies of the funding agreement valued at \$1.9 Million. The funding by the JNBS Foundation will assist with the sustenance and continuation of RISE Life remedial and life skills training programmes, targeting eight youth clubs in six inner city communities in Kingston.

DuPont Primary School receives 400 Text and Workbooks: The JN Foundation purchased 400 textbooks and workbooks for 300 Grade Three students at the DuPont Primary School, in collaboration with the Rescue Package Foundation Literacy and Numeracy project.

This initiative seeks to combat poor student performance in core subjects, due to inaccessibility to prescribed text books. The aim is to improve literacy and numeracy skills among students; and books were chosen to better prepare them for the Grade 4 literacy and numeracy tests.



From left: Earl Jarrett, Chairman of the JN Foundation, His Excellency Robert Ready, Canadian High Commissioner and Dr Margaret Bailey, Principal of the Rollington Town Primary School, greet eager students ahead of the official handover ceremony of 57 computers to the institution on January 15, 2014.

Rollington Town Primary School Receives 57 Computers: The Rollington Town Primary School's computer lab was expanded by 57 desktops and laptop computers. A collaboration between Canada's The Globe and Mail and the JN Foundation, the computer donations will benefit more than 900 students currently enrolled at the school.

UHWI Mapping Project: The JNBS Foundation donated \$6.8 Million to The University Hospital of the West Indies (UHWI) for its Data Mapping Project. The venture, in collaboration with the Ministry of Health, the Violence Prevention Alliance and Mona GeoInformatics, will also chart and analyze the issue of violence and motor vehicle related injuries on hospital services across the island, with emphasis on The UHWI.



JN Foundation General Manager, Saffrey Brown (left), Health Minister, Dr Fenton Ferguson (centre) and Chief Executive Officer and Medical Chief of Staff at The University Hospital of the West Indies, Dr. Trevor McCartney, participated in the signing of a funding agreement in support of the UHWI Mapping Data project. Also standing in photo in the back row from left are: Daisilyn Chin, Dr. Parris Lyew Ayee; Dr. Elizabeth Ward and Dr Jason Toppin.

Port Maria Hospital receives \$5M in Equipment from JN Foundation: The Port Maria Hospital welcomed the donation of a new autoclave and water softener from the JNBS Foundation. The equipment, valued at \$5 million, will serve the hospital wards and the new operating theatre.

JNBS FOUNDATION REVIEW

St. Mary and Portland Get Hurricane Relief Supplies: The JN Foundation contributed equipment and hurricane relief supplies valued at several million dollars to institutions in the parishes of St. Mary and Portland to assist the recovery from damages sustained by Hurricane Sandy in 2012.

In St. Mary, the Port Maria Hospital received a Vital Sign Monitor; the Port Maria Primary School received dozens of desks and chairs, while the Port Maria Fire Station was presented with water pumps, a chain saw and a projector for training. The Port Antonio Fire Station received similar equipment to that in St. Mary.

Entrepreneurs in Rabbit Rearing: Funding from the JNBS Foundation has made it possible for more than 20 young persons to embark on entrepreneurial journeys, courtesy of the Young Rabbit Rearing Project. Implemented by the Spring Village Foundation in St. Catherine, the project is in line with the Foundation's objective to encourage financial independence among disadvantaged young people through entrepreneurship.

Restoration of YMCA Premises: During the year, the JNBS Foundation signed off a funding agreement for the restoration of the premises and pool at the Young Men's Christian Association. The rehabilitated facility will benefit hundreds of children, young men and women to access YMCA training programs targeted to unattached and unskilled young people.



The Centres of Excellence programme, the flagship initiative of the Mutual Building Societies Foundation, ended in August 2013, closing a chapter in the development of six non-traditional high schools across Jamaica.

However, the story continues for the rural-based six high schools, which are now better positioned to achieve excellence, having made marked improvements in the areas of administration, academics, student response and non-academic areas.

Established through a unique partnership between the Jamaica National Building Society and the Victoria Mutual Building Society in 2008, the high schools which benefitted from the \$100 million programme were: McGrath in St. Catherine; Mile Gully and Porus in Manchester; Godfrey Stewart in Westmoreland; Green Pond in St. James and Seaforth in St. Thomas. They have all demonstrated positive results from a series of targeted interventions, which resulted in significant improvements in the quality of teaching, leadership and administration.

The evaluation report by independent consultants, Harmonious Solutions, also identified several other achievements resulting from the programme. Culture across the schools increased by 80 percent, as students developed pride in their institutions. Behavioural infractions also reduced by some 65 percent as there were fewer fights and greater participation in co-curricular activities. The schools doubled the number of students sitting the Caribbean Secondary Education Certificate (CSEC) exams; and, similarly, experienced varying improvements across the board in core subject areas, such as: Math, English, Integrated Science and Information Technology.



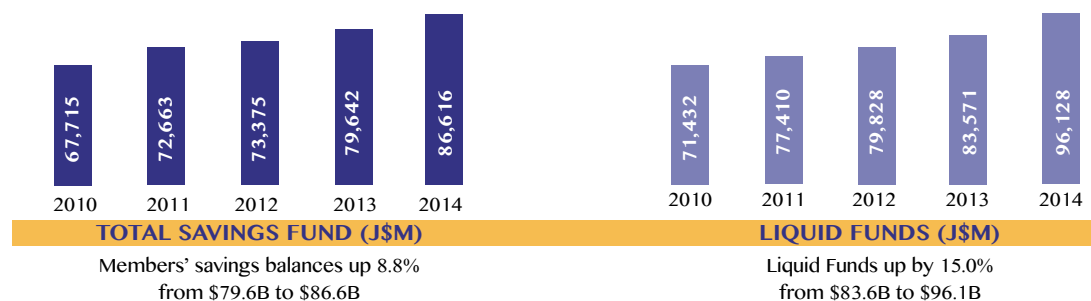
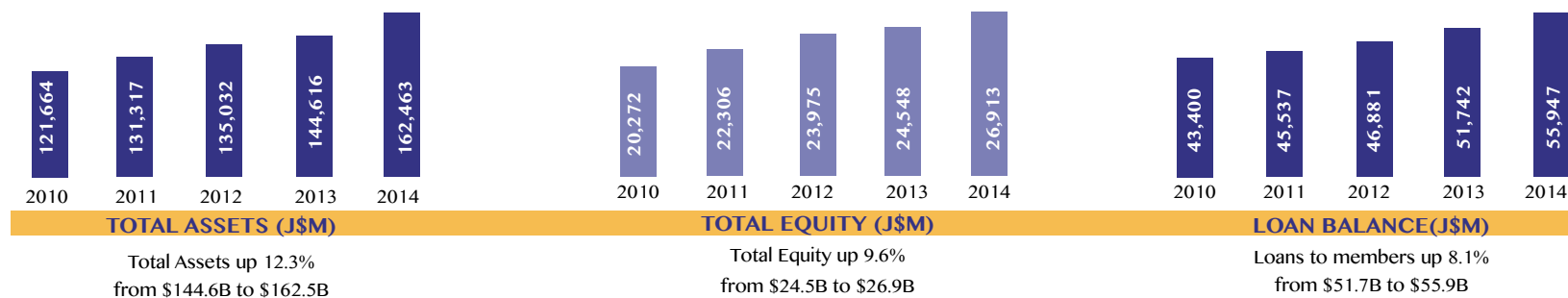
(Left to right) Noel Young, Acting Principal, Seaforth High; Theobald Fearon, Principal, Godfrey Stewart High School; Claudeen Panton, Principal, McGrath High School; Michael Stewart, Principal, Porus High School; Michael Ellis, Principal, Green Pond High School and Lawrence Rowe, Principal, Mile Gully High School. The principals were presented with citations for their schools' achievement in the five-year Centres of Excellence programme. The schools were recognised at an Educational Leadership Symposium organised by the Mutual Building Societies Foundation in July 2013.

In addition to the academic triumphs, students in each Centre of Excellence school gained from comprehensive entrepreneurial training, a component of the programme, entitled: The Young Entrepreneurs "I am the Change" initiative. This project spurred not only businesses and the invention of solution-driven mobile applications, but resulted in improved confidence and leadership among students. Their involvement in the programme resulted in an eight percent increase in their academic averages in the first year of the two-year programme; and, a seven percent increase in the second year, which ended in 2013.

A copy of the COE Evaluation Report and a Centres of Excellence Manual were publicly presented to the Minister of Education at a closing function on April 11, 2014. It is proposed that the lessons learnt from the programme will be incorporated into the Ministry of Education's education transformation strategy.

JN GROUP FINANCIAL HIGHLIGHTS

	2010	2011	2012	2013	2014	2011 v 2010	2012 v 2011	2013 v 2012	2014 v 2013
Total Assets (J\$M)	121,664	131,317	135,032	144,616	162,463	7.9%	2.8%	7.1%	12.3%
Total Equity (J\$M)	20,272	22,306	23,975	24,548	26,913	10.0%	7.5%	2.4%	9.6%
Loan Balance (J\$M)	43,400	45,537	46,881	51,742	55,947	4.9%	3.0%	10.4%	8.1%
Total Savings Fund (J\$M)	67,715	72,663	73,375	79,642	86,616	7.3%	1.0%	8.5%	8.8%
Liquid Funds (J\$M)	71,432	77,410	79,828	83,571	96,128	8.4%	3.1%	4.7%	15.0%
Total Operating Revenue (J\$M)	16,800	13,861	14,450	14,694	15,687	-17.5%	4.3%	1.7%	6.8%
Surplus before taxes (J\$M)	1,700	1,756	2,965	1,594	3,393	3.3%	68.9%	-46.3%	112.9%
JNBS Surplus before taxes (J\$M)	1,223	1,071	1,906	699	2,523	-12.4%	78.0%	-63.3%	260.9%



EMPLOYEE OF YEAR 2013-2014



Merrick Hay

Merrick Hay's heart-rending life story and his indomitable will to succeed in life could easily become a Jamaican movie of Hollywood blockbuster standards.

Fast forward to 2014. The 27-year-old Dream Jamaica mentor of inner city children has become an outstanding employee at Jamaica National Building Society (JNBS) and has been declared the 2013-2014 Employee of the Year, for which he has been generously rewarded.

"I am so excited and overjoyed about this award. It is really encouraging that the Society has recognised my contribution to the objectives of the organisation," he said. "Last year I was the runner up Employee of the Year; therefore, I was quite pleased that I emerged the winner this year."

He recalls vividly how, in 2008, still fresh out of Jose Marti High School, he tried to mask his nervousness during his interview for a one-year HEART trainee position at the Duke Street Branch of the Society, and the joy of being told he got the job.

"I had sent out numerous application letters but got no response, therefore, my sister suggested that I apply to the HEART Trust/NTA for placement in an organisation where I could get some work experience. I was invited to an interview at another financial institution; but they didn't give me the job. I was quite elated when I got the call from Jamaica National," the 2012 Governor-General's Youth Award recipient for Kingston disclosed.

After just one month on the job, Merrick was promoted to the post of Teller. One year later, he surpassed his quarterly target in the JN Community Banking Department's 'Nuh Linga' sales initiative by more than 1,000 per cent. He was subsequently promoted to an upgraded teller position; and, again in 2010 as Member Service Officer at The UWI Branch. Currently, he has been seconded to the Marketing Department as a Sales Support and Retention Officer in training. Every year, except one, Merrick exceeded his sales target in excess of 130 percent.

"Merrick is highly committed, self motivated, courteous and is sought after by many members who want to discover the 'Merrick' experience," his colleague, Danzalee McIntosh, who nominated him for the award noted. "He never misses the opportunity to encourage his fellow employees to achieve their target. He provides strong moral support and challenges us to aim high at all times."

Business Relationship and Sales Advisor at the UWI Branch, Jacqueline Robotham, is pleased with Merrick's outstanding performance.

"He single-handedly achieved 95 percent of our branch's sales target in the last financial year. He has consistently attained top performance appraisal scores for sales behaviour, customer service, initiative and achievement driven; as well as, communication and human relations skills. He is a diligent employee who sets very high standards for himself," she said.

Undoubtedly, it is the high standards that he sets for himself which enable him to be successful at whatever he undertakes.

Without the support of a stable family structure, Merrick was forced to stop attending school at age 12 and went to work in his father's woodwork shop. Through the intervention of a Good Samaritan, he re-entered the formal education system at age 18 when he gained a place in fourth form at the Jose Marti Technical High School. Determined to make use of this opportunity, he supported himself financially with the small income he earned from washing his neighbour's coaster buses at nights.

At Jose Marti High, he excelled quickly and within one year was drafted on the School's Challenge Quiz team. Upon completing fifth form, he obtained eight CSEC subjects with seven distinctions and became the valedictorian of his graduating class. He also won the Principal's award and the Gladstone Barrett Agricultural award. He emerged third in the island in Agricultural Science and was the first in the history of the school to get a Triple "A" profile in Chemistry.

Merrick is currently pursuing a Bachelors Degree in Economics at The University of the West Indies.

EXECUTIVES



Carlton Barclay, ACCA, MBA
Deputy General Manager

As Deputy General Manager, Mr. Barclay is responsible for overseeing the management and financial performance of the major subsidiaries of the JN Group, which consists of 19 companies and three Overseas Representative Offices. He also represents the Society in the capacity of Director on the Boards of most of the companies within the Group.

He served as Financial Controller with the Society from 1999 until his appointment as Assistant General Manager in 2005. He was appointed Deputy General Manager in 2011. During his leadership, the Society experienced significant growth in assets and profitability, leading to its present position of being the largest building society in Jamaica and the Caribbean. Mr. Barclay has played a significant role in all the strategic initiatives undertaken by the Society in the past 15 years.

Qualifications:

- MBA, Kellogg School of Management - Northwestern University
- Chartered Certified Accountant, (ACCA), Emile Woolf College of Accounting UK

Directorships/Affiliations:

- Chairman, Caribbean Association of Banks Incorporated, (CAB)
- Chairman, Strategic Planning and Advocacy Sub-Committees, CAB
- Chairman, Current Affairs Committee, Institute of Chartered Accountants of Jamaica (ICAJ)
- Member, Rotary Club of St. Andrew North
- Fellow of the Association, FCCA



EXECUTIVES



Carlton Earl Samuels, CD, JP, FCA, FCCA, MBA
Assistant General Manager
Group Finance and Mortgage Operations

Carlton Earl Samuels has a distinguished career in the field of Financial and General Management. As Financial Manager and Consultant, he has worked in several private and statutory organisations, and was appointed Assistant General Manager – Group Finance and Mortgage Operations, at the Jamaica National Building Society in 2011.

In his capacity as Managing Director of the National Housing Trust (NHT) from January 1998 to March 2010, Mr. Samuels was known for his financial acumen, professionalism and passion for excellence. In recognition of his outstanding leadership at NHT, he was awarded the National Honour, Order of Distinction (Commander Class) on May 23, 2006 for his contribution to the housing sector.

He served on several civic boards and societies thereby contributing to community and national development. In 1997, he was the recipient of the University of Technology (UTECH) Outstanding Alumnus Award and, in 2006 he received the Distinguished Rotarian Award from the Rotary Club of St. Andrew.

Qualifications:

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

Directorships/Affiliations:

- Chairman, International University of the Caribbean Foundation
- Chairman, Audit Committee, University of Technology
- Chairman, Finance Committee, Chase Fund
- Chairman, Property Development Committee, Devon House Development Co. Ltd.
- Council Member, University of Technology
- Director and Member of Finance & Personnel Committees, United Way of Jamaica
- Director, Chase Fund
- Trustee, Cornwall College Trust

EXECUTIVES



Shereen Jones, MSc
Assistant General Manager
Group Operations and Information Technology

Shereen Jones is tasked with overall responsibility for Operations and Information Technology across the JN Group outside of Management Control Systems (MCS) Limited and Manufacturers Credit & Information Services (MCIS) Limited. She joined JN in 2006 as General Manager of MCS and assumed the position of Group Executive – Information Technology, in October 2009. However, she has had a long association with JNBS, assisting with the implementation of the Phoenix Banking project as a consultant in 1999. She was appointed Assistant General Manager, Group Operations and Information Technology in February 2013.

Qualifications:

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

Directorships/Affiliations:

- Director, SwimJamaica
- Member, Toastmasters International

EXECUTIVES



Leon Mitchell, MBA
Assistant General Manager
Group Marketing, Sales & Promotions

Leon Mitchell is responsible to identify and implement strategic business opportunities, locally and overseas. Since joining the Society in 1999, he has been appointed to several positions, including Overseas Business Development Executive; CEO JNO (UK, USA, and Canada) Ltd.; and JN Group Executive, Marketing, Sales & Promotions

Qualifications:

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

Directorships/Affiliations:

- Chairman, Fund Raising Committee, Jamaica Red Cross
- President
 - Jamaica Hockey Federation
 - Kingston Commissioners (Masters League) football team
- Director
 - Independent Park Limited (IPL)
- Member
 - Jamaica Athletics Administrative Association Limited (JAAA) Marketing Committee
 - Kiwanis Club of Kingston
 - Kingston Cricket Club
 - Rockfort Football Club - Coach

EXECUTIVES



Curtis Martin, MBA
Assistant General Manager
Treasury and Investments

Curtis Martin joined the Jamaica National Building Society (JNBS) in July 2013, with more than two decades of experience in banking, corporate finance and treasury and investment management. In his capacity as Assistant General Manager, Treasury and Investments, he is charged with advising the Group and the Board on treasury, investment and strategic issues and driving the profitability of the Treasury Division of the Society, while ensuring that the relevant regulatory and risk conventions are adhered to.

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

Qualifications:

- B.Sc., Management Studies, The University of the West Indies (UWI)
- MBA, Finance, Columbia University, New York

Directorships/Affiliations:

- Director, Jamaica Central Security Depository Ltd
- Director, Jamaica Central Security Depository Trustee Services
- Governor, Jamaica Stock Exchange E-Learning Institute
- Member, Kingston College Old Boys' Association



EXECUTIVES



Hilret Hanson
Branch Operations

Hilret Hanson, who has been with the Society for the past 30 years, is the Executive with responsibility for Branch Retail Operations.

He has served the society in various capacities during his tenure, such as Branch Manager, Finance Manager and Senior Regional Manager.

Qualifications:

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

Directorships/Affiliations:

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



Joy A. Brady, ACCA
Group Finance

Joy Brady is a chartered accountant by training with more than 17 years of financial management experience in the commercial industry and approximately 12 years of experience in auditing. She joined the Society in 2004 as Group Finance Manager and was promoted to Executive in August 2011. Her responsibilities include monitoring the financial operations and managing finance related projects for the Society and its subsidiaries.

Qualifications:

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

Directorships/Affiliations:

- Chairperson, Finance Committee and Youth Director, St. Theresa's Roman Catholic Church

EXECUTIVES



Keisha Melhado-Forrest, MBA
Mortgage Operations

Keisha Melhado-Forrest joined the Society in September 1992 as an Insurance Reconciliation Clerk in the then Mortgage Department. Following a series of promotions, she was appointed Senior Manager – Mortgage Operations in June 2011, with direct responsibility for the JNBS Loan Processing Centre (LPC).

She was appointed Executive, Mortgage Operations in February 2013, and, in this capacity will lead the execution of strategic objectives aimed at expanding the Society's mortgage business; and administer the portfolio in a manner that mitigates credit risk, supports income generation and adheres to regulatory and legal requirements.

Qualifications:

- BSc, (Hons.), Management Studies and Accounting, UWI
- MBA, Banking and Finance, Mona School of Business, UWI



Tonya Grant, FCCA, CPA
Executive, Group Internal Audit

Tonya Grant is charged with the responsibility of assisting the JN Group in accomplishing its strategic objectives by bringing a systematic and disciplined approach to evaluate the effectiveness of the organization's risk management, control, and governance processes. She has more than 25 years experience in internal and external auditing and has participated in various internal audit conferences and seminars. Prior to joining the Society, she spent over 10 years at KPMG.

Qualifications

- Diploma, Business Administration, University of Technology
- US Certified Public Accountant (CPA)
- Fellow, Association of Chartered Certified Accountants (FCCA)
- Member, American Institute of Certified Public Accountants (AICPA),
- Member, Institute of Internal Auditors (IIA)
- Member, Information Systems Audit & Control Associations ISACA.

Directorships/Affiliations:

- Member, Shortwood Teachers' College Finance Committee
- Volunteer, Vocational Training Development Institute (VDTI)

EXECUTIVES



Michele Pollard Gonzalez, EMBA, MSc
Executive, Enterprise Contact Centre and Member Ombudsman

Michele Pollard Gonzalez is an experienced team leader whose mandate is to deliver a great customer experience at all points of contact with JNBS members and customers. She joined the Society in 2002 as Customer Service & Quality Assurance Manager and implemented the first ever customer service and quality assurance infrastructure within the organisation.

She was promoted to Senior Manager in 2007 and in 2011, to Executive, with responsibility for the Enterprise Contact Centre, a newly created entity responsible for managing the member/customer interface in line with the Society's strategic objectives. In 2012, she led the Society to become the first financial institution in Jamaica to attain certification to the ISO 9001:2008 Quality Management System Standard. The certification was conferred upon the Society by Lloyd's Register (UK), one of the world leaders in assessing business processes and products to internationally recognised standards. Mrs. Pollard Gonzalez serves as the Society's ISO 9001:2008 Management Representative.

She brings to the Society expertise in operations, project management and quality assurance, acquired in the manufacturing and service sectors.

Qualifications:

- MSc, Food Science and Technology, Texas A&M University
- BSc, Chemistry and Applied Chemistry, UWI
- Executive MBA, with a Finance emphasis, UWI

Certifications:

- Certified Manager of Quality/Organizational Excellence (American Society for Quality)

Directorships/Affiliation:

- Director, Jamaica Customer Service Association
- Member, American Society for Quality
- Member, Supervisory Committee of the ICD & Associates Credit Union



EXECUTIVES

Lieutenant Colonel Garfield Sean Prendergast, JP, MA, MSc, rcds, psc
Executive, Administration

Lieutenant Colonel G S Prendergast joined the Jamaica National Building Society in January 2014. He has served as a Commissioned Officer in the Jamaica Defence Force (JDF) for over thirty (30) years and was previously seconded from the JDF to the post of Commissioner of Corrections during the period March 2010 to 30 June 2013. He is currently on retirement leave from the JDF.

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

Lieutenant Colonel Prendergast has held a number of major military appointments, including Infantry Company Commander, Battalion Intelligence Officer, HQ JDF Assistant Staff Officer (Personnel), acted as the Training Major for the Third Battalion the Jamaica Regiment (National Reserve) and Commanding Officer

of an Infantry Battalion. He was also appointed Standards Officer for the Caribbean Junior Command and Staff Course in 2002 and again in 2003.

Qualifications:

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

Military Training:

- Royal College of Defence Studies Course in London, UK

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

Achievements:

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



EXECUTIVES



Tiffany Gordon, MBA
Mortgage Sales

Tiffany Gordon was appointed Executive, Mortgage Sales in February 2013, with responsibility for the JNBS Mortgage Centers and the Mortgage Sales Unit. She joined the Society as Senior Manager in 2007, with responsibility for the restructuring of the Mortgage Operations Unit. In 2009, Ms. Gordon was given the task of restructuring the Mortgage Sales unit within the Society, to include the addition of four island-wide Mortgage Centres and a mobile sales team.

As Executive, Mortgage Sales, she is primarily responsible for setting the strategic direction and initiatives for the Society, for the delivery of mortgage sales and achievement of sales targets, as well as ensuring compliance with banking and service standards, for product development, technology enhancements, loan quality and the implementation of Mortgage Sales initiatives. Ms. Gordon guides the management of external broker and real estate affiliate partners and works closely with Developers via the JNBS Preferred Lender partnership programme.

Qualifications:

- BSc Management, Morris Brown College, USA
- MBA Marketing, Clark Atlanta University, USA
- Lean Six Sigma Certified for Operations Excellence, University of New Orleans, USA

Ms. Gordon is a member of the Alliance Francaise de La Jamaïque Association and is fluent in Italian and proficient in French.

EXECUTIVES



Dr. Dana Morris Dixon, PhD, MSc
Business Development and Research

Dr. Dana-Marie Morris Dixon was appointed Executive, Business Development and Research in June 2013 and will serve as the Society's chief research officer, developing and driving the organisation's research agenda. Dr. Morris Dixon is also tasked with identifying and exploring new business opportunities for JNBS and its subsidiary companies to increase our market dominance.

She previously worked at Jamaica Promotions Corporation (JAMPRO), where she assumed the role of Acting President in March 2013 and served until her resignation. She joined JAMPRO as the Manager of the Caribbean, Latin America & Emerging Markets Department, on secondment from the Office of the Prime Minister in October 2009 and was appointed Vice President of Planning & Corporate Development in April 2010.

Prior to joining JAMPRO, Dr. Morris Dixon was the Director of Development Policy Planning and Strategy at the Office of the Prime Minister. She has also previously

taught undergraduate and graduate courses, focused on international trade, finance, development, globalisation and Caribbean foreign policy at The University of the West Indies, Mona.

Qualifications

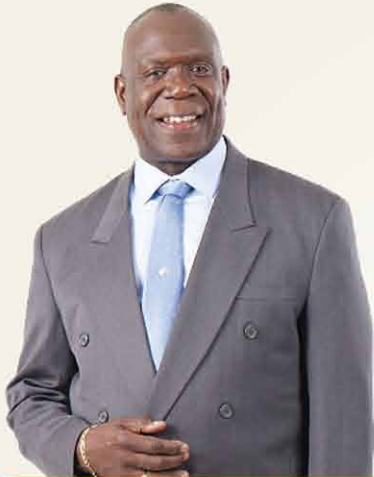
- BSc degree, Economics and International Relations, First Class Honours, The University of the West Indies (UWI), 2001
- MSc, Government, specializing in International Relations, UWI, 2003
- PhD, International Studies, University of Denver, Graduate School of International Studies, 2008

Affiliations/Awards

- Fulbright Scholar
- Recipient of the George Beckford Award for Economic Development, 2003
- Awardee, UWI Department of Government Fellowship, 2001
- Inducted into the Faculty of Social Sciences Dean's Honour Society, 2002
- Member, Grand Jamaica Homecoming Advisory Council
- Executive, International Women's Forum
- Executive, Jamaica Fulbright-Humphrey Alumni Association
- Former Director, National Land Agency
- Former Director, Runaway Bay Development Company Ltd.



SENIOR MANAGERS



Joscelyn Campbell
Corporate Integrity Unit



Elaine Williams
Legal



Nigel Thomas
Technical Services



Tasha Manley
Group Compliance



Shernette Callam
Operations Support



Tanya Pringle
Corporate Communications



Simone Chambers
Corporate & Strategic Planning



Sheron Chung Barrett
Operations & Process Improvement



Karene Miller
Corporate Secretary



Marie Stewart Lewin, JP
Research and Public Relations



Anthony Robinson
Strategic Data Management



Gillian Hyde
Budgeting, Performance
Measurement & Reporting



Saniah Spencer
Community Banking



Polmae "Pam" Thompson
Internal Processing Centre
and EPMD



Cheryl Levy
Risk



Audrey Williams
Treasury



Paulette Simpson
Corporate Affairs & Public Policy
JNBS Representative Office - UK

OVERSEAS OFFICERS

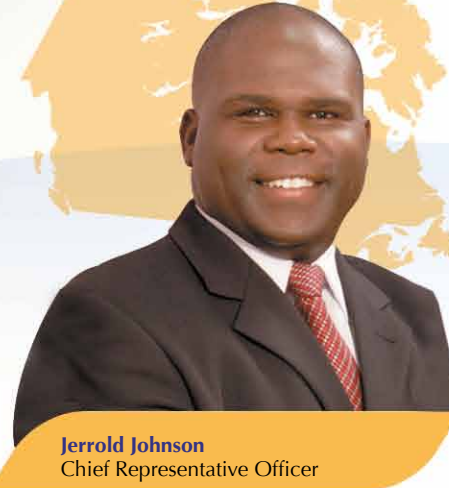


Leon Hamilton
Chief Representative Officer

JNBS Representative Office
United Kingdom

- Unit 234, Elephant & Castle Shopping Center, London, UK, SE1 6TE
- 311 Soho Road, Handsworth, Birmingham, UK, B21 9SD

Leon Hamilton joined the Spanish Town Branch of the JNBS in 1995. He has worked as Mortgage Services Supervisor, Assistant Mortgage Manager, Senior Process Analyst and was appointed Chief Representative Officer, United Kingdom, in 2010.



Jerrold Johnson
Chief Representative Officer

JNBS Representative Office
Toronto

- 1390 Elginton Avenue West, Toronto, Ontario, M6C 2E4

Mr Jerrold Johnson was appointed Interim Chief Representative Officer in June 2012. He is a former Assistant Vice President of JN Fund Managers Ltd and has extensive experience in the financial services sector, both in Jamaica and Canada. He was confirmed as Chief Representative Officer in June 2014.



Janice McIntosh
Chief Representative Officer

JNBS Representative Office
Florida

- 5039 N State Road 7, Tamarac, Florida 33319, USA

Mrs Janice McIntosh joined the JN family in 2005 as the Promotions Manager in the Marketing Department. She was appointed Chief Representative Officer in August 2010. The Representative Office was recognized in April 2013, with proclamations from the City of Lauderdale Lakes, Miramar and the Florida Broward County Commissioner's office, for providing 10 years of service to the Jamaican Diaspora community in South Florida.

