



**INNOVATING...INSPIRING...IMPACTING.**

**DIRECTORS' REPORT  
AND FINANCIAL STATEMENTS 2015**

# 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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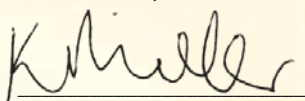
# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 141st 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 July 29, 2015.

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, 2015
  - ii) The Statement of Accounts for the year ended March 31, 2015
  - iii) The Auditors' Report for the year ended March 31, 2015
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 July 1, 2015



**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 name 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**

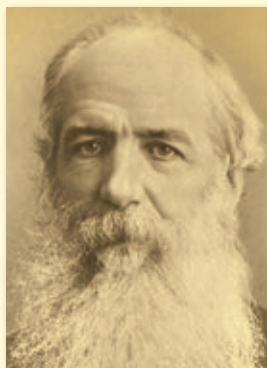
If on a show of hands or on a Poll:

- i.* any votes are counted which ought not to have been counted, or
- ii.* any votes are not counted which ought to have been counted,

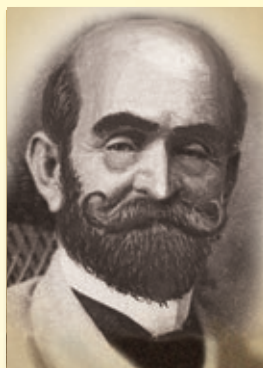
the error shall not vitiate the decision arrived at unless it shall, in the opinion of the Chairman, be of sufficient magnitude so to do.

*Extracted from the Book of Rules.*

# FOUNDERS



**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 (1893)



**John Gerrard Marchalleck, 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)

## MERGERS & ACQUISITIONS

**Westmoreland Building Society**  
(founded August 13, 1874)

**1967**  
Manchester Mutual Building Society

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

**December 1970**  
Change of name to  
The Jamaica National Building Society

**1976**  
St Thomas Mutual Building Society

**1977**  
Jamaica Permanent Building Society

**1983**  
St Mary Benefit Building Society

**1996**  
Hanover Benefit Building Society

**2001**  
Jamaica Savings & Loans Building Society

## CHAIRPERSONS & GENERAL MANAGERS

### CHAIRPERSONS



**Reverend Henry Clarke**  
1874 -1907



**Hugh Clarke**  
1907 -1944



**Eric Clarke**  
1944 -1966



**J. Osmond H. Hudson Snr.**  
1966 -1976



**Keith Francis, JP**  
1997 -2002



**Hon. Oliver Clarke, OJ,**  
Hon. LL.D., BSc (Econ), FCA, JP  
1977 -1997 & 2002 -Present

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### GENERAL MANAGERS



**Lancelot Reynolds, OD, JP**  
1976 -1999



**Earl Jarrett, CD, Hon. LL.D, 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 140 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 (JNBS) as Assistant General Manager, and then as General Manager from 1971 to 1976. He held the position of Chairman of JNBS for two decades from 1977 to 1997 and served as Deputy Chairman from 1997 until 2002, when he was reappointed Chairman.

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

A Chartered Accountant, Mr Clarke is Chairman and former Managing Director of The Gleaner Company Limited 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 causa* from the University of Technology; and in 2013, he received an Honorary Doctor of Laws degree from the Northern Caribbean University.



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

Dr Dhiru Tanna has been a member of the JNBS Board since 1981 and was Chairman of JN Fund Managers (2005-2014). He is a long standing member of the Finance Committee of the JNBS Board.

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.



**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. In December 2014, he was inducted into the Council of Volunteer Social Services (CVSS) Hall of Fame for his contribution to the community and in January 2015, he was recognised as the Gleaner Honour Awardee for exceptional voluntary service in 2014.

# BOARD OF DIRECTORS



**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 on boards of charitable organisations such as Food For The Poor and The Laws Street Trade Training Centre.

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



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

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 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 (ICSOBA) and the Society of Mining Engineers of the American Institute of Mining, Metallurgical and Petroleum Engineers.

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





**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 JN Individual Retirement Scheme and a director of JN Money Services Limited.

A practising 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.



**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.



# BOARD OF DIRECTORS



**Elizabeth Ann Jones, FCCA, FCA**

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

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

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

Ms Jones joined the JNBS Board in October 2014 and was appointed Chairman of JN Fund Managers in May 2015. She was appointed director of The Gleaner Company in November 2014. Betty Ann served as Chairman of both the Trade Board and Fiscal Services Limited, on the Committee to Review and Eliminate Waste in the Public Sector, and represented The Private Sector Organisation of Jamaica on a Committee to review the Government of Jamaica's Tax system. In addition, she also served as a member of the Divestment Committee responsible for the divestment of sugar factories owned by Government, and as a member of the Tax Policy and Tax Administration Working Group under the Partnership for Transformation Project in Jamaica.



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

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.



**Peter Morris**, BSc (Hons.), MBA

Mr Peter Morris was appointed to the JNBS Board in January 1993. He is the Chairman of JN Life Insurance Company Limited. He is also a Director of JN Fund Managers Limited and JN General Insurance Company Limited, as well as 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-five years of business experience at the executive and Board level in Jamaica, the United Kingdom and the United States.



**Kathleen AJ Moss**, BSc, MBA, CBV

Mrs Kathleen Moss is a Management Consultant and Chartered Business Valuator with Sierra Associates, an independent advisory and business valuation firm, which she established in 1993. She was appointed to the JNBS Board in November 2012. She has been a director of JN General Insurance (JNGI) Company since 1996 and was appointed Deputy Chairman in 2000 and Chairman of the JNGI board in January 2015. 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.

# BOARD OF DIRECTORS



## **Raphael Gordon**

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

Mr Raphael Gordon, retired Managing Partner of KPMG in Jamaica and Chairman of KPMG CARICOM, joined the Board of Directors 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 Trustee of The Management Services Limited 2004 Pension Fund. He has also served as the Jamaican representative on the Association of Chartered Certified Accountants' International Assembly.

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



## **Karene Miller, LLB, BA**

Corporate Secretary

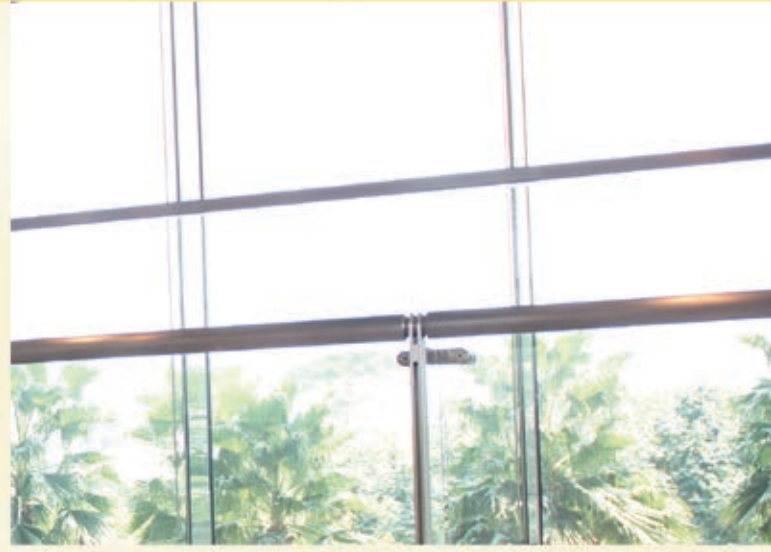
Karene Miller joined the Jamaica National Building Society in June 2013, providing corporate secretarial services, legal advice and support to assigned entities within the JN Group. She was appointed Corporate Secretary on April 1, 2014.

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

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

Mrs Miller holds a Legal Education Certificate from the Norman Manley Law School; a Bachelor of Laws from the University of Liverpool and, a Bachelor of Arts in English Literature from The University of the West Indies.





**Ricardo Dystant, BSc. MBA**

Ricardo Dystant joined the Jamaica National Building Society in 2004 as a part-time clerk in the Mortgage Department. He was promoted to the position of Senior Clerk in the Security Department in 2005 and, through a series of other promotions, progressed to Supervisor in the Risk Department and Assistant Manager in the Business Development Unit.

Since 2011, Mr Dystant has been responsible for the expansion of the Society's online banking platform, **LIVE by JN**, and he assumed responsibility for all alternative banking channels in 2014, as Manager of the JN eBanking Unit.

He completed the BSc. degree in Computing in the Engineering Faculty at the University of Technology, in 2005; and a Masters of Business Administration with a major in Banking and Finance from the Mona School of Business at The University of the West Indies in 2008. He accredits his tenacity and adherence to his high school motto - "Age Quod Agis," which translates to, "Whatever you do, do it to the best of your ability," as being instrumental in setting him on a career path, which is reflected in his achievements at JNBS.

Mr Dystant was elected Chairman of the JN Sports and Social Club in 2013; is a member of the Management Committee at the Liguanea Club where he serves as chairman of the Marketing sub-committee and has been an adjunct lecturer at the University College of the Caribbean since 2007. He was elected to the JNBS Board as Staff Director in June 2015.



# CORPORATE GOVERNANCE

## External Regulators

JNBS, which is established under the Building Societies Act, is a licensed deposit taking institution under the Bank of Jamaica (Building Societies) Regulations 1995 and is, therefore, regulated by the Bank of Jamaica. As a licensed Securities Dealer, the Society is also regulated by the Financial Services Commission. JNBS is also accountable to the relevant financial regulatory 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. It approves strategic direction and the organisation's structure and oversees the risk management framework to ensure that risks are identified, assessed and appropriately managed.

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 Board also ensures the selection and appointment of qualified and competent management to administer the management functions of the Society.

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 5 Directors
- 11 Meetings were attended by 3 Directors
- 10 Meetings were attended by 2 Directors
- 9 Meetings were attended by 2 Directors
- 5 Meetings were attended by 1 Director

## Board Committees

The Board Committees include mostly 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 practices, 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 organisational 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, the relationship with external auditors and ensures integrity of financial reporting. It has responsibility for review and oversight of the financial statements, internal financial controls, the JNBS 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, with 100% attendance by three members and 33% by one member.

### 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.

The Committee is comprised of four (4) Directors nominated by the Governance Committee and appointed by the Board, three (3) of whom are independent. It is assisted in its deliberations by the Chief Financial Officer, Chief Risk Officer and Chief Compliance Officer. Meetings are held monthly and the Board receives monthly and annual reports from the Committee. The Credit Committee, Asset & Liability Committee (ALCO), Chief Financial Officer, Chief Risk Officer and Chief Compliance Officer submit monthly reports, while the Information Technology Steering Committee submits bi-monthly reports. For the financial year ended March 31, 2015, the Committee had eleven (11) meetings, three (3) Directors attended all meetings, one Director attended eight (8) meetings.

### 4. Compensation Committee

The Compensation Committee is responsible for evaluating 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.

### Internal Controls

The Board is responsible to ensure that the Society has a comprehensive and effective oversight framework that is reasonably designed to ensure compliance with all regulations. The senior management team has been delegated with the oversight of particular areas through the following committees:

- **Asset & Liability Committee**, comprising the General Manager, Head of Risk 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 through the alignment of IT objectives and activities with the Society's strategic objectives; leads the IT governance, risk and control framework and ensures that 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, 2015.

## 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, 2014 year-end audit and plans for the year ending March 31, 2015. Dates of meetings and attendance by committee members were -

- Regularly report to the Board of Directors about Committee activities, issues and related recommendations.
- Annually review the Committee's own performance.
- Evaluate the Internal Audit Unit on an annual basis.

## The effectiveness of Internal Controls

The main objectives of the internal controls system are:

- a. to ensure adherence to management policies and directives in order to achieve efficiently and economically the organisation's objectives;
- b. to safeguard assets;

MEETING DATES						
	15/04/14	30/05/14	17/06/14	19/08/14	21/11/14	9/12/14
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.

- 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 are pursuing internationally recognised Professional Designation programmes including 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, minutes of each audit committee meeting and quarterly Group Audit Committee reports were submitted to the Board for the period April 2014 to March 2015.

### **External Auditors**

We had meetings and discussions with the external auditors to identify any significant audit issues arising from their examination and issues communicated in their management letters. There were no major issues arising from their examination. Internal Audit followed up on the matters included in the external auditors' management letters to have management deal with them. Their independence was also evaluated and we are satisfied that they have maintained their independence as required by the Institute of Chartered Accountants of Jamaica's Code of Ethics. A 2015 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, 2015 and probable effect on the audited financial statements, and

Significant difficulties which were encountered during the 2014 audit and plans to avoid them in 2015.

### **Evaluation of Financial Statements**

The audit approach to be used by the external auditors KPMG for financial years ending December 31, 2014 and March 31, 2015 was presented at the December 2014 Audit Committee Meeting. A meeting will also be held with KPMG to discuss the 2015 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, 2014.

Mutual Building Societies Foundation as at and for the year ended March 31, 2014.

Companies with December 31, 2014 year end namely, JN General Insurance Company Limited (JNGI) and JN Life Insurance Company Limited and the Contributory Pension Scheme for Jamaica National Building Society and Subsidiary Companies.

Jamaica Automobile Association (JAA) Services Limited, the Jamaica National Building Society Foundation and Jamaica National Individual Retirement Scheme as at and for the year ended December 31, 2013.

JNGI's 2014 directors' report was also reviewed and approved.

### **Comments on subsidiaries**

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

### **Annual evaluation**

The Audit Committee and Internal Audit evaluations for the year ended March 31, 2015 were discussed and agreed at the April 21, 2015 audit committee meeting.



**Raphael Gordon**

Chairman of the Audit Committee



# GROUP FINANCE COMMITTEE REPORT

We are pleased to present our report for the financial year ended March 31, 2015.

## Finance Committee members and attendance

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

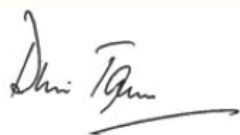
MEMBERS	MEETING DATES										
	16/4/14	28/5/14	18/6/14	16/7/14	17/9/14	15/10/14	19/11/14	17/12/14	21/1/15	25/2/15	18/3/15
Dr Dhiru Tanna (Chairman)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Earl Jarrett (Director)	✓	◆	✓	◆	✓	◆	✓	✓	✓	✓	✓
Peter Morris (Director)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Kathleen Moss (Director)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

KEYS: Present ✓ Apology received ◆

## Finance Committee responsibilities

The following key functions were performed by the Committee during the year:

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



**Dr Dhiru Tanna**

Chairman of the Finance Committee



**The crest of the Jamaica National Building Society (JNBS)**  
**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”.**

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





# CHAIRMAN'S REPORT

Prudent management and a commitment to deliver value to members and customers in spite of a tight fiscal environment were the driving forces behind the operation and performance of the Jamaica National Building Society (JNBS) and its subsidiaries during the 2014/2015 financial year.

The JN Group's financial position changed marginally from the previous year with Total Assets increasing by two percent from \$162 Billion to \$166 Billion; while the pre-tax surplus improved slightly by six percent, rising to \$3.6 Billion up from \$3.4 Billion when compared to 2013/2014. The value of loans increased from \$56 Billion to \$60 Billion and investments from \$90 Billion down to \$89 Billion. The Savings Funds recorded slow growth, moving to \$90 Billion, an approximate \$4 Billion, or 3.4 percent increase over the \$87 Billion achieved last year.

The flat performance could be attributed to the government's reform programme under the International Monetary Fund (IMF) Extended Fund Facility, and the stringent measures implemented to meet the quarterly IMF tests. The year was also characterised by a 0.4 percent increase in the Gross Domestic Product (GDP); an employment growth rate of 1.7 percent, and low levels of growth in the business sector.

The weak economic performance made it difficult for some of our members to save or invest; while others delayed home purchase goals, or struggled to meet their financial obligations. These factors contributed to the poor financial performance of businesses; and, point to the need for the Administration to concentrate its resources on identifying opportunities to spur growth, by making the necessary legislative changes to support business expansion and promote those activities which will engender greater economic returns.

## REORGANISATION PROGRAMME

The effect of these economic policies did not dampen our progress to reorganise the JN Group's corporate structure. The restructuring exercise is aimed at increasing the level of service delivery to our members while ensuring that we can expand our range of financial services beyond the limited options which building societies can currently offer. And a key factor in this process is the conversion of the building society into a commercial bank.

As was outlined in last year's report, a Bank Project Transition Team has been established to coordinate the process, and its scope of work include the creation of a Mutual Holding Company (MHC) and two wholly owned subsidiaries, namely a Financial Holding Company and a Non-financial Holding Company, which will own the regulated and unregulated entities in the group, respectively. The MHC will remain a mutually owned company with existing members of JNBS being the shareholders. We have been careful to ensure that our members are not shortchanged in the process, and that the value of mutuality will remain a principal focus in the new structure.

During the financial year, the Bank Project Transition Team continued its work, which included drafting the Articles of Incorporation for three of the new companies that will be established: the Jamaica National Mutual Holding Company Limited; the Jamaica National Financial Holding Company Limited; and the commercial bank. This move will enable us to further enhance the security of members' funds and offer a wider range of services.

Following the November 2013 resubmission of the Business Plan, and after several months of correspondence with the Bank of Jamaica, we received a "No Objection Letter" in March 2015 indicating the BOJ's approval, in principle, of the restructuring programme. The full approval is pending our fulfilment of certain conditions, including an assessment of the new areas to support the banking structure.

This is a major achievement and will result in an accelerated push in the 2015/2016 financial year. This will enable us to hold meetings shortly with our members to share the details of the reorganisation process and to receive their feedback. Preliminary meetings have been held locally as well as, in Florida, London and Toronto, to introduce the concept; and we are pleased to report that most members support the reorganisation plan.

## STAYING CONNECTED

Our commitment to our members and customers remains the driving force behind our product and service level improvements. As a result, we carried out extensive work on our online banking platform, **LIVE by JN**, to improve its functionality. The new interface makes it easier to navigate and to manage accounts online, including: more detailed

## CHAIRMAN'S REPORT

tracking of personal transactions; and, the ability to access the service from mobile devices, such as tablets and cell phones.

Our revamped Express Service locations and expanded technology channels have reduced waiting times for members. And, our computer courses to promote our e-banking channels, namely our ATMs and online banking portal, were successful in heightening awareness and encouraging increased use of these services.

These and other initiatives resulted in continued high levels of customer satisfaction with 97 percent of our members confirming that they were "satisfied" Jamaica National customers.

We also remain connected with our members through direct engagements locally and in Jamaican Diaspora communities in the United Kingdom, Canada and the United States of America.

Through the work of the JNBS Foundation, the building society and its subsidiary companies, the team undertook several local community-based projects, which further strengthened our position as one of the foremost corporate philanthropic organisations in Jamaica. During the year, we impacted the lives of more than 45,000 beneficiaries in communities in every parish. Among them were farmers who benefited from a sustainable water irrigation project; and students and teachers who were empowered through the iLead educational professional development programmes.

In our efforts to foster closer economic and social bonds with the Jamaican and Caribbean Diaspora, we hosted the 9th staging of the economic forum on Jamaica, **Outlook for the Future**, in London, Birmingham, New York and Toronto.

Minister of Transport, Works and Housing, Dr. the Hon. Omar Davies was the keynote speaker for the meetings in the United Kingdom in July; while, Leader of the Parliamentary Opposition, Mr Andrew Holness, was guest speaker at the New York and Toronto meetings in October as well as in the UK. They shared their perspectives about the way forward for Jamaica; and, addressed pertinent issues of national importance.

We also hosted our annual UK **Caribbean Question Time** (CQT) forum, to raise national awareness about the political influence of the Caribbean Diaspora community in the UK. The first CQT was held in October 2014, to explore issues related to the role of the Church in shaping the outcome of Caribbean communities. And, a second forum was held in March 2015, ahead of the UK general election, to enable the Caribbean Diaspora electorate to discuss political and social issues that affect their community with candidates.

### GIVING BACK

The year was a special one for us, as we celebrated the 140th anniversary of the Building Society in August. This is a significant milestone, as we pursue the path of transition from a building society to a commercial bank, which is not dissimilar to—our transformation from rural building societies in the 1970s to a modern, multinational financial conglomerate.

The anniversary was highlighted by a series of church services across the island and an exhibition mounted at the Half-Way-Tree Branch showcasing aspects of the Society's transformation to meet the changing needs of its members and savers.

Educationally, we remained firm in our commitment to support Jamaican students and scholars. Annually, we award approximately 50 local scholarships to students at the secondary and tertiary levels. Grade Six Achievement Test (GSAT) scholarships are awarded to the most outstanding JN school saver in each county and to parish awardees selected by the Ministry of Education; while the tertiary scholarships are awarded to students selected by their universities.

In 2014, we were pleased to award the first JNBS Foundation/University of Birmingham Scholarship; and the recipient, Chris-Ann Thomas, pursued a one year post-graduate programme in International Accounting and Finance at the University. She performed exceptionally well, and we look forward to selecting another Jamaican scholar for a similar opportunity in 2015.

Also, in keeping with our advocacy for road safety, the Jamaica Automobile Association (JAA), in partnership with the Jamaica Race Drivers' Club staged a "Long Short Walk for Road Safety," at the Dover Race Track in August,

to reaffirm the importance of safe road use among drivers and pedestrians. The symbolic walk was an initiative of the FIA and was part of our nation's observation of the United Nations' Decade of Action for Road Safety.

Another highlight was the first Social Enterprise Boost Initiative (SEBI) summit to be held in Jamaica. The primary objective of the summit, hosted by the JNBS Foundation in collaboration with the United States Agency for International Development (USAID), was to discuss avenues through which small businesses can transform themselves into profitable entities, and provide economic support for individual persons, their families and their communities. We are particularly proud of SEBI as, through this initiative, we have provided on-going business development support and training to social enterprises, which have enabled them to create products and services; and generate revenue to enhance their groups and communities.

## GOVERNANCE

The Board of Directors and Management are committed to the principles of good governance as indicated in the Corporate Governance Statement outlined elsewhere in this Report. And, we continue to demonstrate competence and knowledge about the issues affecting financial services; while ensuring that the JN Group continues to meet and exceed the service expectations of our members and customers.

## EMPLOYEE VALUE

On behalf of the Directors, I express our gratitude to our employees whose dedication and commitment have resulted in the delivery of excellent service to members and customers. And, I thank our Executive teams and Managers for their unrelenting commitment to move the JN Group forward; and, thank you, our members, for your continued loyal engagement to your Society.

I also take this opportunity to acknowledge the passing of former Deputy General Manager, Larklin 'Larkie' Hall, who served the Society with distinction in various capacities, including Corporate Secretary to the Board of Directors. During the 1980s, Larkie played an integral role in the expansion of Jamaica National overseas; and, his contribution to the growth of this organisation will be remembered.

## 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. **Dr Dhiru Tanna** (first elected in 1981)
2. **Mrs Jennifer Martin** (a member of the Board since 2001)
3. **Mr William Mahfood** (appointed to the Board in July 2006)
4. **Ms Elizabeth Ann Jones** who, having been appointed in October 2014, subsequent to our last Annual General Meeting, stands for re-election.

These four 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 Group; and, by extension, the members and customers we serve.

## OUTLOOK

As we move into the new financial year, we do so with great optimism for the conclusion of the transformation process, which is important to the survival of Jamaica National for another 140 years. Our efforts will be geared to continue to strengthen the organisation, as we work to satisfy the needs of our members and customers, while ensuring the integrity of our institutions.



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





# Innovating. Inspiring. Impacting.



Each of us has an important stake in moving Jamaica forward. Jamaica National and the Jamaican Diaspora have embraced our position as leaders of the mission to build a brighter Jamaican future. Over the years, we have focused on initiatives to educate young Jamaicans; put solid ideas to work in communities; and partnered in ways to help Jamaicans achieve financial freedom.

## Join us in creating the future we want to see.

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





# GENERAL MANAGER'S REPORT

During the financial year 2014-2015, the **Jamaica National Building Society** (JNBS) celebrated 140 years of operation in Jamaica, and its expansion to serve Jamaicans in the Diaspora, particularly countries where a large number of our members reside, such as in the United Kingdom, Canada and the United States of America.

On reflection, our anniversary allowed us to appraise the history of the Society and the JN Group, to assess our progress, and chart a path for the future of the organisation, particularly in light of the changing legislations, the economic environment and the expectation of our members.

The anniversary was observed against a background of low economic growth for several consecutive years, investor and consumer uncertainty, and increasing demands for higher capital and liquidity in business, as well as legislative changes to business operations.

During the year, significant effort was placed on defining and preparing the Society for its conversion into a commercial bank and the creation of three new companies - a mutual holding company, a financial holding company and a non-financial holding company. The mutual holding company will be owned by JN members. The building society will transition into the JN Bank and will become a limited liability company. The Bank, along with other regulated companies within JN, will form the Financial Holding Company; while the unregulated companies will make up the Non-Financial Holding Company. The reorganisation is a complex one that will require approval from the Bank of Jamaica (BOJ), the Courts, the membership of the Society, and the Minister of Finance, prior to final implementation.

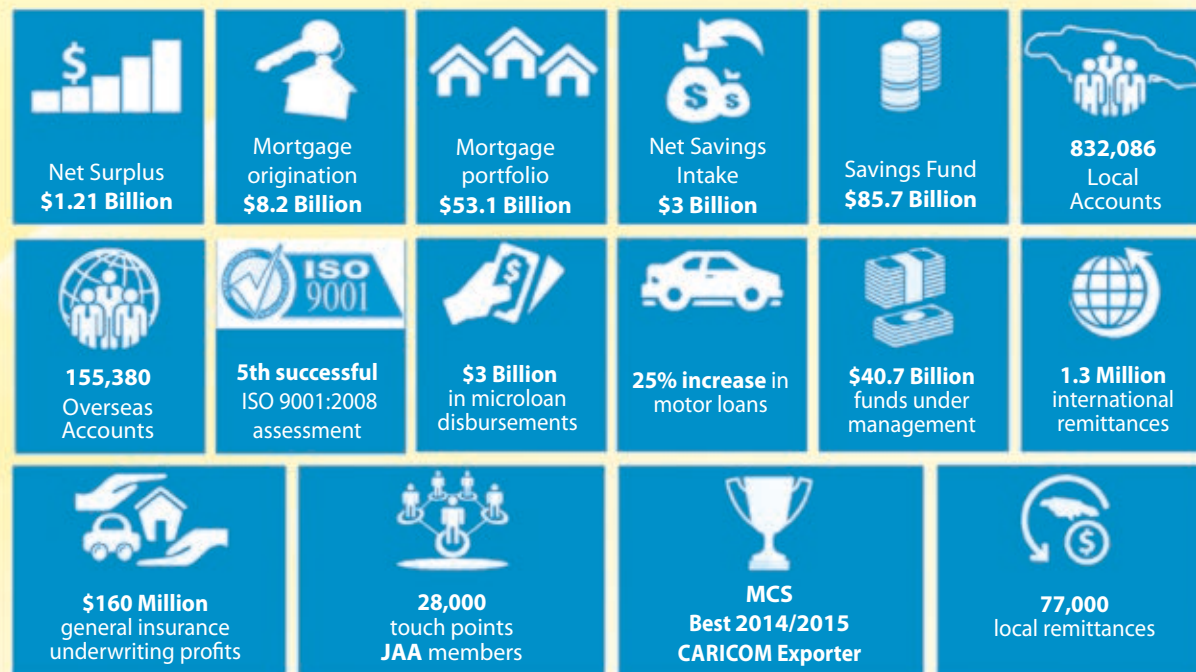
The Society's management team also concentrated its energies on the development of a framework for the Bank and the new groups; and on the expansion of departments to assume new responsibilities, including credit, risk, compliance, IT, operations and marketing.

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



# GENERAL MANAGER'S REPORT

## Our year in numbers



## FINANCIAL PERFORMANCE

The progress experienced so far has been tempered by marginal financial results for the year, which is consistent with the low performance in other areas of the financial sector.

The Society registered a decline in its Net Surplus moving down to \$1.21 Billion from the \$1.81 Billion achieved in 2014. Mortgage origination increased slightly from \$7.8 Billion to \$8.2 Billion. The mortgage portfolio reflected a marginal increase to \$51.3 Billion from \$47.5 Billion, while the loan portfolio decreased by 673 loans with 26,723 loans disbursed for the year.

However, despite the negative factors which impacted the ability of our members to save and invest, there was an improvement in the Net Savings Intake of \$3.04 Billion, over the \$2.37 Billion achieved the previous year. Following an increase to \$1 Million for the minimum

balance for repurchase agreements held by JN Fund Managers (JNFM) Limited, more than 1,500 repurchase agreements, valued at approximately \$765 Million, were moved from JNFM to JNBS.

This pushed our overall Savings Fund to \$85.73 Billion, with our overseas members accounting for approximately 36 percent of the overall savings portfolio. And, the total number of savings accounts stood at 987,466 as March 2015, of which 155,380 are for overseas members.

We have also aggressively expanded our non-mortgage loan portfolio, with an increased push on auto loans and other loans, including personal loans, Insurance Premium Financing (IPF), development and corporate loans. Last year, approximately 3,115 contracts, valued at \$2.95 Billion were financed, representing a 25 percent increase in volume; and a five percent increase in value over the previous year.



## IMPROVED MEMBER EXPERIENCE

Throughout the year, the Society steadily increased opportunities for our members to transact, borrow and save with us. Our aim is to keep simplifying our operations so we can provide the most effective and rewarding experience for our members and customers.

We maintained close contact through several major touch points including: sending out approximately 1.5 million SMS text messages; dispatching 60,967 letters and more than 5 million emails; dealing with more than 4 million in-branch member interactions; and handling some 318,000 calls at our Call Centre.

There was a 36 percent increase in members using our online banking platform, **LIVE by JN**, bringing the total number of registered members to 50,420. **LIVE by JN** also reflected a 20 percent increase in transactions for the year;

and an average of \$500 Million in mobile transactions was processed monthly. And each month, approximately 700 new customers register for the online banking service, while more than 12,000 persons use our text banking services.

During the year our Internal Processing Centre handled just over 2 million transactions, a 33.3 percent increase over the 1.5 Million transactions processed in the previous year. We also maintained our relationship with our members overseas through more than 35,000 visits to JN members in the UK, Florida, and Toronto, and more than 346,000 member contact overall.

New additions to our services this year included members and customers being able to start the first stage of the **Savings Account Opening or Loan Application Process** online. This feature will become fully functional when the Society converts to a commercial bank.

## Our major touch points included:



## GENERAL MANAGER'S REPORT

### EXPANDED SERVICE OFFERINGS

During the year we focused on implementing new services, which will be highlighted in our transition to a commercial bank. We have expanded and repurposed the Credit Unit; began the process to recruit staff for key positions; and provided training for team members with overseas consultants, in anticipation of the increased number of credit products.

On the products side, the development of our chequing account is almost complete. A pilot of our credit card is also being conducted with select members of our Senior Management Team who have been using the card locally and overseas. The card will feature both the Chip and Pin security technology to ensure the safety of members' funds. We look forward to a full roll out of the card shortly, following adjustments to minor operational issues.

We have also accomplished significant work in establishing a personal banking division, including acquiring property at Belmont Road in Kingston to accommodate our **Credit Processing** and **Personal Banking** departments. The Belmont Road facility will be refurbished to cater to our vision of servicing more high net worth clients.

Recognising the increased demand for electronic services, we continue to invest in our electronic banking capabilities by upgrading 26 JN Automated Teller Machines (ATMs), to

Limited and access to a **LIVE by JN** sign-in facility. Forty (40) tablet computers were also deployed across the JN branch network to assist staff members to sign up members for online banking and to facilitate account queries.

The number of persons with pension schemes remains low at 94,000 out of 1.1 Million employed persons in Jamaica. In light of this, we have been promoting the JN Individual Retirement Scheme (JNRS) to enable Jamaicans to plan their financial future after retirement. At the end of December 2014, funds under management were \$151 Million, an increase of 57 percent over the fund value at the end of December 2013, and 2.4 percent of the individual pension fund market.

To support our customer experience and risk management framework, significant effort has been made to continuously improve the operations of the Society and Group. The Society retained its ISO 9001:2008 Quality Management System Certification following the fifth surveillance audit of its operations in September 2014. The ISO 9001:2008 certification confirms to members, suppliers and other stakeholders that JNBS' operations conform to accepted international standards.

Jamaica National was also awarded **Citi's 2013 Performance Excellence Award for leadership in the payments space**. This annual award is a prestigious



JN Express at the Half-Way-Tree Branch

deposit-taking consoles, which accept cash and cheque deposits. We also introduced foreign currency dispensers, drop boxes, payment portals for JN Small Business Loans



Earl Jarrett receives Citibank's 2013 Performance Excellence Award from Christopher Johnson and Esteban Lanas

designation presented to leading financial institutions worldwide, which have achieved high rates of Straight-Through Processing (STP) via Citi's state-of-the-art international electronic payment processing facilities.

Jamaica National was recognised for processing more than 96 percent of its transactions with Citi via the STP method.

## POSITIVE SUBSIDIARY PERFORMANCE

The entities in the JN Group returned another year of solid performance. Given the strength of the JN brand, these businesses derived value from their affiliation with the building society. Their performance and activities for the financial year are highlighted, as they served members and customers in the areas of **finance, insurance, automotive and information technology**.

## FINANCE

During the year, **JN Fund Managers Limited** (JNFM) focused on improving its operational facilities to strengthen client and business alliances; as well as, to create new opportunities for wealth development.

The company's relentless focus on client needs, and greater scales of efficiency in its operations, resulted in a good financial year for JNFM. The company returned pre-tax profit of \$578.2 Million, thus achieving the highest levels of profitability in its history. This was supported by a robust "funds under management" portfolio of \$40.75 Billion, up from \$37.8 Billion the previous year.

JNFM increased its partnerships with clients by launching a programme to provide strategic support to young investors; and introduced advanced operating technologies to enhance the company's efficiency and productivity. Another important development was the introduction of the JNFM Electronic Transfer Service (JNFM ETS), an online payment system, to allow clients to move their Jamaican currency funds between JNFM and local commercial bank accounts, or JNBS accounts.

NJFM also worked to implement new technology to manage its operations, by acquiring a licence for the software FINDUR. An application was also submitted to the Financial Services Commission for a Collective Investment Scheme to enable the company to offer a mutual fund product during the next financial year.

As part of its corporate social responsibility, the JNFM team continued its partnership with Junior Achievement Jamaica's (JACE) programme to empower Grade Nine High

School students who were taught entrepreneurship and exposed to environmental issues. Under the successful JNFM Passport Initiative, monthly, scores of students from the JACE programme across the country received Jamaican passports, to support their business endeavors.

**JN Money Services Group Limited (JNMS)** pursued several initiatives during the year to augment its presence in the industry and increase its agent and customer base in the United Kingdom and North America. A major initiative was the staging of a series of *"Grow Your Business Opportunity Conferences"* for Jamaican entrepreneurs



Members of the JNMS team interact with Hon. Hazelle Rogers (r), State Representative, District 95, at the Florida Grow Your Business Conference.

in Manchester, England; Toronto, Canada; and Miami, Florida, in the USA. The conferences provided information to educate small business operators about the benefits of boosting their business by becoming JN Money Transfer Agents.

Locally, JNMS expanded its services by signing an agreement with Sampar's Cash and Carry wholesale food outlet, to implement a food transfer service, which enabled overseas JNMS customers to pre-purchase items on Sampar's Cash and Carry website for delivery to relatives and friends in Jamaica.

Conscious of its corporate social responsibility, the company launched a “Million for Medicine Challenge,” a social media initiative targeted to donate up to \$500,000 to the Kingston Public Hospital based on the number of times its ‘Miracle’ advertisement was shared on Facebook.



## GENERAL MANAGER'S REPORT

The series of remittance advertisements indicating how remittances impact the lives of numerous families in Jamaica elicited a strong wave of positive response to the messages; and, particularly to the company's campaign theme, "It's Love Well Sent."