JNBS BUSINESS RELATIONSHIP & SALES ADVISORS



Canute Simpson

Alethia Carpenter Peart, JP

Doreen Alexander

Paulette Chambers Salmon

Michelle Hines, JP

Troy Bygrave

Jennifer Clarke Twiddle

Savanna-la-Mar
WESTMORELAND

Santa Cruz
Junction
ST. ELIZABETH

Christiana
Mandeville
MANCHESTER

May Pen
CLARENDON

Spanish Town
ST. CATHERINE

Duke Street
KINGSTON
Portmore
ST. CATHERINE

Half -Way-Tree
ST. ANDREW



Janice Mills

Jacqueline Robotham

Edison Taylor

Omar Haye

Ransford Davidson, JP

Nina Peters

New Kingston
ST. ANDREW

Papine
UWI
ST. ANDREW

Morant Bay
ST. THOMAS
Port Antonio
PORTLAND

Port Maria
ST. MARY
Ocho Rios
ST. ANN

Brown's Town
St. Ann's Bay
ST. ANN

Catherine Hall
Montego Bay
ST. JAMES

JNBS MANAGERS

Claudine Allen

Special Assistant to the
General Manager

George Baker

Internal Processing Centre

Patrick Barrett

Security

Fitz Bernard

Enterprise Project
Management Office

Dwayne Brown

Cyber Security

Natoya Brown

Risk Management

Derace Carty

Treasury

Carlene Clarke

Enterprise Contact Centre
Quality Assurance

Belinda Clarke Robinson

Group Finance

Sophia Davis

The Creative Unit

Gresford Dinald

JN Finance

Austen Douglas-Panther

Compliance Specialist

Ricardo Dystant

Business Development
and Research

Sydney England

JN Finance

Gayan Facey

Chief Records Officer

Carla Farquharson

Audit

Cheryl Gardner Morant

Group Finance

Denise Gocul

Marketing Operations &
Special Projects

Jason Gordon

Electronic Data Processing

Tawana Gray

Group Finance

Frederick Harper

User Support & User
Acceptance Testing

Jerome Henry

Senior Underwriter

Violet Hutchinson

HR Services

Stacey Jureidini

Enterprise Project
Management Office

Paulette Newby

Mortgage Sales

Therese Pasmore

The Creative Unit

Phillip Powe

Applications & Database
Management

Tiffany Recas

The Creative Unit

Mitzie Samuels

Human Resource Services

Fabian Sanchez

Compliance Specialist

Sandra Scott

Compensation & Benefits

Kerry Scott

Property Manager

Collette Sharp

Group Finance

Christopher Smith

Treasury Operations

Sharon Smith

Business Development
and Research

Sophia Smith-Daley

Enterprise Project
Management Office

Terence Tracey

The Creative Unit

Shelly-Ann Walker

Compliance Specialist

Bridget Watson

Marketing Communications
Manager

Luwanna Williams

Market and Credit Risk Analyst

Andrew Wilson

Project & Facilities Manager

Michael Whyte

IT Incident &
Problem Management

JN MONEY SERVICES

Carmen Bartlett

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

Harry Bhoorasingh

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

Horace Hines

Senior Manager, Operations &
Technology/Country Manager
JN Money Services (Cayman)
Limited

Maxine Hinds

Sales Support Manager
JN Money Services (USA) Inc.

Paula Fennell

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

Paulette Sterling

Senior Operations Manager
JN Money Services (UK) Limited

Marshall Milbourn

Network Manager
JN Money Services (UK)
Limited

JNBS OVERSEAS MANAGERS

Harrington Stephenson

JNBS Representative Office
Canada

Desmond Smith

Group Compliance
North America

JNBS CHIEF OFFICE, BRANCHES, MONEYSHOPS & MORTGAGE CENTRES

CHIEF OFFICE

2-4 Constant Spring Road
Kingston 10
Tel: 1 (876) 926-1344-9,
1 (876) 926-1364
Fax: 926-7661, 968-6596

THE CALL CENTRE

Tel: 1 (876) 906-5343
Toll Free: 1-888-438-5627 or
1-888-991-4065-6
1-888-GET-JNBS (438-5627)
Fax: 920-6323
Email: info@jnbs.com
Website: www.jnbs.com

Region 1

Half-Way-Tree

2-4 Constant Spring Road,
Kingston 10
Fax: 968-6595
Business Relationship & Sales
Advisor: Jennifer Twiddle
Operations Support Officer:
Donnett Jackson
Member Ambassador:
Damian Johnson

New Kingston

10-12 Grenada Crescent,
Kingston 5
Fax: 906-8720
Business Relationship & Sales
Advisor: Janice Mills
Operations Support Officer:
Denio Wynter
Member Ambassador:
Sacha Wong

Downtown Kingston

32 1/2 Duke Street, Kingston
Fax: 922-2869, 948-3342
Business Relationship & Sales
Advisor: Troy Bygrave
Operations Support Officer:
Ariel Sinclair
Member Ambassador:
Keneisha Dixon

Morant Bay

10 Queen Street
Morant Bay, St. Thomas
Fax: 982-2588
Business Relationship & Sales
Advisor: Edison Taylor
Operations Support Officer:
Annette Soman
Member Ambassador:
Terrian Evans

Region 2

Mandeville

Mandeville Plaza
Mandeville, Manchester
Fax: 962-0204
Business Relationship & Sales
Advisor: Doreen Alexander
Operations Support Officer:
Winsome Senior
Member Ambassador:
Clevon Crawford

May Pen

45a Main Street
May Pen, Clarendon
Fax: 986-9764
Business Relationship
& Sales Advisor:
Paulette Chambers-Salmon
Operations Support Officer:
Natasha Aiken
Member Ambassador:
Michael Bernard

Santa Cruz

85 Main Street
Santa Cruz, St. Elizabeth
Fax: 966-2741
Business Relationship & Sales
Advisor: Alethia Carpenter-Pearl
Operations Support Officer:
D'wain Clarke
Member Ambassador:
Kerrian Peart

Region 3

Spanish Town

26-28 Wellington Street
Spanish Town, St. Catherine
Fax: 984-7798
Business Relationship
& Sales Advisor: Michelle Hines
Operations Supervisor: Lena Peart
Member Ambassador:
Pallae Williamson

Region 4

JN Financial Services

Catherine Hall
Montego Bay, St. James
Fax: 979-6670/ 979-7561
Business Relationship & Sales
Advisor: Nina Chang-Peters
Operations Supervisor:
Sophia McIntyre
Member Ambassador:
Jennifer Scott-Barrett

Savanna-la-Mar

Hendon Corner
Savanna-la-Mar,
Westmoreland
Fax: 955-2774
Business Relationship & Sales
Advisor: Canute Simpson
Operations Support Officer:
Valerie Spence-Gibson
Member Ambassador:
Orlando Lewinson

Region 5

Brown's Town

Musgrave Square
Brown's Town, St. Ann
Fax: 917-8322
Business Relationship & Sales
Advisor: Ransford Davidson
Operations Support Officer:
Mary Barnes
Member Ambassador:
Samantha Newby

Ocho Rios

Corner of Graham Street &
DaCosta Drive
Ocho Rios, St. Ann
Fax: 974-4724
Business Relationship & Sales
Advisor: Omar Haye
Operations Support Officer:
Oraine Thompson
Member Ambassador:
Oretta Carter

Region 6

Port Antonio

21 Harbour Street
Port Antonio, Portland
Fax: 993-9670
Business Relationship & Sales
Advisor: Edison Taylor
Operations Support Officer:
Sophia Peart
Member Ambassador:
Charlene Watson

Port Maria

1 Stennett Street
Port Maria, St. Mary
Fax: 994-2123
Business Relationship & Sales
Advisor: Omar Haye
Operations Support Officer:
Recordero Setal
Member Ambassador:
Nadine Ross-Duncan

UWI Branch

Ring Road, Mona Campus
The University of the West Indies,
St. Andrew
Fax: 970-3577
Business Relationship
& Sales Advisor:
Jacqueline Robotham
Member Ambassador:
Chalane Brown

JN MoneyShops

Annotto Bay

Main Street
Annotto Bay, St. Mary
Fax: 996-9732
Operations Support Officer:
Recordero Setal

Barbican, Fontana Pharmacy

34 East King's House Road
Kingston 6
Fax: 927-8519
Operations Support Officer:
Chaneen Walker

Christiana

Samfo Plaza, Main Street
Christiana, Manchester
Fax: 964-4674
Operations Support Officer: Lorna
Sinclair

Falmouth

1 Officer's Alley
Falmouth, Trelawny
Fax: 954-5992
Operations Support Officer:
Tanika Johnson-Fearon

Gayle

Main Street, Gayle, St Mary
Fax: 975-8214
Operations Support Officer: Rose
Campbell-Maturah

Half-Way-Tree

Transport Centre

Shop #15
Fax: 968-6883
Operations Support Officer:
Andral Dawkins

Highgate

Main Street
Highgate, St. Mary
Fax: 992-9575
Operations Support Officer:
Rose Campbell-Maturah

Junction

Shops 7-8, Roye's Plaza
Junction P.O., St. Elizabeth
Fax: 965-8243
Operations Support Officer:
Sacha Neil-Elliott

Knutsford

75 Knutsford Boulevard
Kingston 5
Fax: 920-4112
Operations Support Officer:
Ricardo Williams

Linstead

27 King Street
Linstead, St. Catherine
Fax: 985-2506
Operations Support Officer:
Christopher Taylor

Lucea

Mosley Drive, P.O. Box 21
Lucea, Hanover
Fax: 956-3323
Operations Support Officer:
Errol Allen

Michi Super Centre

2-4 Savannah Avenue
Washington Boulevard
Kingston 20
Operations Support Officer:
Nichola Kesson

Montego Bay

2 Market Street
Montego Bay, St. James
Fax: 952-8307
Operations Support Officer:
Nola Thompson

Old Harbour

8 East Street, Old Harbour
Fax: 745-1650
Operations Support Officer:
Sharon Samuels

Papine

17c Gordon Town Road
St. Andrew
Fax: 702-4286
Operations Support Officer:
Steve Stewart

Portmore Pines

Shop #29
Portmore Pines, Plaza
St. Catherine
949-2221, 949-9233
Fax: 949-1690
Business Relationship & Sales
Advisor: Troy Bygrave
Operations Support Officer:
Shellina Ivy

Spanish Town Road

45 Spanish Town Road
Kingston 14
Fax: 984-7798
Operations Support Officer:
Kezea Davis-Harris

St Ann's Bay

10 Bravo Street
St. Ann's Bay, St. Ann
Fax: 972-2657
Operations Support Officer:
Karen Gidden

Whitehouse

Shop #5 Lawrence Plaza
Whitehouse, Westmoreland
Fax: 963-5797
Operations Support Officer:
Seroya Manboard

MORTGAGE CENTRES

JN Financial Services

Catherine Hall
Montego Bay, St. James

Mandeville

Mandeville Plaza
Mandeville, Manchester

New Kingston

10-12 Grenada Crescent,
Kingston 5

Ocho Rios

Corner of Graham Street
& DaCosta Drive
Ocho Rios, St. Ann

JN MONEY TRANSFER & ATM LOCATIONS

UNITED KINGDOM Toll Free - Tel: 0-800-328-0387

Balham
5 Hildreth Street
Balham, London SW12 9RQ
Tel: 0-800-328-1622
Fax: 208-675-4932

Birmingham/Perry Barr
Unit 1, Inshops, One Stop
Shopping Centre
Perry Barr
Birmingham, B42 1SF
Tel: 0-800-328-1622
Fax: 121-344-4256

Bristol
248 Stapleton Road, Easton
Bristol, BS5 0NT
Tel: 0-800-328-1622
Fax: 117-951-4715

Brixton
389-391 Brixton Road
London SW9 7DE
Tel: 0-800-328-1622
Fax: 207-737-6951

Elephant & Castle
Unit #234
Elephant & Castle Shopping
Centre
London SE1 6TE
Tel: 0-800-328-1622
Fax: 207-701-9374

Handsworth
311A Soho Road
Birmingham, B21 9SD
Tel: 0-800-328-1622
Fax: 121-554-7553

Hornsey
8 Turnpike Lane, Hornsey
London N8 0PT
Tel: 0-800-328-1622
Fax: 208-889-3219

Manchester
111 Princess Road, Moss Side
Manchester, M14 4RB
Tel: 161-226-2745

Peckham
175 Rye Lane, Peckham
London, SE15 4TL
Tel: 0-800-328-1622
Fax: 207-639-4983

Shepherd's Bush
Unit #4, 5 Uxbridge Road
Shepherd's Bush, London W12
8LG
Tel: 208-743-5940
Fax: 208-743-6771

CANADA Toll Free - Tel: 1-866-353-7778

Toronto
1672 Eglinton Avenue West
Toronto
Ontario M6E 2H1, Canada
Tel: 1-866-735-6002
Fax: 416-784-2076
E-mail: info@jnocanada.com

Ontario/Pure Cash
1-1143 Morningside Avenue
Scarborough, Ontario
M1B 0A7
Tel: 1-866-735-6002
Fax: 866-735-6002
Email: info@jnocanada.com

GRAND CAYMAN
JN International Money Transfer
National Building Society of
Cayman
71 Eastern Avenue, Trinity Square
P.O. Box 504 G.T.
Grand Cayman KY1-1106
Tel: 1-800-744-1163
Fax: 345-945-2015
E-mail: nbs@candw.ky

Quik Cash
Bodmer Building
Unit 6, Shedden Road
Grand Cayman
Tel: 1-800-744-1163

UNITED STATES OF AMERICA Toll Free - Tel: 1-800-462-9003 E-mail: info@jnusa.com

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Brooklyn
690 Utica Avenue
Brooklyn
New York 11203, USA
Tel: 1-866-735-6002
Fax: 718-756-6674

2822 Church Avenue
Brooklyn New York 11226
Tel: 1-866-735-6002

Queens
233-16 Merrick Boulevard
Queens
New York 11422, USA
Tel: 1-866-735-6002
Fax: 718-949-4672

89-56 165th Street
Queens New York 11432
1-866-735-6002

Bronx
4264 White Plains Road
Bronx
New York 10466
Tel: 1-866-735-6002
Fax: 718-882-6937

CONNECTICUT
Hartford
1164 - Albany Avenue
Hartford
Connecticut 06112
Tel: 1-866-735-6002
Fax: 860-725-0938

FLORIDA
Lauderdale Lakes
3895 NW 24th Street
Lauderdale Lakes
Florida 33311
Tel: 1-866-735-6002
Fax: 954-727-9701

Miramar
6905 Miramar Parkway
Miramar
Florida 33023
Tel: 1-866-735-6002

Palm Beach
7435 South Military Trail
Lake Worth
Florida 33463
Tel: 1-866-735-6002

Lauderhill
4100 NW 12th Street
Suite A
Lauderhill
Florida 33313
Tel: 1-866-735-6002
Fax: 954-583-1733

JAMAICA

JNBS ATM LOCATIONS
Kingston & St Andrew
JN MoneyShop
Half-Way-Tree Transport Center

JNBS Duke Street
32 ½ Duke Street, Kingston CSO

Mico College
1A Marescaux Road, Kingston 5

Cross Roads Post Office
Cross Roads, Kingston 5

JN MoneyShop
45 Spanish Town Road,
Kingston 5

JNBS New Kingston Branch
10-12 Grenada Crescent,
Kingston 5

Knutsford MoneyShop
75 Knutsford Boulevard,
Kingston 5

The Source
Bryce Hill Plaza
85 August Town Road,
Kingston 7

Vineyard Town
61B Deanery Road, Kingston 3

Azan's Supercentre
Regal Plaza
Cross Road, Kingston 5

JNBS Half-Way-Tree
2-4 Constant Spring Road,
Kingston 10

JN MoneyShop Barbican
Fontana Pharmacy
34 East King's House Road
Barbican, Kingston 6

JN MoneyShop Papine
17C Gordon Town Road,
Kingston 7

Constant Spring Post Office
191 Constant Spring Road,
Kingston 8

JNBS University of the
West Indies
15 Ring Road, Kingston 7,
Mona Campus

Michi Super Center
2-4 Savannah Avenue,
Kingston 20

Worldtron Total Service Station
23 ½ Half-Way-Tree Road
Kingston 5

JN General Insurance Company
9 King Street
Kingston CSO

Ministry of Agriculture
Hope Gardens

Total Gas Station
11 Heroes Circle, Kingston

Total Gas Station
250 Spanish Town Road

Total Gas Station
Harbour View Shopping Center
29 Lyndale Avenue, Kingston 17

Clarendon
JNBS May Pen
45a Main Street, May Pen

Petcom Service Station
Osbourne Store, May Pen

Hanover
JN MoneyShop Lucea
Mosley Drive, Lucea

Manchester
JNBS Mandeville
Mandeville Plaza

JN MoneyShop Christiana
Samfo Plaza, Main Street

Portland
JNBS Port Antonio
21 Harbour Street, Port Antonio

St Ann
JNBS Ocho Rios
Corner of Graham Street
& DaCosta Drive

JNBS St. Ann's Bay
10 Bravo Street
St. Ann's Bay

Camaray Palms Plaza
19 Top Road
Brown's Town

JNBS Brown's Town
Musgrave Square

St Catherine
Rapid Sheffield Super Centre
Port Henderson Road
Congreve Park, Portmore

JN MoneyShop Portmore
Shop #29 Portmore Mall
St. Catherine

JN MoneyShop Spanish Town
26-28 Wellington Street

Bog Walk Post Office
Main Street, Bog Walk

JN MoneyShop Old Harbour
8 East Street

JN MoneyShop Linstead
27 King Street

Genus Pharmacy
25-26 Portmore Plaza
Port Henderson

Linstead Texaco
Service Station
42a Kings Street

St Elizabeth
JNBS Junction
Roya's Shopping Centre

JNBS Santa Cruz
Main Street, Santa Cruz

King Fisher Plaza
Calabash Bay, Treasure Beach

Total Gas Station
Luana Pen, St Elizabeth

St. James
JN MoneyShop Montego Bay
2 Market Street

JN Financial Services
Catherine Hall

Visitprint
1 Megabyte Way
Barnett Tech Park
Fairfield, Montego Bay
St. James

St Mary
JN MoneyShop Highgate
Main Street, Highgate

JNBS Port Maria
1 Stennett Street,
Port Maria

JN MoneyShop Annotto Bay
Main Street, Annotto Bay

JN MoneyShop Gayle
Main Street, Gayle

St Thomas
JNBS Morant Bay
10 Queen Street
Morant Bay

Trelawny
JN MoneyShop Falmouth
1 Officer's Alley,
Falmouth

Westmoreland
JNBS Savanna-la-Mar
Hendon Corner

JN MoneyShop Whitehouse
Lawrence Plaza

CAYMAN
National Building
Society of Cayman
29 Elgin Avenue
Grand Cayman
Cayman Islands

71 Trinity Square
Eastern Avenue
George Town
Cayman Islands



SUBSIDIARIES, ASSOCIATED COMPANIES AND FOUNDATIONS

Jamaica Automobile Association (Services) Limited

Provision of emergency roadside assistance and other related member services
7 Central Avenue, Kingston 5
Tel: 929-1200-1, 968-6007 | Fax: 929-4377
Toll Free Number: 1-888-225-5522
Email: jaa@jnbs.com | Website: www.calljaa.com

JN Fund Managers Limited

A licensed securities dealer offering investment, treasury, mutual funds and pension administration and management services, together with the purchase and sale of equities that are listed on the JSE.
17 Belmont Road, Kingston 5
Tel: 929-7159, 929-2289 | Fax: 926-4375
E-mail: info@jnfunds.com | Website: www.jnfunds.com

JN General Insurance Company Limited

General insurance services
9 King Street, Kingston
Tel: 922-1460-5 | Fax: 922-4045
Email: info@jngijamaica.com | Website: www.jngijamaica.com

JN Life Insurance Company Limited

Life insurance services
2 – 4 Constant Spring Road, Kingston 10
Email: jnlifeinsurance@jnbs.com

JN Money Services Limited

Money transmission and bill payment services
26 Trafalgar Road, Kingston 5
Tel: 920-7530 | Fax: 920-4768
E-mail: leesa@jnbs.com | Website: www.jnmoneytransfer.com

JN Small Business Loans Limited

Operates microfinance programmes for the benefit and assistance of micro entrepreneurs.
32 1/2 Duke Street, Kingston
Tel: 948-7454-5 | Fax: 948-7452
E-mail: pbernard@jnbs.com | Website: www.jnsbl.com

Management Control Systems Limited

Provision of Information, Communication & Technology Solutions
10-12 Grenada, Kingston 5
Tel: 929-8661, 926-0104 | Fax: 929-5678
E-mail: sales@mcsystems.com
Web site: www.mcsystems.com

Manufacturers Credit & Information Services Limited (MCIS)

Provision of motor vehicle expense management
8 Grenada Crescent, Kingston 5
Tel: 926-1939 | Fax: 929-1535
Islandwide Tel: 663-MCIS (6247)
E-mail: mciscustomerservice@mcsystems.com

National Building Society Of Cayman

Provides deposit accounts and residential mortgages on properties in the Cayman Islands.
29 Elgin Avenue, P.O. Box 504
Grand Cayman KY1-1106
Cayman Islands
Tel: 345-946-3030 | Fax: 345-946-3031
Email: enquiries@nbcs.com.ky | Website: www.nbcs.com.ky

FOUNDATIONS

JN Foundation

An approved charitable organization funded by contributions from JNBS and its subsidiaries.
32 1/2 Duke Street, Kingston
Tel: 926-1344-9 | Fax: 922-4777
Email: foundation@jnbs.com | Website: www.jnfoundation.com

Mutual Building Societies Foundation

The MBSF seeks to contribute to the development of quality education in rural communities and to support social transformation.
32 1/2 Duke Street, 4th Floor
Kingston
Tel: 926-1344 Ext. 4718 | Fax: 922-4777
Email: centresofexcellence@gmail.com
Website: www.centresofexcellencejamaica.com

MEMBERSHIP OF BOARDS & COMMITTEES

JAMAICA AUTOMOBILE ASSOCIATION (JAA)

Earl Jarrett, CD, Chairman
Carlton Barclay
Errol Ziadie
Philip Bernard
Byron Ward
Phillip Powe
Christopher Hind
Wendell Smith

JNBS FOUNDATION

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

JN FUND MANAGERS LIMITED

Dr. Dhiru Tanna, Chairman
Amb. Dr. Hon. Carlton Davis, OJ
Caryl Fenton
Dr. Peter Fletcher, CD
Earl Jarrett, CD
Monica Ladd
Peter Morris
Keith Senior

JN GENERAL INSURANCE COMPANY LIMITED

Hon. Oliver F. Clarke, OJ, Chairman
Carlton Barclay
Earl Jarrett, CD
Peter Morris
Kathleen Moss
Christopher Roberts
Hon Shirley Tyndall, OJ
Errol Ziadie

JN LIFE INSURANCE COMPANY LIMITED

Earl Jarrett, CD, Chairman
Carlton Barclay
Christopher Barnes
Peter Morris
Kay Osborne
Errol Ziadie

JN MONEY SERVICES LIMITED

Hon. Oliver F. Clarke, OJ, Chairman
Michelle Clarke
Earl Jarrett, CD
Hon. Dorothy Pine-McLarty, OJ
Alfred Simms
J. A. Lester Spaulding, CD

JN SMALL BUSINESS LOANS LIMITED

Parris Lyew-Ayee, CD, Chairman
Carlton Barclay
Hon. Oliver Clarke, OJ
Cosma Earle
Earl Jarrett, CD
Mary Smith

MANAGEMENT CONTROL SYSTEMS LIMITED

Wendell Smith, Chairman
Llewelyn A. Bailey
Carlton Barclay
Earl Jarrett, CD
Shereen Jones
Hon. Molly Rhone, OJ
Dianne Smith-Sears

NATIONAL BUILDING SOCIETY OF CAYMAN

Earl Jarrett, CD, Chairman
Carlton Barclay
Robert Hamaty, O.D.
Derek Jones
Gladstone Lewars

TOTAL CREDIT SERVICES LIMITED

Earl Jarrett, CD, Chairman
Carlton Barclay
Suzette Campbell
Wanica Purkiss

COMMITTEES OF THE JNBS BOARD

- effective May 2013

AUDIT COMMITTEE

Raphael Gordon, Chairman
Seth Kumaraswamy
Earl Jarrett, CD
Kathleen Moss

BOARD COMMITTEE

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

COMPENSATION COMMITTEE

Hon. Oliver Clarke, OJ, Chairman
Peter Morris
Dr. Dhiru Tanna

FINANCE COMMITTEE

Dr. Dhiru Tanna, Chairman
Earl Jarrett, CD
Peter Morris
Kathleen Moss



ATTORNEYS-AT-LAW, AUDITORS & BANKERS

ATTORNEYS-AT-LAW

Abendana & Abendana
 Clark, Robb & Co
 Clinton Hart & Co.
 Crafton Miller & Co.
 Dabdoub Dabdoub & Co
 Delroy Chuck & Co.
 DunnCox
 Edward Hanna & Co.
 Frater Ennis & Gordon
 G Anthony Levy & Co.
 Grant, Stewart, Phillips & Co.
 Hamilton & Craig
 Harrison & Harrison
 Phillipson Partners
 Jennifer Messado & Co.
 Keith Smith & Co.
 L Howard Facey & Co
 Langrin, Parris-Woodstock
 Lex Caribbean
 Livingston, Alexander & Levy
 M N Hamaty & Co.
 Murray & Tucker

Myers, Fletcher & Gordon
 Nicholson, Phillips
 Nunes, Scholefield, DeLeon & Co.
 OG Harding & Co.
 Patterson Mair Hamilton
 Palomino, Gordon-Palomino
 Phillips, Malcolm, Morgan & Matthies
 Ramsay Stimpson
 Rattray, Patterson, Rattray
 Robertson, Smith, Ledgister & Co.
 Robinson, Phillips & Whitehorne
 Ruel Woolcock & Company
 Samuda & Johnson
 Scott, Bhoorasingh & Bonnick
 Taylor, Deacon & James
 Usim, Williams
 Vaccianna & Whittingham
 Watson & Watson
 Williams, McKoy & Palmer
 Wilmot, Hogarth & Company
 Ziadie, Reid & Co.

AUDITORS

KPMG

BANKERS

Bank of Nova Scotia Jamaica Limited
 Bank of Nova Scotia Toronto, Canada
 Barclays Bank PLC
 Citibank, Canada
 Citibank, London, UK
 Citibank, Wall Street, New York, U.S.A.
 Deutsche Bank
 Lloyd's TSB
 National Commercial Bank Jamaica
 Limited
 RBTT Bank Jamaica Limited
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FINANCIAL STATEMENTS & AUDITOR'S REPORT

MARCH 31, 2014



KPMG
Chartered Accountants
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Jamaica, W.I.

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Jamaica, W.I.
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Fax +1 (876) 922-7198
+1 (876) 922-4500
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INDEPENDENT AUDITORS' REPORT

To the Members of
THE JAMAICA NATIONAL BUILDING SOCIETY

Report on the Financial Statements

We have audited the financial statements of The Jamaica National Building Society (Society) and the consolidated financial statements of the Society and its subsidiaries (Group), set out on pages 104 to 166, which comprise the Group's and Society's statements of financial position as at March 31, 2014, the Group's and Society's statements of revenue and expenses, profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether or not the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence relating to the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

To the Members of
THE JAMAICA NATIONAL BUILDING SOCIETY

Report on the Financial Statements (continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.


Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and the Society as at March 31, 2014, and of the Group's and Society's financial performance, changes in equity and cash flows for the year then ended, in accordance with International Financial Reporting Standards.

Report on additional requirements of the Building Societies Act

In our opinion, proper accounting records have been kept and the financial statements, which are in agreement therewith, are duly vouched and in accordance with law.

In addition, we have examined the mortgage deeds and other securities belonging to the Society. Title deeds held in respect of mortgage loans were produced to us and actually inspected by us, and we are satisfied that deeds not inspected by us were in the hands of attorneys, or elsewhere in the ordinary course of business of the Society.