The business and promotional activities reflected positively on the remittance group's financial performance during the year under review; resulting in an after tax profit increase to \$176.55 Million, up from \$61 Million the previous year. Revenue across the JN Money Services Group was \$2.29 Billion, resulting in a 10.29 percent growth in revenue.

**JN Small Business Loans Limited** had a very positive year for the period under review. As the country's leading microfinance organisation, the 15-year-old company made record loan disbursements of more than \$3 Billion; and closed the year with a loan portfolio of approximately 14,000 loans valued at over \$1.3 Billion, which supported the creation and maintenance of more than 100,000 jobs.

At the end of the financial year, JNSBL earned revenue of \$744.95 Million, up from \$668.03 Million the previous year; and recorded profits of \$174.2 Million, with a strong balance sheet of \$1.5 Billion in assets.

These significant financial achievements resulted, in large measure, from initiatives to improve client experience. This included the opening of its first Relationship Centre to improve client communication; increased focus on its arrears management, through the Loan Recovery Unit; and, enhancing its technology services to allow clients to use swipe cards to make loan payments.

The company is also set to launch its new Loan Management System, 'MAMBU'. The software, which is cloud based, enables Straight-Through Processing to improve loan approval times.

During the year, JNSBL changed leadership and bade farewell to General Manager, Philip Bernard, while welcoming Gillian Hyde, former Enterprise Contact Centre Executive and Member Ombudsman at JNBS, as its new General Manager. Thelma Yong, one of the first two employees of the company, and who has responsibility for

Credit & Risk Assessment, was appointed Deputy General Manager.

The financial year was a flat one for the **National Building Society of Cayman**, as the performance of the Society remained consistent with that of the previous year. There were slight decreases in the mortgage and savings portfolios, moving from CI\$34.76 Million and CI\$45.94 Million to CI\$34.14 Million and CI\$45.82 Million respectively. The company returned a profit of CI\$367.61 improving on the loss reported in the previous year.

### INSURANCE

The year 2014 was a good one for **JN General Insurance Company Limited** (JNGI) as the company's profit almost doubled from \$297.4 Million to \$551.6 Million. This significant improvement was attributed to the growth of the company's commercial book of business, through a strong broker network, while achieving improvements in its personal motor portfolio.

The motor portfolio growth was stimulated by the introduction of the **JNGI Gold Shield** and **Third Party Basic Insurance Products**, which proved popular with direct customers and broker-generated clients. In addition, two customer-centric features were also introduced during the year: the online eQuote facility, which made pricing data easily available to internet based customers; and, the Mobile Claims Programme, in alliance with the **Jamaica Automobile Association** (JAA) which allowed clients to receive JNGI's claims in a timely manner.

These successes were achieved in an increasingly competitive insurance market through a heightened focus on underwriting efficiency, and enhanced customer service delivery. As a result, its gross premium income rose to \$3.59 Billion while the company returned underwriting profits of some \$160 Million, a turnaround from the underwriting loss of \$149.35 million the previous year.

**JN Life Insurance Company Limited** pursued its programme to develop life insurance solutions to meet the needs of the JN Group by adding two new products to its suite of offerings. The company received approval during the period from the Financial Services Commission for its **Group Life** and **Single Premium Creditor Life**

insurance products and was successful in marketing both products to related companies.

At the end of the financial year, the company contributed audited after-tax profits of \$115.16 Million to the performance of the JN Group, with returns on equity of 45 percent; while its gross premium income jumped from \$51.05 Million to \$293.71 Million. This performance reflected significant strides over the 2013 results, which reflected performance for only three months of operations, after taking over coverage of the larger portion of the JNBS mortgage portfolio from another insurance provider.

JN Life expects to continue its growth in 2015 by developing new products for sale to entities within and outside of the JN Group; as well as, to embark on a campaign to promote healthy lifestyle initiatives.

In addition, the company plans to increase its visibility by launching its website to promote products and provide online access to insurance handbooks; as well as, general information about the company. JN Life is in the process of identifying software that will enable the addition of new products including individual life products and health insurance.

## **AUTOMOTIVE**

**The Jamaica Automobile Association (JAA)** maintained its strategic automotive support and services through its driving school, chauffeur service, fleet management and roadside assistance. During the year, JAA streamlined its membership structure by introducing a comprehensive Premium Package, which offered its members roadside assistance; document renewal reminders; and local and international discounts, through the **Show Your Card and Save** programme.

During the year, the JAA assumed responsibility for the management of motor claims for JNGI, resulting in improved customer service. The company responded to more than 6,000 emergency response calls, fulfilling its core mandate to provide Jamaicans with premiere roadside assistance services across the country. The motor club maintained some 28,000 touch points with its direct membership base, JNGI insured clients, and customers from its fleet management services.

As part of its road safety advocacy, the JAA focused national attention on road safety issues. The inaugural JAA Road Safety Rally in June 2014 in Half-Way-Tree, with more than 200 participants, highlighted the increased number of road deaths in Jamaica. The JAA Junior Club established some 53 clubs in secondary schools across the island. Club members also became road safety advocates in their communities; pursued ongoing education projects in road user behaviour; and increased student awareness of and interest in mechanical related careers.

**The Manufacturers Credit & Information Services Limited (MCIS)**, the vehicle expense management service, through its brand '**ADVANCE**', ended the year with more than 16,000 vehicles under management, a seven percent increase over the previous year. This was the result of an aggressive programme to counter a growing trend to reduce fleet size and to curtail use in many fleets. The company neutralized the impact on the size of its portfolio by relentlessly pursuing organisations which could benefit from its services. As a result, it converted business away from 290 partner vendors to its operations. MCIS was also successful in retaining the contract to provide fleet management services to the Jamaican Government until 2018.

These combined strategies resulted in the company experiencing sales of \$155.3 Million; profit performance of \$61.84 Million and total revenues of \$194.3 Million, a nine percent increase over the previous year.

## **INFORMATION TECHNOLOGY**

In its 41st year, **Management Control Systems Limited (MCS)** was a leader in the delivery of software solutions to meet the Information Communication Technology (ICT) needs of companies and businesses in Jamaica, and throughout the English-speaking Caribbean.

MCS has continued to deliver outstanding service to 18 countries in the Caribbean region. This performance translated into a profit of \$123.84 Million and revenue in excess \$1 Billion for the 2014-2015 financial year. As a result, the company was the recipient of the Jamaica Exporter Association's "Best CARICOM Exporter" award; and, also achieved a Gold Partner Status with Hewlett Packard, which has further enhanced MCS' strides in the information and communication fields.

## GENERAL MANAGER'S REPORT

The company also successfully hosted a Payroll Seminar in October 2014 to educate existing and prospective clients about its innovations in IT software tools, to meet the technology needs of their businesses.

### CONSISTENT EMPLOYEE SUPPORT

2014/2015 was another great year thanks to the dedication of the approximately 2,000 team members who have been working tirelessly toward our common vision of satisfying the financial and other needs of all our members and customers.

The team has embraced the reorganisation programme and has become vested in its successful outcome. Among the initiatives we engaged in, in preparation for the transition and group restructuring, was the JN Group Staff meeting at the Montego Bay Convention Centre on May 17, 2014, which was attended by employees from every parish and streamed live to overseas offices in the UK, Canada and the USA.

We also used that opportunity to launch the JN Respect initiative to reinforce the culture of performance and respect within the Group; as well as, for our members and customers, and for ourselves. Following the launch, we have seen marked improvements in our staff satisfaction ratings, and we are encouraged to continue to promote the relevance of this Respect initiative.

And, through the JN Sports & Social Club, team members continue to find creative outlets for sports and social engagement. The Club also provides meaningful welfare initiatives for staff members, and the JN Group at large, through its charity arm, JN CARE (Charity, Awareness and Recovery Efforts).

### OUTLOOK FOR THE FUTURE

The next financial year will require increased focus on our transition to a commercial bank and the restructuring of the JN Group. We plan to move to the next stage shortly with the holding of members' meetings for the approval of the conversion by members. One element of this will be a Special General Meeting to receive the votes of members for the conversion. An extensive communication programme will be undertaken to further inform members about the restructuring of the Society prior to their voting at this Special General Meeting.

Over the past 140 years, our innovations have built a JN Group that commands leading market positions across the core sectors in which we operate. We have developed pioneering procedures and products to ensure that we are connecting with our members, customers and clients. We have inspired many persons to achieve their financial and personal objectives. And, we have influenced lives through our focus on business-driven corporate social responsibility, which helps us to maintain the confidence of our communities, members and customers.

Our goal is to build broader, more solid and enduring relationships with our members, customers and clients; and, to deliver long-term value, as we execute our strategies to restructure our building society and JN Group to serve you better.



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



## SOCIAL MEDIA COMMENTS

**@JamaicaNational** thank u alot for the info. I must say I'm impressed with the quick response-the efficiency is commendable pls keep it up



**@JamaicaNational** My 4yr old just told me "mommy I LOVE that ad". She says she loves how it ends...



You know its a great ad when....



Really appreciative of the great service that **@JamaicaNational** provided today.



My #1 Bank thanks for the birthday wishes



I just love these **@JamaicaNational** TV ads



. Pull at the heart strings

#kudos



Thanks for the convenience JN!



Always supporting the development of our youths



Service at **@JamaicaNational** HWT is so professional with young, energetic and polite staff.



Just visited the Summit. Enjoyed some yam punch from the Ulster Spring Project, bought some yellow yams grown in the cool hills of Trelawny, and had a 5-minute crash course on how to use onion skins and annatto to make fabric dye. **#proudtobejamaican #jndoesitgood**



Jamaica do your thing and advertise education and show how important it is to our country and community world wide. I live i the Uk and is very proud of JN in put in this project. Well done Jamaica National!!



**Ashy@nnboogie**

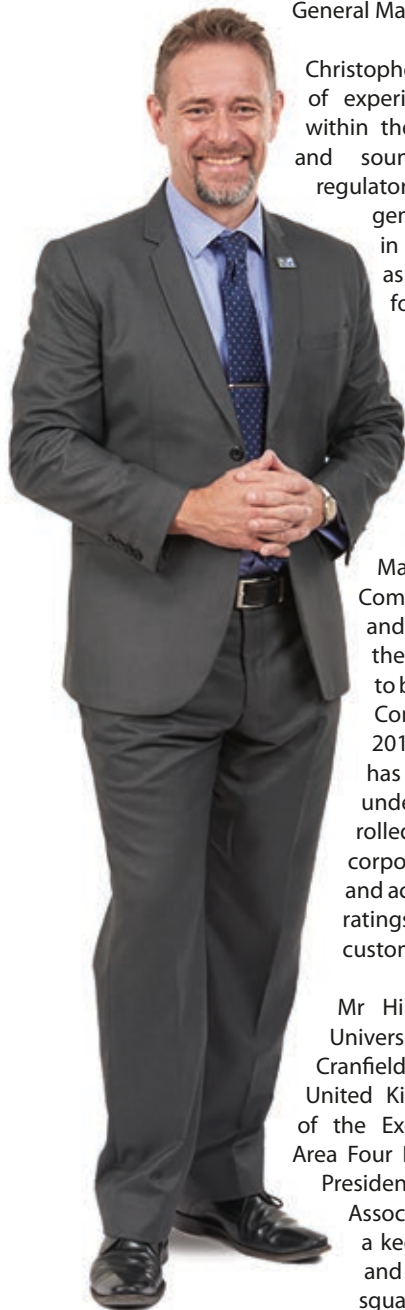
Can someone tell **@JamaicaNational** to stop making me cry with their ads?



## HEADS OF SUBSIDIARIES



**Christopher Hind**  
General Manager



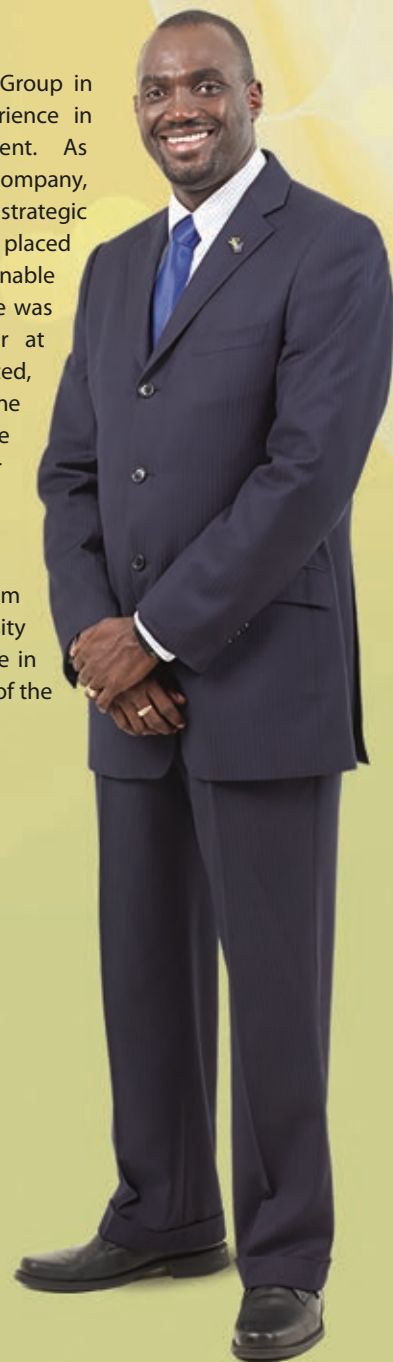
Christopher Hind brings a wealth of experience in risk management within the Jamaican financial sector and sound knowledge of fiscal regulatory procedures to the oldest general insurance company in Jamaica. He has served as Head of Operational Risk for the JN Group; and, prior to entering the financial 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 is a member of the Executive Committee of the Area Four Police Civic Committee and President of the Jamaica Squash Association. He likes to travel, is a keen student of current affairs and modern history and plays squash to keep fit.



**Oliver Tomlinson, JP**  
General Manager



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.

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.



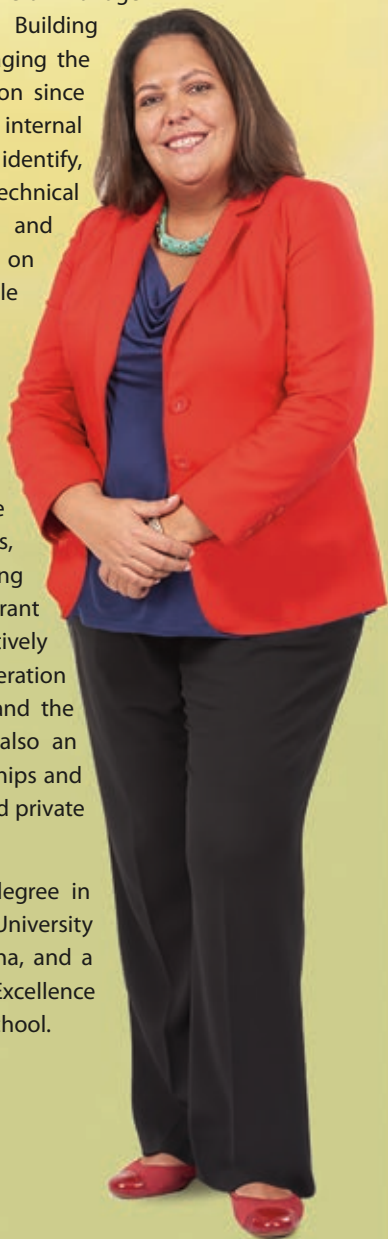
### **Saffrey Brown**

General Manager

Saffrey Brown is the General Manager of the Jamaica National Building Society Foundation. Managing the mandate of the Foundation since 2008, she works with internal and external partners to identify, develop and provide technical support to projects and programmes that focus on issues relating to sustainable development.

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

Ms Brown holds a B.A. degree in Geography from The University of the West Indies at Mona, and a Certificate in Business Excellence from Columbia Business School.





## HEADS OF SUBSIDIARIES



**Duane Ellis**  
General Manager

Duane Ellis, a professional trainer, joined the JN Group in 2005 and was appointed Operations Manager of the Jamaica Automobile Association (JAA) in October 2006, with responsibility for the Association's automotive services, information systems and client services. 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 standards for service delivery in the auto repairs sector. A strong advocate for road safety, he works closely with the National Road Safety Council; is an active participant in the Federation International de l'Automobile (FIA), the global motoring organisation and has been representing the JAA at international conferences and training seminars with the FIA since 2007.

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

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



**Brando Hayden**  
General Manager

Brando Hayden brings two decades of diverse global experience to the JN Group, having specialized 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 manage portfolios in 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, Baruch College.



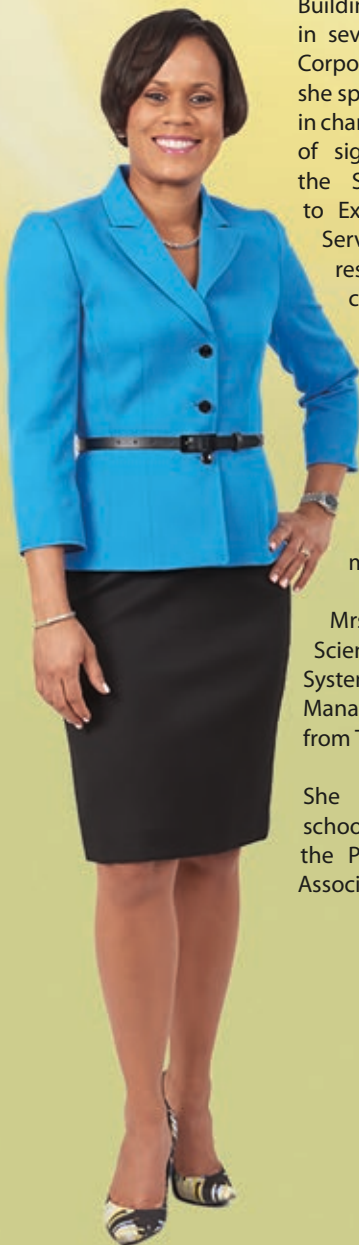
**Gillian Hyde**  
General Manager

Gillian Hyde joined the Jamaica National Building Society in 2003 and has served in several areas, namely Finance, and Corporate and Strategic Planning, where she spent several years and was integral in charting the path for the achievement of significant milestones throughout the Society. She later transitioned to Executive in charge of Customer Service & Member Ombudsman, with responsibility for delivering a great customer experience throughout all channels.

In January 2015, she was appointed General Manager of JN Small Business Loans, with responsibility for Jamaica's leading microfinance organisation, providing access to micro and small loans.

Mrs Hyde holds a Master of Science in Management information Systems and a Bachelor of Science in Management Studies & Psychology from The University of the West Indies.

She is an active member of the school community and is currently the President of the Parent Teacher Association at Mona Preparatory School.



**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. 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.



## HEADS OF SUBSIDIARIES



### **Diane Smith-Sears**

General Manager

Mrs Dianne Smith-Sears joined the Society in 2005 and has undertaken a number of roles over the years, she is General Manager of Management Control Systems Limited and its subsidiary, Manufacturers Credit & Information Services Limited. 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.





# JNBS DIVISION HEADS



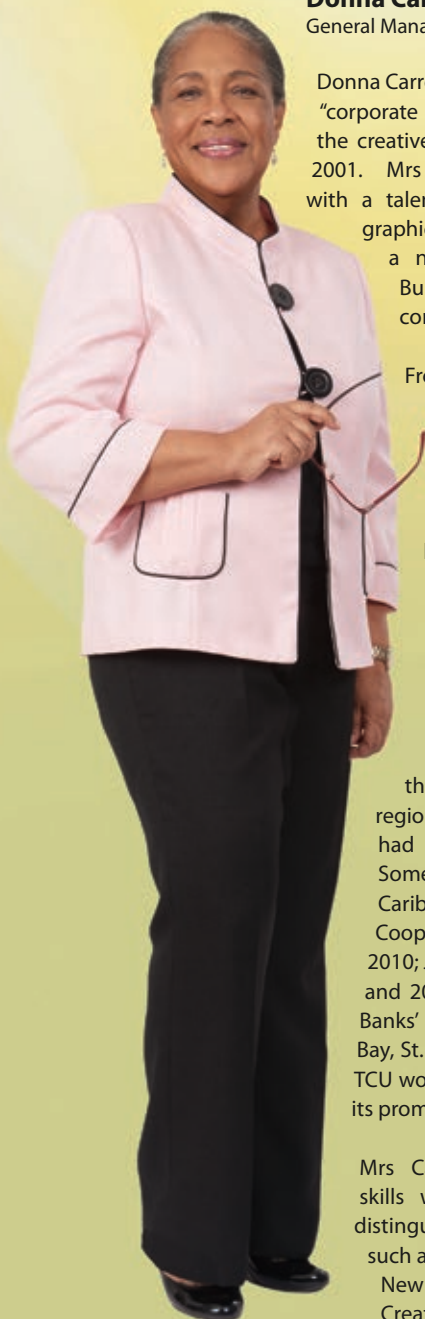
**Donna Carroll**  
General Manager

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 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.



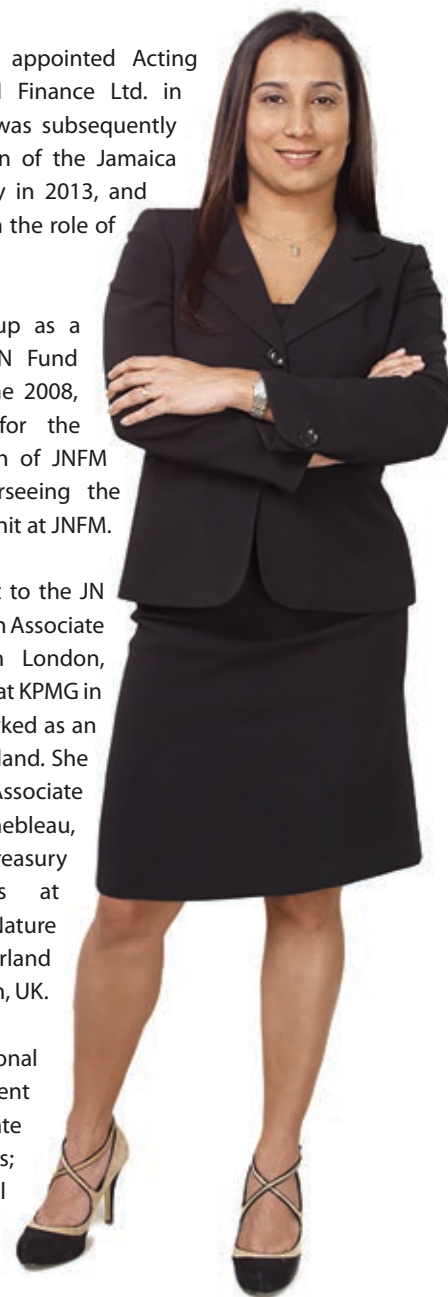
**Aditi Dhiman**  
General Manager

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.



# LARKLIN WESLEY HALL, OD

MAY 5, 1932– MARCH 25, 2015



“What a piece of work is man! How noble in reason! How infinite in faculty! In form and moving, how express and admirable!” These words of the noble bard, William Shakespeare, capture the essence of Larklin ‘Larkie’ Wesley Hall, retired Assistant General Manager of Jamaica National Building Society (JNBS), who, at the pinnacle of his life and career, made significant contributions to our Society and its subsidiaries and, by extension, to Jamaica.

This gentle humanitarian lived his life to the fullest... enjoying the love and closeness of his family, the camaraderie of his friends and colleagues, and worked diligently in the corporate entities that he served.

A true Jamaican, Larkie, who hailed from Aboukir, St. Ann, was an Accountant and played an active role in the decimalisation of the Jamaican currency in the 1960s. Following this, he began his foray into the building society movement when he joined the St. James Benefit Building Society, which was later merged with other building societies to become Jamaica National Building Society in the 1970s.

A well-respected leader, his personal commitment and selfless contribution to the growth and success of the organisation will remain forever etched in our history, as the ultimate example of a man who zealously encouraged people to save for a home of their own. His mission infused those around him with a similar passion to propel the Society far and wide, across the region and in major metropolitan cities in the United Kingdom, the United States of America, and Canada.

*From Shakespeare:*

“All the world’s a stage, and all the men and women merely players.

They have their exits and their entrances; And one man in his time plays many parts.”

Larkie played multiple roles: He was a ‘bridge builder’, actively participating in building strong social, financial and personal bridges between Jamaica and Jamaicans in the Diaspora.

He was a philanthropist who was willing to help persons in need and supported many causes from his own funds, and balanced his professional life with volunteerism in his Church, the Rotary Movement and the Boys’ Brigade Movement.

As a connoisseur, he collected and promoted the arts; and, he loved the good things about life, including food.

He was an advocate for ‘unsung heroes’. He supported JN’s efforts, in this regard through his work with the Governor-General’s Achievement Awards Programme. He subsequently received a special Governor-General’s Award; and, was recognised by the Government of Jamaica, with the Order of Distinction for service to his country.

The Board, Management and Staff of Jamaica National extend their condolences to his family: sisters—Lynthia Wilson, Undeen Cummings, Blondie Alvaranga, Sydone Hall; and brothers—Owen, Glen and Dixie; as well as, his other relatives, associates and friends.

May his soul rest in peace.



# 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.



# PICTORIAL

# 140<sup>th</sup> ANNIVERSARY



Kenise Bernard (second left), a Member Service Officer in the JNBS Half-Way-Tree Branch, celebrates with members on August 13, 2014.



**JNBS recognises 140th Anniversary at the St. Georges Anglican Church, Westmoreland**  
Stephaney Ricketts, a long-standing member of Jamaica National and choir member at the St George's Anglican Church, accepts a gift from Canute Simpson, Business Relationship & Sales Manager, JNBS Savanna-la-Mar branch, at the Society's 140th Anniversary Church service held on August 10, 2014.



**JNBS 140th Anniversary Outside Broadcast – Savanna-la-Mar**  
Mello FM Presenter, Barry G, interviews Hadda Levy, JNBS member, outside the Savanna-la-Mar branch on August 13, 2014.

Chief Office and Half-Way-Tree Branch employees participate in a photo shoot on the steps of the Half-Way-Tree Branch as part of the Society's 140th anniversary celebrations on August 13, 2014.







Anna Hutchinson (right) Member Service Officer at the Half-Way-Tree Branch, presents a gift to a member in observance of the Society's 140th anniversary celebration at the Half-Way-Tree Branch on August 13, 2014.



A member views a wide collection of the Society's historical artifacts, including seals, ledgers from the 1800s and passbooks, which formed part of the the 140th Anniversary display, erected in the JNBS Half- Way-Tree branch.



**JNBS 140th Anniversary Outside Broadcast – Half-Way-Tree**  
RJR's Dr Orville Taylor interviews Emile Spence, former JN Executive, outside the HWT branch.



Members attending the 140th Annual General Meeting at the Jamaica Pegasus Hotel on July 23, 2014, pore through the contents of the Annual Report.



INNOVATING...INSPIRING...IMPACTING.

## PICTORIAL Education



### JNBS observes Jamaica Day at Tarrant High School

Jennifer Clarke Twiddle, (left) Business Relationship and Sales Manager, Jamaica National, in discussion with students about the Jamaica Day exhibition at the Tarrant High School. Also participating in the discussion is School Principal, Collette Feurtado-Pryce. The exhibition, which was organised by Jamaica National, was mounted at the school in observance of Jamaica Day on February 27, 2015.



### JNBS GSAT Scholars

Thirty-one students, 17 boys and 14 girls, have been awarded five-year scholarships by the Jamaica National Building Society, in recognition of their outstanding performance in the 2014 Grade Six Achievement Test (GSAT). They were officially recognised as JN Scholars at a Scholarship Awards Reception held at the Knutsford Court Hotel on September 14, 2014.





Jacqueline Robotham, centre, Business Relationship and Sales Manager at the Jamaica National Building Society UWI Branch and Papine MoneyShop, celebrates with JNBS scholarship recipients from the University of Technology and The University of the West Indies. The students were officially recognised as JN Scholars at a reception held at the JNBS UWI Branch on October 13, 2014.



#### **iLead education leadership programme launch**

Opposition Leader and Chairman of the iLead education leadership programme, Andrew Holness (centre), signs the Memorandum of Understanding between the JNBS Foundation and the Ministry of Education to launch the initiative. Observing Mr Holness are signatories Earl Jarrett (right), Chairman, JNBS Foundation and General Manager, JNBS and Minister of Education, Hon. Rev. Ronald Thwaites. Also in the photo are JN Foundation team members: Dr Renee Rattray, Director Education Programme and Ms Saffrey Brown, General Manager, JN Foundation.



INNOVATING...INSPIRING...IMPACTING.

## PICTORIAL Education



### **LIME-Gleaner Grade Six Achievement Test Achievers Tour JN Chief Office**

Simone Chambers, Senior Manager, Corporate & Strategic Planning, is surrounded by the LIME-Gleaner Grade Six Achievement Test Achievers following a tour of the JN Chief Office. Jamaica National partnered with LIME and The Gleaner Company for a Grade Six Achievement Test (GSAT) Over-achievers Initiative, on August 29, 2014



### **JNFM signs agreement with Junior Achievement Jamaica**

From left: Alphie Mullings-Aiken, President of Junior Achievement Jamaica (JAJ); Tamali Smith, Ardenne JAJ club member; Brando Hayden, General Manager, JN Fund Managers (JNFM) listen as Orette Muir, Ardenne JAJ club faculty advisor; and Shauntel Walters, Ardenne JAJ club member, discuss the school's Junior Achievement club website. More than 200 students from nine schools across the island received support from an agreement signed between the JAJ and JNFM at the Altamont Court Hotel in New Kingston, on December 12, 2014.





#### Top 2015 Spelling Bee Champions tour JN Chief Office

The top three spelling bee champions pose with Janice Robinson Longmore, Executive at the Jamaica National Building Society during a tour of the JNBS Chief Office and its Half-Way-Tree branch on February 6, 2015. Looking on attentively are Champion Speller, Sara-Beth McPherson, from Holy Childhood High in Kingston; third-place finisher, Britney Allen (right) from Manchester; and Jehu Bent from Kingston College in Kingston.



Students from the Calabar Primary and Junior High School performed at the Heritage Clubs of Jamaica Symposium in May 2014.



INNOVATING...INSPIRING...IMPACTING.

## PICTORIAL STAFF FOCUS



### JN Gladiator Sales Conference

The JN Sales team gathered at the Jamaica Conference Centre, Kingston, on Saturday, February 21, for a sales conference. The 'Gladiator' themed event was aimed at helping the hundreds of attendees sharpen their sales techniques.



Ocho Rios Branch, winners of the 'In It to Win It' video competition at the JN Sales Conference



**JN RESPECT** Ambassadors take a group photo following a Workshop held at the Terra Nova All-Suite Hotel on March 7, 2015

### Look Good Do Good – Wear It Pink

The Look Good Do Good – Wear It Pink competition was held to promote cancer awareness and to raise funds for the Jamaica Cancer Society (JCS) in October 2014, recognised worldwide as Breast Cancer awareness month. The Business Development & Research Unit was selected as the winning photo.







More than 1,500 JN Group employees attended the JN Group staff meeting held at the Montego Bay Convention Centre on May 17, 2014.



#### JN Florida Team

A JN Staff meeting was held on Sunday, October, 26, 2014 in Florida, at the DoubleTree by Hilton. The meeting was attended by employees of the JN Florida Representative Office, JN Money Services and JN Chief Office.



#### JN Group Staff Savings Dreamz Competition

Oretta Carter (center), Member Services Representative with the Jamaica National Building Society Ocho Rios branch, celebrates receiving the keys to her new home at Seaview Heights in St Ann with her son Christopher Clunis, (left), daughter Chrisann Riley (lower right) and step daughter Tonia Riley (right). Ms Carter was the Grand Prize winner in the JN Group Staff Savings Dreamz, which ran for 23 months and was open to JN Group employees and their family members.



## PICTORIAL Subsidiaries



### JN Money Transfer partners with Rotary Club

Gabriel Heron, Marketing and Business Development Manager, JN Money Services, observes the work of artist Atira R during a treat for children at the Maverley Primary and Junior High School in St. Andrew in December 2014. The treat was organised by the Rotary Club of Trafalgar New Heights, in partnership with JN Money Transfer, the trading name of JNMS.



### MCS awarded Best CARICOM Exporter

Management Control Systems Limited (MCS) was announced winner in the category of "Best CARICOM Exporter" at the Jamaica Exporters Association's Awards Banquet held on June 18, 2014. Diane Smith Sears (left) General Manager, MCS, accepts the award from Diane Edwards, President of JAMPRO.



### Long Short Walk for Road Safety

Participants in the Long Short Walk for Road Safety march along the infield at the Dover Raceway on Sunday, August 3 during the public awareness activity, which is organised globally by National Road Safety Stakeholders to increase education about road safety and mobility issues.







#### JNGI outfits Jamaica Squash Association senior team

JN General Insurance (JNGI) General Manager, Chris Hind (left), with members of the Jamaica squash team on August 14, 2014. The 11-member Jamaica Squash Association senior team, which was kitted out with new uniforms by the general insurer, competed successfully in the 22nd Senior Caribbean Area Squash Association (CASA) Championships in Barbados held in August 2014.



#### JNMS Christmas Lunch Programme

Gabriel Heron (right) hands a lunch box to a homeless man in Downtown Kingston during the JN Money Services Christmas Lunch Programme in December 2014. The Christmas Lunch Programme provides meals to the less fortunate in downtown, Kingston during the holiday season.



#### JNFM supports Throwers'R Us

Basil Bingham (left), of Calabar High School, receives a medal for his first place finish in the Class 1 Discus event, from Annette Clayton Baker, Vice-President, Marketing and Public Relations at JN Fund Managers. One of Jamaica's bright young talents, the athlete was performing at the Throwers'R Us / Big Shot on January 19, 2014.



#### JNSBL supports JPS BannaBags Project

Phillip Jarrett (right) Parish Manager for Jamaica Public Service Company Limited (JPS), shows Thelma Yong (centre), then Credit and Risk Assessment Manager at JN Small Business Loans (JNSBL) and Julian Alscott-Robinson, Marketing and Business Administrator at JNSBL, what the finished product from the JNSBL banners will look like at the handing over of banners to JPS for their BannaBags Project at the JNSBL Head Office on September 18, 2014. The banners will be used to make bags for needy students.



## PICTORIAL Subsidiaries



### JNSBL supports student

Keisha Bent (second left), Finance Manager at JN Small Business Loans (JNSBL), presents a cheque to Shakera Wilson (second right), sixth-form student of Jose Marti High School in St. Catherine to assist with her school fee and other expenses. The presentation was made at the JNSBL Head Office on Duke Street on September 19, 2014. Also present were Charmaine Davidson (left), JNSBL Regional Supervisor for Region 2 and Thelma Yong, then Credit and Risk Assessment Manager, JNSBL.



### JAA Junior Club

Twenty-seven members of the JAA Junior Club at the Jose Marti High School recently participated in a field trip that toured Kingston Industrial Garage and the campus of the Jamaica German Automotive School.



### JNMS Win a VIP Vacation

Andy Williams (left) accepts his prize of an all-expense paid vacation to Beaches Boscobel Resorts in Jamaica from Glenroy Henry, Country Manager, JNMS, The Cayman Islands, after he was selected as the winner of the JN Money Transfer's Win A VIP Vacation promotion which ran from August 1 to October 31, 2014.



### JNSBL Barber & Beauty Challenge

Gillian Hyde, (centre) General Manager, JN Small Business Loans (JNSBL), celebrates with champion barber, Sly Scott (left) and champion hairdresser, Lakayda Brown, after they won the JNSBL Barber and Beauty Challenge at the Jamaica Pegasus Hotel on February 15, 2015. The competition was held to showcase the talent within Jamaica's barber and beauty industry and also increase awareness among professionals in the sector about the various loan products available to them to expand their operations.