Chartered Accountants
Kingston, Jamaica

June 27, 2014

KPMG, a Jamaican partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

R. Tarun Handa
Patricia O. Dailey-Smith
Linroy J. Marshall
Cynthia L. Lawrence
Rajan Trehan

Norman O. Rainford
Nigel R. Chambers
W. Gihan C. de Mel
Nyssa A. Johnson

THE JAMAICA NATIONAL BUILDING SOCIETY

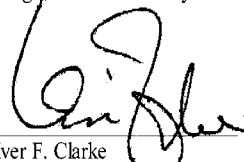
Statements of Financial Position March 31, 2014

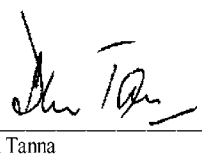
NOTES	GROUP			Society		
	2014 \$'000	2013 * \$'000	2012 * \$'000	2014 \$'000	2013 * \$'000	2012 * \$'000
ASSETS						
Cash and cash equivalents	7	5,739,005	4,089,252	4,025,394	3,984,283	2,361,491
Securities purchased under resale agreements	8	23,194,058	21,671,483	20,548,700	8,312,886	10,446,353
Investments	9	67,195,399	57,810,257	55,253,416	49,913,303	39,512,384
Taxation recoverable		1,578,662	1,677,116	1,793,701	994,011	1,054,639
Interest in subsidiaries	11	-	-	-	2,007,155	1,655,324
Interest in associates	12	442,296	312,426	334,131	159,934	735
Loans	13	55,946,514	51,741,655	46,880,588	50,274,524	45,952,184
Other assets	14	3,161,504	2,726,638	2,093,659	678,140	421,614
Assets held-for-sale	15	455,665	176,433	80,405	308,077	94,870
Investment properties	16	476,780	472,945	406,382	136,633	140,673
Property, plant and equipment	17	2,850,544	2,741,154	2,640,650	2,083,020	1,856,443
Intangible assets	18	977,736	890,977	934,689	123,139	37,086
Deferred tax assets	19	444,738	305,617	39,963	242,425	-
Total assets		<u>162,462,901</u>	<u>144,615,953</u>	<u>135,031,678</u>	<u>119,217,530</u>	<u>103,817,058</u>
SAVINGS FUND, LIABILITIES AND EQUITY						
SAVINGS FUND						
Shareholders' savings	20	86,615,732	79,639,026	73,372,817	82,025,390	74,820,693
Depositors' savings	21	-	2,673	2,680	-	-
Total savings fund		<u>86,615,732</u>	<u>79,641,699</u>	<u>73,375,497</u>	<u>82,025,390</u>	<u>74,820,693</u>
LIABILITIES						
Bank overdraft (unsecured)		18,410	28,285	-	-	-
Due to specialised financial institutions		12,280,402	11,021,016	9,233,808	12,280,402	11,019,841
Securities sold under repurchase agreements	22	28,389,888	19,323,142	15,490,426	5,223,222	-
Certificates of participation	23	27,195	1,831,670	4,997,999	-	-
Taxation payable		500,093	492,073	477,984	432,010	347,999
Other payables	24	2,484,209	2,750,784	2,497,809	704,707	943,070
Deferred tax liabilities	19	232,433	51,149	63,415	-	6,228
Employee benefit obligation	25(a)	615,912	502,514	429,976	528,835	420,265
Insurance contract provisions	26	3,968,646	3,837,088	3,789,817	-	-
Long-term loans	27	417,245	588,860	700,092	2,520	2,520
Total liabilities		<u>48,934,433</u>	<u>40,426,581</u>	<u>37,681,326</u>	<u>19,171,696</u>	<u>12,733,695</u>


Statements of Financial Position (Continued) March 31, 2014

NOTES	GROUP			Society		
	2014 \$'000	2013 * \$'000	2012 * \$'000	2014 \$'000	2013 * \$'000	2012 * \$'000
EQUITY						
Permanent capital fund	28	6,940,000	5,740,000	5,740,000	6,940,000	5,740,000
Reserve fund	29	7,600,000	6,600,000	6,600,000	7,600,000	6,600,000
Capital base		14,540,000	12,340,000	12,340,000	14,540,000	12,340,000
Capital reserve		83,076	114,653	114,653	-	-
Contractual savings reserve	30	14,223	14,223	14,223	14,223	14,223
Other reserves	31	2,116,895	1,881,492	1,769,475	1,293,222	1,343,051
Retained earnings		10,086,196	10,147,899	9,689,660	2,172,999	2,565,396
Total equity attributable to equity holders of the Society		26,840,390	24,498,267	23,928,011	18,020,444	16,262,670
Non-controlling interest		72,346	49,406	46,844	-	-
Total equity		<u>26,912,736</u>	<u>24,547,673</u>	<u>23,974,855</u>	<u>18,020,444</u>	<u>16,104,069</u>
Total savings fund, liabilities and equity		<u>162,462,901</u>	<u>144,615,953</u>	<u>135,031,678</u>	<u>119,217,530</u>	<u>103,817,058</u>

The financial statements on pages 104-166 were approved for issue by the Board of Directors on June 27, 2014 and signed on its behalf by:


Oliver F. Clarke Director


Dhuru Tanna Director


Earl Jarrett Director

* Restated (see note 45)

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

THE JAMAICA NATIONAL BUILDING SOCIETY

Statements of Revenue and Expenses **Year ended March 31, 2014**

	Notes	Group		Society	
		2014 \$'000	2013 * \$'000	2014 \$'000	2013 * \$'000
Interest revenue:					
Interest on loans		5,597,859	5,187,201	4,750,598	4,322,726
Interest on investments		<u>4,750,285</u>	<u>4,781,492</u>	<u>2,733,610</u>	<u>2,728,418</u>
		10,348,144	9,968,693	7,484,208	7,051,144
Interest expense	32	(2,559,531)	(2,984,013)	(1,361,853)	(1,633,882)
Net interest revenue		7,788,613	6,984,680	6,122,355	5,417,262
Other operating income	33	5,338,542	4,725,090	2,821,289	2,245,487
Operating expenses	34	(10,377,737)	(9,804,605)	(6,804,810)	(6,585,537)
Operating surplus		2,749,418	1,905,165	2,138,834	1,077,212
Gain on disposal of investments		74,787	29,789	72,118	4,567
Share of profit/ (loss) of associates	12	129,757	(21,705)	2,640	-
Unrealised foreign exchange gains		<u>439,285</u>	<u>509,450</u>	<u>309,238</u>	<u>370,967</u>
		3,393,247	2,422,699	2,522,830	1,452,746
Loss arising from National and Private Debt Exchanges	35	-	(829,149)	-	(753,796)
Surplus for the year before taxation		3,393,247	1,593,550	2,522,830	698,950
Taxation	36	(1,079,105)	(679,537)	(709,417)	(398,598)
Surplus for the year		<u>2,314,142</u>	<u>914,013</u>	<u>1,813,413</u>	<u>300,352</u>
Attributable to:					
The Society		2,314,035	907,669	1,813,413	300,352
Non-controlling interest		<u>107</u>	<u>6,344</u>	<u>-</u>	<u>-</u>
		<u>2,314,142</u>	<u>914,013</u>	<u>1,813,413</u>	<u>300,352</u>

* Restated (see note 45)

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

Statements of Revenue and Expenses (continued) **Year ended March 31, 2014**

Dealt with in the financial statements of:

The Society	1,810,773	300,352	1,810,773	300,352
Subsidiaries	373,612	635,366	-	-
Associates	<u>129,757</u>	<u>(21,705)</u>	<u>2,640</u>	<u>-</u>
	<u>2,314,142</u>	<u>914,013</u>	<u>1,813,413</u>	<u>300,352</u>

Statements of Profit or Loss and Other Comprehensive Income **Year ended March 31, 2014**

	Notes	Group		Society	
		2014 \$'000	2013 * \$'000	2014 \$'000	2013 * \$'000
Surplus for the year		2,314,142	914,013	1,813,413	300,352
Other comprehensive income:					
Items that are or may be reclassified to profit or loss:					
Translation of foreign subsidiaries' balances		213,072	23,769	-	-
Change in fair value of available-for-sale investments		(62,239)	(497,820)	15,754	(196,176)
Realised losses/(gains) on investments recognised in statement of revenue and expenses		(72,118)	75,069	(72,118)	(4,567)
Deferred tax on available-for-sale investments	19	(7,363)	<u>58,323</u>	<u>16,909</u>	<u>60,223</u>
		<u>71,352</u>	<u>(340,659)</u>	<u>(39,455)</u>	<u>(140,520)</u>
Items that will never be reclassified to profit or loss:					
Re-measurement of employee benefit obligation	25(d)	(42,106)	(717)	(35,735)	(1,758)
Deferred tax on employee benefit obligation	19	<u>12,844</u>	<u>181</u>	<u>10,720</u>	<u>527</u>
		<u>(29,262)</u>	<u>(536)</u>	<u>(25,015)</u>	<u>(1,231)</u>
Total other comprehensive income for the year		<u>42,090</u>	<u>(341,195)</u>	<u>(64,470)</u>	<u>(141,751)</u>
Total comprehensive income for the year		<u>2,356,232</u>	<u>572,818</u>	<u>1,748,943</u>	<u>158,601</u>
Attributable to:					
The Society		2,351,469	570,256	1,748,943	158,601
Non-controlling interest		<u>4,763</u>	<u>2,562</u>	<u>-</u>	<u>-</u>
		<u>2,356,232</u>	<u>572,818</u>	<u>1,748,943</u>	<u>158,601</u>

THE JAMAICA NATIONAL BUILDING SOCIETY

Group Statement of Changes in Equity
Year ended March 31, 2014

	Permanent capital fund \$'000 (note 28)	Reserve fund \$'000 (note 29)	Capital reserve \$'000	Contractual savings reserve \$'000 (note 30)	Other reserves \$'000 (note 31)	Retained earnings \$'000	Total \$'000	Non - controlling interest \$'000	Total equity \$'000
Balances at March 31, 2012									
As previously stated	5,740,000	6,600,000	114,653	14,223	1,769,475	9,754,052	23,992,403	46,844	24,039,247
Prior year adjustment (note 45)	-	-	-	-	-	(64,392)	(64,392)	-	(64,392)
As restated	<u>5,740,000</u>	<u>6,600,000</u>	<u>114,653</u>	<u>14,223</u>	<u>1,769,475</u>	<u>9,689,660</u>	<u>23,928,011</u>	<u>46,844</u>	<u>23,974,855</u>
Total comprehensive income for the year:									
Surplus for the year									
As previously stated	-	-	-	-	-	920,383	920,383	6,344	926,727
Prior year adjustment (note 45)	-	-	-	-	-	(12,714)	(12,714)	-	(12,714)
As restated	-	-	-	-	-	907,669	907,669	6,344	914,013
Other comprehensive income :									
Translation of foreign subsidiaries balances	-	-	-	-	27,206	-	27,206	(3,437)	23,769
Increase in fair value of available-for-sale investments	-	-	-	-	(497,475)	-	(497,475)	(345)	(497,820)
Deferred tax on available-for-sale investments	-	-	-	-	58,323	-	58,323	-	58,323
Realised losses on investments recognised in statement of revenue and expenses	-	-	-	-	75,069	-	75,069	-	75,069
Total other comprehensive income	-	-	-	-	(336,877)	-	(336,877)	(3,782)	(340,659)
As previously stated	-	-	-	-	-	(536)	(536)	-	(536)
Prior year adjustment (note 45)	-	-	-	-	(336,877)	(536)	(337,413)	(3,782)	(341,195)
As restated	-	-	-	-	(336,877)	(536)	(337,413)	(3,782)	(341,195)
Total comprehensive income, as restated	-	-	-	-	(336,877)	907,133	570,256	2,562	572,818
Movement between reserves:									
Transfer to credit loss reserve	-	-	-	-	448,894	(448,894)	-	-	-
Balances at March 31, 2013, as restated	<u>5,740,000</u>	<u>6,600,000</u>	<u>114,653</u>	<u>14,223</u>	<u>1,881,492</u>	<u>10,147,899</u>	<u>24,498,267</u>	<u>49,406</u>	<u>24,547,673</u>
Balances as at March 31, 2013									
As previously reported	5,740,000	6,600,000	114,653	14,223	1,881,492	10,225,541	24,575,909	49,406	24,625,315
Prior year adjustment (note 45)	-	-	-	-	-	(77,642)	(77,642)	-	(77,642)
	<u>5,740,000</u>	<u>6,600,000</u>	<u>114,653</u>	<u>14,223</u>	<u>1,881,492</u>	<u>10,147,899</u>	<u>24,498,267</u>	<u>49,406</u>	<u>24,547,673</u>

* Restated (see note 45)

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

THE JAMAICA NATIONAL BUILDING SOCIETY

Group Statement of Changes in Equity (continued)
Year ended March 31, 2014

	Permanent capital fund \$'000 (note 28)	Reserve fund \$'000 (note 29)	Capital reserve \$'000	Contractual savings reserve \$'000 (note 30)	Other reserves \$'000 (note 31)	Retained earnings \$'000	Total \$'000	Non - controlling interest \$'000	Total equity \$'000
Total comprehensive income for the year:									
Surplus for the year	-	-	-	-	-	2,314,035	2,314,035	107	2,314,142
Other comprehensive income									
Translation of foreign subsidiaries balances	-	-	-	-	207,693	-	207,693	5,379	213,072
Re-measurement of employee benefit obligation, net of deferred tax	-	-	-	-	-	(29,262)	(29,262)	-	(29,262)
Increase in fair value available-for- sale investments	-	-	-	-	(61,516)	-	(61,516)	(723)	(62,239)
Deferred tax on available-for-sale investments	-	-	-	-	(7,363)	-	(7,363)	-	(7,363)
Realised gains on investments recognised in statement of revenue and expenses	-	-	-	-	(72,118)	-	(72,118)	-	(72,118)
Total other comprehensive income	-	-	-	-	66,696	(29,262)	37,434	4,656	42,090
Total comprehensive income	-	-	-	-	66,696	2,284,773	2,351,469	4,763	2,356,232
Changes in ownership interests in subsidiaries that do not result in a loss of control:									
Movement in share of reserves in associates and subsidiaries	-	-	-	-	8,831	-	8,831	-	8,831
Movement between reserves:									
Transfers	1,200,000	1,000,000	(31,577)	-	-	(2,168,423)	-	-	-
Transfer to credit loss reserve	-	-	-	-	159,876	(178,053)	(18,177)	18,177	-
Balances at March 31, 2014	<u>6,940,000</u>	<u>7,600,000</u>	<u>83,076</u>	<u>14,223</u>	<u>2,116,895</u>	<u>10,086,196</u>	<u>26,840,390</u>	<u>72,346</u>	<u>26,912,736</u>

* Restated (see note 45)

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

THE JAMAICA NATIONAL BUILDING SOCIETY

Society Statement of Changes in Equity Year ended March 31, 2014

	Permanent capital fund	Reserve fund	Contractual savings reserve	Other reserves	Retained earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	(note 28)	(note 29)	(note 30)	(note 31)		
Balances at March 31, 2012						
As previously stated	5,740,000	6,600,000	14,223	1,051,158	2,764,437	16,169,818
Prior year adjustment (note 45)	-	-	-	-	(65,749)	(65,749)
As restated	<u>5,740,000</u>	<u>6,600,000</u>	<u>14,223</u>	<u>1,051,158</u>	<u>2,698,688</u>	<u>16,104,069</u>
Total comprehensive income for the year:						
Surplus for the year	-	-	-	-	313,066	313,066
As previously stated	-	-	-	-	(12,714)	(12,714)
Prior year adjustment (note 45)	-	-	-	-	300,352	300,352
As restated	-	-	-	-	-	-
Other comprehensive income as previously stated:						
Decrease in fair value of available-for-sale investments	-	-	-	(196,176)	-	(196,176)
Deferred tax assets on available-for-sale investments	-	-	-	60,223	-	60,223
Realised gains on investments recognised in statement of revenue and expenses	-	-	-	(4,567)	-	(4,567)
Total other comprehensive income	-	-	-	(140,520)	-	(140,520)
As previously stated	-	-	-	-	(1,231)	(1,231)
Prior year adjustment (note 45)	-	-	-	-	299,121	158,601
Total comprehensive income, as restated	-	-	-	(140,520)	299,121	158,601
Movement between reserves:						
Transfer to credit loss reserve	-	-	-	432,413	(432,413)	-
Balances at March 31, 2013, as restated	<u>5,740,000</u>	<u>6,600,000</u>	<u>14,223</u>	<u>1,343,051</u>	<u>2,565,396</u>	<u>16,262,670</u>
Balances as at March 31, 2013						
As previously stated	5,740,000	6,600,000	14,223	1,343,051	2,645,090	16,342,364
Prior year adjustment (note 45)	-	-	-	-	(79,694)	(79,694)
As restated	<u>5,740,000</u>	<u>6,600,000</u>	<u>14,223</u>	<u>1,343,051</u>	<u>2,565,396</u>	<u>16,262,670</u>

Society Statement of Changes in Equity (continued) Year ended March 31, 2014

	Permanent capital fund	Reserve fund	Contractual savings reserve	Other reserves	Retained earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	(note 28)	(note 29)	(note 30)	(note 31)		
Total comprehensive income for the year:						
Surplus for the year	-	-	-	-	1,813,413	1,813,413
Other comprehensive income:						
Increase in fair value of available-for-sale investments	-	-	-	15,754	-	15,754
Deferred tax on available-for-sale investments	-	-	-	16,909	-	16,909
Realised gains on investments recognised in statement of revenue and expenses	-	-	-	(72,118)	-	(72,118)
Re-measurement of employee benefit obligation, net of deferred tax	-	-	-	-	(25,015)	(25,015)
Total other comprehensive income	-	-	-	(39,455)	(25,015)	(64,470)
Total comprehensive income	-	-	-	(39,455)	1,788,398	1,748,943
Changes in ownership interest in subsidiaries that do not result in a loss of control:						
Movement in share of reserves in associates and subsidiaries	-	-	-	8,831	-	8,831
Movements in reserves:						
Transfer	1,200,000	1,000,000	-	-	(2,200,000)	-
Transfer to credit loss reserve	-	-	-	(19,205)	19,205	-
Balances at March 31, 2014	<u>6,940,000</u>	<u>7,600,000</u>	<u>14,223</u>	<u>1,293,222</u>	<u>2,172,999</u>	<u>18,020,444</u>

* Restated (see note 45)

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

THE JAMAICA NATIONAL BUILDING SOCIETY

Group Statement of Cash Flows **Year ended March 31, 2014**

	2014 \$'000	2013 * \$'000
Cash flows from operating activities		
Surplus for the year	2,314,142	914,013
Adjustments to reconcile surplus to net cash provided by operating activities:		
Depreciation - property, plant and equipment and investment properties	364,650	370,769
Amortisation of intangible assets	68,915	96,636
Gain on disposal of property, plant and equipment and investment properties	760	(71,054)
Gain on disposal of investments	(74,787)	(29,789)
Loss arising from National and Private Debt exchanges	-	829,149
Gains from foreign exchange rate changes	(206,522)	(476,173)
Impairment of intangible assets	105,795	81,411
Translation differences	213,072	23,769
Dividend income	(77,929)	(46,719)
Share of (profit)/loss of associates	(129,757)	21,705
Interest income	(10,348,144)	(9,968,693)
Interest expense	2,559,531	2,984,013
Current tax expense	1,031,461	898,953
Deferred taxation, net	47,644	(219,416)
Net increase in provision for loan losses	365,415	210,383
Employee benefit obligation	71,293	71,821
Impairment loss on foreclosed properties	47,655	41,437
Insurance contract provisions	131,558	47,271
Impairment loss on investment	<u>24,872</u>	<u>-</u>
	(3,490,376)	(4,220,514)
Changes in operating assets and liabilities:		
Net additions to loans	(4,008,894)	(4,077,270)
Taxation recoverable	98,454	116,585
Other assets	(421,064)	(609,210)
Other payables	(279,960)	211,525
Net receipts from savings	2,263,882	2,841,464
Due to specialised financial institutions	1,259,386	1,787,208
Securities purchased under resale agreements	(1,346,681)	(945,180)
Certificates of participation	(1,804,475)	(3,166,329)
Securities sold under repurchase agreements	<u>8,886,147</u>	<u>3,654,112</u>
	1,156,419	(4,407,609)
Interest paid	(2,180,690)	(2,550,955)
Interest received	5,128,888	4,717,847
Income tax paid	<u>(1,023,441)</u>	<u>(884,864)</u>
Net cash provided/(used) by operating activities	<u>3,081,176</u>	<u>(3,125,581)</u>

Group Statement of Cash Flows (Continued) **Year ended March 31, 2014**

	2014 \$'000	2013 \$'000
Net cash provided/(used) by operating activities	<u>3,081,176</u>	<u>(3,125,581)</u>
Cash flows from investing activities		
Investments	(11,794,809)	(22,487,986)
Interest received	3,941,937	4,304,177
Dividend received	77,929	46,719
Assets held-for-sale	(326,887)	(137,465)
Acquisition of Intangible assets	(193,693)	(46,306)
Purchase of property, plant and equipment and investment properties	(495,897)	(540,089)
Proceeds from disposal of property, plant and equipment	18,697	90,341
Reserve arising on merger	8,831	-
Proceeds from disposal of investments	<u>6,839,364</u>	<u>21,715,392</u>
Net cash (used)/provided by investing activities	<u>(1,924,528)</u>	<u>2,944,783</u>
Cash flows from financing activities		
Long-term loans, being net cash used by financing activities	<u>(171,616)</u>	<u>(111,232)</u>
Net increase/(decrease) in cash and cash equivalents	985,032	(292,030)
Cash and cash equivalents at beginning of the year	4,060,967	4,025,394
Effects of exchange rate changes on cash and cash equivalents	<u>674,596</u>	<u>327,603</u>
Cash and cash equivalents at end of the year	<u>5,720,595</u>	<u>4,060,967</u>
Comprised of:		
Cash and cash equivalents	5,739,005	4,089,252
Bank overdraft	<u>(18,410)</u>	<u>(28,285)</u>
	<u>5,720,595</u>	<u>4,060,967</u>

* Restated (see note 45)

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

THE JAMAICA NATIONAL BUILDING SOCIETY

Society Statement of Cash Flows **Year ended March 31, 2014**

	<u>2014</u>	<u>2013 *</u>
	<u>\$'000</u>	<u>\$'000</u>
Cash flows from operating activities		
Surplus for the year	1,813,413	300,352
Adjustments to reconcile surplus to net cash provided by operating activities:		
Depreciation - property, plant and equipment and investment properties	237,141	250,459
Amortisation of intangible asset	34,653	55,976
Gain/(loss) on disposal of property, plant & equipment and investment properties	417	(10,455)
Loss arising from National and Private Debt exchanges	-	753,796
Gain on disposal of investments	(72,118)	(4,567)
Gains from foreign exchange rate changes	(118,188)	(328,027)
Dividend income	(428,666)	(396,451)
Interest income	(7,484,208)	(7,051,144)
Interest expense	1,361,853	1,633,882
Current tax expense	722,171	546,118
Deferred taxation, net	(12,754)	(147,520)
Net increase in provision for loan losses	270,682	159,045
Employee benefit obligation	72,836	61,425
Impairment loss on foreclosed properties	47,655	41,437
Impairment loss on investments	24,872	-
Share profit of associates	<u>2,640</u>	<u>-</u>
	(3,527,601)	(4,135,674)
Changes in operating assets and liabilities:		
Net additions to loans	(4,064,675)	(4,021,981)
Taxation recoverable	60,628	141,726
Other assets	(256,526)	(47,282)
Other payables	(251,746)	69,789
Net receipts from savings	2,841,142	2,645,423
Due to specialised financial institutions	1,260,561	1,789,708
Securities sold under repurchase agreements	5,200,902	-
Securities purchased under resale agreements	<u>2,083,300</u>	<u>(18,132)</u>
	3,345,985	(3,576,423)
Interest paid	(1,487,563)	(1,431,220)
Interest received	4,554,522	4,037,151
Income tax paid	(638,160)	(520,584)
Net cash provided/(used) by operating activities	<u>5,774,784</u>	<u>(1,491,076)</u>

Society Statement of Cash Flows (Continued) **Year ended March 31, 2014**

	<u>2014</u>	<u>2013 *</u>
	<u>\$'000</u>	<u>\$'000</u>
Cash flows from investing activities		
Investments	(7,839,249)	(21,147,509)
Interest received	2,222,750	2,474,595
Interest in subsidiaries	(337,447)	3,551
Interest in associates	(162,251)	-
Dividend received	428,666	396,450
Assets held-for-sale	(260,496)	(136,307)
Acquisition of intangible assets	(120,706)	(30,677)
Purchase of property, plant & equipment and investment properties	(393,794)	(405,253)
Proceeds from disposal of property, plant & equipment	14,919	20,454
Proceeds from disposal of investments	<u>1,640,404</u>	<u>19,603,832</u>
Net cash (used)/provided by investing activities	<u>(4,807,204)</u>	<u>779,136</u>
Net cash provided/(used) by operating and investing activities	<u>967,580</u>	<u>(711,940)</u>
Net cash provided/(used) by operating and investing activities being net increase/(decrease) in cash and cash equivalents	967,580	(711,940)
Effects of exchange rate changes on cash and cash equivalents	655,212	224,520
Cash and cash equivalents at beginning of the year	<u>2,361,491</u>	<u>2,848,911</u>
Cash and cash equivalents at end of the year	<u>3,984,283</u>	<u>2,361,491</u>

* Restated (see note 45)

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

THE JAMAICA NATIONAL BUILDING SOCIETY

Notes to the Financial Statements March 31, 2014

1. The Society

The Jamaica National Building Society (Society), which commenced business in 1874 under the name of Westmoreland Building Society, is incorporated in Jamaica under the Building Societies Act, is domiciled in Jamaica, and has its registered office at 2-4 Constant Spring Road, Kingston 10. The Society is a mutual organisation in which all holders of shares have one vote, regardless of account balances.

Its principal activities are comprised of granting home loans, operating savings accounts and trading in foreign exchange.

The Society is an authorised foreign currency dealer.

“Group” refers collectively to the Society and its subsidiaries which, together with its associates, are as follows:

Subsidiaries	Country of incorporation	Percentage ownership 2014	Percentage ownership 2013	Nature of business
JN Money Services Limited and its subsidiaries:	Jamaica	100	100	Money transmission services.
JN Money Services (UK) Ltd	England	100	100	Money services business, remittances and bill payments.
JN Money Services (USA) Inc	United States of America	100	100	Money services business, including remittances and bill payments.
JN Money Services (Canada) Ltd	Canada	100	100	Money services business, including remittances and bill payments.
JN Money Services (Cayman) Limited	Cayman Islands	80	80	Money services business, including remittances and bill payments.
J.N. Properties Limited	Jamaica	100	100	Development and rental of real property.
J.N. Real Estate Company Limited	Jamaica	100	100	Real estate development and management services to certain related parties.
JN Fund Managers Limited (JNFM)	Jamaica	100	100	Provision of money market brokerage services, loan financing and pension management and administration.
First Metropolitan Building Society [note 4(a)(ii)]	Jamaica	-	100	Mortgage lending on residential properties and other financial services.

Notes to the Financial Statements (Continued) March 31, 2014

1. The Society (continued)

Subsidiaries (continued)	Country of incorporation	Percentage ownership 2014	Percentage ownership 2013	Nature of business
JN General Insurance Company ¹ and its wholly-owned subsidiary:	Jamaica	99.5	99.5	General insurance services
The Jamaica Automobile Association (Services) Limited	Jamaica	100	100	Automobile roadside assistance and allied services.
Management Control Systems Limited and its wholly-owned subsidiaries:	Jamaica	95.67	95.67	Provision of information technology solutions and services.
Total Credit Services Limited	Jamaica	100	100	Debt recovery management.
Manufacturers' Credit & Information Services Limited	Jamaica	100	100	Motor vehicle fleet management and credit services.
JN Small Business Loans Limited	Jamaica	100	100	Granting of loans to small and micro business for periods not exceeding 260 weeks.
National Building Society of Cayman	Cayman Islands	91.5	91.5	Mortgage lending on residential properties and other financial services.
The Creative Unit Limited	Jamaica	100	100	Creative and advertisement management services; ceased trading during the year.
The Jamaica Popular Investment Company Limited	Jamaica	100	100	Owners of commercial buildings.
JN Finance Limited	Jamaica	100	100	Insurance premium financing, consumer loan, bridge financing, and other credit facilities. Curtailed operations during the year.
JN Life Insurance Company Limited	Jamaica	100	100	Life insurance services.

In May 2013, the Society acquired the remaining 20% of the shareholding in JN Money Services (Cayman) Limited previously held by National Building Society of Cayman, making it a wholly-owned subsidiary of the Society.

¹ The Society acquired and holds 0.3% interest in JN General Insurance Company Limited, through Middlesex Insurance Agencies Limited. These shares are in the process of being transferred to the Society. Middlesex Insurance Agencies is not consolidated as it is considered immaterial.

THE JAMAICA NATIONAL BUILDING SOCIETY

Notes to the Financial Statements (Continued) **March 31, 2014**

1. The Society (continued)

<u>Associates and Joint Ventures</u>	<u>Country of incorporation</u>	<u>Percentage ownership 2014</u>	<u>Percentage ownership 2013</u>	<u>Nature of business</u>
Knutsford Holdings Limited (held by JN Properties Limited)	Jamaica	40	40	Owners of commercial buildings.
Jamaica Joint Venture Investment Company Limited	Jamaica	33½	33½	Owners of commercial buildings.
Building Societies Development Limited	Jamaica	28.84	28.84	Housing development.
Transaction ePins Limited	Jamaica	19.5	19.5	Distribution of electronic prepaid air time.

JN General Insurance Company Limited, JN Life Insurance Company Limited, First Metropolitan Building Society, Knutsford Holdings Limited, Jamaica Joint Venture Investment Company Limited, Jamaica Automobile Association (Services) Limited and Building Societies Development Limited have December 31 as their year-end.

Transaction ePins Limited is an associated company which is shown at cost. The Society has not adopted the equity method of accounting for this investment as the directors of the Society do not consider that they exercise significant influence over the financial or operating policies of Transaction ePins Limited.

Other related entities:

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

Notes to the Financial Statements (Continued) **March 31, 2014**

1. The Society (continued)

Other related entities: (continued)

The Charities Act, 2013 took effect on December 24, 2013 and Registered Charitable Organizations (RCO) can enjoy the tax concessions available under the new regime for a transitional period of six months. Once a charity becomes a RCO it automatically enjoys specific tax concessions for GCT, Income tax, Transfer tax, Stamp Duty, Property Tax and the Minimum Business Tax which comes into effect in 2014. In February 2014, an application was made for registration as a Registered Charitable Organization under The Charities Act, 2013. This was approved on April 23, 2014.

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

The Foundation is an approved charitable organisation for purposes of Section 13(i) of the Tax Act and is exempted from income tax under section 12(h) of that Act.

The Charities Act, 2013 took effect on December 24, 2013 and Registered Charitable Organizations (RCO) can enjoy the tax concessions available under the new regime for a transitional period of six months. Once a charity becomes a RCO it automatically enjoys specific tax concessions for GCT, Income tax, Transfer tax, Stamp Duty, Property Tax and the Minimum Business Tax which comes into effect in 2014.

2. Licence and regulations

The Society is licensed, and the financial statements are delivered, under the Building Societies Act, as amended by the Building Societies (Amendment) Act, 1996 (Act), and the Bank of Jamaica (Building Societies) Regulations, 1995 (Regulations). The Regulations became effective as of March 24, 1995.

THE JAMAICA NATIONAL BUILDING SOCIETY

Notes to the Financial Statements (Continued)

March 31, 2014

3. Statement of compliance and basis of preparation

(a) Statement of compliance:

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

New, revised and amended standards and interpretations that became effective during the year:

Certain new, revised and amended standards and interpretations came into effect during the current financial year. The Group has assessed them and has adopted those which are relevant to its financial statements, viz:

- IAS 1, *Presentation of Financial Statements*, entitled "IAS 1, *Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income*", which led to the following changes in the financial statements:
 - Items of other comprehensive income (OCI) that may be reclassified to profit or loss in the future are presented separately from those that would never be reclassified to profit or loss.
 - The title of the statement has changed from 'Statement of Comprehensive Income' to 'Statement of Profit or Loss and Other Comprehensive Income'.
- IAS 19, *Employee Benefits*, led the Group to a change in the accounting policy with respect to the basis for determining the income or expense related to the post-employment defined benefit plan.

The Group now determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability at the beginning of the annual period. Net interest also takes into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Actuarial gains and losses are now recognised immediately in other comprehensive income. Previously, the Group recognised actuarial gains and losses using the corridor method, which required that any cumulative unrecognised gains or losses exceeding 10% of the present value of the benefit obligation were recognised in profit or loss over the expected average remaining working lives of the employees affected.

The change in policy is applied retrospectively (see note 45).

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

(a) Statement of compliance (continued):

- IFRS 7, *(Amendment) 'Financial instruments: Disclosure'* requires disclosures about the effects or potential effects of offsetting financial assets and financial liabilities and related arrangements of an entity's financial position. The adoption of this standard has not had a significant impact on the financial statements disclosures in the current year.
- IFRS 10, *Consolidated Financial Statements*, introduces a new approach to determining which investees should be consolidated. It focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns.

The Group has reassessed the control conclusion in respect of its investees as at January 1, 2013. This has, however, not resulted in any changes to the control conclusions previously determined.

- IFRS 11, *Joint Arrangements*, identifies two main types of joint arrangements – joint operations and joint ventures: (i) Those cases in which although there is a separate vehicle created by the venturers, that separation is ineffective in certain ways, are now called *joint operations*. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31. (ii) All other joint arrangements, now called *joint ventures*, are required to be accounted for using the equity method (thus prohibiting the use of proportionate consolidation).

The Group has re-evaluated its involvement in its joint arrangements and has determined that no reclassification is required. The Group continues to apply the equity method and there has been no impact on the recognised assets, liabilities and comprehensive income of the Group.

THE JAMAICA NATIONAL BUILDING SOCIETY

Notes to the Financial Statements (Continued) **March 31, 2014**

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

(a) Statement of compliance (continued):

New, revised and amended standards and interpretations that became effective during the year (continued):

- IFRS 12, *Disclosure of Interest in Other Entities* contains disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e., joint operations or joint ventures), associates and/or unconsolidated structured entities. Interests are widely defined as contractual and non-contractual involvement that exposes an entity to variability of returns from the performance of the other entity. Structured entities are entities that are designed so that voting or similar rights are not the dominant factor in deciding who controls the entity. The disclosure requirements encompass risk exposures for the sponsor of such an entity even if it no longer has any contractual involvement. These required disclosures aim to provide information to enable users to evaluate the nature of, and risks associated with, an entity's interests in other entities and the effects of those interests on the entity's financial position, financial performance and cash flows.

As a result of IFRS 12, the Group expanded its disclosures about its interest in subsidiaries and equity-accounted investees (see note 12).

- IFRS 13, *Fair Value Measurement* establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair value as 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. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7. Consequently, the Group has included additional disclosures in this regard (note 40).

Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities.