### JNGI presents at Jamaica Bar Association Conference

Chris Hind, General Manager of JN General Insurance Company (JNGI) in discussion with Lisa Marie Williams after he addressed the Jamaica Bar Association Conference at the Hilton Rose Hall Resort in Montego Bay, on November 15, 2014.





#### JN Express

Jamaica National expanded its eBanking services to meet the needs of its members, by upgrading and expanding the JN Express facility located at the JN Half-Way-Tree branch. The upgraded facility, which is open 24 hours daily, was opened to the public on December 15, 2014 and is equipped with an expanded array of eBanking services that will provide JN members with convenient access to banking facilities.

## Member Focus



#### Tablets improve JN branch service

Tasha-Kay Miller (right) and Rushell Hunter (center), eBanking Representatives at Jamaica National Half-Way-Tree Branch, use a tablet computer to provide service to a JN member in February 2015. Just over 40 tablets were deployed to employees across the JN Branch network as part of service delivery improvements.



#### LIVE by JN upgraded

Ricardo Dystant (right), Manager, eBanking at Jamaica National, navigates the upgraded **LIVE by JN** Online Banking interface on a tablet computer with Kathleen Moss (left), Member of the Board of Jamaica National and Dr Dana Dixon, Executive, Business Development and Research, JNBS, at the Chief Office in January 2015. The updated online banking platform has been optimized for use via mobile devices and has a number of built-in features that will enable users to better track their spending in real time.



## PICTORIAL **Health**



### **Mobile Blood Collection Unit Launched at JNBS Half-Way-Tree**

The mobile blood collection unit is launched by (from left) Rudi Page of RAFFA International; Earl Jarrett, General Manager, Jamaica National; Dr. Veronica Taylor, Acting Director, National Blood Transfusion Service; Angelia Christian, founder, Angel Foundation; Dr. Fenton Ferguson, Minister of Health; and Lloyd Distant, Jr. Lieutenant Governor, Kiwanis Club of Downtown Kingston. The launch was held at the JN Chief Office in Half-Way-Tree on January 10, 2015.

## **Arts**



### **Heritage Clubs of Jamaica Symposium**

Hon. Lisa Hanna, Minister of Youth & Culture, accepts a gift from Leon Mitchell, Assistant General Manager, at the Heritage Clubs of Jamaica Symposium in May 2014. Miss Hanna was the guest speaker at the symposium, an event sponsored by JNBS.



### **Kingston College Chapel Choir Launch CD**

Frankie Campbell (left) of Fab Five, presents a plaque to Curtis Martin, Assistant General Manager, Treasury and Investments at Jamaica National at the launch of the Kingston College Chapel Choir 'Sing de Chorus!' CD at the Alhambra Inn on December 2, 2014. The compact disk was produced with the assistance of Jamaica National and the CHASE Fund; and is the third Christmas CD published by the KC Chapel Choir Committee.



### **Reggae Month celebrations**

The Most Hon. P. J. Patterson, former Prime Minister, greets Sharon Smith, Consultant at Jamaica National, with responsibility for the JN Retirement Scheme, ahead of the start of a Reggae Symposium held at the Louise Bennett Garden Theatre in St. Andrew.





#### **JN Primary and All-Age School Cricket Competition Launch**

Oliver Tomlinson (left), General Manager, JN Life Insurance, listens as Brian Breese (centre) explains to Annassa Turner of Excelsior Primary about the history of the cricket bat which was used in the first Primary and All-Age School Cricket Competition. They were at the launch of the JN Primary and All-Age School Cricket Competition held at the Club House, Sabina Park, on May 21, 2014.

## **Sports**



#### **Netball Jamaica JNBS Sunshine Open League**

Tiana Lue-Fung (left) captain of Liguanea United, greets Jacqueline Robotham, Business Relations and Sales Manager at Jamaica National, while Netball Jamaica president Marva Bernard (centre) and members of the Liguanea United team look on during the Netball Jamaica JNBS Sunshine Open League at the Leila Robinson Courts on January 17, 2015.



#### **KSAFA Super & Major League Competition Launch**

Ambassador A.B. Stewart Stephenson (left), President of the Kingston and St. Andrew Football Association (KSAFA), and Leon Mitchell, Assistant General Manager, Jamaica National Building Society (JNBS) inspect one of the footballs that will be used in the 2014/2015 KSAFA Super and Major League Competitions at the Press Launch on November 13, 2014.



INNOVATING...INSPIRING...IMPACTING.

## PICTORIAL Overseas



### JN Outlook for the Future New York

Irwine Clare (second right), a member of the Jamaica Diaspora Advisory Board, North East, USA, makes a point during a panel discussion at the JN Outlook for the Future public forum at the New York Hilton Midtown Hotel in New York on October 21, 2014. Listening from left to right: Senator Kamina Johnson Smith, Edmund Bartlett, Opposition Spokesman on Foreign Affairs and Foreign Trade, Opposition Leader, Andrew Holness and Don Robotham, Director, Advanced Research, Collaborative Graduate Center City University of New York.



### Caribbean Question Time UK

A member of the audience poses a question to panelists during the staging of Caribbean Question Time on March 27, 2015. The discussion forum is an initiative of the JNBS UK Representative Office, which allows members of the Caribbean Diaspora to engage political representatives on matters that affect Caribbean and Jamaican migrants living in the United Kingdom.



### JN Toronto Black History Month Competition

Jerrold Johnson, Chief Representative Officer, Jamaica National Building Society Toronto Representative Office, presents Tahnee Pitter-Duncan, a student of Central Technical High School in Toronto with an award after she was announced as the 2015 winner of the Toronto Representative Office Black History Month Essay Competition.



# CORPORATE SOCIAL RESPONSIBILITY

Jamaica National implemented several philanthropic ventures during the year, which empowered numerous young people; and enhanced the lives of residents in several homes.

The organisation continues to display the kind of corporate social responsibility, which is life-changing; as these interventions help persons to 'find a way' in the areas of education, health, and social well-being; as well as, foster volunteerism among employees of the Society.

## EDUCATION

### JN Scholarship Programme



First-year student at Munro College, Lamar Minott, was one of 31 Grade Six Achievement Test (GSAT) scholarship recipients, who were awarded five-year scholarships following their successful sitting of the 2014 GSAT. The scholarship recipients included 14 children of JN employees.

Lamar's mother, Elaine Minott, in expressing her appreciation for the support, said, "We are really thankful to Jamaica National for awarding a scholarship to our son, which was helpful with back-to-school expenses; and, I know this scholarship will encourage him to continue to do well academically."

One-year scholarships were also awarded to 15 students, five each at The University of the West Indies; the University of Technology, Jamaica; and Northern Caribbean University.

The inaugural JN employee tertiary scholarship was awarded to Cherika Spence, Customer Service Representative at the Highgate MoneyShop, who is currently pursuing a Bachelor of Science degree at the University College of the Caribbean.

### Maxfield Park Primary School Reading Programme

Bobbiesha Hyde is among 27 Grade Two students at the Maxfield Park Primary School, in Kingston, who are eager to improve their reading skills. On a monthly basis, she and her classmates participate in a special reading session conducted by employees from the JN Group.



This project, which is in its seventh year, was in response to The Private Sector Organisation of Jamaica (PSOJ) programme entitled "Reading... The Bottom Line" that was initiated in 2008. Designed to improve the literacy rate of primary students, the Corporate Communications team at Jamaica National saw the opportunity to make the initiative an on-going project; enhance the school's library facilities; and influence employees to volunteer.

"There is increased interest among our students to read. They are responsive to the sessions, and understandably so, as they do appreciate seeing new faces in the classroom on a monthly basis," pointed out June Lawrence, Grade Two Teacher.

## OUTREACH

### Best Care Children's Home

During the past financial year, funds were provided for the purchase of two washing machines to replace the malfunctioning ones at the Best Care Children's Home. Additionally, two students in the JN Scholarship Programme were assigned to the Home to assist with administrative duties.

"Your generosity and thoughtfulness in providing us with such meaningful contribution is greatly appreciated," Margaret Loney, Child Care Manager at the Home stated. "With the help from JN, we will continue to see improvements in the operations of the Home, as we strive to cater to the needs of the special children in our care."

The Best Care Children's Home provides care to 52 children with special needs.

## CORPORATE SOCIAL RESPONSIBILITY

### Sophie's Place

JN Employees in the Risk, Compliance, Finance, Marketing and Corporate Communications departments continue to provide financial contributions on a monthly basis towards the care of 24 children with special needs at Sophie's Place.

In 2007, the Corporate Communications team adopted one child at the Home; and, since then, other departments have come forward to participate in the project. In addition, the Society, as part of its annual Christmas Charities programme, donated funds to offset medication expenses.

"Your valuable contributions have made a special impact on the lives of our residents," stated Opal Bailey, Administrator of Sophie's Place. The Home is operated by the Mustard Seed Communities.

### Golden Age Home - Cluster H

A partnership between JN employees and Appliance Traders Limited (ATL) made a Christmas wish come true for residents in Cluster H, one of eight clusters at the Golden



Age Home in Kingston. The Home was presented with a Whirlpool stove and Frigidaire refrigerator.

"We are happy that JNBS and ATL forged a partnership to grant us these gifts, which will aid the caregivers in their preparation of meals for the residents; and support other care activities in the Cluster. This is a dream come true," said Delfreda Thorpe, Operations Manager, Golden Age Home.

During the year, treats were also held for the 64 residents of Cluster H; and a vegetable garden, started a few years ago by JN employees, continue to provide vegetables for residents.

### Relay for Life

The JN Group was the recipient of the top fundraiser award for raising some \$1.4 Million at the staging of the Annual Relay for Life, a project of the Jamaica Cancer Society (JCS), which was held under the theme "No Finish Line Till We Find a Cure." The JN Group focused its efforts on educating patrons attending the event about thyroid cancer.



"The award is a tangible representation of the JN Group's continued commitment to the Jamaica Cancer Society, as it seeks to eliminate cancer as a major health program in Jamaica. Cancer impacts negatively on our nation; therefore, it should be everybody's business," emphasized, AnnMarie Kirlaw Williams, JN Group Relay Team Coordinator.

### Sigma Corporate 5K Run/Walk

"Save our Children, Save our Future" was the theme for the 2015 Sagcor Sigma Corporate Run, which was supported by 386 JN Group employees who were among the more than 20,000 participants seeking to raise funds for Jamaica Kidney Kids Foundation and the Neo Natal Unit at the Cornwall Regional Hospital, in Montego Bay.



The team from the JN Group capitalised on the event to introduce ISupportJamaica.com, a crowd-funding initiative, which promotes funding for Jamaican entrepreneurs.





# FOUNDATION

## LEADING WITH ACT!ON







# FOUNDATION

Driven by its mission to innovate, inspire and impact, the Jamaica National Building Society (JNBS) Foundation broke new ground and accomplished a long list of achievements in 2014-15, including the hosting of the first Social Enterprise Summit in Jamaica; the enhancement of its Resolution Project; and the expansion of its Social Enterprise Boost Initiative. These initiatives, along with the maintenance of its ongoing projects, placed the Foundation in the category of being one of the most active corporate social entities in Jamaica since its inception in 1990.

Grant funding continues to be one of the major activities of the Foundation. From the numerous requests for grant funding, projects are selected, which fall within the strategic themes of the Foundation:

- Increased employment readiness and self sufficiency
- Improved educational achievement of students
- Enhanced health and safety of all Jamaicans, and
- Strengthened social connectedness.

For the past financial year, the Foundation spent in excess of J\$100 million dollars to provide technical and financial resources to more than 65 projects.

A major highlight of the year, the Social Enterprise Summit, was hosted by the Foundation's Social Enterprise Boost Initiative (SEBI), a joint programme with the United States Agency for International Development (USAID). The summit successfully catered to persons and businesses in the social enterprise sector, and featured a marketplace for social enterprises, to showcase products and services. The two-day event also included representatives from the Government of Jamaica, international social enterprises and members of the private and public sectors.

The Foundation also held the inaugural JN Group Staff Resolution Project Workshop. The Resolution Project is one of the Foundation's flagship projects, which teaches and trains students in photography and advocacy. With the inclusion of members of staff across the JN Group, the project widened its scope, to hone and invest in the talent and photographic interest of JN staff members.



More than 30 members of staff registered to participate in the programme, which will include learning photographic techniques, and carrying out assignments surrounding the theme, "My Life, My Community." The first cycle for the JN Group Staff Resolution Project will culminate in July 2015, with an awards ceremony.

For the first time, the JNBS Foundation crossed borders with the Resolution Project to educate students residing in North and South London in photography and advocacy. An overwhelming success story, 50 students of Caribbean heritage benefited from the inaugural workshop in August 2014, which provided them with the opportunity, through photography, to explore the theme, "Caribbean Identity and Culture". Following the workshop, a pre-view exhibition entitled, "Through our Eyes," was mounted at the Black Cultural Archives in Brixton, where students received the rewarding opportunity of seeing their images displayed. In November, more than 100 photographs taken by the youth participants in the United Kingdom were mounted for three weeks at the iconic Birmingham Library.

The JNBS Foundation continues to consistently execute its five major flagship projects.

**Resolution Project:** The Resolution Project ended its 11th cycle, with 121 registered students from more than 30 rural schools. The photographic and advocacy programme presented this year's cycle with the theme, "Rites and Rituals" and, for the first time, introduced participants to basic videography. This new

component gave students another creative channel to generate their messages by creating storyboards to show their photographs in a sequential format.

The students participated in workshop settings where they learned how to improve their photographic, advocacy; and more recently, videography skills, which they will apply in their practical assignments. The cycle, which coincides with the academic school year, culminates in an awards ceremony, annually in June, at which top students and schools are recognised.



Conceptualised in 2004 as Youth Zoom, by chairman of the JNBS Foundation, Mr Earl Jarrett; and later renamed The Resolution Project in 2009, the mission is to educate students in rural high schools in photography and advocacy; and to use those skills to highlight how they see the community they reside in and the wider world.

Year 2015 was an active one for students in the Resolution Project. Their work continued to grow in visibility, finding permanent homes for select photographs in the country's major airports, the Norman Manley and Sangster International Airports; as well as, transcending our local shores to be displayed in embassies and exhibitions overseas.

The Resolution Project also celebrated the launch of the "Take a Look at My World," coffee table book, which features a compilation of photographic images taken by current and former Resolution Project participants.

### The Social Enterprise Boost Initiative (SEBI):

In 2013, the Foundation launched the Social Enterprise Boost Initiative (SEBI), in concert with the USAID, which provided funding valued at US\$776,000 for a period of three years. Now in its second year, the initiative has been training nine social enterprises, as part of a pilot project, on the social enterprise model and how to successfully operate profitable social enterprises while fulfilling their social missions. They have also been privy to mentorship and coaching sessions from business consultants.



The initiative included the hosting of sessions and activities to sensitise stakeholders about social enterprises, by promoting the concept to attract the recognition it deserves as an important contributor to nation building; and, by extension, economic growth. Based on the positive responses to these sessions, SEBI successfully hosted corporate mingles in Kingston and Montego Bay; and, staged the first in a series of "Let's Talk: Social Economy Matters" discussions, to promote the social enterprise model.

## JN FOUNDATION

**Action Jamaica:** The volunteer arm of the JNBS



Foundation, Action Jamaica continues its mission to influence Jamaicans to take action, through volunteerism, and contribute to the advancement and upliftment of communities; as well as, to assist persons of varying needs.

With a volunteer complement of some 512 volunteers, Action Jamaica is the country's first volunteer corps of its kind, magnitude and structure. Volunteers are equipped with basic skills to enhance their ability to participate in various projects, and to apply them in varying aspects of their personal and professional lives.

Attracting persons from a wide age range, including high school students and retirees, Action Jamaica has demonstrated that the dedication of time and service, can be a part of the solution for achieving goals; and contribute to the advancement of communities, and by extension, Jamaica. Established in 2012, the volunteer group has implemented many initiatives through the support of volunteers. Some of these projects include International Coastal Day Clean-up in Port Maria; a Christmas and Easter treat for Cluster H residents at the Golden Age Home; sprucing up of select high schools in rural parishes; Day of Care in downtown Kingston for the destitute and assisting with the execution of over 30 Labour Day projects across the island

**The Source:** The first Source Centre was opened in 2007



in August Town; and, since then, this initiative has successfully grown to a total of five, independently sustained centres. Technology-driven resource centres, they are strategically located in volatile and/ or under-resourced communities, and cater to the educational and training needs of children and adults.

Community operated, the Source Centres function as social enterprises, serving the needs of community residents.

These services include—an internet café, homework centre, library and areas to facilitate training and meetings. In addition, the needs of community members are determined, and services are introduced, accordingly.

The fifth and largest Source Centre, The Source Savanna-la-Mar was opened in September 2012 in Westmoreland. The other Source Centres are: The Source Marverly, St. Andrew; The Breds Source, Treasure Beach, St. Elizabeth; and The Source Ocho Rios, St Ann.

**Financial Literacy:** To emphasise the importance of proper money management, the JNBS Foundation continues to present financial literacy sessions to select groups across the country. Launched in 2013, this relatively new flagship project was merged with the Foundation's core programmes to educate beneficiaries about basic money management skills and to encourage savings. Also aligned with externally sponsored projects for students and adults, the financial literacy initiative generates a clear understanding as to how everyone can achieve financial independence and stability, by being financially literate and prudent.

### **Jamaica Automobile Association (JAA) Junior Club:**

The Jamaica Automobile Association (JAA) Junior Club is a collaborative initiative with the JNBS Foundation, JN General Insurance Company (JBGI) and the Jamaica Automobile Association (JAA), subsidiaries of the JN Group.



Growing to a database of more than 50 schools across the island with 1700 students participating, the objective of this initiative is to encourage safe and responsible road use among high school students, and to reduce the occurrence of road traffic crashes and fatalities.