- *Improvements to IFRS 2009-2011* cycle contained amendments to certain standards and interpretations and are effective for accounting periods beginning on or after January 1, 2013. The main amendments applicable to the Group are as follows:

Notes to the Financial Statements (Continued) **March 31, 2014**

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

(a) Statement of compliance (continued):

- *Improvements to IFRS 2009-2011* (continued):

- IAS 1, *Presentation of Financial Statements* was amended to clarify that only one comparative period, which is the preceding period, is required for a complete set of financial statements. IAS 1 requires the presentation of an opening statement of financial position when an entity applies an accounting policy retrospectively or makes a retrospective restatement or reclassification. IAS 1 has been amended to clarify that (a) the opening statement of financial position is required only if a change in accounting policy, a retrospective restatement or a reclassification has a material effect upon the information in that statement of financial position; (b) except for the disclosures required under IAS 8, notes related to the opening statement of financial position are no longer required; and (c) the appropriate date for the opening statement of financial position is the beginning of the preceding period, rather than the beginning of the earliest comparative period presented.
- IAS 16, *Property, Plant and Equipment* – The standard was amended to clarify that the definition of 'property, plant and equipment' in IAS 16 is now considered in determining whether spare parts, stand-by equipment and servicing equipment should be accounted for under the standard. If these items do not meet the definition, then they are accounted for using IAS 2, *Inventories*.
- IAS 32, *Financial Instruments: Presentation* – The standard was amended to clarify that IAS 12, *Income Taxes* applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction.

These amendments did not result in any change in amounts recognised in the financial statements. In accordance with IAS 1, *Presentation of Financial Statements*, an opening statement of financial position has been presented consequent on the restatement arising from a change in accounting policy (note 45).

(b) Basis of preparation:

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

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

THE JAMAICA NATIONAL BUILDING SOCIETY

Notes to the Financial Statements (Continued) **March 31, 2014**

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

(c) Functional and presentation currency:

The financial statements are presented in Jamaica dollars, which is the functional currency of the Society and are expressed in thousands of dollars unless otherwise stated.

(d) Use of estimates and judgements:

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 5.

(e) Comparative information:

Wherever necessary, the comparative figures are restated to conform to the current year's presentation.

4. Significant accounting policies

(a) Basis of consolidation:

(i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain or bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issued debt or equity securities.

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

Notes to the Financial Statements (Continued) **March 31, 2014**

4. Significant accounting policies (continued)

(a) Basis of consolidation (continued):

(i) Business combinations (continued)

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in fair value of the contingent consideration are recognised in profit or loss.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquired entity; plus
- if the business combination is achieved in stages, the fair value of the pre-existing interest in the acquired entity; less
- the net recognised amount (generally, fair value) of the identifiable assets acquired and liabilities assumed.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The subsidiary companies are listed in note 1 and are referred to as "subsidiaries" or "subsidiary" in the financial statements. The consolidated or Group financial statements comprise the financial results of the Society and its subsidiaries prepared to March 31, except for JN General Insurance Company Limited (JNGI), JN Life Insurance Company Limited, The Jamaica Automobile Association (Services) Limited (JAA) and First Metropolitan Building Society (FMBS) which financial statements are prepared to December 31, annually (note 1). Consequently, the consolidated results include the results of these subsidiaries for the year ended December 31, 2013 (2013: December 31, 2012), updated for significant transactions to March 31, 2014 (2013: March 31, 2013). FMBS' assets and liabilities were merged with those of the Society on December 31, 2013.

THE JAMAICA NATIONAL BUILDING SOCIETY

Notes to the Financial Statements (Continued) **March 31, 2014**

4. Significant accounting policies (continued)

(a) Basis of consolidation (continued):

(ii) Subsidiaries (continued):

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

(iii) Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests, even if doing so causes the non-controlling interest to have a deficit balance.

(iv) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(v) Interest in equity-accounted investees

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

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Interest in associates and joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

Notes to the Financial Statements (Continued) **March 31, 2014**

4. Significant accounting policies (continued)

(a) Basis of consolidation (continued):

(v) Interest in equity-accounted investees (continued)

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

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

(vi) Jointly controlled operations

A jointly controlled operation is a joint venture carried on by a venturer using its own assets in pursuit of the joint operation. The consolidated financial statements include the assets that the Group controls and the liabilities that it incurs in the course of pursuing the joint operation and expenses that the Group incurs and its share of the income that it earns from the joint operation.

(vii) Transactions eliminated on consolidation

Intra-group balances and transactions, any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Property, plant and equipment:

Items of property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses [see note 4(u)]. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item, if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be reliably measured. The cost of day-to-day servicing of property, plant and equipment is recognised in profit or loss as incurred.

THE JAMAICA NATIONAL BUILDING SOCIETY

Notes to the Financial Statements (Continued)

March 31, 2014

4. Significant accounting policies (continued)

(b) Property, plant and equipment: (continued)

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Property, plant and equipment, with the exception of freehold land, on which no depreciation is provided, are depreciated on the straight-line basis at annual rates to write down the assets to their estimated residual values over their estimated useful lives and is generally recognised in profit or loss. Leasehold properties are amortised in equal instalments over the shorter of the lease term and the properties' estimated useful lives.

The depreciation/amortisation rates are as follows:

Freehold buildings	2½%
Leasehold buildings	Shorter of lease term and useful life
Leasehold improvements	33⅓%
Computers	33⅓%
Office equipment	10%
Motor vehicles	20%

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

(c) Real estate and development in progress:

The cost of land acquisition and development, construction and overheads, including interest costs, are deferred, except for costs in excess of amounts recoverable from subsequent sales which are expensed as incurred. Income from development projects is recognised upon substantial completion of each project. Development in progress is shown net of deposits received from purchasers.

Notes to the Financial Statements (Continued)

March 31, 2014

4. Significant accounting policies (continued)

(d) Financial instruments:

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. For the purpose of the financial statements, financial assets have been determined to include cash and cash equivalents, securities purchased under resale agreements, investments, loans and certain other assets. Financial liabilities include other payables, bank overdraft, securities sold under repurchase agreements, due to specialised financial institutions, shareholders' and depositors' savings, certificates of participation and long-term loans.

(i) Classification:

Management determines the classification of investments at the time of acquisition and takes account of the purpose for which the investments were acquired. Investments are classified as loans and receivables, at fair value through profit or loss, held-to-maturity and available-for-sale securities.

Loans and receivables are those created or acquired by the Group, with fixed or determinable payments and are not quoted in an active market. Loans and receivables comprise cash and cash equivalents, debenture, bonds, certificates of deposit, loans and other assets.

Financial investments at fair value through profit or loss are those held for trading or those designated by management and comprise equity and certain debt securities. Such investments are those which the Group manage and make purchase and sale decisions based on their fair value in accordance with their investment strategy.

Held-to-maturity securities are those with fixed or determinable payment and fixed maturity that the Group has the positive intent and ability to hold to maturity. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale and prevent the Group from classifying investment securities as held-to-maturity for the current and the following two financial years.

Non-derivative financial liabilities are classified as other financial liability.

THE JAMAICA NATIONAL BUILDING SOCIETY

Notes to the Financial Statements (Continued)
March 31, 2014

4. Significant accounting policies (continued)

(d) Financial instruments (continued):

(i) Classification (continued):

Derivatives are financial instruments that derive their value from the price of the underlying items such as equities, bond interest rate, foreign exchange or other indices. Derivatives enable users to increase, reduce or alter exposure to credit or market risk. The Group makes use of derivatives to hedge foreign currency and interest rate exposures.

The Group evaluates financial instruments which it acquires or issues to determine whether derivatives are embedded in any of the contracts (making it a "host contract").

The Group accounts for an embedded derivative separately from the host contract when certain conditions are met. Separated embedded derivatives are accounted for depending on their classification, and are presented in the statement of financial position together with the host contract. When an embedded derivative cannot be separated from the host contract, the entire contract is designated as at fair value through profit or loss.

Available-for-sale securities are financial assets that are so designated by the Group.

Available-for-sale instruments comprise certain debt and equity instruments.

(ii) Recognition:

The Group initially recognises loans and advances, securities purchased or sold under resale/repurchase agreements and debt securities on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value, plus, for an item not at fair value through profit or loss, transactions that are directly attributable to its acquisition or issue.

Notes to the Financial Statements (Continued)
March 31, 2014

4. Significant accounting policies (continued)

(d) Financial instruments (continued):

(iii) Derecognition:

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

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

(iv) Measurement:

Financial assets classified as available-for-sale are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, they are measured at fair value. Unrealised gains and losses arising from changes in fair value, except for impairment losses, and foreign currency differences on debt instruments, are recognised in other comprehensive income and presented in investment revaluation reserve in equity [see note 31(b)]. Where fair value cannot be reliably determined, they are stated at cost. Where these securities are disposed of or impaired, the related accumulated unrealised gains or losses are reclassified to profit or loss.

Financial assets classified as at fair value through profit or loss are measured at fair value and changes therein including any interest or dividend income are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

All non-derivative financial assets classified as loans and receivables and held-to-maturity are initially recognised at fair value plus directly attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost, using the effective interest rate method. Premiums and discounts are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument.

THE JAMAICA NATIONAL BUILDING SOCIETY

Notes to the Financial Statements (Continued) **March 31, 2014**

4. Significant accounting policies (continued)

(d) Financial instruments (continued):

(iv) Measurement: (continued):

Derivatives are initially recognised at fair value. Attributable costs are expensed in profit or loss as incurred. Subsequent to initial recognition they are measured at fair value. Where the derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in fair value are recognised immediately in profit or loss.

The fair value of investments classified as available-for-sale and at fair value through profit or loss is based on their quoted market bid price at the reporting date. Where a quoted market price is not available, the fair value of the instrument is estimated using pricing models or discounted cash flow techniques.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate at the reporting date for an instrument with similar terms and conditions. Where pricing models are used, inputs are based on market related measures at the reporting date.

(v) Identification and measurement of impairment:

The carrying amounts of the Group's financial assets are reviewed at each reporting date to determine whether there is objective evidence that financial instruments not carried at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and the loss event has an impact on the future cash flows of the asset that can be estimated reliably. If any such indication exists, the asset's recoverable amount is estimated at each reporting date. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

Objective evidence that financial assets (including equity securities) are impaired include default or delinquency by a borrower, restructuring of a loan or advance by the Group on terms that the Group would not otherwise consider, the disappearance of an active market for a security, adverse changes in the payment status of the borrowers or issuers, indications that a debtor or issuer will enter into bankruptcy or observable data indicating that there is measurable decrease in expected cash flows from a group of financial assets. For an investment in an equity instrument, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost.

Notes to the Financial Statements (Continued) **March 31, 2014**

4. Significant accounting policies (continued)

(d) Financial instruments (continued):

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

The Group considers evidence of impairment at both a specific asset and collective level. All individually significant financial assets are assessed for impairment. All significant assets found not to be specifically impaired are then collectively assessed for any impairment incurred but not yet identified. Assets that are not individually significant are then collectively assessed for impairment by grouping together financial assets (carried at amortised cost) with similar risks.

In assessing collective impairment, the Group uses historical information of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognised in profit or loss and reflected in an allowance account against loans and advances and other assets. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale investment securities are recognised by reclassifying the cumulative loss that has been recognised in the investment revaluation reserve to profit or loss. The cumulative loss that is reclassified is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

THE JAMAICA NATIONAL BUILDING SOCIETY

Notes to the Financial Statements (Continued)

March 31, 2014

4. Significant accounting policies (continued)

(d) Financial instruments (continued):

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

An impairment loss in respect of an equity accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in profit or loss and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

(vi) Fair value measurement:

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

Notes to the Financial Statements (Continued)

March 31, 2014

4. Significant accounting policies (continued)

(d) Financial instruments (continued):

(vi) Fair value measurement (continued):

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

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Group on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

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

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

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

The difference between the purchase/sale and resale/repurchase considerations is recognised on the accrual basis over the period of the agreements, using the effective yield method, and is included in interest income and expense, respectively.

THE JAMAICA NATIONAL BUILDING SOCIETY

Notes to the Financial Statements (Continued)

March 31, 2014

4. Significant accounting policies (continued)

(f) Cash and cash equivalents:

Cash and cash equivalents are shown at cost. They comprise cash balances and cash reserve at the Bank of Jamaica, cash in hand and short-term, highly liquid investments where original maturities do not exceed three months, are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term commitments. Bank overdrafts are repayable on demand. Bank overdrafts that form an integral part of the Group's cash management for financing operations are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(g) Investment properties:

Investment properties are measured at their cost, less accumulated depreciation and impairment losses. Rental income from investment properties is recognised on the straight-line basis over the term of the lease, and accounted for on the accrual basis.

(h) Intangible assets:

[i] Goodwill:

Goodwill represents amounts arising on acquisition of subsidiaries and other business ventures.

Goodwill is measured at cost less any accumulated impairment losses.

[ii] Other intangible assets:

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost, less accumulated amortisation [see [iv] below] and any accumulated impairment losses.

[iii] Subsequent expenditure:

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Notes to the Financial Statements (Continued)

March 31, 2014

4. Significant accounting policies (continued)

(h) Intangible assets (continued):

[iv] Amortisation:

Amortisation is charged to profit or loss on the straight-line basis over the estimated useful lives of intangible assets, unless such lives are infinite. Goodwill and intangible assets with an indefinite useful life are systematically tested for impairment at each reporting date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Trademarks	5 years
Software	3 years

(i) Assets held-for-sale:

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale, rather than continuing use, are classified as held-for-sale. Assets held-for-sale are measured at the lower of their carrying amount and fair values less cost to sell.

Impairment losses on initial reclassification as held-for-sale and subsequent gains and losses on re-measurement are recognised in profit or loss. Once classified as held-for-sale, property, plant and equipment are no longer depreciated.

(j) Other assets:

Other assets are measured at amortised cost, less impairment losses.

(k) Employee benefits:

Employee benefits are all forms of consideration given by the Group in exchange for service rendered by employees. These include current or short-term benefits such as salaries, bonuses, NIS contributions, annual leave, and non-monetary benefits such as medical care and housing; post employment benefits such as pension; and other long-term employee benefits such as termination benefits.

The Group provides post-retirement pension and health insurance benefits to employees who have satisfied certain minimum service requirements.

THE JAMAICA NATIONAL BUILDING SOCIETY

Notes to the Financial Statements (Continued)
March 31, 2014

4. Significant accounting policies (continued)

(k) Employee benefits (continued):

Employee benefits that are earned as a result of past or current service are recognised in the following manner:

[i] Short-term employee benefits:

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be estimated reliably.

[ii] Defined contribution plans:

Obligation for contributions to defined contributed plans is expensed as the related services are provided. Prepaid contributions are recognised as assets to the extent that a cash refund or a reduction in future payments is available.

[iii] Defined-benefit plans:

Employee benefits, comprising post-employment obligations included in the financial statements, have been actuarially determined by a qualified independent actuary, appointed by management using the projected unit credit method. The actuary's report outlines the scope of the valuation and the actuary's opinion. The actuarial valuation is conducted in accordance with IAS 19, and the financial statements reflect the Group's post-employment benefit obligations as computed by the actuary. In carrying out their audit, the auditors rely on the actuary's report.

The Group's net obligation in respect of its defined-benefit plans (note 25) is calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods; that value is discounted to determine the present value, and the fair value of any plan assets is deducted. The discount rate is determined by reference to the yield at the reporting date on long-term government instruments of terms approximating those of the Group's obligation.

Notes to the Financial Statements (Continued)
March 31, 2014

4. Significant accounting policies (continued)

(k) Employee benefits (continued):

[iii] Defined-benefit plans (continued):

Re-measurements of the net defined-benefit liability, which comprise actuarial gains and losses, are recognised immediately in other comprehensive income. The Group determines the net interest expense on the net defined-benefit liability for the year by applying the discount rate used to measure the defined benefit obligation at the beginning of the year to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the year as a result of the contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of the plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

[iv] Other long-term employee benefits:

The Group's net obligation in respect of long-term employee benefits is the amount of future benefits that employees have earned in return for their services in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognised in profit or loss in the period in which they arise.

[v] Termination benefits:

Termination benefits are expected at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises cost for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

(l) Deferred credit:

Amounts reimbursed by the United States Agency for International Development (USAID) for the purchase of property, plant and equipment are deferred. Annual transfers, equivalent to the depreciation charge on the property, plant and equipment funded by the reimbursement, are made to profit or loss.

THE JAMAICA NATIONAL BUILDING SOCIETY

Notes to the Financial Statements (Continued) **March 31, 2014**

4. Significant accounting policies (continued)

(m) Loans payable:

Loans payable are recognised initially at cost, being their issue proceeds, less attributable transaction costs incurred. Subsequent to initial recognition, they are stated at amortised cost, with any difference between net proceeds and redemption value being recognised in profit or loss on the effective interest rate basis. The associated costs are included in interest expense.

(n) Provisions and contingencies:

[i] Provisions

A provision is recognised in the statement of financial position when the Group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

[ii] Contingencies

When it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability unless the probability of outflow of economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable.

(o) Insurance contract recognition and measurement:

[i] Insurance contracts:

Insurance contracts are accounted for in compliance with the recommendations and practices of the insurance industry, and comply with the provisions of the Insurance Act 2001. The underwriting results are determined after making provision for, *inter alia*, unearned premiums, outstanding claims, unexpired risks, deferred commission expense and deferred commission income.

Notes to the Financial Statements (Continued) **March 31, 2014**

4. Significant accounting policies (continued)

(o) Insurance contract recognition and measurement (continued):

[i] Insurance contracts (continued):

Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. The Group defines insurance risk as significant if an insured event could cause an insurer to pay significant additional benefits in a scenario that has a discernible effect on the economics of the transactions.

For the life insurance subsidiary, the insurance contracts insure human life for death or permanent disability over a short duration. Short-duration life insurance contracts protect the company's customer from the consequence of events such as death or disability that would affect the ability of the customer or his/her dependents to maintain their current level of income. Guaranteed benefits paid on occurrence of the specified insurance event are either fixed or linked to the extent of the economic loss suffered by the policy-holder. There are no maturity or surrender benefits.

The underwriting results are determined after making provision for, *inter alia*, outstanding claims. Outstanding claims comprise estimates of the amount of reported losses and loss expenses, plus a provision for losses incurred but not reported based on the historical experience of the Group. The loss and loss expense reserves have been reviewed by the Group's actuary using the past loss experience of the Group and industry data.

Gross written premiums

Gross premiums reflect business written during the year, and include adjustments to premiums written in previous years. The earned portion of premiums is recognised as revenue. Premiums are earned from the effective date of the policy.

THE JAMAICA NATIONAL BUILDING SOCIETY

Notes to the Financial Statements (Continued)
March 31, 2014

4. Significant accounting policies (continued)

(o) Insurance contract recognition and measurement (continued):

[i] Insurance contracts (continued):

Unearned premiums

Unearned premiums represent that proportion of the premiums written up to the reporting date which is attributable to subsequent periods and is calculated on the “twenty-fourths” basis on the total premiums written.

Unexpired risks

Unexpired risks represent the amount set aside in addition to unearned premiums, in respect of risks to be borne by a subsidiary under contracts of insurance entered into before the end of the financial year and is actuarially determined.

Outstanding claims

Outstanding claims comprise estimates of the amount of reported losses and loss expenses, plus a provision for losses incurred but not reported based on the historical experience of the subsidiaries involved. The loss and loss expense reserves have been reviewed by the subsidiary’s actuary using the past loss experience of the subsidiaries and industry data. Amounts recoverable in respect of claims from reinsurers are estimated in a manner consistent with the underlying liabilities.

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

Notes to the Financial Statements (Continued)
March 31, 2014

4. Significant accounting policies (continued)

(o) Insurance contract recognition and measurement (continued):

[i] Insurance contracts (continued):

Deferred acquisition cost and deferred commission income

Commission income and expense are deferred on a basis consistent with that used for deferring unearned premium income.

[ii] Reinsurance assets:

In the ordinary course of business, the subsidiaries seek to reduce the loss that may result from catastrophe or other events that cause unfavourable underwriting results by reinsuring certain levels of risk with other insurers. Reinsurance ceded does not discharge the subsidiaries’ liability as the principal insurer. Failure of reinsurers to honour their obligations could result in losses to the subsidiaries and the Group. Consequently, a contingent liability exists in the event that an assuming reinsurer is unable to meet its obligations [see note 44(iii)].

Amounts recoverable from reinsurers are estimated in a manner consistent with the claim liability associated with reinsured policies. Unearned reinsurance premiums on business ceded up to the reporting date, which are attributable to subsequent periods, are calculated substantially on the “twenty-fourths” basis on the total premiums ceded.

Reinsurance assets are assessed for impairment at each reporting date. A reinsurance asset is deemed impaired, if there is objective evidence, as a result of an event that occurred after its initial recognition, that the subsidiaries may not recover all amounts due, and that event has a reliably measurable impact on the amounts that the subsidiaries will receive from the reinsurer. Impairment losses on reinsurance assets are recognised in profit or loss.

[iii] Insurance receivable and insurance payable

Amounts due from and to policyholders, brokers, agents and reinsurers are financial instruments and are included in insurance receivables and payables and not in insurance contract provisions or reinsurance assets.

(p) Other payables:

Other payables are measured at amortised cost.

THE JAMAICA NATIONAL BUILDING SOCIETY

Notes to the Financial Statements (Continued)

March 31, 2014

4. Significant accounting policies (continued)

(q) Taxation:

[i] Income tax:

Income tax on the results for the year comprises current and deferred tax. Income tax is recognised in profit or loss, except to the extent that it relates to a business combination or to items recognised directly in equity or in other comprehensive income.

Current tax comprises expected tax payable on the taxable income or loss for the year, as adjusted for tax purposes, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

[ii] Deferred tax:

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries, to the extent that it is probable that they will not reverse in the foreseeable future.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted as at the reporting date. Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax liabilities against current tax assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Notes to the Financial Statements (Continued)

March 31, 2014

4. Significant accounting policies (continued)

(q) Taxation (continued):

[iii] Premium tax:

Tax on premium income earned is included as an operating expense as it is considered a tax on revenue rather than on profits.

(r) Foreign currencies:

[i] Monetary foreign currency balances at the reporting date are translated at the Bank of Jamaica's weighted average rate of US\$1.00 = J\$108.99 (2013: J\$97.94), UK£1.00 = J\$179.38 (2013: J\$148.04) and Cdn\$1.00 = J\$97.19 (2013: J\$96.51), being the rates of exchange ruling on that date. Other foreign currency balances at the reporting date have been translated using indicative rates provided by the Bank of Jamaica of Euro1.00 = J\$149.94 (2013: J\$125.55) and Cayman Dollar 1.00 = J\$130.84 (2013: J\$117.88).

[ii] Transactions in foreign currencies are converted at the rates of exchange ruling on the dates of those transactions. Realised and unrealised gains and losses arising from fluctuations in exchange rates are included in profit or loss, except for differences arising on the retranslation of available-for-sale equity investments and foreign operations as stated in note 4(d)(iv).

[iii] For the purpose of consolidating the financial statements of the Group's foreign subsidiaries, each statement of financial position is translated at the closing rate and each statement of revenue and expenses at the average rate of exchange for the year. Translation differences are recognised in other comprehensive income and presented in an exchange equalisation reserve in equity [note 31(a)].

(s) Provision for credit losses:

The provision for credit losses is maintained at a level considered adequate to provide for probable credit losses and is based on management's evaluation of individual loans in the credit portfolio. The evaluation takes all relevant matters into consideration, including prevailing and anticipated business and economic conditions, the collateral held, the debtor's ability to repay the loan and guidance provided by Bank of Jamaica, which requires that appropriate provision be made for all loans on which interest payments and principal repayments are ninety or more days in arrears. Amounts are written-off from the provision whenever management has concluded that such amounts may not be recovered.

General provisions for credit losses are established against the portfolio where a prudent assessment by the Group of adverse economic trends and losses inherent in its portfolio suggest that losses may occur, but such losses cannot be determined on an item-by-item basis. This provision is maintained by the Society at levels in excess of the minimum ½% established by the Bank of Jamaica and at 5% of the loan portfolio for a subsidiary and is included in credit loss reserve [note 31(c)].

THE JAMAICA NATIONAL BUILDING SOCIETY

Notes to the Financial Statements (Continued) **March 31, 2014**

4. Significant accounting policies (continued)

(s) Provision for credit losses (continued):

IFRS only permits specific loan loss provision and a general provision based upon the Group's actual credit loss experience. It also requires that the expected future cash flows of impaired loans be discounted and the increase in the present value be reported as interest income. The credit loss provision required under the Regulations (note 2) that is in excess of the requirements of IFRS is treated as an appropriation of retained earnings and included in a non-distributable credit loss reserve.

(t) Interest income and expense:

Interest income and expense are recognised in profit or loss on the accrual basis, using the effective yield method, except that, where collection of interest income is considered doubtful, or payment is outstanding for 90 days or more, the cash basis is used. Accrued interest on loans, which are in arrears for 90 days and over, is excluded from income in accordance with the Regulations. A subsidiary recognises interest on the cash basis where payment is outstanding for over 30 days on a 10-20 week loan, or over 60 days on a 21-52 week loan.

IFRS requires that when collection of loans becomes doubtful, such loans should be written down to their recoverable amounts after which interest income is to be recognised based on the rate of interest that was used to discount the future cash flows in arriving at the recoverable amount. The difference between the basis of interest recognition under IFRS and the Regulations, is not considered material.

(u) Impairment of non-financial assets:

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Notes to the Financial Statements (Continued) **March 31, 2014**

4. Significant accounting policies (continued)

(u) Impairment of non-financial assets (continued):

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(v) Operating leases:

Payments made under operating leases are recognised in profit or loss on the straight-line basis over the life of the lease.

(w) Revenue recognition:

Revenue from the sale of goods or provision of services is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, or material associated costs on the possible return of goods.

Revenue from membership fees is recognised over the term of the membership. Revenue received in advance is deferred to match the revenue with the future costs associated with providing the service.

Media revenue is recognised when the related advertisement or commercial appears before the public. Production revenue is recognised by reference to the stage of completion of the project.

Money transfer and agents' fees are recognised at the time the subsidiaries, or one of their agents, transmit funds on behalf of the customer. Foreign exchange fees are recognised as earned, based on the value of remittances. Commission is recognised as earned.

The accounting policies for the recognition of revenue from insurance contracts in respect of gross premiums written are disclosed in note 4(o)(i).

Reinsurance commission is recognised on a basis that is consistent with the recognition of the costs incurred on the acquisition of the underlying insurance contracts (see note 4(o)(i)). Commission income in respect of reinsurance contracts is recognised on the accrual basis.

THE JAMAICA NATIONAL BUILDING SOCIETY

Notes to the Financial Statements (Continued) **March 31, 2014**

4. Significant accounting policies (continued)

(w) Revenue recognition (continued):

Investment income arises from financial assets and is comprised of interest and dividends and recognised gains/losses on financial assets. Dividend income is recognised when the right to receive income is established. Usually this is the ex-dividend date for equity securities.

Accounting policy for interest income is described at note 4(t).

(x) Fees and commission:

Fees and commission income and expense that are integral to the negotiation of a financial asset or liability are included in the measurement of the effective interest rate.

Other fees and commission income, including account servicing fees, investment management fees, sales commission, placement fees and syndication fees, are recognised as the related services are performed. When a loan commitment is not expected to result in the drawdown of a loan, loan commitment fees are recognised on the straight-line basis over the commitment period.

Other fees and commission expenses relate mainly to transaction and service fees that are recognised and expensed as the services are received.

(y) Definition of related party:

A related party is a person or entity that is related to the Group ("reporting entity").

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

- i) has control or joint control over the Group;
- ii) has significant influence over the Group; or
- iii) is a member of the key management personnel of the Group.

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

- i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- iii) Both entities are joint ventures of the same third party.
- iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

Notes to the Financial Statements (Continued) **March 31, 2014**

4. Significant accounting policies (continued)

(y) Definition of related party (continued):

b) An entity is related to the Group 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 Group or an entity related to the Group.
- vi) The entity is controlled, or jointly controlled by a person identified in (a).
- vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

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

Certain new, revised and amended standards and interpretations have been issued which are not yet effective for the current year and which the Group has not early-adopted. The Group has assessed the relevance of all such new standards, amendments and interpretations with respect to the Group's operations and has determined that the following are likely to have an effect on the consolidated financial statements.

- *Improvements to IFRS 2010-2012 and 2011-2013* cycles contain amendments to certain standards and interpretations and are effective for accounting periods beginning on or after July 1, 2014. The main amendments applicable to the Group are as follows:
 - IFRS 3, *Business Combinations* is amended to clarify the classification and measurement of contingent consideration in a business combination. When contingent consideration is a financial instrument, its classification as a liability or equity is determined by reference to IAS 32, *Financial Instruments: Presentation*, rather than to any other IFRSs. Contingent consideration that is classified as an asset or a liability is always subsequently measured at fair value, with changes in fair value recognized in profit or loss. Consequential amendments are also made to IAS 39, *Financial Instruments: Recognition and Measurement* and IFRS 9, *Financial Instruments* to prohibit contingent consideration from subsequently being measured at amortised cost. In addition, IAS 37, *Provisions, Contingent Liabilities and Contingent Assets* is amended to exclude provisions related to contingent consideration of an acquirer. IFRS 3, has also been amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements in IFRS 11, *Joint Arrangements* i.e. including joint operations in the financial statements of the joint arrangements themselves.

THE JAMAICA NATIONAL BUILDING SOCIETY

Notes to the Financial Statements (Continued)

March 31, 2014

4. Significant accounting policies (continued)

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

- *Improvements to IFRS 2010-2012 and 2011-2013 (continued):*

- IFRS 13, *Fair Value Measurement* is amended to clarify that issuing of the standard and consequential amendments to IAS 39, and IFRS 9, did not intend to prevent entities from measuring short-term receivables and payables that have no stated interest rate at their invoiced amounts without discounting, if the effect of not discounting is immaterial.
- IAS 16, *Property, Plant and Equipment* and IAS 38, *Intangible Assets*. The standards have been amended to clarify that, at the date of revaluation:
 - (i) the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation (amortization) is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking account of accumulated impairment losses or
 - (ii) the accumulated depreciation (amortization) is eliminated against the gross carrying amount of the asset.
- IAS 24, *Related Party Disclosures* has been amended to extend the definition of 'related party' to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity. For related party transactions that arise when key management personnel services are provided to a reporting entity, the reporting entity is required to separately disclose the amounts that it has recognized as an expense for those services that are provided by a management entity; however, it is not required to 'look through' the management entity and disclose compensation paid by the management entity to the individuals providing the key management personnel services.
- IAS 40, *Investment Property* has been amended to clarify that an entity should assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.

The Group is assessing the impact that these standards will have on its 2016 financial statements.