JAA Junior Club members are required to develop and participate in road safety campaigns which impact their school community. They are also privy to educational sessions with road safety experts and organisations, which are conducted in club meetings and field assignments. The JAA Junior Club also collaborates with the Ministry of Education, the FIA Foundation and the FIA Road Safety Grant Programme.



## iLead



The iLead educational leadership programme is a private-public partnership launched in September 2014 between the JN Foundation and the Ministry of Education. A game-changing initiative, its core objective is to develop leadership in ten primary and secondary schools in the parishes of St Mary, Portland and St Thomas over a three-year period, ending in 2017. The schools in the three parishes are considered by the National Educational Inspectorate to be in need of support to improve leadership.

The iLead team works closely and intensively with school boards, principals and vice principals; heads of departments in the project schools, as well as education officers, to develop a culture of high expectation that encourages academic success in each school. In that regard, principals are engaged in rigorous coaching and support is also provided to middle managers and education officers to improve the quality of teaching and learning, while organisational leadership support is offered to school boards.

Math and literacy are the core academic areas on which the programme focuses, providing capacity building through full-time coaches deployed by the Ministry of Education. Community and student engagement are also crucial components of the iLead initiative.

The five initial participating schools under the programme have already begun to observe mild improvements in school culture and leadership.

### Project Highlights

JNBS Foundation is onboard with the Diaspora Youth Project: The JNBS Foundation boosted the advancement of the Diaspora Youth Connect (DYC) Project in the sum of \$1.8 Million, with the official signing of a funding agreement.

The DYC Project, an initiative of the Jamaica Diaspora Institute, was established in 2012, in partnership with CUSO International, with the objective of alleviating poverty and unemployment among young people

residing in vulnerable communities in Jamaica, through business development and entrepreneurship.

A key indicator of the project's progress involves volunteerism and the support from Jamaicans in the Diaspora, which will allow them to lend their expertise to the young entrepreneurs.

The Diaspora Youth Connect will promote entrepreneurship and leadership among young people residing in eight communities in Kingston, St. Andrew and Montego Bay through workshops and a mentorship programme involving volunteer mentors from Jamaica and the Diaspora.



Professor Neville Ying (left) Executive Director, Jamaica Diaspora Institute and Mr Parris Lyew Ayee, Director, JN Foundation, imprint their signatures to formalise the funding agreement between the two organisations to benefit the Diaspora Youth Connect programme. Also in photo is Miss Saffrey Brown, general manager, JNBS Foundation, who guided the proceedings.

**JNBS Funds Sanitary Upgrade Project:** Some 50 primary schools will receive new and upgraded sanitary facilities, as a result of the Food for the Poor and the Ministry of Education's sanitary upgrade project. The initiative, which was officially launched in February 2015 at the Bois Primary School in St Catherine, is also funded by the JN Foundation in the sum of \$6 Million. The project will provide low-cost solutions to upgrade sanitary blocks in schools through the construction of concrete toilet facilities.

## JN FOUNDATION



The Hon. Rev. Ronald Thwaites, Minister of Education, along with students of the Bois Primary School, leads the ribbon cutting for the opening of the newly constructed bathroom at the Bois Primary School in St. Catherine. Also witnessing the milestone activity are, from second left: Miss Saffrey Brown, General Manager, JNBS Foundation; Mr Andrew Mahfood, Chairman, Food for the Poor Jamaica; Mr Everaldo Warmington, Member of Parliament, St. Catherine South Western; Ms Kathleen Jones, Principal, Bois Content Primary and Mr David Mair, Executive Director, Food for the Poor.

**JN Foundation gives well needed gift to Primary School:** The St. Martin de Porres Primary School in Gordon Town, St. Andrew recently received the timely gift of a water tank, courtesy of the JN Foundation. At the official handover ceremony, Principal of the school, Ms Fay Buchanan, said the water tank came at a time when the school was facing frequent water lock-offs.



From left: Ms Jacqueline Robotham, Business Relationship and Sales Manager at Jamaica National; Mrs Rose Miller, Grants Manager at the JN Foundation and Ms Fay Buchanan, Principal of the St. Martin de Porres Primary School, stand before the new water tank following the official presentation at the school.

With approximately 354 students enrolled at the institution, the school's operation was affected by lack of water, resulting in the early dismissal of classes, due to unsanitary conditions in the absence of water.

**JN Foundation Recognises Young Photographers:** Earl Jarrett, General Manager, JNBS, urged young people with creative talents to take advantage of an expanding global digital network, to showcase and ultimately earn from their skills.

Speaking at the JN Foundation Resolution Project Awards Ceremony, held on July 15, for rural high school



Glenmuir High's Jodi Morgan receives her plaque from Earl Jarrett, General Manager of Jamaica National, as the winner of the JNBS General Manager's Best Photo Award. A participant in the JNBS Foundation's Resolution Project, Jodi Morgan's entry, "The Real Me" was among 1,700 photo submissions entered by participants vying for top awards at the end of the 2013/2014 cycle.

photographers, Mr Jarrett stated that the photographic skills they attained through the JNBS Foundation's photography and advocacy programme were invaluable. The annual Resolution Project awards ceremony, held at the Olympia Gallery in St. Andrew, recognised the photographic abilities of students

**Legacy Scholarship Recipient Announced:** Twenty year old Chris-Ann Thomas was the recipient of the inaugural University of Birmingham and Jamaica National Foundation Legacy Scholarship programme for 2014.

Ms Thomas, who recently completed her undergraduate degree in Accounting, Finance and Banking at the University of Technology, Jamaica, was selected from





University of Birmingham and Jamaica National Legacy Scholarship recipient, Chris-Ann Thomas (left) greets His Excellency the most Honourable Sir Patrick Allen at a luncheon hosted in her honour at Kings House. Also in photo are Ambassador Evadne Coy (centre), Advisor to the Governor-General and Saffrey Brown general manager, JNBS Foundation. Sir Patrick Allen also used the occasion to appoint Ms Thomas as an "I Believe" ambassador as part of the Initiative, which focuses on youth, family and education.

among four shortlisted applicants by a five-member judging panel, which included Earl Jarrett, General Manager of the Jamaica National Building Society and Chairman of the JNBS Foundation; and Ms Saffrey Brown, General Manager of the JNBS Foundation.

The scholarship, which was launched in February 2014, received a total of 14 applications from prospective students who successfully matriculated and received conditional offers to the University of Birmingham Business School before April 23, 2014.

#### **Project Hampden receives JNBS Foundation Grant:**

The South Circle Optimist Club received a financial jump start valued at \$50,000, courtesy of the Jamaica National Building Society Foundation, to execute repairs to the Hampden Early Childhood Development Centre in Kingston.

The award was presented at the Volunteer Symposium, held under the theme, "Volunteerism: A Spotlight on Youth Leadership and Innovation" on World International Volunteer Day, December 5.

Promoted as the #Project Hampden, it is the youth organisation's flagship project, which seeks, to improve the ambience and physical amenities, among other things, at the community-based school.



Saffrey Brown, General Manager, JNBS Foundation, stands with Lloyd Smalling (centre), President of the South Circle Optimist Club and Treasurer, Liam Robinson, following the announcement of the GoVolunteer winner at the National Volunteer Symposium, held at the Jamaica Pegasus. The South Circle Optimist Club received a grant from the JNBS Foundation, valued at \$50,000, towards the club's #ProjectHampden initiative, which will benefit the Hampden Early Childhood Development Centre, at Heroes Circle, in Kingston.

#### **JNBS Foundation, CUSO, Promote CSR among Local Businesses:**

The JN Foundation, in collaboration with CUSO International, a Canadian non-governmental organisation, spearheaded an educational forum to highlight the correlation between Corporate Social Responsibility (CSR) and business performance, from the economical and community perspectives.

The seminar, under the theme, "Promoting Socially Responsible Business Practices in Jamaica's Medium Size Companies," was held on November 4. The forum highlighted the current local business landscape; as well as, corporate attitude towards the practice of CSR.



Mr Ransford Davidson, Business Relationship and Sales Manager, Jamaica National, presents a cheque to Leon Gordon, chairman Northeast Regional Health Authority (NERHA), for the renovation of the Records Unit at the Brown's Town Medical Centre. Also in photo are Bentley Steer (left), Parish Manager, NEHRA and Dr. Innocent Francis. The Brown's Town Medical Centre was selected by the JNBS St. Ann's Bay Member Advisory Council (MAC) as one of its community projects.

## JN FOUNDATION



**Rebel for a Cause:** Honourary Actlon Jamaica Volunteer, Tony Rebel, participated in the refurbishing of the Port Antonio Infant School on Labour Day, May 2014. A JNBS Foundation initiative, Tony Rebel, along with fellow musician, Queen Ifrica, worked along with other volunteers to give the school a well needed facelift. The school was also presented with books and stationery supplies, courtesy of Carlong Publishers.



From left: Mrs Rose Miller, Grants Manager, JN Foundation; Mrs Shirley Sutherland, Meal Kitchen Coordinator for the Gospel Hall Welfare Ministry; Nichola Kesson, Operations Supervisor, JNBS Michi MoneyShop; Gloria Henry; Meal Kitchen volunteer, Elder Owen MacDonald, head of the Welfare Ministry and Claire Moore, gathered for a photo opportunity following the donation of pots to the Welfare Ministry.

**Marverly Meal Kitchen:** The JNBS Foundation and the JNBS Michi MoneyShop presented two well needed pots to the Marverly Gospel Hall Meal Kitchen to aid in the preparation of meals for the indigent persons residing in Marverly and surrounding areas.

Executed as part of the Marverly Gospel Hall Welfare Ministry, the Meal Kitchen caters to approximately 150 persons, on Wednesdays.

Nichola Kesson, Operations Support Officer at the JNBS Michi MoneyShop, said the donation came out of a "Post for Action" initiative between the JNBS Foundation and several MoneyShop locations.

**JN Foundation Donates Refrigerator to KPH:** After witnessing the plight of staff members and patients on Ward 3 at the Kingston Public Hospital (KPH), Carlton Barclay, former Deputy General Manager, JNBS, solicited the assistance of the JNBS Foundation to donate a well needed refrigerator to the medical facility.

With a high influx of patients and wards being consistently filled to capacity, the absence of a refrigerator posed several challenges for some 44 patients, who were unable to adequately store consumable and perishable food items.

Mrs Rose Miller, Grants Manager at the JNBS Foundation, speaking at the official handing-over of the refrigerator on the ward, said that Mr Barclay's concern was processed and fulfilled in short order given the urgent need.



Mrs Rose Miller, JN Foundation Grants Manager (left), engages (centre) Dr. Samantha Nicholson-Spence and Sister Christine Russell, Nurse Manager, during the official hand over of a refrigerator to the Kingston Public Hospital. The refrigerator, located on Ward 3, will benefit both patients and hospital staff assigned to the ward.

**Music Room for Alpha Boys' School:** The Alpha Boys' School received grant funding of more than \$2 Million from the JNBS Foundation for the construction of a multi-functional music room.

The new music room will be housed in the school's former junior dormitory, which had been closed for the past three years; and, it will become a rehearsal room for band members; as well as, feature a radio station. The state-of-the-art music room will expose the boys to music production and recording.



Highly renowned for producing artistic and musical legends, the Alpha Boys' School currently has a 30-member student band, whose members are between ten and 16 years old.



Saffrey Brown, General Manager, JNBS Foundation (right), observes Sister Marie Chin, Area Administrator for the Sisters of Mercy, as she affixes her signature to the JNBS Foundation's funding agreement.

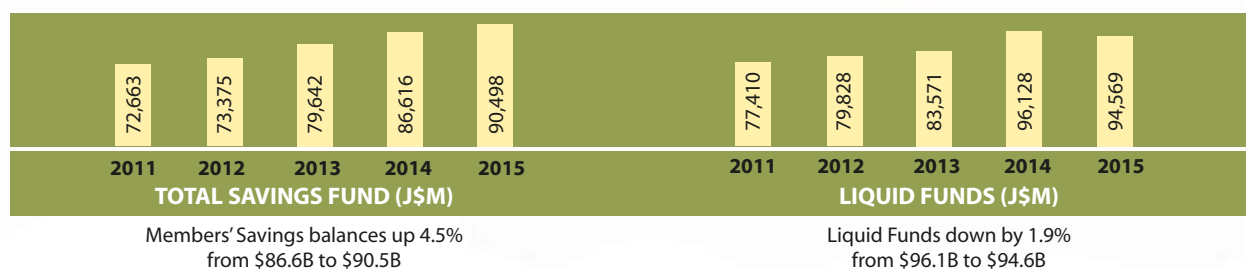
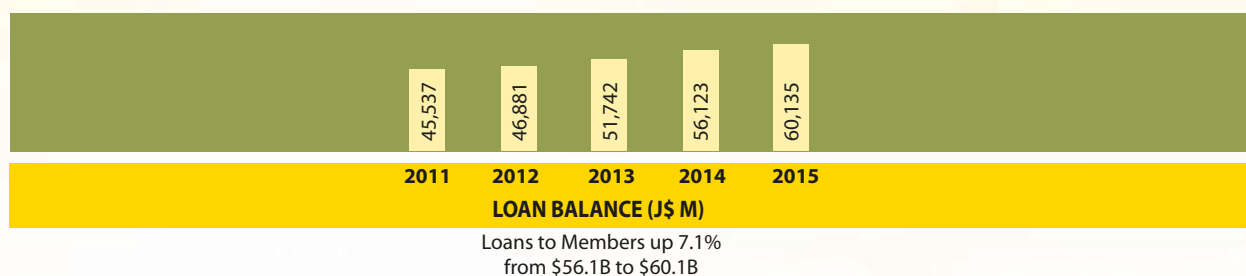
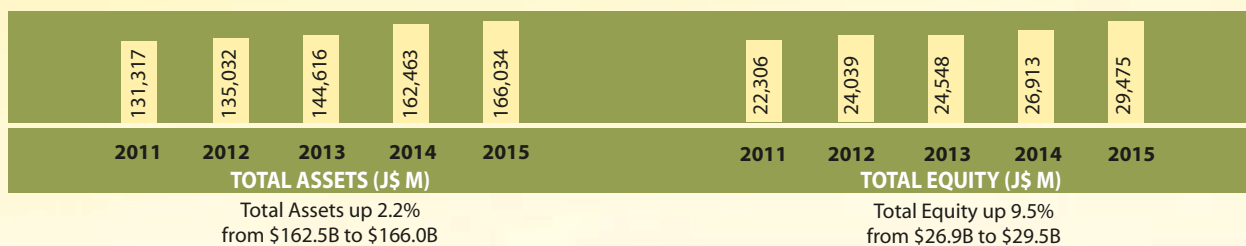


#### **iLead-School Board**

Dr. Blossom O'Meally-Nelson (right), former Pro-Chancellor of the University of Technology and Educational Development Consultant, makes a point to school board members during a workshop for board members and chairs of five schools in rural eastern schools participating in the JN Foundation's iLead educational leadership programme in October 2014. Listening keenly to Dr. O'Meally-Nelson is Stephen Shaw, Chairman of Green Pond High School Board and Dr. Renee Rattray, Director, Education Programmes at the JN Foundation.

# JN GROUP FINANCIAL HIGHLIGHTS

	2011	2012	2013	2014	2015	2012 v 2011	2013 v 2012	2014 v 2013	2015 v 2014
<b>Total Assets (J\$M)</b>	131,317	135,032	144,616	162,463	166,034	2.8%	7.1%	12.3%	2.2%
<b>Total Equity (J\$M)</b>	22,306	24,039	24,548	26,913	29,475	7.8%	2.1%	9.6%	9.5%
<b>Loan Balance (J\$M)</b>	45,537	46,881	51,742	56,123	60,135	3.0%	10.4%	8.5%	7.1%
<b>Total Savings Fund (J\$M)</b>	72,663	73,375	79,642	86,616	90,498	1.0%	8.5%	8.8%	4.5%
<b>Liquid Funds (J\$M)</b>	77,410	79,828	83,571	96,128	94,569	3.1%	4.7%	15.0%	-1.6%
<b>Total Operating Revenue (J\$M)</b>	13,861	14,450	14,694	15,687	17,672	4.3%	1.7%	6.8%	12.7%
<b>Surplus before taxes (J\$M)</b>	1,756	2,965	1,594	3,393	3,620	68.9%	-46.3%	112.9%	6.7%





## EMPLOYEE OF THE YEAR



**Tahailia Hudson**

The importance of being persistent, in order to achieve success, is ingrained in Tahailia Hudson's psyche. She does not readily give up, and evidently this character trait has led to her outstanding performance in the Internal Audit Department, thus earning the prestigious **Jamaica National Employee of the Year Award for 2015**.

Her persistent nature paid off when she was employed by Jamaica National Building Society in 2004.

"I always wanted to work with Jamaica National simply because of its positive corporate image," she explained. "For three consecutive years, I submitted an application for summer employment, but never got through."

Undaunted by her unsuccessful attempts, Tahailia tendered her fourth application letter, this time for permanent employment, as she was one month away from completing her Bachelor's of Business Administration Degree, majoring in Accounting at The University of Technology, Jamaica.

"The day after I was accepted for a Junior Auditor position at Jamaica National, I got a far more attractive offer from another company, which I declined without hesitation," she stated.

"I have no regrets choosing to work at JN. I knew I would have opportunities for personal development and it has certainly worked out that way. I have been working with the Society for eleven years. This is my first job, I love it, and I enjoy the satisfaction I get from my work. I'm a people person; therefore, I am happy for the opportunity my work provides to go to different locations and meet other colleagues," she said.

Her consistent high performance paved the way for her promotion to Senior Auditor in 2009, and being recognised as the Employee of the Quarter, October to December 2012. She was subsequently promoted to the position of Assistant Manager in April 2015.

Her impressive work ethic, dedication and positive approach to her work were the keys that led Jason Gordon, her Manager in the Internal Audit department, to nominate her for the employee recognition.

"Tahailia is a very focused person who sets high standards and works diligently to meet deadlines. She generally attains her targets, and is very passionate about getting her tasks completed correctly every time. In addition, she enjoys a challenge, is open to suggestions, thinks outside of the box, and is willing to learn new things," he related.