Notes to the Financial Statements (Continued)

March 31, 2014

4. Significant accounting policies (continued)

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

- *Improvements to IFRS 2010-2012 and 2011-2013 (continued):*

- IFRS 9, *Financial Instruments*, is effective for annual reporting periods beginning on or after January 1, 2018. The standard retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. It eliminates the existing IAS 39 categories of held-to-maturity, available-for-sale and loans and receivables. For an investment in an equity instrument which is not held for trading, the standard permits an irrevocable election, on initial recognition, to present all fair value changes from the investment in other comprehensive income. The standard includes guidance on classification and measurement of financial liabilities designated as fair value through profit or loss and incorporates certain existing requirements of IAS 39, *Financial Instruments: Recognition and Measurement* on the recognition and de-recognition of financial assets and financial liabilities.

The Group is assessing the impact that the standard may have on its 2019 financial statements.

- Amendments to IAS 32, *Offsetting of Financial Assets and Financial Liabilities* which is effective for annual reporting periods beginning on or after January 1, 2014, clarifies those conditions needed to meet the criteria specified for offsetting financial assets and liabilities. It requires the entity to prove that there is a legally enforceable right to set off the recognised amounts. Conditions such as whether the set off is contingent on a future event and the nature and right of set-off and laws applicable to the relationships between the parties involved should be examined. Additionally, to meet the criteria, an entity should intend to either settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group is assessing the impact that this standard may have in its 2015 financial statements.

- Amendments to IAS 36, *Recoverable Amount Disclosures for Non-Financial Assets*, which is effective for accounting periods beginning on or after January 1, 2014, reverse the unintended requirement in IFRS 13, *Fair Value Measurement*, to disclose the recoverable amount of every cash-generating unit to which significant goodwill or indefinite-lived intangible assets have been allocated. The amendment requires the recoverable amount to be disclosed only when an impairment loss has been recognised or reversed.

The Group is assessing the impact that this standard may have on its 2015 financial statements.

THE JAMAICA NATIONAL BUILDING SOCIETY

Notes to the Financial Statements (Continued) **March 31, 2014**

4. Significant accounting policies (continued)

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

- Amendments to IFRS 10, *Consolidated Financial Statements*, IFRS 12- *Disclosure of interest in Other Entities* and IAS 27- *Consolidated and Separate Financial Statements* is effective for accounting periods beginning on or after January 1, 2014. The amendments define an investment entity and require a parent that is an investment entity to measure its investments in particular subsidiaries at fair value through profit or loss, instead of consolidating those subsidiaries in its consolidated and separate financial statements. In addition, the amendments introduce new disclosure requirement related to investment entities in IFRS 12, *Disclosure of Interests in Other Entities* and IAS 27, *Separate financial Statements*.

The Group is assessing the impact that this standard may have on its 2015 financial statements.

- IFRIC 21, *Levies* which is effective for accounting periods beginning on or after January 1, 2014 provides guidance on accounting for levies in accordance with the requirements of IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*. The interpretation defines a levy as an outflow from an entity imposed by a government in accordance with legislation. It requires an entity to recognise a liability for a levy when and only when the triggering event specified in the legislation occurs.

The Group is assessing the impact that this standard may have on its 2015 financial statements.

5. Accounting estimates and judgements

Note 41 gives information about the assumptions and uncertainties relating to insurance liability and discloses the risk factors in these contracts. Judgements made by management in the application of IFRS that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year are discussed below:

(a) Key sources of estimation uncertainty:

(i) Post-retirement benefits:

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

THE JAMAICA NATIONAL BUILDING SOCIETY

Notes to the Financial Statements (Continued) **March 31, 2014**

5. Accounting estimates and judgements (continued)

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

(i) Post-retirement benefits (continued):

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

(ii) Allowance for loan losses:

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

(iii) Valuation of financial instruments:

The Group's accounting policy on fair value measurements is discussed in accounting policy [4(d)(vi)].

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

- Level 1 – Quoted market price (unadjusted) in an active market for identical assets or liabilities.
- Level 2 – Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

THE JAMAICA NATIONAL BUILDING SOCIETY

Notes to the Financial Statements (Continued)

March 31, 2014

5. Accounting estimates and judgements (continued)

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

(iii) Valuation of financial instruments (continued):

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

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

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

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

(iv) Outstanding claims:

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

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

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

Notes to the Financial Statements (Continued)

March 31, 2014

5. Accounting estimates and judgements (continued)

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

(v) Goodwill:

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

(b) Critical accounting judgements in applying accounting policies

(i) Held-to maturity investments:

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

(ii) Impairment of investment in equity securities:

Investments in equity securities are evaluated for impairment on the basis described in accounting policy [4 (d)(v)].

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

(iii) Deferred tax assets:

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

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

THE JAMAICA NATIONAL BUILDING SOCIETY

Notes to the Financial Statements (Continued)

March 31, 2014

6. Roles of the actuaries and auditors

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

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

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

7. Cash and cash equivalents

	Group		Society	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Cash reserve with Bank of Jamaica [see (a)]	812,084	739,922	812,084	739,922
Cash and bank balances [see (b), (c), (d)]	4,926,921	3,349,330	3,172,199	1,621,569
Total cash and cash equivalents	5,739,005	4,089,252	3,984,283	2,361,491

- (a) Statutory reserves, required by regulation to be held at Bank of Jamaica, comprise cash reserves not available for use by the Society and are determined by the percentage of average specified liabilities stipulated by Bank of Jamaica. For the rate to remain at no more than one percent of average specified liabilities, as defined, the Society must have qualifying assets of a stipulated percentage of the average specified liabilities.

At March 31, 2014, the stipulated percentage was 40% (2013: 40%) compared to the Society's holding of qualifying assets of 59.39% (2013: 60.71%).

Notes to the Financial Statements (Continued)

March 31, 2014

7. Cash and cash equivalents(continued)

- (b) Cash and bank balances include deposits held on behalf of clients of \$38,252,000 (2013: \$43,303,000) in the books of a subsidiary. The corresponding liabilities are included in other payables.
- (c) The Society has the following securities pledged:
- (i) \$204,000,000 (2013: \$209,000,000) to facilitate settlement of Multilink transactions;
 - (ii) \$50,000,000 (2013: \$50,000,000) with a commercial bank to cover uncleared funds up to a limit of \$500,000,000 (2013: \$900,000,000);
 - (iii) \$2,626,819 (2013: \$2,589,000) with a commercial bank to cover a third party guarantee;
 - (iv) \$10,899,430 (2013: \$Nil) for bid collateral; and
 - (v) \$7,196,599,000(2013:\$Nil) for repurchase agreement collateral
- (d) A subsidiary has a \$10,000,000 (2013: \$10,000,000) overdraft facility with a commercial bank, which is secured by a lien on a fixed deposit account in the amount of US\$87,795 (2013: US\$95,735) and hypothecation of certain securities purchased under resale agreement in the amount of US\$100,000 (2013: US\$100,000). No amount was withdrawn on the facility as at March 31, 2014 and March 31, 2013.
- (e) The bank overdraft of an indirect subsidiary as at March 31, 2014 of \$18,410,000 (2013:28,285,000) is unsecured.

8. Securities purchased under resale agreements

	Group		Society	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Principal	23,018,164	21,493,880	8,262,719	10,404,762
Interest receivable	175,894	177,603	50,167	41,591
	23,194,058	21,671,483	8,312,886	10,446,353

THE JAMAICA NATIONAL BUILDING SOCIETY

Notes to the Financial Statements (Continued) March 31, 2014

8. Securities purchased under resale agreements (continued)

At March 31, 2014, securities obtained and held under resale agreements had a fair value of \$26,172,848,000 (2013: \$24,222,380,000) for the Group and \$9,019,337,000 (2013: \$11,482,794,000) for the Society.

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

	Group		Society	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Within 3 months	20,680,889	18,576,541	6,599,745	8,514,316
3 months to 1 year	2,513,169	3,094,942	1,713,141	1,932,037
	<u>23,194,058</u>	<u>21,671,483</u>	<u>8,312,886</u>	<u>10,446,353</u>

9. Investments

	Group		Society	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Loans and receivables:				
Corporate bonds	7,186,604	4,756,391	7,075,471	4,645,522
Government of Jamaica Global bonds	2,345,886	2,135,608	2,345,886	2,135,608
Certificates of deposit	<u>19,708,080</u>	<u>11,968,332</u>	<u>19,206,409</u>	<u>11,700,643</u>
	<u>29,240,570</u>	<u>18,860,331</u>	<u>28,627,766</u>	<u>18,481,773</u>
Available-for-sale:				
Corporate bonds	410,971	333,497	17,287	5,000
Government of Jamaica securities	34,247,859	32,953,505	18,787,558	17,744,977
Certificates of deposit	243,566	1,895,084	-	-
Treasury bills	196,484	498,997	191,398	498,997
Quoted equities	875,986	966,943	606,819	703,229
Mutual funds	106,819	97,617	106,819	97,617
Unquoted equities [see (i) below]	<u>350</u>	<u>350</u>	<u>350</u>	<u>350</u>
	<u>36,082,035</u>	<u>36,745,993</u>	<u>19,710,231</u>	<u>19,050,170</u>

Notes to the Financial Statements (Continued) March 31, 2014

9. Investments (continued)

	Group		Society	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
At fair value through profit and loss:				
Corporate bonds	362,354	994,405	362,354	994,405
Government of Jamaica securities	363,810	382,836	363,810	382,836
Mortgage investment fund	338,282	301,909	338,282	301,909
Quoted equities	-	47,468	-	47,468
	<u>1,064,446</u>	<u>1,726,618</u>	<u>1,064,446</u>	<u>1,726,618</u>
Interest receivable	66,387,051	57,332,942	49,402,443	39,258,561
	<u>808,348</u>	<u>477,315</u>	<u>510,860</u>	<u>253,823</u>
	<u>67,195,399</u>	<u>57,810,257</u>	<u>49,913,303</u>	<u>39,512,384</u>

- (i) This is stated after deducting provision for impairment of \$10,030,000 (2013: \$10,030,000).
- (ii) Investments are due from the reporting date, excluding interest receivable, as follows:

	Group		Society	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
No specific maturity	1,321,450	1,112,378	1,052,283	848,664
Within 3 months	9,792,331	11,066,332	9,195,912	8,599,999
3 months to 1 year	2,514,369	7,460,473	2,137,445	6,295,112
1 year to 5 years	26,271,460	10,852,581	20,007,707	6,188,359
5 years and over	<u>26,487,441</u>	<u>26,841,178</u>	<u>17,009,096</u>	<u>17,326,427</u>
	<u>66,387,051</u>	<u>57,332,942</u>	<u>49,402,443</u>	<u>39,258,561</u>

- (iii) Investments of the general and life insurance subsidiaries totalling \$143,945,000 (2013: \$139,176,000) are held to the order of the Financial Services Commission as required by the Insurance Act 2001.
- (iv) The Society's USA-based subsidiary, as a money transmitter, is licensed in the States of New York, Maryland, Connecticut, New Jersey, Georgia, Florida and District of Columbia. The regulations require a minimum total net worth of US\$1,897,600 (2013: US\$1,750,000) in lieu of a surety bond in favour of the Superintendent. As at March 31, 2014, the subsidiary had US\$2,145,000 (2013: US\$2,403,000) invested in certificates of deposit to meet minimum requirements established by the States in which the subsidiary operates.
- (v) Restricted balance amounting to US\$30,000 (2013: \$30,000) is held with Ghana Merchant Bank, in respect of the provision of remittances services on behalf of a subsidiary.

THE JAMAICA NATIONAL BUILDING SOCIETY

Notes to the Financial Statements (Continued) March 31, 2014

10. Liquid assets

Certain balances included in cash and cash equivalents, investments and securities purchased under resale agreements are defined as liquid assets in accordance with the Regulations.

In the books of the Society, liquid assets amounting to \$16,442,040,000 (2013: \$16,863,644,000) represent:

- (i) 13.79% (2013: 16.25%) of the Society's total assets; and
- (ii) 20.05% (2013: 22.54%) of the Society's total savings fund.

11. Interest in subsidiaries

	<u>Society</u>	
	<u>2014</u>	<u>2013</u>
	\$'000	\$'000
Shares, at cost or written down value (see note 1)	983,937	818,088
Debentures, loans, advances and deposits	413,697	482,233
Current accounts	<u>609,521</u>	<u>355,003</u>
	<u>2,007,155</u>	<u>1,655,324</u>

12. Interest in associates

	<u>Group</u>		<u>Society</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	\$'000	\$'000	\$'000	\$'000
Shares, net (see note 1)	93,753	93,753	156,712	153
Group's share of reserves	334,261	204,504	2,640	-
Debentures	<u>14,282</u>	<u>14,169</u>	<u>582</u>	<u>582</u>
	<u>442,296</u>	<u>312,426</u>	<u>159,934</u>	<u>735</u>

The share of reserves in the Society represents its share of profits in JN Money Services (Cayman) Limited which is accounted for as a subsidiary in the Group (see note 1).

- (a) The following table summarises the financial information of the associates, which are equity-accounted for, as included in their own financial statements, after fair value adjustments on acquisition and elimination of differences in accounting policies and intercompany transactions. The latest audited financial information for Jamaica Joint Venture Investment Company Limited are as at and for the year ended December 31, 2012 and that of Knutsford Holdings Limited are as at and for the year ended December 31, 2013. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in associates.

Notes to the Financial Statements (Continued) March 31, 2014

12. Interest in associates (continued)

	<u>Jamaica Joint Venture Investment Company Limited</u>		<u>Knutsford Holdings Limited</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Percentage ownership interest	33⅓%	33⅓%	40%	40%		
Non-current assets	367,801	17,201	518,331	490,996	886,132	508,197
Current assets	51,729	52,309	43,178	26,127	94,907	78,436
Non-current liabilities	(1,746)	(1,746)	(10,904)	(9,801)	(12,650)	(11,547)
Current liabilities	(8,766)	(8,367)	(51,724)	(44,396)	(60,490)	(52,763)
Net assets (100%)	<u>409,018</u>	<u>59,397</u>	<u>498,881</u>	<u>462,926</u>	<u>907,899</u>	<u>522,323</u>
Group's share of net assets, being carrying amount of investment in associates	<u>134,976</u>	<u>19,601</u>	<u>199,552</u>	<u>185,170</u>	<u>337,528</u>	<u>204,771</u>
Revenue	410,463	60,123	114,859	114,457	525,322	174,580
Interest expense	(132)	(118)	(11,899)	(11,888)	(12,031)	(12,006)
Income tax charge	(1,446)	(2,358)	(8,325)	(5,204)	(9,771)	(7,562)
Profit/(loss) and total comprehensive income (100%)	<u>349,621</u>	<u>9,254</u>	<u>35,955</u>	<u>(61,897)</u>	<u>385,576</u>	<u>(52,643)</u>
Group's share of profit or loss and total comprehensive income	<u>115,375</u>	<u>3,054</u>	<u>14,382</u>	<u>(24,759)</u>	<u>129,757</u>	<u>(21,705)</u>

- (b) Interest in associates includes a 19.5% holding in Transactions ePins Limited, which is not accounted for using the equity method as the Group is not considered to have significant influence.
- (c) Interest in associates held by the Society includes a 20% shareholding in JN Money Services (Cayman) Limited. It was acquired during the year at a consideration of C\$2.753m and accounted for using book value accounting. The excess of the purchase consideration and the book value of the shares is treated as an additional investment in National Building Society of Cayman from whom it was acquired.

THE JAMAICA NATIONAL BUILDING SOCIETY

Notes to the Financial Statements (Continued) **March 31, 2014**

13. Loans

Loans, less allowances for losses, are as follows:

	Group		Society	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	\$'000	\$'000	\$'000	\$'000
Mortgage loans - principal	51,972,888	48,017,905	47,450,174	43,790,533
Share loans	1,740,749	1,579,406	1,715,443	1,548,299
Other loans	1,939,800	1,845,647	862,586	369,368
Accrued interest	<u>293,077</u>	<u>298,697</u>	<u>246,321</u>	<u>243,984</u>
	<u>55,946,514</u>	<u>51,741,655</u>	<u>50,274,524</u>	<u>45,952,184</u>

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

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

	Group		Society	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	\$'000	\$'000	\$'000	\$'000
Within 3 months	335,247	333,592	264,652	288,435
3 months to 1 year	1,828,952	1,298,026	1,185,582	404,117
1 year to 5 years	3,632,548	3,596,021	3,142,629	3,172,371
5 years and over	<u>50,149,767</u>	<u>46,514,016</u>	<u>45,681,661</u>	<u>42,087,261</u>
	<u>55,946,514</u>	<u>51,741,655</u>	<u>50,274,524</u>	<u>45,952,184</u>

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

	Number of accounts		Value	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
			\$'000	\$'000
Professional & other services	316	74	821,629	398,028
Individuals	41,236	38,884	53,807,873	49,897,871
Corporations	<u>348</u>	<u>576</u>	<u>1,317,012</u>	<u>1,445,756</u>
	<u>41,900</u>	<u>39,534</u>	<u>55,946,514</u>	<u>51,741,655</u>

Notes to the Financial Statements (Continued) **March 31, 2014**

13. Loans (continued)

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

	Number of accounts		Value	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
			\$'000	\$'000
Professional and other services	308	32	618,452	251,344
Individuals	27,430	24,133	48,531,589	44,769,367
Corporations	<u>307</u>	<u>84</u>	<u>1,124,483</u>	<u>931,473</u>
	<u>28,045</u>	<u>24,249</u>	<u>50,274,524</u>	<u>45,952,184</u>

Loans and advances on which interest is no longer accrued [see note 4(t)] amounted to \$6,691,623,000 (2013: \$5,561,538,000) for the Group and \$5,318,630,000 (2013: \$5,561,538,000) for the Society. This represents 11.59% (2013: 10.48%) of the gross mortgage loan portfolio for the Group and 10.33% (2013: 11.86%) for the Society. These loans are included in the financial statements, net of allowance for losses.

Loans are shown after deducting for loan losses as follows:

	Group		Society	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	\$'000	\$'000	\$'000	\$'000
At beginning of the year	1,344,434	1,134,051	935,684	776,639
Additional allowance made during the year	370,529	285,511	270,682	159,045
Written back during the year	(5,114)	(75,128)	-	-
At end of the year [note 39(b)]	<u>1,709,849</u>	<u>1,344,434</u>	<u>1,206,366</u>	<u>935,684</u>

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

	Group		Society	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	\$'000	\$'000	\$'000	\$'000
Specific provision	1,461,420	1,235,989	1,078,816	827,239
General provision	<u>248,429</u>	<u>108,445</u>	<u>127,550</u>	<u>108,445</u>
	<u>1,709,849</u>	<u>1,344,434</u>	<u>1,206,366</u>	<u>935,684</u>

THE JAMAICA NATIONAL BUILDING SOCIETY

Notes to the Financial Statements (Continued) March 31, 2014

13. Loans (continued)

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

	Group		Society	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	\$'000	\$'000	\$'000	\$'000
Specific provision	2,689,980	2,238,492	1,986,179	1,829,742
General provision	<u>464,422</u>	<u>390,619</u>	<u>422,124</u>	<u>327,084</u>
	<u>3,154,402</u>	<u>2,629,111</u>	<u>2,408,303</u>	<u>2,156,826</u>

The total provision is broken down as follows:

	Group		Society	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	\$'000	\$'000	\$'000	\$'000
Provision as per IFRS	1,709,849	1,344,434	1,206,366	935,684
Additional provision made by subsidiaries [note 31(c)]	242,616	63,535	-	-
Additional provision based on Bank of Jamaica regulations [note 31(c)]	<u>1,201,937</u>	<u>1,221,142</u>	<u>1,201,937</u>	<u>1,221,142</u>
	<u>3,154,402</u>	<u>2,629,111</u>	<u>2,408,303</u>	<u>2,156,826</u>

Included in mortgage loans for the Society and the Group are balances due from directors and companies controlled by directors amounting to \$26,272,000 (2013: \$8,391,000) and interest due on these loans of \$ Nil (2013: \$Nil).

14. Other assets

	Group		Society	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	\$'000	\$'000	\$'000	\$'000
Other receivables	2,132,080	1,768,655	657,426	408,979
Reinsurance assets [note 26(a)]	909,001	828,374	-	-
Development in progress	46,130	45,904	-	-
Inventories	<u>74,293</u>	<u>83,705</u>	<u>20,714</u>	<u>12,635</u>
	<u>3,161,504</u>	<u>2,726,638</u>	<u>678,140</u>	<u>421,614</u>

Notes to the Financial Statements (Continued) March 31, 2014

15. Assets held-for-sale

	Group		Society	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	\$'000	\$'000	\$'000	\$'000
Purchased property (i)	82,630	16,605	-	-
Acquired property (ii)	64,958	64,958	-	-
Foreclosure properties (iii)	397,169	136,307	397,169	136,307
Less impairment losses	<u>(89,092)</u>	<u>(41,437)</u>	<u>(89,092)</u>	<u>(41,437)</u>
	<u>455,665</u>	<u>176,433</u>	<u>308,077</u>	<u>94,870</u>

(i) This represents land and building at 8 Belmont Road purchased during the year. The sale of land and building in Bristol, United Kingdom, acquired in the prior period, was completed during the year. The sale of land and buildings at 8 Belmont Road was completed after the year-end.

(ii) This is land and building located in Kingston, Jamaica, acquired in a business combination in September 2010, and classified as held-for-sale, following the decision of the Group's management to sell the properties. The Group continues its efforts to sell the property which is expected to be achieved within a year.

(iii) The Society acquired real properties through foreclosure on collateral held as securities against loans. Foreclosure properties should be disposed of within 3 years of acquisition, in accordance with the Bank of Jamaica (Building Societies) Regulations, 1995.

THE JAMAICA NATIONAL BUILDING SOCIETY

Notes to the Financial Statements (Continued) **March 31, 2014**

16. Investment properties

	<u>Group</u> \$'000	<u>Society</u> \$'000
At cost:		
March 31, 2012	484,122	111,670
Addition	74,210	66,100
Translation adjustment	<u>7,674</u>	<u>-</u>
March 31, 2013	566,006	177,770
Addition	15,713	-
Translation adjustment	<u>2,558</u>	<u>-</u>
March 31, 2014	<u>584,277</u>	<u>177,770</u>
Depreciation:		
March 31, 2012	77,740	34,572
Charge for the year	11,366	2,525
Translation adjustment	<u>3,955</u>	<u>-</u>
March 31, 2013	93,061	37,097
Charge for the year	13,307	4,040
Translation adjustment	<u>1,129</u>	<u>-</u>
March 31, 2014	<u>107,497</u>	<u>41,137</u>
Carrying values:		
March 31, 2014	<u>476,780</u>	<u>136,633</u>
March 31, 2013	<u>472,945</u>	<u>140,673</u>
March 31, 2012	<u>406,382</u>	<u>77,098</u>

	<u>Group</u>		<u>Society</u>	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Fair value of investment properties	1,617,624	1,426,566	946,000	946,000
Income earned from the properties	86,448	83,613	37,603	42,879
Expenses incurred by the properties	<u>54,426</u>	<u>55,895</u>	<u>37,051</u>	<u>40,095</u>

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

Notes to the Financial Statements (Continued) **March 31, 2014**

16. Investment properties (continued)

Measurement of fair value:

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

Valuation technique	Significant unobservable inputs	Inter relationship between key inputs and fair measurement
<i>Income approach:</i> The valuation model examines the price an investor would be prepared to pay for the right to receive a certain income stream.	<ul style="list-style-type: none"> Expected market rental growth yields Rental rates 	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> Expected market rental growth were higher (lower); The occupancy rates were higher (lower) Rent-free periods were shorter (longer); or Yields were lower (higher)
The model considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rate, and current rental rates. The estimated net cash flows are discounted using current yields. Among other factors, the yield estimation considers the quality of a building and its location, tenants' credit quality and lease terms.		

THE JAMAICA NATIONAL BUILDING SOCIETY

Notes to the Financial Statements (Continued)

March 31, 2014

17. Property, plant and equipment

	Group					
	Freehold land and buildings \$'000	Leasehold land and buildings \$'000	Computers and office equipment \$'000	Motor vehicles \$'000	Work-in- progress \$'000	Total \$'000
At cost:						
March 31, 2012	1,818,525	292,021	2,638,204	460,348	20,477	5,229,575
Additions	42,415	10,618	210,745	138,437	63,664	465,879
Translation adjustments	-	13,495	17,038	875	-	31,408
Transfers	30,110	12,970	11,344	-	(58,033)	(3,609)
Disposals	-	(10,421)	(52,701)	(72,740)	-	(135,862)
March 31, 2013	1,891,050	318,683	2,824,630	526,920	26,108	5,587,391
Additions	51,884	7,179	200,635	120,445	100,041	480,184
Translation adjustments	(2,294)	20,251	6,243	686	-	24,886
Transfers	3,390	8,215	15,655	-	(27,260)	-
Disposals	-	-	(11,062)	(74,848)	-	(85,910)
March 31, 2014	<u>1,944,030</u>	<u>354,328</u>	<u>3,036,101</u>	<u>573,203</u>	<u>98,889</u>	<u>6,006,551</u>
Depreciation:						
March 31, 2012	269,027	247,116	1,815,854	256,928	-	2,588,925
Charge for the year	45,483	21,495	215,134	77,291	-	359,403
Translation adjustments	-	-	13,617	867	-	14,484
Eliminated on disposals	-	(9,968)	(40,828)	(65,779)	-	(116,575)
March 31, 2013	314,510	258,643	2,003,777	269,307	-	2,846,237
Charge for the year	54,135	24,032	192,738	80,438	-	351,343
Translation adjustments	-	13,523	11,421	(64)	-	24,880
Transfer	-	3,335	(3,335)	-	-	-
Eliminated on disposals	-	-	(10,370)	(56,083)	-	(66,453)
March 31, 2014	<u>368,645</u>	<u>299,533</u>	<u>2,194,231</u>	<u>293,598</u>	<u>-</u>	<u>3,156,007</u>
Net book values:						
March 31, 2014	<u>1,575,385</u>	<u>54,795</u>	<u>841,870</u>	<u>279,605</u>	<u>98,889</u>	<u>2,850,544</u>
March 31, 2013	<u>1,576,540</u>	<u>60,040</u>	<u>820,853</u>	<u>257,613</u>	<u>26,108</u>	<u>2,741,154</u>
March 31, 2012	<u>1,549,498</u>	<u>44,905</u>	<u>822,350</u>	<u>203,420</u>	<u>20,477</u>	<u>2,640,650</u>

Notes to the Financial Statements (Continued)

March 31, 2014

17. Property, plant and equipment (continued)

	Society					
	Freehold land and buildings \$'000	Leasehold land and buildings \$'000	Computers and office equipment \$'000	Motor vehicles \$'000	Work-in- progress \$'000	Total \$'000
At cost:						
March 31, 2012	1,227,080	121,847	1,745,426	363,054	10,784	3,468,191
Additions	23,865	106	136,274	120,561	58,347	339,153
Transfers	30,110	6,887	11,343	-	(48,340)	-
Disposals	-	-	(5,911)	(60,135)	-	(66,046)
March 31, 2013	1,281,055	128,840	1,887,132	423,480	20,791	3,741,298
Additions	33,147	3,068	161,730	110,125	85,724	393,794
Disposals	-	-	-	(64,782)	-	(64,782)
Transfers	3,390	4,552	12,849	-	(20,791)	-
March 31, 2014	<u>1,317,592</u>	<u>136,460</u>	<u>2,061,711</u>	<u>468,823</u>	<u>85,724</u>	<u>4,070,310</u>
Depreciation:						
March 31, 2012	202,143	98,531	1,112,528	198,546	-	1,611,748
Charge for the year	28,454	12,160	144,381	62,939	-	247,934
Eliminated on disposals	-	-	(3,894)	(52,153)	-	(56,047)
March 31, 2013	230,597	110,691	1,253,015	209,332	-	1,803,635
Charge for the year	34,190	11,652	121,679	65,580	-	233,101
Eliminated on disposals	-	-	-	(49,446)	-	(49,446)
March 31, 2014	<u>264,787</u>	<u>122,343</u>	<u>1,374,694</u>	<u>225,466</u>	<u>-</u>	<u>1,987,290</u>
Net book values:						
March 31, 2014	<u>1,052,805</u>	<u>14,117</u>	<u>687,017</u>	<u>243,357</u>	<u>85,724</u>	<u>2,083,020</u>
March 31, 2013	<u>1,050,458</u>	<u>18,149</u>	<u>634,117</u>	<u>214,148</u>	<u>20,791</u>	<u>1,937,663</u>
March 31, 2012	<u>1,024,937</u>	<u>23,316</u>	<u>632,898</u>	<u>164,508</u>	<u>10,784</u>	<u>1,856,443</u>

Included in freehold land and buildings is the cost of land at \$130,523,228 (2013: \$114,032,958) for the Group and \$112,057,228 (2013: \$109,528,958) for the Society.

THE JAMAICA NATIONAL BUILDING SOCIETY

Notes to the Financial Statements (Continued)
March 31, 2014

18. Intangible assets

	Group					
	Trademarks	Customer base	Goodwill	Licence	Software	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At cost:						
March 31, 2012	174,326	-	781,130	435	679,366	1,635,257
Additions	20	-	-	-	46,286	46,306
Transfers	-	-	29,034	-	(25,424)	3,610
Translation adjustments	11,976	-	70,511	-	3,873	86,360
Impairment	(26,542)	-	-	-	-	(26,542)
March 31, 2013	159,780	-	880,675	435	704,101	1,744,991
Additions	644	69,568	-	-	123,481	193,693
Translation adjustments	10,633	-	65,569	-	11,025	87,227
Impairment	(3,807)	-	(42,657)	-	(104)	(46,568)
March 31, 2014	<u>167,250</u>	<u>69,568</u>	<u>903,587</u>	<u>435</u>	<u>838,503</u>	<u>1,979,343</u>
Depreciation:						
March 31, 2012	9,614	-	140,294	-	550,660	700,568
Charge for the year	123	-	-	-	96,513	96,636
Impairment	-	-	54,869	-	-	54,869
Translation adjustments	102	-	-	-	2,368	2,470
Adjustments	-	-	-	-	(529)	(529)
March 31, 2013	9,839	-	195,163	-	649,012	854,014
Charge for the year	137	10,341	-	-	58,437	68,915
Impairment	-	59,227	-	-	-	59,227
Translation adjustments	119	-	-	-	19,332	19,451
March 31, 2014	<u>10,095</u>	<u>69,568</u>	<u>195,163</u>	<u>-</u>	<u>726,781</u>	<u>1,001,607</u>
Net book values:						
March 31, 2014	<u>157,155</u>	<u>-</u>	<u>708,424</u>	<u>435</u>	<u>111,722</u>	<u>977,736</u>
March 31, 2013	<u>149,941</u>	<u>-</u>	<u>685,512</u>	<u>435</u>	<u>55,089</u>	<u>890,977</u>
March 31, 2012	<u>164,712</u>	<u>-</u>	<u>640,836</u>	<u>435</u>	<u>128,706</u>	<u>934,689</u>

In testing intangible assets for impairment, recoverable amounts of cash-generating units were estimated based on value in use. Where the recoverable amounts exceed the carrying amount, no impairment allowance is made. The recoverable amount of cash-generating unit, Quik Cash, was arrived at by estimating its future cash flows and discounting those cash flows using long-term discount rates applicable to Cayman Islands and Jamaica. The fair value measurement was categorized as a level 3 fair value based on inputs in the valuation technique. Future sustainable cash flows were estimated based on the most recent forecasts, based on past experience and management's plans.