And, added that, "she demonstrates the capacity and personality to work with any member of the team and expects a certain minimum standard of performance from her team members. She readily provides guidance to the team on an ongoing basis to facilitate their professional development."

The Ferncourt and Merl Grove High alumnae disclosed that she was surprised about being nominated for the award.



## EXECUTIVES

**Curtis Martin**, BSC, MBA  
Assistant General Manager,  
Treasury and Investments

With more than two decades of experience in banking, corporate finance and treasury and investment management, Curtis Martin joined the Jamaica National Building Society in July 2013. 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 organisation's revenue stream through the development and launch of Junior Stock Market, JSE Trustee Services, JSE E-Learning Institute and the Caribbean Exchange Network (CXN).

### **Qualifications:**

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

### **Directorships/Affiliations:**

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



**Leon Mitchell,**

Dip M, BBA, MBA (Beta Gamma Sigma)  
Assistant General Manager

Leon Mitchell is responsible for identifying and implementing strategic business opportunities, locally and overseas for the JN Group. 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:**

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

**Directorships/Affiliations:**

- Chairman, Fund Raising Committee, Jamaica Red Cross
- President Jamaica Hockey Federation
- Director Independence Park Limited (IPL)
- Member Kiwanis Club of Kingston  
Kingston Cricket Club
- Technical Director/Coach, Rockfort Football Club





## 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 at the Jamaica National Building Society in 2011.

In his capacity as Managing Director of the National Housing Trust 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. In 2012, Mr Samuels received the Distinguished Cornwallian award from the Cornwall College Alumni Association.

### **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
- Chartered Accountant by profession
- 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



**Shereen Jones, BSc, MSc**

Assistant General Manager  
Operations and Information Technology

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

She joined JNBS in 2006 as General Manager of Management Control Systems (MCS) and assumed the position of Group Executive – Information Technology, in October 2009. Her association with JNBS began in 1999 when she assisted with the implementation of the Phoenix Banking system as a consultant. She was appointed Assistant General Manager in February 2013. In October 2013, the Jamaica Computer Society presented her with a lifetime achievement award for outstanding contribution to the ICT Industry.

**Qualifications:**

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

**Directorships/Affiliations:**

- Director, HEART/NTA Board
- Director, SwimJamaica
- Member, Toastmasters International
- Member, Jamaica Computer Society





## EXECUTIVES

**Claudine Allen, BA. MSc**  
Executive, Enterprise Contact Centre  
Member Ombudsman

Claudine Allen was appointed Executive for the JNBS Enterprise Contact Centre and Member Ombudsman in January 2015. In this capacity, she serves as the Society's ISO 9001:2008 Management Representative and ensures adherence to the established standards of quality throughout the Society's operations.

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

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

**Qualifications:**

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



**Joy Brady, FCCA, FCA**  
Group Finance

Joy Brady is a chartered accountant by training with more than eighteen years of financial management experience in the commercial industry and approximately twelve 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



## EXECUTIVES

**Tonya Grant,** FCCA, CPA  
Group Internal Audit

Mrs 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 organisation'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:**

- Fellow, Association of Chartered Certified Accountants (FCCA)
- US Certified Public Accountant (CPA)
- Diploma, Business Administration, University of Technology

**Directorships/Affiliation:**

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



**Tiffany Gordon, BSc, MBA**  
Mortgage Sales

Tiffany Gordon was appointed Executive, Mortgage Sales in February 2013, with responsibility for the Society's national and international mortgage sales portfolio. 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.

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

**Qualifications**

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





## EXECUTIVES

**Tasha Manley, BSc, LLB**  
Chief Compliance Officer

Tasha Manley joined the Jamaica National Building Society in June 2011 as Senior Manager, Compliance, and was promoted to Executive in October 2014. An accomplished Attorney-at-Law and Certified Anti-Money Laundering Specialist, Ms Manley has primary responsibility for overseeing the global Anti-Money Laundering programme and the broader regulatory compliance framework for the JN Group. Former Crown Counsel in the Attorney General's Department, Ms Manley has, alongside the then Solicitor General of Jamaica, represented the Government of Jamaica before the Judicial Committee of the Privy Council in the United Kingdom in two significant matters: The 'Janice Allen case' (Millicent Forbes v The Attorney General) and the 'Ezroy Millwood Bus Franchise case' (NTCS v The GOJ).

Her exposure in the area of compliance began when she served as an International Fellow at the Commodities Futures Trading Commission, a Federal regulatory agency in Washington DC. She has also served as Chairman of the Audit Committee of the Development Bank of Jamaica, ensuring that the entity's statutory obligations were met.

As Chief Compliance Office, Tasha Manley has achieved a number of important strategic and operational advances within the Group's compliance programme including: consolidating and formalizing the Group compliance management framework, implementation of an automated transaction monitoring system, automating AML training for branch and general staff; ensuring a customer sensitive KYC program and advancing the Society's regulatory posture with key regulators, locally and overseas. Ms Manley also currently spearheads the organisation's FATCA (Foreign Accounts Tax Compliance Act) compliance initiatives and has positioned the Society as the forerunner among local financial institutions in bringing public awareness to this extra-territorial obligation.

### Qualifications

- Certified Anti Money Laundering Specialist
- Legal Education Certificate, Norman Manley Law School
- Bachelor of Laws
- BSc, Political Science, (First Class Honours), The University of the West Indies.

### Directorships/Affiliations

- Director, Jamaica Civil Aviation Authority
- Corporate Secretary, CHASE Fund
- Former Director, Development Bank of Jamaica, Chase Fund, Water Resources Authority
- Member, Association of Certified Anti-Money Laundering Specialists
- Member, Jamaica Banker's Association Compliance Committee
- Member, UK Money Transmitters Association



### **Hilret Hanson**

Branch Retail Operations

Hilret Hanson, who has been with the Society for the past 32 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





## EXECUTIVES

**Dana-Marie Morris Dixon, BSc, MSc, PhD**  
Executive, Business Development and Research

Dr. Dana Morris Dixon was appointed Executive, Business Development and Research at Jamaica National Building Society (JNBS) in June 2013 and is tasked with identifying and exploring new business opportunities for JNBS and its subsidiary companies, to increase the organisation's market dominance. Dr. Morris Dixon also serves as the Society's chief research officer, developing and driving the organisation's research agenda.

She previously worked at the Jamaica Promotions Corporation (JAMPRO), in various capacities including the role of Acting President in March 2013. 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. In her capacity as Vice President, Dr. Dixon managed the development of the strategic direction of the organisation. Among the policies developed under her watch were the Diaspora Business Strategy and Linkages Strategy. She played an integral role in managing the National Competitiveness Council (NCC), and was a significant part of the project management team for signature events such as the Jamaica Investment Forum (2012) and Jamaica House at the London 2012 Olympics.

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

Her public service record includes serving as a board member of the International Women's Forum, National Land Agency, Runaway Bay Development Company Limited, Grand Jamaica Homecoming Advisory Council and the Jamaica Fulbright-Humphrey Alumni Association.

### Qualifications

- Ph.D, International Studies, University of Denver, Graduate School of International studies
- Masters Degree, Government, specializing in International Relations, The University of the West Indies
- BSc, Economics and International relations (first class Hons), The University of the West Indies

### Affiliations/Awards

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



**Keisha Melhado-Forrest, BSc, 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, to 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**

- MBA, Banking and Finance, Mona School of Business, UWI
- BSc, (Hons.), Management Studies and Accounting, The University of the West Indies (UWI)





## EXECUTIVES

**Gavin Beckford**, BBA, MBA  
Executive, Marketing & Brand Management

Gavin Beckford, a PhD candidate, with extensive skills in Strategic Marketing and Tactical Marketing Execution, was appointed Executive, Marketing & Brand Management for the Jamaica National Building Society (JNBS) in May 2015.

Mr Beckford is charged with the responsibility to apply his extensive multi-national experience, innovative approach, and creative problem-solving perspective to the strategic marketing and brand management for Jamaica National.

He previously worked with the Society from 2007 to 2008 as Senior Manager in the Business Development Unit, as well as an interim Marketing Manager for JNSBL. In addition, Mr Beckford provided consulting services in strategic and marketing planning for subsidiaries and online banking during the period, 2012-2015.

Mr Beckford formerly served as Marketing Manager for GTECH Jamaica, 2001-2006 and was a Senior Product Manager with Johnson & Johnson Jamaica, 1996-2001.

He has actively contributed his energy to several social service and educational institutions, as a past member of the Rotary Club of St. Andrew (North), a former adjunct lecturer at the Mona School of Business, and presenter at the Technology Innovation Centre (UTECH). He is also an avid photographer.

### **Qualifications:**

- PhD Candidate, Instituto de Empresa, Madrid Spain
- MBA, Babson College, Wellesley, Massachusetts
- BBA, Marketing, Howard University, Washington, DC



**Daniel Thwaites**, BA, MA, LL.M  
General Legal Counsel

Attorney-at-law and columnist, Daniel Thwaites, joined the Jamaica National Building Society as General Legal Counsel in January 2015. He was previously senior partner in the law firm, Thwaites, Lundgren & D'Arcy in New York for more than ten years, specialising in insurance law and civil litigation.

Mr Thwaites has been a columnist for the Gleaner for more than five years. He has lectured at St Michael's Theological Centre, and at The University of the West Indies (UWI), Mona. He has also worked as an advisor to the Jamaican Government and Associate Attorney at the New York law firm, Burke, Lipton, Puleo & McCarthy.

**Qualifications:**

- Licensed to practice before the Supreme Court of the State of New York and the U.S. Federal Eastern and Southern District Courts in New York
- Qualified for the Jamaican Bar in June 2012
- LL.M. in Comparative Law, University of Miami School of Law
- Master of Arts, Philosophy, University of London
- Bachelor of Arts (Hons.) Law, Oxford University
- 1993 Caribbean Commonwealth Rhodes Scholar
- Bachelor of Arts, Philosophy, Queen University, Ontario, Canada





## EXECUTIVES

### **Lieutenant Colonel Garfield Sean Prendergast**

JP, MSc, MA, 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 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





#### **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

INNOVATING...INSPIRING...IMPACTING.

## SENIOR MANAGERS



**Saniah Spencer**  
Channel Support

**Tanya Pringle**  
Corporate  
Communications

**Joscelyn Campbell**  
Corporate Integrity

**Cheryl Levy**  
Group Risk





**Simone Chambers**  
Corporate & Strategic Planning

**Anthony Robinson**  
Strategic Data Management

**Polmae 'Pam' Thompson**  
Internal Processing Centre and ePMO

**Elaine Williams**  
Legal

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## SENIOR MANAGERS



**Nigel Thomas**  
Technical Services

**Casita Burte**  
Compensation & Benefits  
General Manager's Office

**Paulette Sterling**  
Business Development  
& Research

**Dwayne Brown**  
Cyber Security





**Sheron Chung Barrett**  
Operations & Process  
Improvement

**Marie Stewart Lewin**  
Special Assistant  
General Manager's Office

**Carla Farquharson**  
Internal Audit

**Audrey Williams**  
Treasury & Investments

**Michael Powell**  
Security

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## SENIOR MANAGERS



**Donna Mesquita**  
Marketing & Brand  
Management

**Tawana Gray**  
Finance

**Shernette Callam**  
Operations Support

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

**Jerome Henry**  
Mortgage & Retail Credit



# JNBS OVERSEAS MANAGERS



## **Leon Hamilton**

Chief Representative Officer

### **JNBS Representative Office, United Kingdom**

London: Unit 235, Elephant & Castle Shopping Centre,  
London SE1 6TE

Birmingham: 311 Soho Road, Handsworth, Birmingham B21 9SD

Telephone: 0207-708-2442 Toll Free: 0800-328-0387

**Mr Leon Hamilton** joined the Spanish Town branch of 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.



## **Janice McIntosh**

Chief Representative Officer

### **JNBS Representative Office, Florida**

5039 N. State Road 7 Tamarac, FL 33319

Telephone: 1-800-462-9003 Toll Free: 954-485-0300

**Mrs Janice McIntosh** joined the Jamaica National family in 2005 as the Promotions Manager in the Marketing Department. In August 2010, she was appointed Chief Representative Officer in the Representative Office in Florida.



## **Jerrold Johnson**

Chief Representative Officer

### **JNBS Representative Office, Toronto**

1390 Eglinton Avenue West

Toronto, Ontario, M6C 2E4, Canada

Telephone: 1-416-784-2074 1-416-784-9657

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

## BUSINESS RELATIONSHIP & SALES MANAGERS



**Canute Simpson**  
Lucea  
**HANOVER**  
Savanna-la-Mar  
**WESTMORELAND**



**Alethia Carpenter Peart**  
Santa Cruz  
Junction  
**ST. ELIZABETH**



**Doreen Alexander**  
Christiana  
Mandeville  
**MANCHESTER**



**Paulette Chambers Salmon**  
May Pen  
**CLARENDON**



**Michelle Hines**  
Spanish Town  
**ST. CATHERINE**



**Troy Bygrave**  
Duke Street  
**KINGSTON**  
Portmore  
**ST. CATHERINE**



**Jennifer Clarke Twiddle**  
Half-Way-Tree  
**KINGSTON & ST. ANDREW**



**Janice Mills**  
New Kingston  
**KINGSTON & ST. ANDREW**



**Jacqueline Robotham**  
Papine  
UWI  
**KINGSTON & ST. ANDREW**



**Edison Taylor**  
Morant Bay  
**ST. THOMAS**  
Port Antonio  
**PORTLAND**



**Omar Haye**  
Port Maria  
**ST. MARY**  
Ocho Rios  
**ST. ANN**



**Ransford Davidson**  
Brown's Town  
St. Ann's Bay  
**ST. ANN**



**Nina Peters**  
Catherine Hall  
Montego Bay  
**ST. JAMES**  
Falmouth  
**TRELAWNY**



# JNBS MANAGERS

## **George Baker**

Internal Processing Centre

## **Fitz Bernard**

Enterprise Project Management Office

## **Natoya Brown**

Risk Management

## **Derace Carty**

Treasury Department

## **Eglon Christie**

Relationship Manager, JN Finance

## **Stacy Ann Christmas**

Legal Unit

## **Carlene Clarke**

Enterprise Contact Centre  
Quality Assurance

## **Belinda Clarke Robinson**

Group Finance

## **Kevin Daley**

User Acceptance Testing

## **Sophia Davis**

The Creative Unit

## **Gresford Dinald**

JN Finance

## **Austen Douglas-Panther**

Compliance Specialist

## **Ricardo Dystant**

E-Channels

## **Carlene Edwards**

Marketing and Brand Management

## **Sydney England**

JN Finance

## **Gayan Facey**

Records and Information  
Management Unit

## **Cheryl Gardner Morant**

Group Finance

## **Jason Gordon**

Electronic Data Processing

## **Frederick Harper**

User Support

## **Stacey Jureidini**

Enterprise Project Management Office

## **Jessica Lawrence**

Productivity and Organizational  
Efficiency Unit

## **Sheree Lee**

Corporate Planning

## **Andrea Martin**

Procurement Unit

## **Paulette Newby**

Mortgage Sales

## **Simoanse Palmer**

Mortgage Operations

## **Therese Pasmore**

The Creative Unit

## **Phillip Powe**

Applications & Database  
Management

## **Luckresha Ramsamugh-Baker**

Human Resource Talent  
Management

## **Tiffany Recas**

The Creative Unit

## **Frances Ross**

Mortgage Sales

## **Mitzie Samuels**

Human Resource Services

## **Fabian Sanchez**

Compliance Specialist

## **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

## **Hopeton Thomas**

Security

## **Terence Tracey**

The Creative Unit

## **Andrew Wilson**

Project & Facilities Manager

## **Warren Wilson**

Channel Support Unit

## **Michael Whyte**

IT Incident & Problem Management

## **Luwanna Williams**

Market & Credit Risk

## JNBS OVERSEAS MANAGERS

### **Kerry-Ann Chevannes-Graham**

JNBS Representative Office, UK

### **Desmond Smith**

Group Compliance, North America

### **Harrington Stephenson**

JNBS Representative Office, Canada

## 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

### **Glenroy Henry**

Country Manager, JN Money Services  
(Cayman) Ltd.