Notes to the Financial Statements (Continued)
March 31, 2014

18. Intangible assets (continued)

These projections included specific estimates for four (4) years and a terminal growth rate thereafter. The terminal growth rate was determined based on management estimate of the long-term compound annual EBITDA growth rate, consistent with the assumption that a market participant will make.

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

	2014	2013
Discount rate	14.4% and 26.4%	14.2% and 25.6%
Growth rate	3.0% and 8.4%	3.0% and 8.0%
Jamaica dollar devaluation rate	11.0%	5.0%

	Society
	Software \$'000
At cost:	
March 31, 2012	399,653
Additions	<u>30,677</u>
March 31, 2013	430,330
Addition	<u>120,706</u>
March 31, 2014	<u>551,036</u>
Depreciation:	
March 31, 2012	337,268
Charge for the year	<u>55,976</u>
March 31, 2013	393,244
Charge for the year	<u>34,653</u>
March 31, 2014	<u>427,897</u>
Net book values:	
March 31, 2014	<u>123,139</u>
March 31, 2013	<u>37,086</u>
March 31, 2012	<u>62,385</u>

THE JAMAICA NATIONAL BUILDING SOCIETY

Notes to the Financial Statements (Continued)
March 31, 2014

19. Deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Group					
	Assets		Liabilities		Net	
	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Other assets	5,661	(1,778)	(143,417)	(122,669)	(137,756)	(124,447)
Property, plant and equipment	178,964	93,809	(5,795)	(4,603)	173,169	89,206
Employee benefits	187,676	123,357	-	30,140	187,676	153,497
Other payables	65,110	20,283	-	61,241	65,110	81,524
Available-for-sale investments	-	(52,302)	(69,930)	(14,508)	(69,930)	(66,810)
Contractual savings reserve	-	(4,267)	-	(4,267)	(4,267)	(4,267)
Tax losses carried forward	7,113	64,539	-	-	7,113	64,539
Unrealised foreign exchange gains/(losses)	214	61,976	(9,024)	(750)	(8,810)	61,226
Net deferred tax assets/(liabilities)	<u>444,738</u>	<u>305,617</u>	<u>(232,433)</u>	<u>(51,149)</u>	<u>212,305</u>	<u>254,468</u>

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

	Group			
	2014			
	Balances at April 1, 2013	Recognised in profit/loss	Recognised in other comprehensive income	Balances at March 31, 2014
	\$'000	\$'000	\$'000	\$'000
Other assets	(124,447)	(13,309)	-	(137,756)
Property, plant and equipment	89,206	83,963	-	173,169
Employee benefits	153,497	21,335	12,844	187,676
Other payables	81,524	(16,414)	-	65,110
Available-for-sale investments	(66,810)	4,243	(7,363)	(69,930)
Contractual savings reserve	(4,267)	-	-	(4,267)
Tax losses carried forward	64,539	(57,426)	-	7,113
Unrealised foreign exchange gains/(losses)	61,226	(70,036)	-	(8,810)
	<u>254,468</u>	<u>(47,644)</u>	<u>5,481</u>	<u>212,305</u>
	2013			
	Balances at April 1, 2012	Recognised in profit/loss	Recognised in other comprehensive income	Balances at March 31, 2013
	\$'000	\$'000	\$'000	\$'000
Other assets	(105,183)	(19,264)	-	(124,447)
Property, plant and equipment	33,364	55,842	-	89,206
Employee benefits	131,423	21,893	181	153,497
Other payables	67,773	13,751	-	81,524
Available-for-sale investments	(125,133)	-	58,323	(66,810)
Contractual savings reserve	(4,267)	-	-	(4,267)
Tax losses carried forward	14,178	50,361	-	64,539
Unrealised foreign exchange gains/(losses)	(35,607)	96,833	-	61,226
	<u>(23,452)</u>	<u>219,416</u>	<u>58,504</u>	<u>254,468</u>

Notes to the Financial Statements (Continued)
March 31, 2014

19. Deferred tax assets/(liabilities) (continued)

	Society					
	Assets		Liabilities		Net	
	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment	128,237	68,639	-	-	128,237	68,639
Employee benefits	158,651	126,080	-	-	158,651	126,080
Other payables	1,760	1,760	-	-	1,760	1,760
Contractual savings reserve	-	-	(4,267)	(4,267)	(4,267)	(4,267)
Available-for-sale investments	-	-	(35,337)	(52,246)	(35,337)	(52,246)
Unrealised foreign exchange gains/(losses)	-	62,076	(6,619)	-	(6,619)	62,076
Net deferred tax asset	<u>288,648</u>	<u>258,555</u>	<u>(46,223)</u>	<u>(56,513)</u>	<u>242,425</u>	<u>202,042</u>

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

	Society			
	2014			
	Balances at April 1, 2013	Recognised in profit/loss	Recognised in other comprehensive income	Balances at March 31, 2014
	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment	68,639	59,598	-	128,237
Employee benefits	126,080	21,851	10,720	158,651
Other payables	1,760	-	-	1,760
Contractual savings reserve	(4,267)	-	-	(4,267)
Available-for-sale investments	(52,246)	-	16,909	(35,337)
Unrealised foreign exchange gains/(losses)	62,076	(68,695)	-	(6,619)
	<u>202,042</u>	<u>12,754</u>	<u>27,629</u>	<u>242,425</u>
	2013			
	Balances at April 1, 2012	Recognised in profit/loss	Recognised in other comprehensive income	Balances at March 31, 2013
	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment	37,328	31,311	-	68,639
Employee benefits	107,124	18,429	527	126,080
Other payables	2,034	(274)	-	1,760
Contractual savings reserve	(4,267)	-	-	(4,267)
Available-for-sale investments	(112,469)	-	60,223	(52,246)
Unrealised foreign exchange (losses)/gains	(35,978)	98,054	-	62,076
	<u>(6,228)</u>	<u>147,520</u>	<u>60,750</u>	<u>202,042</u>

THE JAMAICA NATIONAL BUILDING SOCIETY

Notes to the Financial Statements (Continued) **March 31, 2014**

19. Deferred tax assets/(liabilities) (continued)

Movement in temporary differences during the year:

	Group		Society	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	\$'000	\$'000	\$'000	\$'000
Net deferred tax (liabilities)/assets at beginning of year	254,468	(23,452)	202,042	(6,228)
Recognised in other comprehensive income:				
Available-for-sale investments	(7,363)	58,323	16,909	60,223
Employee benefit obligation	12,844	181	10,720	527
Recognised in statement of revenue and expenses [note 36(a)(ii)]	(47,644)	219,416	12,754	147,520
Net deferred tax assets at end of year	<u>212,305</u>	<u>254,468</u>	<u>242,425</u>	<u>202,042</u>

20. Shareholders' savings

	Group		Society	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	\$'000	\$'000	\$'000	\$'000
Paid-up investment shares	78,127,251	71,774,616	79,087,409	72,006,293
General investment and subscription shares	8,290,239	7,609,955	2,789,951	2,611,737
Accrued interest	198,242	254,455	148,030	202,663
	<u>86,615,732</u>	<u>79,639,026</u>	<u>82,025,390</u>	<u>74,820,693</u>

Shareholders' savings are due from the reporting date as follows:

	Group		Society	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	\$'000	\$'000	\$'000	\$'000
Within 3 months	80,975,337	71,016,987	78,259,242	71,248,665
From 3 months to 1 year	5,388,373	8,205,667	3,518,332	3,158,022
Over 1 year	252,022	416,372	247,816	414,006
	<u>86,615,732</u>	<u>79,639,026</u>	<u>82,025,390</u>	<u>74,820,693</u>

The Group's shareholders' savings portfolio is concentrated as follows:

	Number of accounts		Value	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
			\$'000	\$'000
Public authorities	146	92	89,767	117,568
Financial institutions	82	95	885,116	411,832
Commercial and business	2,236	1,748	1,443,430	1,103,426
Individuals	<u>1,192,950</u>	<u>1,173,973</u>	<u>84,197,419</u>	<u>78,006,200</u>
	<u>1,195,414</u>	<u>1,175,908</u>	<u>86,615,732</u>	<u>79,639,026</u>

Notes to the Financial Statements (Continued) **March 31, 2014**

20. Shareholders' savings (continued)

The Society's shareholders' savings portfolio is concentrated as follows:

	Number of accounts		Value	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
			\$'000	\$'000
Public authorities	145	91	14,928	52,279
Financial institutions	102	87	1,505,004	337,746
Commercial and business	2,225	1,732	1,489,444	1,122,233
Individuals	<u>1,190,482</u>	<u>1,171,474</u>	<u>79,016,014</u>	<u>73,308,435</u>
	<u>1,192,954</u>	<u>1,173,384</u>	<u>82,025,390</u>	<u>74,820,693</u>

21. Depositors' savings

Depositors' savings are time deposits with certain preferential rights and, for the Group, represent Nil% (2013: 0.0052%) and, for the Society, Nil% (2013: Nil%) of loan balances outstanding (see note 13).

22. Securities sold under repurchase agreements

	Group		Society	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	\$'000	\$'000	\$'000	\$'000
Principal	28,209,289	19,144,539	5,200,902	-
Interest payable	<u>180,599</u>	<u>178,603</u>	<u>22,320</u>	-
	<u>28,389,888</u>	<u>19,323,142</u>	<u>5,223,222</u>	-

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

	Group		Society	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	\$'000	\$'000	\$'000	\$'000
Within 3 months	20,372,704	16,078,818	22,320	-
From 3 months to 1 year	7,270,025	2,423,736	5,200,902	-
Over 1 year	<u>747,159</u>	<u>820,588</u>	-	-
	<u>28,389,888</u>	<u>19,323,142</u>	<u>5,223,222</u>	-

THE JAMAICA NATIONAL BUILDING SOCIETY

Notes to the Financial Statements (Continued)

March 31, 2014

22. Securities sold under repurchase agreements (continued)

At March 31, 2014, securities obtained under resale agreements and certain investments have been pledged by the Group and Society as collateral for repurchase agreements. These financial instruments have a carrying value for the Group of \$30,391,619,000 (2013: \$20,976,209,000) and \$6,679, 618,000 (2013: \$Nil) for the Society.

23. Certificates of participation

Bank of Jamaica certificates of deposit and interest accrued thereon are pledged by a subsidiary as collateral for certificates of participation. These financial instruments have a carrying value of \$27,195,000 (2013: \$ 1,831,670,000).

24. Other payables

	Group		Society	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Staff related accrual	171,123	286,058	139,600	273,443
Insurance payable	338,392	433,357	129,411	146,335
Customers' and other deposits	124,845	147,787	-	-
Trade payables	804,177	795,356	246,584	188,315
Other payables	<u>1,045,672</u>	<u>1,088,226</u>	<u>189,112</u>	<u>334,977</u>
	<u>2,484,209</u>	<u>2,750,784</u>	<u>704,707</u>	<u>943,070</u>

25. Employee benefit obligation

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

Under the defined-contribution schemes, retirement benefits are based on the Group's and employees' accumulated contributions, plus interest and, therefore, the Group has no further liability to fund pension benefits. During a prior period, the trustees of the scheme purchased annuities for the transferring pensioners in the scheme, thereby, removing the liabilities of the guarantee of the pension payments from the scheme.

Notes to the Financial Statements (Continued)

March 31, 2014

25. Employee benefit obligation (continued)

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

Subsidiary	Pension scheme
(i) National Building Society of Cayman	Cayman National Pension Plan
(ii) JN Money Services (USA) Inc	401K retirement plan managed by Global Asset Management
(iii) JN Money Services (Canada) Limited	Registered retirement services plan managed by Manulife Financial
(iv) JN Money Services (Cayman) Limited	Cayman Islands Chamber of Commerce Pension Plan

The total contributions made for the year is included in employee costs (note 37).

The Group provides post-retirement health insurance benefits to retirees who have met certain minimum service requirements.

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

(a) Employee benefit obligation recognised in the statement of financial position:

	Group		Society	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Present value of unfunded obligations	607,004	493,766	528,835	420,265
Supplementary benefit [note 25(i)]	<u>8,908</u>	<u>8,748</u>	-	-
	<u>615,912</u>	<u>502,514</u>	<u>528,835</u>	<u>420,265</u>

THE JAMAICA NATIONAL BUILDING SOCIETY

Notes to the Financial Statements (Continued) **March 31, 2014**

25. Employee benefit obligation (continued)

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

	Group		Society	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	\$'000	\$'000	\$'000	\$'000
Present value of unfunded obligations and supplementary benefit at beginning of year	502,514	429,976	420,265	357,081
Benefits paid	(4,515)	(3,550)	(3,482)	(2,390)
Services cost	39,232	30,391	34,465	28,227
Interest cost	49,777	44,980	41,853	35,588
Curtailment gain	(13,201)	-	-	-
Actuarial loss arising from:				
Experience adjustment	39,104	501	38,733	1,543
Financial assumptions	<u>3,001</u>	<u>216</u>	<u>(2,999)</u>	<u>216</u>
Balances at end of year	<u>615,912</u>	<u>502,514</u>	<u>528,835</u>	<u>420,265</u>

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

	Group		Society	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	\$'000	\$'000	\$'000	\$'000
Current service costs	39,232	30,391	34,465	28,227
Interest on obligation	49,777	44,980	41,853	35,588
Effect of curtailment	<u>(13,201)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>75,808</u>	<u>75,371</u>	<u>76,318</u>	<u>63,815</u>

- (d) Items recognised in other comprehensive income:

	Group		Society	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	\$'000	\$'000	\$'000	\$'000
Re-measurement loss on obligation	<u>42,106</u>	<u>717</u>	<u>35,735</u>	<u>1,758</u>

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

	<u>2014</u>	<u>2013</u>
	%	%
Discount rate at March 31	9.5	10.0
Health cost inflation rate	7.0	7.5
Salary growth rate	<u>6.5</u>	<u>7.5</u>

Notes to the Financial Statements (Continued) **March 31, 2014**

25. Employee benefit obligation (continued)

- (f) Sensitivity analysis:

Sensitivity analysis on projected benefit obligation:

The calculation of the projected benefit obligation is sensitive to the assumptions used. The table below summarizes how the projected benefit obligation measured at the end of the reporting period would have increased/(decreased) as a result of a change in the respective assumptions by one percentage point. In preparing the analyses for each assumption, all others were held constant. The economic assumptions are somewhat linked as they are all related to inflation. Hence, for example, a 1% reduction in the long-term discount rate, would cause some reduction in the medical trend rate.

	<u>2014</u>		<u>2013</u>	
	\$'000	\$'000	\$'000	\$'000
	1%	1%	1%	1%
	increase	decrease	increase	decrease

Discount rate	(101,198)	136,813	(82,617)	112,116
Health inflation rate	129,928	(97,328)	105,081	(78,457)
Increase rate	<u>916</u>	<u>(809)</u>	<u>969</u>	<u>(855)</u>

- (g) At March 31, 2014, the weighted average duration of the defined benefit obligation was 22.5 years (2013: 24.2 years).

- (h) As mortality continues to improve, estimates of life expectancy are expected to increase. An increase of one year in life expectancy will increase the employee benefit obligation to approximately \$17,730,000 while a decrease of one year in life expectancy will result in a decrease in the employee benefit obligation to approximately \$2,700,000.

- (i) Supplementary pension benefit:

A subsidiary company provides supplementary pension for 6 pensioners (2013: 6). The defined-benefit obligation in respect of these pensioners was \$8,908,000 at March 31, 2014 (2013: \$8,748,000).

26. Insurance contract provisions

- (a) **Group:**

	<u>2014</u>			<u>2013</u>		
	Gross \$'000	Reinsurance \$'000	Net \$'000	Gross \$'000	Reinsurance \$'000	Net \$'000
Claims outstanding	2,450,049	(217,846)	2,232,203	2,489,272	(260,792)	2,228,480
Unearned premiums	<u>1,518,597</u>	<u>(691,155)</u>	<u>827,442</u>	<u>1,347,816</u>	<u>(567,582)</u>	<u>780,234</u>
	<u>3,968,646</u>	<u>(909,001)</u>	<u>3,059,645</u>	<u>3,837,088</u>	<u>(828,374)</u>	<u>3,008,714</u>

THE JAMAICA NATIONAL BUILDING SOCIETY

Notes to the Financial Statements (Continued) March 31, 2014

26. Insurance contract provisions (continued)

(b) Analysis of movements in insurance contract provisions:

Claims outstanding:

	2014			2013		
	Gross \$'000	Reinsurance \$'000	Net \$'000	Gross \$'000	Reinsurance \$'000	Net \$'000
Claims notified	1,767,427	(248,667)	1,518,760	1,747,795	(161,180)	1,586,615
Claims incurred but not reported	757,397	(12,125)	745,272	801,431	(13,510)	787,921
Balances at April 1	2,524,824	(260,792)	2,264,032	2,549,226	(174,690)	2,374,536
Claims incurred	904,695	(100,319)	804,376	891,766	(218,526)	673,240
Claims paid in year	(979,470)	143,265	(836,205)	(951,720)	132,424	(819,296)
Change in outstanding claims provision	(74,775)	42,946	(31,829)	(59,954)	(86,102)	(146,056)
Balances at March 31	2,450,049	(217,846)	2,232,203	2,489,272	(260,792)	2,228,480
Claims notified	1,733,368	(216,754)	1,516,614	1,743,739	(248,667)	1,495,072
Claims incurred but not reported	716,681	(1,092)	715,589	745,533	(12,125)	733,408
Balances at March 31	2,450,049	(217,846)	2,232,203	2,489,272	(260,792)	2,228,480

Outstanding claims include gross claims payable of \$15,324,000 (2013: \$15,878,000) under policies issued to related parties.

(c) Unearned premiums:

	2014			2013		
	Gross \$'000	Reinsurance \$'000	Net \$'000	Gross \$'000	Reinsurance \$'000	Net \$'000
Balances at April 1	1,347,816	(567,582)	780,234	1,240,591	(498,824)	741,767
Premiums written during the year	3,308,774	(1,760,552)	1,548,222	2,968,182	(1,493,125)	1,475,057
Premiums earned during the year	(3,137,993)	1,636,979	(1,501,014)	(2,860,957)	1,424,367	(1,436,590)
Balances at March 31	1,518,597	(691,155)	827,442	1,347,816	(567,582)	780,234

(d) Gross unearned premiums are analysed as follows:

	2014 \$'000	2013 \$'000
Liability	84,759	69,439
Motor	630,934	580,437
Pecuniary loss	7,620	3,838
Personal accident	3,738	3,023
Marine	58	168
Property	751,594	655,464
Engineering	39,894	35,447
	1,518,597	1,347,816

Notes to the Financial Statements (Continued) March 31, 2014

27. Long-term loans

	Group		Society	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Development Bank of Jamaica Limited (i)	12,500	20,833	-	-
Development Bank of Jamaica Limited (ii)	-	15,429	-	-
Development Bank of Jamaica Limited (iii)	-	8,572	-	-
Development Bank of Jamaica Limited (iv)	-	21,429	-	-
Development Bank of Jamaica Limited (v)	15,714	47,143	-	-
Development Bank of Jamaica Limited (vi)	11,000	55,000	-	-
Development Bank of Jamaica Limited (vii)	-	28,700	-	-
Development Bank of Jamaica Limited (viii)	7,175	-	-	-
Development Bank of Jamaica Limited (ix)	10,250	-	-	-
Development Bank of Jamaica Limited (x)	58,000	-	-	-
Development Bank of Jamaica Limited (xi)	40,043	-	-	-
Sagicor Investment Limited (xii)	35,000	55,000	-	-
Unsecured bonds (xiii)	56,481	56,481	-	-
National Insurance Fund (xiv)	556	9,823	-	-
National Insurance Fund (xv)	6,889	-	-	-
National Insurance Fund (xvi)	3,006	-	-	-
National Insurance Fund (xvii)	3,006	-	-	-
National Export Import Bank (xviii)	100,000	166,932	-	-
Micro Investment Development Agency Limited (xix)	37,036	70,590	-	-
Micro Investment Development Agency Limited (xx)	18,069	30,408	-	-
Manhart Properties (xxi)	2,520	2,520	2,520	2,520
	417,245	588,860	2,520	2,520

- This is an unsecured loan which commenced on February 18, 2009, and has a moratorium of twelve months and is repayable in twelve quarterly principal payments of \$4,166,667. The last payment is due on September 30, 2015. Interest is payable at 7% per annum.
- This was an unsecured loan which commenced on January 14, 2012, and had a moratorium of four months and was repayable in seven quarterly payments of \$5,142,858. The last payment was due and made on December 31, 2013. Interest was payable at 10% per annum.
- This was an unsecured loan which commenced on July 1, 2011 and had a moratorium of three months and was repayable in six quarterly payments of \$8,571,429 and one final payment of \$8,571,426. The last payment was due and made on June 30, 2013. Interest was payable at 10% per annum.
- This was an unsecured loan which commenced on December 21, 2011 and had a moratorium of five months and was repayable in seven quarterly payments of \$7,142,858. The final payment was due and made on December 31, 2013. Interest was payable at 10% per annum.
- This is an unsecured loan which commenced on November 30, 2012, and has a moratorium of three months and is repayable in seven quarterly principal payments of \$7,857,143. The last payment is due on September 30, 2014. Interest is payable at 10% per annum.

THE JAMAICA NATIONAL BUILDING SOCIETY

Notes to the Financial Statements (Continued) **March 31, 2014**

27. Long-term loans (continued)

- vi. This is an unsecured loan which commenced on December 11, 2012, and has a moratorium of five months and is repayable in five quarterly payments of \$11,000,000. The last payment is due on June 30, 2014. Interest is payable at 10% per annum.
- vii. This was an unsecured loan which commenced on March 27, 2013, and had a moratorium of five months and was repayable in three quarterly payments of \$9,566,667. The last payment was due and made on March 31, 2014. Interest was payable at 10% per annum.
- viii. This is an unsecured loan which commenced on July 1, 2013 and has a moratorium of two months and is repayable in four quarterly payments of \$7,175,000. The last payment is due on June 30, 2014. Interest is payable at 10% per annum.
- ix. This is an unsecured loan which commenced on July 16, 2013 and has a moratorium of two months and is repayable in four quarterly payments of \$10,250,000. The final payment is due on June 30, 2014. Interest is payable at 10% per annum.
- x. This is an unsecured loan which commenced on December 18, 2013, and has a moratorium of five months and is repayable over six quarterly payments of \$8,285,715 and one final payment of \$8,285,710. The last payment is due on December 31, 2015. Interest is payable at 10% per annum.
- xi. This is an unsecured loan which commenced on March 28, 2014, and has a moratorium of two months and is repayable in four quarterly payments of \$10,000,000. The last payment is due on March 31, 2015. Interest is payable at 10% per annum.
- xii. The purpose of this loan is for on-lending to small and micro enterprises and is secured by a promissory note, duly executed by the company on disbursement of each new loan, over its loan portfolio of an equivalent value. It commenced on December 21, 2012 and is repayable in quarterly instalments over three years. The last payment is due on December 31, 2015. Interest is payable at 9% per annum.
- xiii. These are two unsecured bonds, Series A and B, amounting to \$56.4 million which were issued by a related party. Series A is for \$40 million issued on April 30, 2004, bears interest at 3% (2013: 3%) per annum and is for a period of 10 years. Series B is for \$16.4 million and bears interest at 4.8 % (2013:4.8%) per annum. Repayment of the principal is fixed at maturity of the bonds, subject to call options exercisable by the bondholders after giving 180 days written notice. Interest payments are due quarterly.
- xiv. The purpose of this loan is for on-lending to small and medium enterprises and commenced on September 30, 2007. An extension of the expiry date was granted to June 30, 2014. The loan is disbursed based on requests for on-lending and is secured by promissory notes duly executed by the company on the request of each new loan. Interest is payable at a rate of 4% per annum. The loans carry a six month moratorium on principal and interest and are repayable in quarterly instalments with varying terms after the disbursement, within the expiry period, depending on the terms relating to the on-lending of the funds.

Notes to the Financial Statements (Continued) **March 31, 2014**

27. Long-term loans (continued)

- xv. The purpose of this loan is for on-lending to small and medium enterprises. This loan commenced on December 23, 2013, and has a moratorium of six months and is repayable in sixteen equal quarterly instalments. The last payment is due on March 31, 2018. Interest is payable at 4% per annum.
- xvi. The purpose of this loan is for on-lending to small and medium enterprises. This loan commenced on March 10, 2014, and has a moratorium of six months and is repayable in sixteen equal quarterly instalments. The last payment is due on March 31, 2018. Interest is payable at 4% per annum.
- xvii. The purpose of this loan is for on-lending to small and medium enterprises. This loan commenced on March 14, 2014, and has a moratorium of six months and is repayable in sixteen equal quarterly instalments. The last payment is due March 31, 2018. Interest is payable at 4% per annum.
- xviii. This loan commenced on March 22, 2012 and has a moratorium of three months and is repayable in sixteen quarterly payments of \$12.5 million. The last payment is due on March 31, 2016. Interest is payable at 11% per annum. The loan is secured by assignment of loans receivable and a promissory note.
- xix. The purpose of this loan is for on-lending to small and micro enterprises. This is an unsecured loan, which commenced on December 11, 2012, and has a moratorium of three months and is repayable in nine quarterly payments of \$9,762,714. The last payment is due on February 28, 2015. Interest is payable at 10% per annum.
- xx. The purpose of this loan is for on-lending to small and micro enterprises. This is an unsecured loan, which commenced on February 11, 2013, and has a moratorium of three months and is repayable in seven quarterly payments of \$4,724,862. The last payment is due on January 30, 2015. Interest is payable at 10% per annum.
- xxi. This represents an interest-free shareholder's loan of \$2 million which has no fixed repayment terms, and a balance on another shareholder's loan which accrues interest at a rate of 5% per annum, due for repayment in October 2013. The loan was repaid subsequent to the year end.

28. Permanent capital fund

Regulation 7 of the Bank of Jamaica (Building Societies) Regulations, 1995 requires that every building society maintains a minimum subscribed capital of \$25 million. In view of the non-applicability of "subscribed capital" to a mutual society, and in accordance with an agreement with the Bank of Jamaica, pending passage of appropriate legislation, a "Permanent Capital Fund" aggregating \$6,940,000,000 (2013: \$5,740,000,000) has been established in lieu of subscribed capital.

29. Reserve fund

Regulation 13 of the Bank of Jamaica (Building Societies) Regulations, 1995 requires the Society to transfer at least 10% of its net surplus after income tax each year to the Reserve Fund until the amount at credit of the Reserve Fund is at least, equal to the amount on its Permanent Capital Fund (see note 28). As at March 31, 2014, the Society's Reserve Fund aggregated \$7,600,000,000 (2013: \$6,600,000,000).

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Notes to the Financial Statements (Continued) March 31, 2014

30. Contractual savings reserves

The Society operates a special savings and loan scheme for members. Under this scheme, the members, after meeting certain criteria, including saving a contracted sum at a fixed rate of 3% per annum, become eligible to apply for a mortgage loan at a fixed rate of 5% per annum. The reserve is established in anticipation of the shortfall in interest income in future years, from the provision of this facility. Management constantly monitors the adequacy of the reserve and makes appropriate adjustments, as necessary.

31. Other reserves

	Group		Society	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Other reserve	8,831	-	8,831	-
Exchange equalisation reserve [see (a)]	426,213	218,520	-	-
Investment revaluation reserve [see (b)]	237,298	378,295	82,454	121,909
Credit loss reserve [see (c)]	1,444,553	1,284,677	1,201,937	1,221,142
	<u>2,116,895</u>	<u>1,881,492</u>	<u>1,293,222</u>	<u>1,343,051</u>

- (a) This represents foreign exchange adjustments arising on the translation of foreign subsidiaries' balances for consolidation purposes.
(b) This represents unrealised gains on the revaluation of available-for-sale investments.
(c) This is a non-distributable reserve representing general provision for loan losses (note 13).

32. Interest expense

	Group		Society	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Shareholders' savings	1,485,274	1,803,137	1,361,853	1,633,882
Other	1,074,257	1,180,876	-	-
	<u>2,559,531</u>	<u>2,984,013</u>	<u>1,361,853</u>	<u>1,633,882</u>

33. Other operating income

	Group		Society	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Realised foreign exchange gain on trading	1,582,597	1,366,771	868,442	689,795
Management fees	-	-	292,697	180,564
Fee and commission income	2,036,133	1,762,474	965,819	540,297
Net underwriting insurance				
income before operating expenses	737,068	682,594	-	-
Dividends	77,929	46,719	428,666	396,451
Other	904,815	866,532	265,665	438,380
	<u>5,338,542</u>	<u>4,725,090</u>	<u>2,821,289</u>	<u>2,245,487</u>

Notes to the Financial Statements (Continued) March 31, 2014

34. Operating expenses

	Group		Society	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Impairment losses	242,229	56,998	72,161	-
Administration, including employee costs (note 37)	9,439,692	8,924,058	6,330,958	6,123,558
Directors' fees	26,963	23,354	13,653	13,653
Directors' remuneration	44,940	48,024	44,940	48,024
Audit fees - current	91,851	77,482	20,900	19,000
- prior year	2,600	2,042	2,500	2,042
Depreciation and amortisation	433,565	467,405	271,794	306,435
Bad debts written-off for loans and other receivables	<u>95,897</u>	<u>205,242</u>	<u>47,904</u>	<u>72,825</u>
	<u>10,377,737</u>	<u>9,804,605</u>	<u>6,804,810</u>	<u>6,585,537</u>

35. Loss arising from National and Private Debt Exchanges

In the prior year, the Group voluntarily participated in Government of Jamaica ("GOJ") National and Private Debt Exchanges in February 2013. The acceptance of the offer resulted in the group exchanging local debt instruments of J\$26,421,000,000 and US\$40,530,000 for the Group and J\$14,562,000 and US\$19,860,000 for the Society. The exchange resulted in a one-off loss of \$829,149,000 for the Group and \$753,796,000 for the Society.

36. Taxation

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

	Group		Society	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
(i) Current tax expense:				
Income tax on the Society	704,477	548,680	704,477	548,680
Taxation on subsidiaries	311,348	350,889	-	-
Adjustment in respect of prior year	15,636	(616)	17,694	(2,562)
	1,031,461	898,953	722,171	546,118
(ii) Deferred taxation:				
Origination and reversal of temporary differences (note 19)	47,644	(219,416)	(12,754)	(147,520)
Total taxation in statement of revenue and expenses	<u>1,079,105</u>	<u>679,537</u>	<u>709,417</u>	<u>398,598</u>

THE JAMAICA NATIONAL BUILDING SOCIETY

Notes to the Financial Statements (Continued) **March 31, 2014**

36. Taxation (continued)

(b) Reconciliation of effective tax charge:

Taxation is computed at rates of 30% for the Society and two of its subsidiaries, and 33½% and 25% for local subsidiaries. The effective tax rate for 2014 was 31.80% (2013: 42.64%) of \$3,393,247,000 (2013: \$1,593,550,000) pre-tax surplus for the Group and 28.12% (2013: 57.03%) of \$2,522,830,000 (2013: \$698,950,000) for the Society. The actual charge differs from the "expected" tax charge for the year as follows:

	<u>Group</u>		<u>Society</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	\$'000	\$'000	\$'000	\$'000
Surplus before taxation	<u>3,393,247</u>	<u>1,593,550</u>	<u>2,522,830</u>	<u>698,950</u>
Computed "expected" tax expense at 15%	37,816	1,012	1,818	-
Computed "expected" tax expense at 20% & 25%	91,873	9,951	-	-
Computed "expected" tax expense at 26.5% & 30%	759,649	211,012	757,102	209,685
Computed "expected" tax expense at 33½% & 40%	<u>241,626</u>	<u>410,334</u>	-	-
	1,130,964	632,309	758,920	209,685
Difference between surplus for financial statements, and tax reporting purposes on -				
Depreciation charge and capital allowances	(36,613)	(28,997)	(44,322)	(18,890)
Gain on disposal of property, plant and equipment	125	(3,742)	125	(3,742)
Unfranked and exempt income	(116,803)	(126,026)	(115,512)	(125,283)
Gain on disposal of investments	(18,318)	174,761	(10,936)	185,794
Prior year over/(under) provision	15,636	(616)	17,694	(2,562)
Disallowed expenses, net	93,719	167,927	103,448	153,596
Other	<u>10,395</u>	<u>(136,079)</u>	-	-
Actual tax expense, net	<u>1,079,105</u>	<u>679,537</u>	<u>709,417</u>	<u>398,598</u>

(c) At March 31, 2014, taxation losses of local subsidiaries available for relief against future taxable profits of those subsidiaries, subject to the agreement of the Commissioner General, Tax Administration Jamaica, aggregated approximately \$54,637,090 (2013: \$95,885,784).

As at January 1, 2014, tax losses may be carried forward indefinitely; however, the amount that can be utilised in any one year is restricted to 50% of the current year's taxable profits. Taxation losses available to overseas subsidiaries, for relief against their future taxable profits, amounted to approximately \$107,637,000 (2013: \$147,875,000).

(d) At March 31, 2014, a deferred tax liability of approximately \$1,870,077,000 (2013: \$1,487,063,000), relating to investment in certain subsidiaries and associated companies has not been recognised, as the Society controls, or significantly controls, whether any liability will be incurred and management is satisfied that it will not be incurred in the foreseeable future.

(e) During the year, the corporate income tax rate for non-regulated subsidiaries was reduced from 33 ½ to 25%. As at January 1, 2012, unused tax losses that can be utilised in any one year is restricted to 50% of the current year's profit.

Notes to the Financial Statements (Continued) **March 31, 2014**

37. Employee costs

The aggregate staff costs were as follows:

	<u>Group</u>		<u>Society</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	\$'000	\$'000	\$'000	\$'000
Salaries	3,137,166	3,203,961	1,977,124	2,004,051
Pension, group life and health contributions	296,686	254,123	203,822	185,662
Statutory contributions	385,106	414,612	257,352	244,534
Other	<u>943,727</u>	<u>972,760</u>	<u>568,503</u>	<u>676,057</u>
	<u>4,762,685</u>	<u>4,845,456</u>	<u>3,006,801</u>	<u>3,110,304</u>

38. Related party balances and transactions

Identity of related parties:

- (a) The Society has a related party relationship with its subsidiaries, associates, pension scheme, directors and other key management personnel.
- (b) The statement of financial position includes balances arising in the ordinary course of business, with related parties as follows:

	<u>Group</u>		<u>Society</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	\$'000	\$'000	\$'000	\$'000
Securities sold under repurchase agreements				
Directors	184,338	211,461	-	-
Other related parties	626,015	655,656	-	-
Loans				
Directors	159,624	139,036	26,272	8,391
Other key management personnel	96,863	127,372	96,863	120,307
Other assets				
Subsidiaries	-	-	38,512	24,217
Shareholders' savings				
Directors	897,149	778,118	26,519	20,552
Subsidiaries-	-	1,411,961	663,011	-
Other key management personnel	51,035	36,123	51,035	36,123
Other related parties	4,650	4,561	4,650	4,561
Other payables				
Subsidiaries	-	-	(111,129)	(108,639)
Long term loans				
Other related parties	<u>59,001</u>	<u>59,001</u>	<u>2,520</u>	<u>2,520</u>

THE JAMAICA NATIONAL BUILDING SOCIETY

Notes to the Financial Statements (Continued)
March 31, 2014

38. Related party balances and transactions (continued)

- (c) The surplus before taxation includes income earned from, and expenses incurred in, transactions with related parties in the ordinary course of business, as follows:

	Group		Society	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Subsidiaries				
Dividends	-	-	(384,306)	(353,071)
Interest income	-	-	(22,748)	(16,650)
Management fees	-	-	(291,136)	(184,700)
Other income	-	-	(26,889)	(16,305)
Commission	-	-	(26,264)	(31,805)
Maintenance expenses	-	-	70,470	38,293
Management fees	-	-	130,175	39,133
Computer development expenses	-	-	77,502	95,780
Marketing	-	-	13,707	110,832
Commission	-	-	142,371	149,777
Insurance	-	-	-	57,877
Directors				
Other expenses	-	-	31,856	18,039
Interest income	(7,857)	(7,116)	-	-
Interest expense	70,544	54,504	-	-
Other related parties				
Contribution to pension scheme	103,875	101,593	86,442	79,381
Contribution to foundations	<u>61,657</u>	<u>70,731</u>	<u>26,564</u>	<u>34,160</u>

- (d) Compensation paid to key management personnel is as follows:

	Group		Society	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Salaries	238,837	307,670	161,225	212,454
Post-employment benefits	<u>6,622</u>	<u>8,347</u>	<u>5,381</u>	<u>6,859</u>
	<u>245,459</u>	<u>316,017</u>	<u>166,606</u>	<u>219,313</u>

39. Financial risk management

- (a) Overview

The Group has exposure to the following financial risks from its operations and the use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

Notes to the Financial Statements (Continued)
March 31, 2014

39. Financial risk management (continued)

- (a) Overview (continued):

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Society's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's financial risk management framework. The Board has established the Finance Committee, the Risk Management Unit, Group Compliance Department and Audit Committee, which are responsible for developing and monitoring risk management policies in their specified areas. These committees have both executive and non-executive members and report to the Board of Directors on their activities.

The Group's risk management policies are established to identify, assess and measure the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The focus of financial risk management for the Group is ensuring that the Group has adequate economic capital and that the use of and proceeds from its financial assets are sufficient to fund the obligations arising from its deposit base and other contractual liabilities. The goal of the investment management process is to, within the policy guidelines, optimise the after-tax investment income and total return by investing in a diversified portfolio of securities, whilst ensuring that the assets and liabilities are managed on a cash flow and duration basis.

A key aspect in the management of the Group's financial risk is through matching the timing of cash flows from assets and liabilities. The Group actively manages its investments using an approach that balances quality, diversification, liquidity and return. The portfolio is reviewed on a periodic basis, as are investment guidelines and limits with the objective of ensuring that the Group can always meet its obligations without undue cost and in accordance with the Group's internal and regulatory capital requirements.

The Audit Committee is responsible for monitoring compliance with the Group's risk management policies and procedures. The Audit Committee is assisted by the Internal Audit Department which undertakes cyclical reviews of risk management controls and procedures, the results of which are reported to the heads of the Compliance Department and the Risk Management Unit, Audit Committee and the Board of Directors.

- (b) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's loans and advances to borrowers and investment securities. There has been no significant change to the Group's exposure to credit risk or the manner in which it measures and manages the risk during the year.

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Notes to the Financial Statements (Continued) **March 31, 2014**

39. Financial risk management (continued)

(b) Credit Risk (continued):

The Group manages credit risk associated with loans by evaluating borrowers' ability to repay loans, ensuring that:

- (i) all loans are properly collateralised and the securities insured;
- (ii) loan loss provisioning is in keeping with BOJ Regulations;
- (iii) loans are not concentrated in one individual, company or group; and
- (iv) strong underwriting and credit administration systems are in place.

Exposure to credit risk attaching to liquid funds is monitored through credit rating and lending limits, which are regularly reviewed. Other than exposure on Government of Jamaica securities, there is no significant concentration of liquid funds and amounts are held in financial institutions which management regards as strong.

Credits to borrowers

Credit facilities to members and other borrowers primarily comprise mortgage loans. The management of credit risk in respect of credits to borrowers is executed by a Credit Committee which evaluates the decision for the appropriate advance and formally approves those commitments. The Board of Directors has the responsibility for the oversight of the Group's credit risk and the development of credit policies.

Loans with renegotiated terms:

Loans with renegotiated terms are loans that have been restructured due to deterioration in the member's financial position and where the Group has made concessions that it would not otherwise consider. Once the loan is restructured, it remains in this category irrespective of satisfactory performance after restructuring. At March 31, 2014, the outstanding principal balances on loans that were restructured amounted to \$3,102,826,500 (2013: \$2,877,963,800) for the Group and \$1,982,926,600 (2013: \$1,781,369,600) for the Society.

Impaired credits to borrowers

Impaired credits to members and other borrowers are credits for which management determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the credit.

Past due but unimpaired credits to borrowers

These are credits where contractual interest or principal payments are past due but they are not considered impaired based on the quality and value of security available or the stage of collection of amounts owed by debtors.

Notes to the Financial Statements (Continued) **March 31, 2014**

39. Financial risk management (continued)

(b) Credit Risk (continued):

Allowances for impairment

The Group has established an allowance for impairment losses that represents its estimate of incurred losses on loans. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance established on a portfolio basis, based on requirements of the Bank of Jamaica (Building Societies) Regulations, 1995.

Write-off policy

The Group writes off credits to borrowers (and any related allowances for impairment losses) when it determines that the balances are uncollectible. This determination is usually made after considering information such as changes in the borrower's financial position, or that proceeds from collateral will not be sufficient to pay back the entire exposure. Credits to borrowers for write-off must be submitted to the Board of Directors for approval.

Concentration by class and geographical area

The Group limits its exposure to credit risk by investing only with counterparties that have high credit ratings and in Government of Jamaica securities. Therefore, management does not expect any counterparty to fail to meet its obligations.

The Group has documented investment policies in place, which guide in managing credit risk on investment securities and resale agreements. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties based on their credit ratings and limits set.

The Group's and Society's significant concentration of credit exposure, as at the reporting date, by geographic area (based on the entity's country of ownership) were as follows:

	Group		Society	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Jamaica	79,803,781	66,589,159	47,725,046	36,798,998
United States of America	4,343,976	2,519,612	3,557,162	2,069,000
United Kingdom	9,958,726	12,518,151	9,678,283	12,286,053
Canada	1,322,780	1,194,847	1,249,981	1,161,349
Ghana	3,243	2,915	-	-
Bahamas	-	4,828	-	4,828
Cayman Islands	695,956	741,480	-	-
	96,128,462	83,570,992	62,210,472	52,320,228

THE JAMAICA NATIONAL BUILDING SOCIETY

Notes to the Financial Statements (Continued) March 31, 2014

39. Financial risk management (continued)

(b) Credit risk (continued):

Credit quality of loans

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

	Group	
	2014	2013
	\$'000	\$'000
Neither past due nor impaired	40,838,115	37,649,382
Past due but not impaired:		
Below 30 days	6,711,448	6,901,182
30 to 60 days	4,103,714	3,398,989
60 to 90 days	1,862,985	1,719,873
Individually impaired:		
90-180 days	1,709,539	1,373,038
180-365 days	1,300,292	714,978
12-18 months	411,284	351,957
18 months and over	718,986	976,690
Less allowance for losses (note 13)	(1,709,849)	(1,344,434)
	55,946,514	51,741,655

	Society	
	2014	2013
	\$'000	\$'000
Neither past due nor impaired	37,945,783	33,843,918
Past due but not impaired:		
Below 30 days	5,903,051	6,114,557
30 to 60 days	3,347,809	2,966,236
60 to 90 days	1,649,122	1,432,817
Individually impaired:		
90-180 days	1,362,172	1,102,465
180-365 days	513,694	418,015
12-18 months	163,945	223,173
18 months and over	595,314	786,687
Less allowance for losses (note 13)	(1,206,366)	(935,684)
	50,274,524	45,952,184

Exposure to credit risk

Credit risk exposure is the amount of loss that the Group and the Society would suffer if all counterparties to which the Group and the Society are exposed were to default at once. This is represented substantially by the carrying amount of financial assets shown on the statement of financial position, without taking account of the value of any collateral held.

There are no off-balance-sheet assets and the maximum exposure to credit risk is represented by the amount of financial assets in the statement of financial position.

Notes to the Financial Statements (Continued) March 31, 2014

39. Financial risk management (continued)

(b) Credit risk (continued):

Collateral and other credit enhancements held against financial assets

The Group holds collateral against credits to borrowers primarily in the form of mortgage interests over property. Estimates of fair values are based on value of collateral assessed at the time of borrowing and are generally not updated except when credits to borrowers are individually assessed as impaired. Borrowers of a subsidiary may use collateral such as an insurance policy, property, motor vehicle, personal or corporate guarantees to secure loans.

Collateral generally is not held over balances with banks or brokers/dealers, except when securities are held under resale agreements. Collateral is generally not held against investment securities.

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

	The Group				The Society			
	Loans and advances		Resale agreements		Loans and advances		Resale agreements	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Against neither past due nor impaired financial assets:								
Property	129,759,676	121,609,488	-	-	125,351,110	115,539,105	-	-
Debt securities	-	-	26,172,848	24,222,380	-	-	9,019,337	11,482,794
Liens on motor vehicles	444,884	260,107	-	-	176,571	162,352	-	-
Hypothecation of deposits	1,171,528	1,285,527	-	-	1,107,788	1,189,610	-	-
Subtotal	131,376,088	123,155,122	26,172,848	24,222,380	126,635,469	116,891,067	9,019,337	11,482,794
Against past due but not impaired financial assets:								
Property	45,654,834	40,281,746	-	-	42,958,000	39,311,473	-	-
Household asset	93,246	33,848	-	-	-	-	-	-
Liens on motor vehicles	9,921	37,912	-	-	-	-	-	-
Subtotal	45,758,001	40,353,506	-	-	42,958,000	39,311,473	-	-
Against past due and impaired financial assets:								
Property	7,677,062	7,196,265	-	-	5,748,000	5,612,457	-	-
Household assets	64,062	65,369	-	-	-	-	-	-
Liens on motor vehicles	6,089	11,660	-	-	-	-	-	-
Subtotal	7,747,213	7,273,294	-	-	5,748,000	5,612,457	-	-
Grand total	184,881,302	170,781,922	26,172,848	24,222,380	175,341,469	161,814,997	9,019,337	11,482,794

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

(c) Liquidity risk:

Liquidity risk, also referred to as funding risk, is the risk that the Group 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.

THE JAMAICA NATIONAL BUILDING SOCIETY

Notes to the Financial Statements (Continued) March 31, 2014

39. Financial risk management (continued)

(c) Liquidity risk (continued):

Management of liquidity risk

The key measurement used for assessing liquidity risk is the ratio of liquid assets (as defined) to total liabilities. The liquidity ratios at the reporting date for the Society are as follows:

	Requirement		Actual	
	2014	2013	2014	2013
	%	%	%	%
Jamaica Dollar	5	5	14	10
United States of America Dollar	5	5	13	14
Canadian Dollar	5	5	5	7
Pound Sterling	5	5	49	82

An analysis of the undiscounted cash flows of the Group's and the Society's financial liabilities and unrecognised loan commitments on the basis of their earliest possible contractual maturity is presented below. The analysis provided is by estimating timing of the amounts recognised in the statement of financial position.

	Group 2014						
	Contractual undiscounted cash flows						
	Carrying amount \$'000	Total cash outflow \$'000	Less than 3 months \$'000	3-12 months \$'000	1-2 years \$'000	2-5 years \$'000	More than 5 years \$'000
Savings fund	86,615,732	86,777,372	80,327,583	6,186,211	263,578	-	-
Due to specialised financial institutions	12,280,402	23,043,661	275	4,218	44,217	66,326	22,928,625
Bank overdraft	18,410	18,410	18,410	-	-	-	-
Securities sold under resale agreements	28,389,888	28,567,116	25,713,650	2,100,367	753,099	-	-
Certificates of participation	27,195	27,411	27,411	-	-	-	-
Other payables	2,484,209	2,498,678	2,485,146	3,467	10,065	-	-
Long-term loans	417,245	447,812	2,520	335,354	36,646	73,292	-
	130,233,081	141,380,460	108,574,995	8,629,617	1,107,605	139,618	22,928,625
Unrecognised loan commitments	-	2,685,000	2,685,000	-	-	-	-
Insurance contracts liabilities	3,968,646	3,968,646	700,434	1,994,645	532,478	548,209	192,880
	134,201,727	148,034,106	111,960,429	10,624,262	1,640,083	687,827	23,121,505

Notes to the Financial Statements (Continued) March 31, 2014

39. Financial risk management (continued)

(c) Liquidity risk (continued):

	Group 2013						
	Contractual undiscounted cash flows						
	Carrying amount \$'000	Total cash outflow \$'000	Less than 3 months \$'000	3 to 12 months \$'000	1-2 years \$'000	2-5 years \$'000	More than 5 years \$'000
Savings fund	79,641,699	79,873,342	74,145,783	5,201,930	525,629	-	-
Due to specialised financial institutions	11,021,016	20,591,209	934	1,937	25,775	91,614	20,470,949
Bank overdraft	28,285	28,561	28,561	-	-	-	-
Other payables	2,750,784	2,750,784	2,750,784	-	-	-	-
Securities sold under resale agreements	19,323,142	19,430,410	15,894,385	2,715,437	820,588	-	-
Certificates of participation	1,831,670	1,837,500	1,837,500	-	-	-	-
Long-term loans	588,860	634,911	73,555	253,787	217,609	89,960	-
	115,185,456	125,146,717	94,731,502	8,173,091	1,589,601	181,574	20,470,949
Unrecognised loan commitments	-	2,344,358	-	-	-	-	-
Insurance contracts liabilities	3,837,088	3,837,088	653,135	1,959,406	574,145	492,788	157,614
	119,022,544	131,328,163	97,728,995	10,132,497	2,163,746	674,362	20,628,563

	Society 2014						
	Contractual undiscounted cash flows						
	Carrying amount \$'000	Total cash outflow \$'000	Less than 3 months \$'000	3-12 months \$'000	1-2 years \$'000	2-5 years \$'000	More than 5 years \$'000
Savings fund	82,025,390	82,107,815	77,577,838	4,270,741	259,236	-	-
Due to specialised financial institutions	12,280,402	23,043,661	275	4,218	44,217	66,326	22,928,625
Securities sold under resale agreements	5,233,222	5,285,418	5,285,418	-	-	-	-
Other payables	704,707	704,707	704,707	-	-	-	-
Long-term loans	2,520	2,520	-	-	-	-	-
	100,236,241	111,144,121	83,570,758	4,274,959	303,453	66,326	22,928,625
Unrecognised loan commitments	-	2,685,000	2,685,000	-	-	-	-
	100,236,241	113,829,121	86,255,758	4,274,959	303,453	66,326	22,928,625

	Society 2013						
	Contractual undiscounted cash flows						
	Carrying Amount \$'000	Total cash outflow \$'000	Less than 3 months \$'000	3 to 12 months \$'000	1-2 years \$'000	2-5 years \$'000	More than 5 years \$'000
Savings fund	74,820,693	75,040,879	70,528,612	4,085,716	426,551	-	-
Due to specialised financial institutions	11,019,841	20,595,611	286	1,376	49,200	73,800	20,470,949
Other payables	943,070	943,070	943,070	-	-	-	-
Long-term loans	2,520	2,527	527	2,000	-	-	-
	86,786,124	96,582,087	71,472,495	4,089,092	475,751	73,800	20,470,949
Unrecognised loan commitments	-	2,344,358	2,344,358	-	-	-	-
	86,786,124	98,926,445	73,816,853	4,089,092	475,751	73,800	20,470,949

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

THE JAMAICA NATIONAL BUILDING SOCIETY

Notes to the Financial Statements (Continued)
March 31, 2014

39. Financial risk management (continued)

(d) Market risk:

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

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. The nature of the Group's exposures to market risks and its objectives, policies and processes for measuring and managing market risk have not changed significantly from the prior period.

Management of market risk

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

(i) Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group manages this risk by constantly re-evaluating the yield, duration and modified duration on given financial instruments.

The interest rate risk analysis shows significant excess of short-term interest-bearing liabilities over short-term interest-earning assets. This is a direct consequence of the nature of the Group's and the Society's business, which involves granting long-term loans (up to 30 years) funded by savings which are withdrawable on demand or after short notice. The Society may, provided that one month's notice is given, change the interest rates on its mortgages. In addition, mortgages may be called after six months notice. The savings fund has been stable and is expected to remain so.

The Group manages the risk by monitoring its savings fund, taking steps to ensure its stability, and by adjusting interest rates to the extent practicable within the overall policy of encouraging long-term savings and facilitating home ownership.

The following table summarises the carrying amounts of recognised assets, liabilities and equity to arrive at the Group's and the Society's interest rate gap based on the earlier of contractual repricing or maturity dates. There were no off-balance sheet financial instruments giving rise to interest rate risk. This interest rate gap is normal within building societies.

Notes to the Financial Statements (Continued) March 31, 2014

39. Financial risk management (continued)

(d) Market risk (continued):

Management of market risk (continued)

(i) Interest rate risk (continued):

	Group						Weighted average interest rate
	Immediately rate sensitive	Within 3 months	Three to 12 months	Over 1 year	Non-rate sensitive	Total	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
Assets							
Cash and cash equivalents	2,409,939	36,629	-	-	3,292,437	5,739,005	0.74
Securities purchased							
under resale agreements	-	20,023,652	2,991,898	-	178,508	23,194,058	5.23
Loans	-	50,205,751	640,244	4,854,135	246,384	55,946,514	11.52
Other assets	-	-	-	-	3,161,504	3,161,504	-
Investments	-	22,743,714	3,827,964	38,587,545	2,036,176	67,195,399	5.73
Total financial assets	2,409,939	93,009,746	7,460,106	43,441,680	8,915,009	155,236,480	
Liabilities							
Savings fund	61,575,117	18,503,931	6,105,711	260,621	170,352	86,615,732	1.25
Bank overdraft	-	-	-	-	18,410	18,410	-
Due to specialised financial institutions	-	12,280,402	-	-	-	12,280,402	4.42
Securities sold under repurchase agreements	-	20,186,877	7,272,639	747,159	183,213	28,389,888	3.53
Certificates of participation	-	27,195	-	-	-	27,195	4.31
Other payables	-	12,141	-	-	2,472,068	2,484,209	-
Long-term loans	-	-	310,801	104,444	2,000	417,245	9.99
Total financial liabilities	61,575,117	51,010,546	13,689,151	1,112,224	2,846,043	130,233,081	
On-statement of financial position gap, being total interest rate sensitivity gap	(59,165,178)	41,999,200	(6,229,045)	42,329,456	6,068,966	25,003,399	
Cumulative gap	(59,165,178)	(17,165,978)	(23,395,023)	18,934,433	25,003,399		

THE JAMAICA NATIONAL BUILDING SOCIETY

Notes to the Financial Statements (Continued) March 31, 2014

39. Financial risk management (continued)

(d) Market risk (continued):

Management of market risk (continued)

(i) Interest rate risk (continued):

	Group 2013						
	Immediately rate sensitive \$'000	Within 3 months \$'000	Three to 12 months \$'000	Over 1 year \$'000	Non-rate sensitive \$'000	Total \$'000	Weighted average interest rate %
Assets							
Cash and cash equivalents	1,101,523	1,126,940	-	-	1,860,789	4,089,252	0.37
Securities purchased under resale agreements	-	18,473,929	3,019,951	-	177,603	21,671,483	4.87
Other assets	-	-	-	-	2,726,638	2,726,638	-
Investments	-	18,750,629	6,807,077	30,926,571	1,325,980	57,810,257	6.63
Loans	-	51,497,671	-	-	243,984	51,741,655	11.55
Total financial assets	1,101,523	89,849,169	9,827,028	30,926,571	6,334,994	138,039,285	
Liabilities							
Savings fund	59,143,040	14,748,289	5,080,226	415,690	254,454	79,641,699	3.19
Due to specialised financial institutions	-	11,021,016	-	-	-	11,021,016	4.39
Bank overdraft	28,285	-	-	-	-	28,285	11.69
Securities sold under repurchase agreements	-	15,900,215	2,423,736	820,587	178,604	19,323,142	4.75
Certificates of participation	-	1,831,670	-	-	-	1,831,670	4.75
Other payables	-	-	-	-	2,750,784	2,750,784	-
Long-term loans	-	72,207	240,320	274,333	2,000	588,860	7.47
Total financial liabilities	59,171,325	43,573,397	7,744,282	1,510,610	3,185,842	115,185,456	
On-statement of financial position gap, being total interest rate sensitivity gap	(58,069,802)	46,275,772	2,082,746	29,415,961	3,149,152	22,853,829	
Cumulative gap	(58,069,802)	(11,794,030)	(9,711,284)	19,704,677	22,853,829		

Notes to the Financial Statements (Continued) March 31, 2014

39. Financial risk management (continued)

(d) Market risk (continued):

Management of market risk (continued)

(i) Interest rate risk (continued):

	Society 2014						
	Immediately rate sensitive \$'000	Within 3 months \$'000	Three to 12 months \$'000	Over 1 year \$'000	Non-rate sensitive \$'000	Total \$'000	Weighted average interest rate %
Assets							
Cash and cash equivalents	2,128,937	7,062	-	-	1,848,284	3,984,283	0.84
Securities purchased under resale agreements	-	6,063,250	2,199,468	-	50,168	8,312,886	5.09
Other assets	-	-	-	-	678,140	678,140	-
Investments	-	22,431,971	3,548,726	22,369,463	1,563,143	49,913,303	5.20
Loans	-	50,028,203	-	-	246,321	50,274,524	10.90
Total financial assets	2,128,937	78,530,486	5,748,194	22,369,463	4,386,056	113,163,136	
Liabilities							
Savings fund	61,123,190	16,239,639	4,235,796	256,415	170,350	82,025,390	1.10
Due to specialised financial institutions	-	12,280,402	-	-	-	12,280,402	4.42
Securities sold under repurchase agreements	-	-	5,200,902	-	22,320	5,223,222	6.50
Other payables	-	-	-	-	704,707	704,707	-
Long-term loans	-	-	-	520	2,000	2,520	5.00
Total financial liabilities	61,123,190	28,520,041	9,436,698	256,935	899,377	100,236,241	
On-balance statement of financial position gap, being total interest rate sensitivity gap	(58,994,253)	50,010,445	(3,688,504)	22,112,528	3,486,679	12,926,895	
Cumulative gap	(58,994,253)	(8,983,808)	(12,672,312)	9,440,216	12,926,895		

THE JAMAICA NATIONAL BUILDING SOCIETY

Notes to the Financial Statements (Continued) March 31, 2014

39. Financial risk management (continued)

(d) Market risk (continued):

Management of market risk (continued)

(i) Interest rate risk (continued):

	Society						
	2013						
	Immediately rate sensitive \$'000	Within 3 months \$'000	Three to 12 months \$'000	Over 1 year \$'000	Non-rate sensitive \$'000	Total \$'000	Weighted average interest rate %
Assets							
Cash and cash equivalents	932,901	5,896	-	-	1,422,694	2,361,491	0.63
Securities purchased under resale agreements	-	8,475,437	1,929,325	-	41,591	10,446,353	4.53
Other assets	-	-	-	-	421,614	421,614	-
Investments	-	8,599,999	6,295,112	23,514,786	1,102,487	39,512,384	5.80
Loans	-	45,708,200	-	-	243,984	45,952,184	10.90
Total financial assets	932,901	62,789,532	8,224,437	23,514,786	3,232,370	98,694,026	
Liabilities							
Savings fund	56,314,653	13,900,096	3,989,957	413,325	202,662	74,820,693	3.20
Due to specialised financial institutions	-	11,019,841	-	-	-	11,019,841	4.39
Other payables	-	-	-	-	943,070	943,070	-
Long-term loans	-	-	-	520	2,000	2,520	5.00
Total financial liabilities	56,314,653	24,919,937	3,989,957	413,845	1,147,732	86,786,124	
On-balance statement of financial position gap, being total interest rate sensitivity gap	(55,381,752)	37,869,595	4,234,480	23,100,941	2,084,638	11,907,902	
Cumulative gap	(55,381,752)	(17,512,157)	(13,277,677)	9,823,264	11,907,902		

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

	Increase in interest rate	Decrease in interest rate
J\$ denominated instruments	250 basis points	100 basis points
US\$ denominated instruments	200 basis points	50 basis points

Notes to the Financial Statements (Continued) March 31, 2014

39. Financial risk management (continued)

(d) Market risk (continued):

Management of market risk (continued)

(i) Interest rate risk (continued):

Sensitivity to interest rate movements:

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

	Group			
	2014		2013	
	Increase \$'000	Decrease \$'000	Increase \$'000	Decrease \$'000
Other comprehensive income	(975,573)	417,935	(1,317,325)	491,178
Surplus	(83,624)	32,307	(20,257)	(5,786)

	Society			
	2014		2013	
	Increase \$'000	Decrease \$'000	Increase \$'000	Decrease \$'000
Other comprehensive income	(745,872)	299,433	(815,991)	320,456
Surplus	(8,653)	2,268	(20,257)	(5,786)

Cash flow sensitivity analysis for variable rate instruments:

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

	Group		Society	
	Effect on surplus		Effect on surplus	
	Increase \$'000	Decrease \$'000	Increase \$'000	Decrease \$'000
March 31, 2014				
Variable rate instruments	571,314	(222,916)	322,267	(127,820)
	Increase \$'000	Decrease \$'000	Increase \$'000	Decrease \$'000
March 31, 2013				
Variable rate instruments	538,011	(212,260)	328,077	(128,220)

THE JAMAICA NATIONAL BUILDING SOCIETY

Notes to the Financial Statements (Continued) March 31, 2014

39. Financial risk management (continued)

(d) Market risk (continued):

Management of market risk (continued)

(ii) Equity price risk

Equity price risk arises from available-for-sale equity securities held by the Group as part of its investment portfolio. Management monitors the mix of debt and equity securities in its investment portfolio based on market expectations. The primary goal of the Group's investment strategy is to maximise risk-adjusted investment returns.

A 10% (2013: 10%) increase or decrease in the market price at the reporting date would result in an increase or an equal decrease, respectively, in reserves for the Group of \$87,599,000 (2013: \$96,694,000) and \$60,682,000 (2013: \$70,323,000) for the Society.

(iii) Foreign currency risk:

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

The Group incurs foreign currency risk on transactions that are denominated in a currency other than the Jamaica dollar. The main currencies giving rise to this risk are United States dollars, Canadian dollars, Cayman dollars and Pound sterling.

The Group ensures that the net exposure is kept to an acceptable level by daily monitoring their cost of funds against market price so as to ensure that a consistent positive spread is maintained between the buying and selling price of the traded currencies. Foreign currency liabilities are backed by foreign currency assets resulting in an overall strong net assets or long foreign currency positions at all times.

Notes to the Financial Statements (Continued) March 31, 2014

39. Financial risk management (continued)

(d) Market risk (continued):

Management of market risk (continued)

(iii) Foreign currency risk (continued):

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

	Group		Society	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
United States dollars	(859)	35,532	1,221	12,211
Canadian dollars	1,661	1,097	536	282
Pound sterling	3,429	3,009	2,383	1,693
Euro	228	227	228	227
Cayman dollars	<u>18,415</u>	<u>13,799</u>	<u>12,568</u>	<u>13,173</u>

The Bank of Jamaica's weighted average exchange rates ruling at the year-end is shown at note 4 (r)(i).

Sensitivity analysis:

A 15% (2013: 10%) weakening of the Jamaica dollar against the various currencies at March 31 would have increased operating surplus by the amounts shown. A 1% (2013: 1%) strengthening of the Jamaica dollar against these currencies at March 31 would have had the opposite effect as shown. The analysis assumes that all other variables, in particular, interest rates, remain constant. The analysis was done on the same basis for 2013.

	Group				Society			
	2014 \$'000		2013 \$'000		2014 \$'000		2013 \$'000	
	15%	1%	10%	1%	15%	1%	10%	1%
United States dollar	(14,040)	936	348,004	(34,800)	19,964	(1,331)	119,595	(11,959)
Canadian dollars	24,208	1,614	10,589	(1,059)	7,817	(521)	2,722	(272)
Pounds sterling	92,271	(6,142)	44,551	(4,455)	64,122	(4,275)	25,063	(2,506)
Euro	5,136	(342)	2,839	(284)	5,136	(342)	2,839	(284)
Cayman dollars	<u>361,409</u>	<u>(24,094)</u>	<u>162,014</u>	<u>(16,201)</u>	<u>246,661</u>	<u>(16,444)</u>	<u>156,664</u>	<u>(15,466)</u>

(e) Operational risk:

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The Group's objective is to manage operational risk to achieve the optimal balance between the Group's financial viability and its performance against the requirements of an effective operational risk management framework.

THE JAMAICA NATIONAL BUILDING SOCIETY

Notes to the Financial Statements (Continued) **March 31, 2014**

39. Financial risk management (continued)

(e) Operational risk (continued):

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

- requirement for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirement for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial actions;
- development of contingency plans;
- training and professional development;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

Compliance with the Group's standards is supported by a programme of periodic reviews undertaken by Internal Audit, Group Compliance and Risk Management Unit. The results of audit reviews are discussed with the management of the business unit to which they relate and the recommendations and required actions agreed. Summaries of the internal audit reviews are submitted to the Audit committee, and to the Board of Directors.

Notes to the Financial Statements (Continued) **March 31, 2014**

39. Financial risk management (continued)

(f) Capital management:

Regulatory capital

The Society

The Group's main regulator is the Bank of Jamaica, which monitors the capital requirements for the Society and the Group as a whole. The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the Society and its subsidiaries. This is supported by the annual Group Internal Capital Adequacy Assessment Process which seeks to ensure that all subsidiaries, on a stand-alone and on a Group basis are adequately capitalised.

In implementing current capital requirements, the Bank of Jamaica requires the Society to maintain a prescribed ratio of total capital to total risk weighted assets of 10%. The total regulatory capital expressed as a percentage of the total risk weighted assets at March 31, 2014 was 22% (2013: 19.32%).

General Insurance Subsidiary

General insurers must maintain at least a minimum level of assets, capital and surplus to meet the liabilities of the company as required by its regulator, the Financial Services Commission (FSC). The FSC requires the ratio of available assets to required assets to be 200% under the terms of the Minimum Capital Test (MCT).

The MCT ratio attained by the company at December 31, 2013 was 310% (December 31, 2012: 318%).

Life Insurance Subsidiary

The subsidiary's regulator is the Financial Services Commission (FSC) which monitors the capital requirements for the subsidiary. In implementing current capital requirements, the FSC requires the subsidiary to maintain a minimum capital requirement of \$150,000,000. The subsidiary is in compliance with this capital requirement.

To assist in evaluating the current business and strategic opportunities, a risk-based approach is one of the core measures of financial performance. The risk based assessment measure which has been adopted is the Minimum Continuing Capital and Surplus Requirement (MCCSR) standard as defined by the FSC and dictated by the Insurance Regulations 2001. Under Jamaican regulations, the minimum standard recommended for companies is a MCCSR of 150%.

THE JAMAICA NATIONAL BUILDING SOCIETY

Notes to the Financial Statements (Continued) March 31, 2014

39. Financial risk management (continued)

(f) Capital management (continued):

Regulatory capital (continued)

Life Insurance Subsidiary (continued)

The MCCR for the company is set out below:

	2014	2013
Regulatory capital held (\$'000)	202,571	196,279
Minimum regulatory capital (\$'000)	42,337	38,465
MCCR Ratio	<u>478.5%</u>	<u>510.3%</u>

Investment Management Subsidiary

The subsidiary's regulator is the Financial Services Commission (FSC), which monitors the company's regulatory capital position. The FSC's benchmark capital ratios and the ratios attained by the company for the current and prior year are shown in the table below.

FSC Benchmark		2014	2013	2014	2013
Capital ratios:		Required		Attained	
Total regulatory qualifying capital expressed as a percentage of total risk weighted assets	Minimum	10%	10%	27.01%	32.81%
Total Tier 1 capital expressed as a percentage of total qualifying capital	Greater than 50%	50%	96.47%	98.10%	

The subsidiary is in compliance with externally imposed capital requirements. In June 2012, there was a revision in the risk weighting standard which resulted in the introduction of market and credit risk weightings for Jamaica dollar holdings.

Foreign Subsidiary

Another subsidiary is subject to regulatory capital requirements established by the Cayman Islands Monetary Authority (CIMA). Failure to meet minimum regulatory capital requirements can initiate certain actions by CIMA that, if undertaken, could have a direct material effect on the subsidiary's financial statements. Under capital adequacy guidelines used by CIMA, the subsidiary must meet specific capital guidelines that involve quantitative measures of its assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The subsidiary's regulatory capital amounts and classification are also subject to qualitative judgements by CIMA about components and risk weightings.

Notes to the Financial Statements (Continued) March 31, 2014

39. Financial risk management (continued)

(f) Capital management (continued):

Regulatory capital (continued)

Foreign Subsidiary (continued)

As at March 31, 2014 and 2013, the subsidiary's regulatory capital amount and its risk asset ratio, as well as CIMA's minimum requirements are presented in the following table:

	Actual	2014 minimum for regulatory capital and capital adequacy purposes	Actual	2013 minimum for regulatory capital and capital adequacy purposes
Regulatory capital(CIS)	4,758,021	3,963,794	4,018,654	3,528,091
Risk asset ratio	18.01%	15.00%	13.67%	12.00%
Liquidity ratio	27.48%	10.00%	18.74%	5.00%

40. Fair value of financial instruments

The fair value of financial assets that are traded in an active market are based on quoted market prices. For all other financial assets, the group determines, fair values using other valuation techniques as detailed in note [4(d)(vi)].

The fair values of cash and cash equivalents, securities purchased under resale agreements, securities sold under repurchase agreements and other payables are considered to approximate their carrying values due to their relatively short-term nature.

The estimated fair value of loans is the principal receivable less any allowance for losses.

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Notes to the financial statements (Continued) March 31, 2014

40. Fair value of financial instruments (continued)

(a) Accounting classifications and fair values:

The following table shows the carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Group									
	2014									
	Carrying amount		At fair value			Fair value				
	Loans and receivables	Available-for-sale	through profit and loss	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets measured at fair value:										
Corporate bonds	-	410,971	362,354	-	773,325	-	773,325	-	773,325	
Quoted equities	-	875,986	-	-	875,986	875,986	-	-	875,986	
Unquoted equities	-	350	-	-	350	-	350	-	350	
GOJ securities	-	34,247,859	363,810	-	34,611,669	-	34,611,669	-	34,611,669	
Treasury bills	-	196,484	-	-	196,484	-	196,484	-	196,484	
Mutual funds	-	106,819	-	-	106,819	106,819	-	-	106,819	
Investment – other	-	243,566	338,282	-	581,848	-	581,848	-	581,848	
	-	36,082,035	1,064,446	-	37,146,481	982,805	36,163,676	-	37,146,481	
Financial assets not measured at fair value:										
Cash and cash equivalents	5,739,005	-	-	-	5,739,005					
Corporate bonds	7,186,604	-	-	-	7,186,604					
GOJ Securities	2,345,886	-	-	-	2,345,886					
Securities purchased-under resale agreements	23,194,058	-	-	-	23,194,058					
Certificates of deposit	19,708,080	-	-	-	19,708,080					
Loans receivable	55,946,514	-	-	-	55,946,514					
Other assets	3,161,504	-	-	-	3,161,504					
	117,281,651	-	-	-	117,281,651					
Financial liabilities not measured at fair value:										
Savings fund	-	-	-	86,615,732	86,615,732					
Bank overdraft	-	-	-	18,410	18,410					
Due to specialised financial institutions	-	-	-	12,280,402	12,280,402					
Securities sold under resale agreements	-	-	-	28,389,888	28,389,888					
Certificates of participation	-	-	-	27,195	27,195					
Other payables	-	-	-	2,484,209	2,484,209					
Long-term loans	-	-	-	417,245	417,245					
	-	-	-	130,233,081	130,233,081					

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Notes to the financial statements (Continued) **March 31, 2014**

40. Fair value of financial instruments (continued)

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

	Group								
	2013								
	Carrying amount				Fair value				
	Loans and receivables \$'000	Available- for-sale \$'000	At fair value through profit and loss \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets measured at fair value:									
Corporate bonds	-	333,497	994,405	-	1,327,902	-	1,327,902	-	1,327,902
Quoted equities	-	966,943	47,468	-	1,014,411	1,014,411	-	-	1,014,411
Unquoted equities	-	350	-	-	350	-	350	-	350
GOJ securities	-	32,953,505	382,836	-	33,336,341	-	33,336,341	-	33,336,341
Certificates of deposit	-	1,895,084	-	-	1,895,084	-	1,895,084	-	1,895,084
Treasury bills	-	498,997	-	-	498,997	-	498,997	-	498,997
Mutual funds	-	97,617	-	-	97,617	97,617	-	-	97,617
Mortgage investment fund	-	-	301,909	-	301,909	-	301,909	-	301,909
	-	36,745,993	1,726,618	-	38,472,611	1,112,028	37,360,583	-	38,472,611
Financial assets not measured at fair value:									
Corporate bonds	4,756,391	-	-	-	4,756,391				
Cash and cash equivalents	4,089,252	-	-	-	4,089,252				
Securities purchased under resale agreements	21,671,483	-	-	-	21,671,483				
GOJ securities	2,135,608	-	-	-	2,135,608				
Certificates of deposit	11,968,332	-	-	-	11,968,332				
Loans receivable	51,741,655	-	-	-	51,741,655				
Other assets	2,726,638	-	-	-	2,726,638				
	99,089,359	-	-	-	99,089,359				
Financial liabilities not measured at fair value:									
Savings fund	-	-	-	79,641,699	79,641,699				
Due to specialised financial institutions	-	-	-	11,021,016	11,021,016				
Bank overdraft	-	-	-	28,285	28,285				
Other payables	-	-	-	2,750,784	2,750,784				
Securities sold under resale agreements	-	-	-	19,323,142	19,323,142				
Certificates of participation	-	-	-	1,831,670	1,831,670				
Long-term loans	-	-	-	588,860	588,860				
	-	-	-	115,185,456	115,185,456				

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Notes to the financial statements (Continued) March 31, 2014

40. Fair value of financial instruments (continued)

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

		Society							
		2014							
		Carrying amount				Fair value			
	Loans and receivables	Available-for-sale	At fair value through profit and loss	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets measured at fair value:									
Corporate bonds	-	17,287	362,354	-	379,641	-	379,641	-	397,641
Quoted equities	-	606,819	-	-	606,819	606,819	-	-	606,819
Unquoted equities	-	350	-	-	350	-	350	-	350
GOJ denominated securities	-	18,787,558	363,810	-	19,151,368	-	19,151,368	-	19,151,368
Treasury bills	-	191,398	-	-	191,398	-	191,398	-	191,398
Mutual fund	-	106,819	-	-	106,819	106,819	-	-	106,819
Investments - other	-	-	338,282	-	338,282	-	338,282	-	338,282
	-	19,710,231	1,064,446	-	20,774,677	713,638	20,061,039	-	20,774,677
Financial assets not measured at fair value:									
Cash and cash equivalents	3,984,283	-	-	-	3,984,283				
Corporate bonds	7,075,471	-	-	-	7,075,471				
GOJ denominated securities	2,345,886	-	-	-	2,345,886				
Certificates of deposit	19,206,409	-	-	-	19,206,409				
Securities purchased under resale agreements	8,312,886	-	-	-	8,312,886				
Loans receivable	50,274,524	-	-	-	50,274,524				
Other assets	678,140	-	-	-	678,140				
	91,877,599	-	-	-	91,877,599				
Financial liabilities not measured at fair value:									
Savings fund	-	-	-	82,025,390	82,025,390				
Due to specialised financial institutions	-	-	-	12,280,402	12,280,402				
Securities sold under resale agreements	-	-	-	5,223,222	5,223,222				
Other payables	-	-	-	704,707	704,707				
Long-term loans	-	-	-	2,520	2,520				
	-	-	-	100,236,241	100,236,241				

THE JAMAICA NATIONAL BUILDING SOCIETY

Notes to the financial statements (Continued) **March 31, 2014**

40. Fair value of financial instruments (continued)

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

	Society								
	2013								
	Carrying amount				Fair value				
	Loans and receivables \$'000	Available- for-sale \$'000	At fair value through profit and loss \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets measured at fair value:									
Corporate bonds	-	5,000	994,405	-	999,405	-	999,405	-	999,405
Quoted equities	-	703,229	47,468	-	750,697	750,697	-	-	750,697
Unquoted equities	-	350	-	-	350	-	350	-	350
GOJ securities	-	17,744,977	382,836	-	18,127,813	-	18,127,813	-	18,127,813
Treasury bills	-	498,997	-	-	498,997	-	498,997	-	498,997
Mutual funds	-	97,617	-	-	97,617	97,617	-	-	97,617
Other Investments	-	-	301,909	-	301,909	-	301,909	-	301,909
	-	19,050,170	1,726,618	-	20,776,788	848,314	19,928,474	-	20,776,788
Financial assets not measured at fair value:									
Corporate bonds	4,645,522	-	-	-	4,645,522				
Cash and cash equivalents	2,361,491	-	-	-	2,361,491				
Securities purchased under resale agreements	10,446,353	-	-	-	10,446,353				
GOJ securities	2,135,608	-	-	-	2,135,608				
Certificates of deposit	11,700,643	-	-	-	11,700,643				
Loans receivable	45,952,184	-	-	-	45,952,184				
Other assets	421,614	-	-	-	421,614				
	77,663,415	-	-	-	77,663,415				
Financial liabilities not measured at fair value:									
Savings fund	-	-	-	74,820,693	74,820,693				
Due to specialised financial institutions	-	-	-	11,019,841	11,019,841				
Other payables	-	-	-	943,070	943,070				
Long-term loans	-	-	-	2,520	2,520				
	-	-	-	86,786,124	86,786,124				

THE JAMAICA NATIONAL BUILDING SOCIETY

Notes to the financial statements (Continued) March 31, 2014

40. Fair value of financial instruments (continued)

- (b) Valuation techniques for investment securities classified as Level 2

The following table shows the valuation techniques used in measuring the fair value of investment securities.

Type	Valuation techniques
US\$ denominated GOJ securities	<ul style="list-style-type: none">• Obtain bid price provided by a recognized broker/dealer, namely, Oppenheimer• Apply price to estimate fair value
J\$ denominated securities issued or guaranteed by GOJ	<ul style="list-style-type: none">• Obtain bid price provided by a recognized pricing source (which uses Jamaica-market-supplied indicative bids)• Apply price to estimate fair value
Units in unit trusts	<ul style="list-style-type: none">• Obtain prices quoted by unit trust managers• Apply price to estimate fair value

41. Insurance risk management

Risk management objectives and policies for mitigating insurance risk:

The Group's management of insurance and financial risk is a critical aspect of the business.

The primary insurance activity carried out by the Group is the transfer of risk from persons or entities that are directly subject to the risk, by means of the sale of insurance policies. As such, the Group is exposed to uncertainty surrounding the timing, frequency and severity of claims under these policies.

The principal types of policies written by the Group are:

Liability insurance
Property insurance
Motor insurance
Life insurance

Notes to the financial statements (Continued) March 31, 2014

41. Insurance risk management (continued)

- (a) Underwriting policy

The Group manages insurance risk through its underwriting policy that includes *inter alia* authority limits, approval procedures for transactions that exceed set limits, pricing guidelines and the centralised management of reinsurance.

The underwriting strategy for the life insurance subsidiary includes the use of a medical questionnaire with benefits limited to reflect the health condition of applicants.

The Group actively monitors insurance risk exposures both for individual and portfolio types of risks. These methods include internal risk measurement, portfolio modelling and analyses.

The Group seeks to underwrite a balanced portfolio of risks at rates and terms that will produce an underwriting result consistent with its long-term objectives.

The Board of Directors approves the underwriting strategy which is set out in an annual business plan and management is responsible for the attainment of the established objectives.

- (b) Reinsurance strategy

The Group reinsures a portion of the risks it underwrites in order to protect capital resources and to limit its exposure to variations in the projected frequency and severity of losses.

The group manages reinsurance risk by selecting reinsurers which has established capability to meet its contractual obligations and which generally have favourable credit ratings as determined by a reputable rating agency.

Ceded reinsurance results in credit risk. The Group monitors the financial condition of reinsurers on an ongoing basis and reviews its reinsurance arrangements periodically. The Board of Directors is responsible for setting the minimum security criteria for accepting reinsurance and monitoring the purchase of reinsurance against those criteria and for monitoring its adequacy on an ongoing basis. Concentration of insurance risks is discussed in more detail in note 42.

THE JAMAICA NATIONAL BUILDING SOCIETY

Notes to the financial statements (Continued)
March 31, 2014

41. Insurance risk management (continued)

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

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

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

Notes to the financial statements (Continued)
March 31, 2014

41. Insurance risk management (continued)

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

Type of contract	Terms and conditions	Key factors affecting future cash flows
Motor	Motor insurance contracts provide cover in respect of policyholders' motor vehicles and their liability to third parties in respect of damage to property and injury. The exposure on motor insurance contracts is normally limited to the replacement value of the vehicle and a policy limit in respect of third party damage.	In general, claims reporting lags are minor and claim complexity is relatively low. The frequency of claims is affected by excessive speeding, the deteriorating condition of the road network, failure by some motorists to obey traffic signals and an overall increase in the incidence of motor vehicle accidents. The number of claims is also correlated with economic activity, which also affects the amount of traffic activity.
Life	The insurance contracts insure human life for death or permanent disability over a short duration. Short-duration life insurance contracts protect the company's customer from the consequence of events such as death or disability that would affect the ability of the customer or his/her dependents to maintain their current level of income. Guaranteed benefits paid on occurrence of the specified insurance event are either fixed or linked to the extent of the economic loss suffered by the policy-holder. There are no maturity or surrender benefits.	For the contracts where death is the insured risk, the most significant factors that could increase the overall frequency and severity of claims are epidemics (such as AIDS) and wide-ranging lifestyle changes such as eating, smoking and exercise habits resulting in earlier or more claims than expected.

THE JAMAICA NATIONAL BUILDING SOCIETY

Notes to the financial statements (Continued) March 31, 2014

41. Insurance risk management (continued)

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

Liability contracts:

Risks arising from liability insurance are managed primarily through pricing, product design, risk selection, rating and reinsurance. The Group monitors and reacts to changes in the general economic and commercial environment in which it operates to ensure that only liability risks which meet its criteria for profitability are underwritten.

Property contracts:

The risks relating to property contracts are managed primarily through the pricing process. The Group uses strict underwriting criteria to ensure that the risk of losses is acceptable. Furthermore, the Group accepts property insurance risks for one year so that each contract can be re-priced on renewal to reflect the continually evolving risk profile.

Motor contracts:

The risks relating to motor contracts are managed primarily through the pricing process. The Group monitors and reacts to changes in trends of injury awards, litigation and the frequency of claims.

- (d) Risk exposure and concentrations of risk:

The following table shows the Group's exposure to general insurance risk (based on the carrying value of claim provisions at the reporting date) per major category of business.

	Liability \$'000	Property \$'000	Motor \$'000	Other \$'000	Total \$'000
At March 31, 2014					
Gross	322,468	164,101	1,882,156	45,772	2,414,497
Net of reinsurance	<u>300,768</u>	<u>39,119</u>	<u>1,832,294</u>	<u>24,458</u>	<u>2,196,639</u>
At March 31, 2013					
Gross	374,598	258,011	1,836,872	19,791	2,489,272
Net of reinsurance	<u>360,693</u>	<u>76,960</u>	<u>1,781,795</u>	<u>9,032</u>	<u>2,228,480</u>

Notes to the financial statements (Continued) March 31, 2014

41. Insurance risk management (continued)

- (e) Claims development for general insurance:

Claims development information is disclosed in order to illustrate the insurance risk inherent in the Group. The top part of the table shows how the estimates of total claims for each accident year develop over time. The estimates are increased or decreased as losses are paid and more information becomes known about the severity of unpaid claims. The lower part of the table provides a reconciliation of the total provision included in the statement of financial position and the estimate of cumulative claims.

Analysis of net claims development:

	Accident year						
	2008 \$'000	2009 \$'000	2010 \$'000	2011 \$'000	2012 \$'000	2013 \$'000	Total \$'000
Estimate of cumulative claims at end of							
accident year	2,208,935	1,718,561	1,530,102	1,081,313	960,782	940,096	
- one year later	2,434,738	1,705,324	1,352,987	880,297	854,657	-	
- two years later	2,285,808	1,525,859	1,245,754	843,992	-	-	
- three years later	2,129,401	1,461,210	1,268,999	-	-	-	
- four years later	2,217,492	1,479,200	-	-	-	-	
- five years later	<u>2,181,319</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Estimate of cumulative claims	2,181,319	1,479,200	1,268,999	843,992	854,657	940,096	7,568,263
Cumulative payments	<u>(1,796,365)</u>	<u>(1,289,361)</u>	<u>(1,008,600)</u>	<u>(576,072)</u>	<u>(450,244)</u>	<u>(250,970)</u>	<u>(5,371,612)</u>
Net outstanding liabilities	<u>384,954</u>	<u>189,839</u>	<u>260,399</u>	<u>267,920</u>	<u>404,413</u>	<u>689,126</u>	<u>2,196,651</u>

42. Concentration of insurance risks

A key aspect of the insurance risk faced by the Group is the extent of concentration of insurance risk which may exist where a particular event or series of events could impact significantly upon its liabilities. Such concentration may arise from a single insurance contract or through a portfolio of related contracts.

The main concentration risk to which the Group is exposed is natural disasters. By their nature, the timing and frequency of these events are uncertain. They represent a significant risk to the Group because the occurrence of an event could have a significantly adverse effect on its cash flows.

THE JAMAICA NATIONAL BUILDING SOCIETY

Notes to the financial statements (Continued) March 31, 2014

42. Concentration of insurance risks(continued)

The Group's key methods in managing these risks are twofold:

- (a) Firstly, the risk is managed through the establishment of an appropriate underwriting strategy and its implementation by means of the group's underwriting policy [note 41(a)].
- (b) Secondly, the risk is managed through the use of reinsurance [note 41(b)]. The Group arranges proportional reinsurance at the risk level and purchases excess of loss cover for liability and property business. The Group assesses the costs and benefits associated with the reinsurance programme on a regular basis.

43. Commitments

At March 31, 2014, the Group and the Society had:

- (a) Unexpired lease commitments payable as follows:

	<u>Group</u>		<u>Society</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	\$'000	\$'000	\$'000	\$'000
Within one year	102,882	156,036	61,915	82,709
Subsequent years	<u>127,214</u>	<u>126,013</u>	<u>60,697</u>	<u>61,419</u>
	<u>230,096</u>	<u>282,049</u>	<u>122,612</u>	<u>144,128</u>

- (b) Undisbursed approved mortgages amounting to approximately \$2,685,000,000 (2013: \$2,344,358,000) for the Group and \$2,685,000,000 (2013: \$2,344,358,000) for the Society.

- (c) Capital commitments:

Commitments for capital expenditure as follows:

	<u>Group</u>		<u>Society</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	\$'000	\$'000	\$'000	\$'000
	<u>63,928</u>	<u>78,179</u>	<u>16,275</u>	<u>65,785</u>

Notes to the financial statements (Continued) March 31, 2014

44. Contingent liabilities

- (i) The Society has pledged its commitment to provide financial support, if required, to fund the activities of one (2013: one) of its subsidiaries until March 31, 2015.
- (ii) There are several claims which have been brought against the Society in respect of damages for alleged breach of contract and other matters. It is the opinion of the Society's legal advisor that, in the unlikely event that these claims should be successful, liability should not be significant.
- (iii) In the ordinary course of business, one of the subsidiaries seeks to reduce the loss that may result from catastrophe or other events that cause unfavourable underwriting results by reinsuring certain levels of risk with other insurers. These reinsurers are chosen based on their international rating, with no one reinsurer accounting for more than 15% of the subsidiary's aggregates. Reinsurance ceded does not discharge the subsidiary's liability as the principal insurer. Failure of reinsurers to honour their obligation could result in losses to the subsidiary. Consequently, a contingent liability exists should an assuming reinsurer be unable to meet its obligations.
- (iv) A subsidiary company has property catastrophe reinsurance up to a maximum of \$25.3 billion (2013: \$22.5 billion) of which the Quota Share is \$21.5 billion and Catastrophe Excess of Loss \$3.79 billion (2013: Quota share of \$18 billion and Catastrophe Excess of Loss \$4.5 billion) per event under which it is liable for the first \$200 million (2013: \$200 million) of losses in accordance with the terms of the policies. Motor catastrophe reinsurance cover is US\$ 4 million (2013: US\$4 million) per event. The Group limits its net exposure to a maximum amount on any one loss of \$127 million (2013: \$108 million) for property claims, \$25 million on performance, tender and mobilisation bonds, \$10 million on motor, personal accident, public and employer's liability and fidelity bonds, \$5 million on fidelity guarantee bonds and \$5 million on contractors all risks and other engineering exposures for the years ended March 31, 2014 and 2013.

THE JAMAICA NATIONAL BUILDING SOCIETY

Notes to the financial statements (Continued) March 31, 2014

45. Prior year adjustment

The change in accounting policy detailed in note 3(a) was applied retrospectively. The effects of the adjustments are detailed below:

Group

(a) Statement of financial position:

	Employee benefits obligation \$'000	Deferred tax asset/ (liability) \$'000	Retained profits \$'000
Balance at March 31, 2012 as previously reported	338,084	(50,952)	9,754,052
Impact of re-measurement of employee benefits obligation	<u>91,892</u>	<u>27,500</u>	<u>(64,392)</u>
Balance at March 31, 2012, as restated	<u>429,976</u>	<u>(23,452)</u>	<u>9,689,660</u>
Balance at March 31, 2013 as previously reported	413,171	242,767	10,225,541
Impact of re-measurement of employee benefits obligation	<u>89,343</u>	<u>11,701</u>	<u>(77,642)</u>
Balance at March 31, 2013, as restated	<u>502,514</u>	<u>254,468</u>	<u>10,147,899</u>

(b) Effect on profit or loss for the year ended March 31, 2013:

	\$'000
Pension costs	3,266
Deferred tax	<u>(15,980)</u>
Decrease in profit for the year	<u>(12,714)</u>

(c) Effect on statement of comprehensive income for year ended March 31, 2013:

	\$'000
Actuarial loss recognised in other comprehensive income	(717)
Deferred tax on actuarial loss	<u>181</u>
	(536)
Decrease in profit for the year	<u>(12,714)</u>
Decrease in total comprehensive income	<u>(13,250)</u>

(d) Other than restatement of comparatives, there was no effect on the statement of cash flows for the year ended March 31, 2013.

Notes to the financial statements (Continued) March 31, 2014

45. Prior year adjustment (continued)

Society

(a) Statement of financial position:

	Employee benefits obligation \$'000	Deferred tax asset/ (liability) \$'000	Retained profits \$'000
Balance at March 31, 2012 as previously reported	263,154	(34,406)	2,764,437
Impact of re-measurement of employee benefits obligation	<u>93,927</u>	<u>28,178</u>	<u>(65,749)</u>
Balance at March 31, 2012, as restated	<u>357,081</u>	<u>(6,228)</u>	<u>2,698,688</u>
Balance at March 31, 2013 as previously reported	327,844	189,315	2,645,090
Impact of re-measurement of employee benefits obligation	<u>92,421</u>	<u>12,727</u>	<u>(79,694)</u>
Balance at March 31, 2013, as restated	<u>420,265</u>	<u>202,042</u>	<u>2,565,396</u>

(b) Effect on profit or loss for the year ended March 31, 2013:

	\$'000
Pension costs	3,266
Deferred tax	<u>(15,980)</u>
Decrease in profit for the year	<u>(12,714)</u>

THE JAMAICA NATIONAL BUILDING SOCIETY

Notes to the financial statements (Continued)
March 31, 2014

45. Prior year adjustment (continued)

Society (continued)

(c) Effect on statement of comprehensive income for year ended March 31, 2013:

	\$'000
Actuarial loss recognised in other comprehensive income	(1,758)
Deferred tax on actuarial loss	<u>527</u>
	(1,231)
Increase in profit for the year	<u>(12,714)</u>
Increase in total comprehensive income	<u>(13,945)</u>

(d) Other than restatement of comparatives, there was no effect on the statement of cash flows for the year ended March 31, 2013.

46. Subsequent event

The exchange rate of the Jamaica dollars at June 27, 2014, the Bank of Jamaica weighted average exchange of the Jamaica dollars was US\$1.00 to J\$111.54, £1.00 to J\$189.09 and Cdn\$1.00 to J\$104.34 compared to US\$1.00 to J\$108.99 £1.00 to J\$ 179.38 and Cdn\$1.00 to J\$97.19 at March 31, 2014.