### **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

### **Marshall Milbourn**

Network Manager  
JN Money Services (UK) Limited

# CHIEF OFFICE, TCS CONTACT CENTRE, BRANCHES, MONEYSHOPS AND 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

## TCS CONTACT 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  
Manager: 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  
Manager: Janice Mills  
Operations Support Officer:  
Denio Wynter  
Member Ambassador:  
Nalesia Johnson

### Downtown Kingston

32 1/2 Duke Street, Kingston  
Fax: 922-2869, 948-3342  
Business Relationship & Sales  
Manager: 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  
Manager: Edison Taylor  
Operations Support Officer:  
Annette Soman  
Member Ambassador:  
Stacey-Ann Finn

## REGION 2

### Mandeville

Mandeville Plaza  
Mandeville, Manchester  
Fax: 962-0204  
Business Relationship & Sales  
Manager: 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 Manager: Paulette  
Chambers-Salmon  
Operations Support Officer:  
Paulette Bradford  
Member Ambassador:  
Michael Bernard

## Santa Cruz

85 Main Street  
Santa Cruz, St. Elizabeth  
Fax: 966-2741  
Business Relationship  
& Sales Manager:  
Aethia Carpenter-Peart  
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  
Manager: 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  
Manager: Nina Chang-Peters  
Operations Supervisor:  
Sophia McIntyre  
Member Ambassador:  
Gayon Walcott

### Savanna-la-Mar

Hendon Corner  
Savanna-la-Mar,  
Westmoreland  
Fax: 955-2774  
Business Relationship & Sales  
Manager: 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  
Manager: 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  
Manager: 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  
Manager: Edison Taylor  
Operations Support Officer:  
Sophia Peart  
Member Ambassador:  
Kedeasha Hart-Davis

### Port Maria

1 Stennett Street  
Port Maria, St. Mary  
Fax: 994-2123  
Business Relationship & Sales  
Manager: 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 Manager: Jacqueline  
Robotham  
Operations Support Officer:  
Shellina Ivy-Ellis  
Member Ambassador:  
Chalane Brown

## 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:  
Deletha Rosewell-Williams

## 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-Elliot

## Knutsford

75 Knutsford Boulevard  
Kingston 5  
Fax: 920-4112  
Operations Support Officer:  
Christopher Taylor

## Linstead

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

## Lucea

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

### Sovereign Centre of the Boulevard (formerly Michi)

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  
Operations Support Officer:  
Stacy Hart

## Spanish Town Road

45 Spanish Town Road  
Kingston 14  
Fax: 984-7798  
Operations Support Officer:  
Kelly-Ann Whittingham

## St Ann's Bay

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

## 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 LOCATIONS

## UNITED KINGDOM

Toll Free - Tel: 0-800-328-1622

### Balham

5 Hildreth Street  
Balham, London SW12 9RQ  
Tel: 0208-675-4951  
Fax: 0208-875-4932

### Birmingham/Perry Barr

Unit 1, Inshops, One Stop Shopping  
Centre  
Perry Barr, Birmingham B42 1SF  
Tel: 0121-344-3630  
Fax: 0208-889-3219

### Bristol

248 Stapleton Road, Easton  
Bristol, BS5 0NT  
Tel: 0117-935-5895  
Fax: 0161-226-2745

### Brixton

389-391 Brixton Road  
London SW9 7DE  
Tel: 0207-737-7244/7344  
Fax: 0207-737-6951

### Elephant & Castle

Unit #234  
Elephant & Castle Shopping Centre  
London SE1 6TE  
Tel: 207-708-6621-22  
Fax: 207-701-9374

### Handsworth

311A Soho Road, Handsworth  
Birmingham  
London B21 9SD  
Tel: 0121-551-5362  
Fax: 0117-939-5547

### Hornsey

8 Turnpike Lane, Hornsey  
London N8 0PT  
Tel: 208-888-8882  
Fax: 0207-639-4983

### Manchester

111 Princess Road, Moss Side  
Manchester M14 4RB  
Tel: 0161-226-2745  
Fax: 0161-226-2745

## CANADA

Toll Free - Tel: 1-866-735-6002

### Toronto

1633 Eglinton Avenue West  
Toronto, Ontario M6E 2H2  
Tel: 416-784-2075  
Fax: 416-784-2076  
E-mail: info@jnocanada.com

### Ontario/Pure Cash

1-1143 Morning Side Avenue  
Scarborough Ontario  
M1B 0A7  
Tel: 416-551-8543  
Fax: 866-735-6002  
E-mail: info@jnocanada.com

## GRAND CAYMAN

### JN International Money Transfer

71 Eastern Avenue P.O. Box 504  
Grand Cayman, KY1-1104  
Tel: 345-945-2014  
Fax: 345-945-2015

### Quik Cash

Bodmer Building  
Unit 6, Shedden Road  
Grand Cayman, KY1-1104  
Tel: 345-945-3742

## UNITED STATES OF AMERICA

Toll Free - Tel: 1-866-735-6002

### NEW YORK

#### Brooklyn

Church Ave/Courts  
2822 Church Avenue  
Brooklyn, New York 11226  
Tel: 1-866-773-5600

690 Utica Avenue  
Brooklyn  
New York 11203  
Tel: 718-756-2810/ 718-756-2887  
Fax: 718-756-6674

#### Queens

#### Jamaica/Courts

89-56, 156th Street  
Queens New York 11432  
Tel: 1-866-735-6002

233-16 Merrick Boulevard  
New York 11422  
Tel: 718-9494670-1  
Fax: 718-949-7672

#### Bronx

4264 White Plains Road  
New York 10466  
Tel: 718-882-4254  
Fax: 718-882-6937

## CONNECTICUT

### Hartford

1164 Albany Avenue  
Connecticut 06112  
Tel: 860-727-1914  
Fax: 860-725-0938

## FLORIDA

### Lauderdale Lakes

3895 NW 24th Street  
Florida 33311  
Tel: 954-676-5755-6  
Fax: 954-727-9701

### Miramar

6905 Miramar Parkway  
Florida 33023  
Tel: 954-983-6480

### Lauderhill

4100 NW 12th Street  
Suite A  
Florida 33313  
Tel: 954-583-1778  
Fax: 954-583-1733

# JNBS ATM LOCATIONS

## KINGSTON & ST ANDREW

**Devon House**  
Hope Road

**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

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

**JN MoneyShop New Kingston**  
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

**CPJ Market**  
71 Lady Musgrave Road Kingston 10

**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

**Sovereign Centre of the Boulevard (formerly Michi)**  
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 Christiana

**Leaders Plaza**  
Mandeville

## PORTLAND

JNBS Port Antonio  
21 Harbour Street, Port Antonio

## ST ANN

JNBS Ocho Rios  
Corner of Graham Street & DaCosta Drive

**JN MoneyShop 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

**Total Service Station**  
Harbour View

**Willowdene**  
St. Catherine

**Rapid Sheffield Super Centre**  
Port Henderson Road Congreve Park, Portmore

**JN MoneyShop Portmore**  
Shop #29 Portmore Pines Shopping Centre

**Portmore Mall**  
Shop # 2 Portmore Mall Portmore, St Catherine.

**Greater Portmore Shopping Centre**  
St. Catherine

**JN MoneyShop Spanish Town**  
Spanish Town  
26-28 Wellington Street

**Bog Walk Post Office**  
Main Street, Bog Walk

**JN MoneyShop Old Harbour**  
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

**JN MoneyShop 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

**Middle Quarters**  
St Elizabeth

## ST JAMES

**JN MoneyShop Montego Bay**  
2 Market Street

**JN Financial Services**  
Catherine Hall

**Vistaprint**  
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

**JNBS 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 Ave, George Town Cayman Islands



# LOCAL SUBSIDIARIES, ASSOCIATED COMPANIES AND FOUNDATION

## **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](mailto:jaa@jnbs.com)

Website: [www.calljaa.com](http://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](mailto:info@jnfunds.com)

Website: [www.jnfunds.com](http://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](mailto:info@jngijamaica.com)

Website: [www.jngijamaica.com](http://www.jngijamaica.com)

## **JN Life Insurance Company Limited**

Life insurance services

26 Trafalgar Road, Kingston 10

Email: [jnlifeinsurance@jnbs.com](mailto: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](mailto:leesa@jnbs.com)

Website: [www.jnmoneytransfer.com](http://www.jnmoneytransfer.com)

## **Jamaica Popular Investment Co. Limited**

Owners of commercial buildings

## **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: [ghyde@jnbs.com](mailto:ghyde@jnbs.com)

Website: [www.jnsbl.com](http://www.jnsbl.com)

## **Knutsford Holdings Limited**

Owners of commercial buildings

(held by JN Properties Limited)

## **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](mailto:sales@mcsystems.com)

## **Manufacturers Credit & Information Services Limited (MCIS)**

Provision of motor vehicle expense management

10-12 Grenada Crescent, Kingston 5

Tel: 926-1939

Fax: 929-1535

Islandwide Tel: 663-MCIS (6247)

E-mail: [mciscustomerservice@mcsystems.com](mailto:mciscustomerservice@mcsystems.com)

Website: [www.mcsystems.com](http://www.mcsystems.com)

## **National Building Society of Cayman**

Provides savings and 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](mailto:enquiries@nbcs.com.ky)

Website: [www.nbcs.com.ky](http://www.nbcs.com.ky)

## **Total Credit Services Limited**

26 Trafalgar Road, Kingston 10

Tel: 920-6573, 920-4205

Fax: 929-4684

Email: [scampbell@jnbs.com](mailto:scampbell@jnbs.com)

## **Jamaica National Building Society Foundation**

An approved charitable organisation 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](mailto:foundation@jnbs.com)

Website: [www.jnfoundation.com](http://www.jnfoundation.com)

## MEMBERSHIP OF BOARDS & COMMITTEES

### **JN FUND MANAGERS LIMITED**

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

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Earl Jarrett, CD  
Sethuraman Kumaraswamy  
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Wendell Smith  
Hon. Shirley Tyndall, OJ  
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### **JN MONEY SERVICES LIMITED**

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Michelle Clarke  
Earl Jarrett, CD  
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### **JN SMALL BUSINESS LOANS LIMITED**

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Hon. Oliver Clarke, OJ  
Cosma Earle  
Earl Jarrett, CD  
Mary Smith  
Frank Whyllie

### **MANAGEMENT CONTROL SYSTEMS LIMITED**

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Llewelyn A. Bailey  
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Derek Jones  
Gladstone Lewars

### **JNBS FOUNDATION**

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Parris Lyew-Ayee, CD  
Jennifer Martin  
Mary Smith  
Dr Peter Fletcher

### **TOTAL CREDIT SERVICES LIMITED**

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Earl Jarrett, CD  
Carlton Earl Samuels  
Suzette Campbell  
Wanica Purkiss

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

#### **AUDIT COMMITTEE**

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

### **BOARD COMMITTEE**

Hon. Oliver Clarke, OJ, Chairman  
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Hon. Dorothy Pine-McLarty, OJ

### **COMPENSATION COMMITTEE**

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



# ATTORNEYS-AT-LAW, AUDITORS & BANKERS

## ATTORNEYS-AT-LAW

Abendana & Abendana  
Clinton Hart & Co.  
Crafton Miller & Co.  
Dabdoub Dabdoub & Co  
Delroy Chuck & Co.  
Dunn Cox  
Edward Hanna & Co.  
Frater Ennis & Gordon  
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Lex Caribbean  
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Myers, Fletcher & Gordon  
Nicholson, Phillips  
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Ruel Woolcock & Company  
Samuda & Johnson  
Scott, Bhoorasingh & Bonnick  
Taylor, Deacon & James  
Usim, Williams  
Vaccianna & Whittingham  
Watson & Watson  
Williams, McKoy & Palmer  
Wilmot, Hogarth & Company

## AUDITORS

KPMG

## BANKERS

Bank of America  
Bank of Nova Scotia, Jamaica Ltd.  
Bank of Nova Scotia, Toronto, Canada  
Barclays Bank PLC  
Citibank, Canada  
Citibank, London, UK  
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## FINANCIAL STATEMENTS & AUDITOR'S REPORT



# AUDITORS' REPORT



**KPMG**  
**Chartered Accountants**  
The Victoria Mutual Building  
6 Duke Street  
Kingston  
Jamaica, W.I.

P.O. Box 76  
Kingston  
Jamaica, W.I.  
Telephone +1 (876) 922-6640  
Fax +1 (876) 922-7198  
+1 (876) 922-4500  
e-Mail firmmail@kpmg.com.jm

## 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 ("the Society") comprising the separate financial statements of the Society and the consolidated financial statements of the Society and its subsidiaries ("the Group"), set out on pages 106 to 208, which comprise the Group's and Society's statements of financial position as at March 31, 2015, 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 our 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.

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

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 Hanca  
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  
Wilbert A. Spence





To the Members of  
THE JAMAICA NATIONAL BUILDING SOCIETY

**Report on the Financial Statements (continued)**

*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, 2015, and of the Group's and Society's financial performance 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 30, 2015

# FINANCIAL STATEMENTS

## THE JAMAICA NATIONAL BUILDING SOCIETY

### Statements of Financial Position

March 31, 2015

		GROUP		SOCIETY	
		2015	2014	2015	2014
	NOTES	\$'000	\$'000	\$'000	\$'000
ASSETS					
Cash and cash equivalents	6	5,175,286	5,739,005	3,232,808	3,984,283
Securities purchased under resale agreements	7	15,413,591	23,194,058	7,172,799	8,312,886
Investments	8	73,980,374	67,195,399	49,469,635	49,913,303
Taxation recoverable		1,906,969	1,578,662	1,422,647	994,011
Interest in subsidiaries	10	-	-	1,861,411	2,007,155
Interest in associates	11	553,139	442,296	192,383	159,934
Loans	12	60,135,156	56,123,085	54,089,389	50,451,095
Other assets	13	3,019,039	2,984,933	584,417	501,569
Assets held-for-sale	14	546,613	455,665	481,655	308,077
Investment properties	15	469,806	476,780	132,503	136,633
Property, plant and equipment	16	3,557,770	2,850,544	2,571,347	2,083,020
Goodwill and intangible assets	17	1,003,481	977,736	121,992	123,139
Deferred tax assets	18	273,166	444,738	196,376	242,425
Total assets		166,034,390	162,462,901	121,529,362	119,217,530
SAVINGS FUND, LIABILITIES AND EQUITY					
SAVINGS FUND					
Shareholders' savings, being total savings fund	19	90,498,143	86,615,732	85,731,853	82,025,390
LIABILITIES					
Bank overdraft (unsecured)		15,205	18,410	-	-
Due to specialised financial institutions		13,508,187	12,280,402	13,498,797	12,280,402
Securities sold under repurchase agreements	20	24,250,852	28,389,888	1,546,281	5,223,222
Certificates of participation	21	-	27,195	-	-
Taxation payable		326,206	500,093	258,468	432,010
Other payables	22	2,692,924	2,484,209	647,028	704,707
Deferred tax liabilities	18	152,102	232,433	-	-
Employee benefit obligation	23(a)	809,729	615,912	694,149	528,835
Insurance contract provisions	24	3,818,487	3,968,646	-	-
Long-term loans	25	487,321	417,245	-	2,520
Total liabilities		46,061,013	48,934,433	16,644,723	19,171,696

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

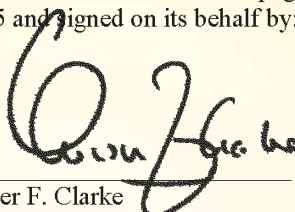


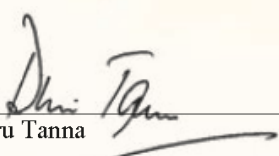
# THE JAMAICA NATIONAL BUILDING SOCIETY


## Statements of Financial Position (Continued) March 31, 2015

	<u>NOTES</u>	<u>GROUP</u>		<u>SOCIETY</u>	
		<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
		\$'000	\$'000	\$'000	\$'000
<b>EQUITY</b>					
Permanent capital fund	26	6,940,000	6,940,000	6,940,000	6,940,000
Reserve fund	27	<u>7,600,000</u>	<u>7,600,000</u>	<u>7,600,000</u>	<u>7,600,000</u>
Capital base		14,540,000	14,540,000	14,540,000	14,540,000
Capital reserve		83,076	83,076	-	-
Contractual savings reserve	28	14,223	14,223	14,223	14,223
Other reserves	29	2,417,157	2,116,895	1,305,974	1,293,222
Retained earnings		<u>12,286,039</u>	<u>10,086,196</u>	<u>3,292,589</u>	<u>2,172,999</u>
Total equity attributable to equity holders of the Society		29,340,495	26,840,390	19,152,786	18,020,444
Non-controlling interest		<u>134,739</u>	<u>72,346</u>	-	-
Total equity		<u>29,475,234</u>	<u>26,912,736</u>	<u>19,152,786</u>	<u>18,020,444</u>
Total savings fund, liabilities and equity		<u>166,034,390</u>	<u>162,462,901</u>	<u>121,529,362</u>	<u>119,217,530</u>

The financial statements on pages 106 to 208 were approved for issue by the Board of Directors on June 30, 2015 and signed on its behalf by:

  
Oliver F. Clarke Director

  
Dhiru Tanna Director

  
Earl Jarrett Director

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, 2015**

	Notes	<b>Group</b>		<b>Society</b>	
		<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
		\$'000	\$'000	\$'000	\$'000
Interest revenue:					
Interest on loans		5,919,210	5,597,859	4,940,920	4,750,598
Interest on investments		<u>5,611,392</u>	<u>4,750,285</u>	<u>3,406,814</u>	<u>2,733,610</u>
		11,530,602	10,348,144	8,347,734	7,484,208
Interest expense	30	( 3,022,554)	( 2,559,531)	(1,733,292)	(1,361,853)
Net interest revenue		8,508,048	7,788,613	6,614,442	6,122,355
Other operating income	31	6,141,739	5,338,542	2,549,814	2,823,929
Operating expenses	32	(11,807,199)	(10,377,737)	(7,788,242)	(6,804,810)
Operating surplus		2,842,588	2,749,418	1,376,014	2,141,474
Gain on disposal of investments		384,595	74,787	189,828	72,118
Share of profit of associates	11	58,488	129,757	-	-
Unrealised foreign exchange gains		<u>334,397</u>	<u>439,285</u>	<u>234,930</u>	<u>309,238</u>
Surplus before taxation		3,620,068	3,393,247	1,800,772	2,522,830
Taxation	33	( 1,085,432)	( 1,079,105)	( 587,195)	( 709,417)
Surplus for the year		<u>2,534,636</u>	<u>2,314,142</u>	<u>1,213,577</u>	<u>1,813,413</u>
Attributable to:					
The Society		2,498,887	2,314,035	1,213,577	1,813,413
Non-controlling interest		<u>35,749</u>	<u>107</u>	<u>-</u>	<u>-</u>
		<u>2,534,636</u>	<u>2,314,142</u>	<u>1,213,577</u>	<u>1,813,413</u>
Dealt with in the financial statements of:					
The Society		1,213,577	1,813,413	1,213,577	1,813,413
Subsidiaries		1,262,571	370,972	-	-
Associates		<u>58,488</u>	<u>129,757</u>	<u>-</u>	<u>-</u>
		<u>2,534,636</u>	<u>2,314,142</u>	<u>1,213,577</u>	<u>1,813,413</u>

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



## **THE JAMAICA NATIONAL BUILDING SOCIETY**

### **Statements of Profit or Loss and Other Comprehensive Income** **Year ended March 31, 2015**

		<b>Group</b>		<b>Society</b>	
	<u>Notes</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
		<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Surplus for the year		<u>2,534,636</u>	<u>2,314,142</u>	<u>1,213,577</u>	<u>1,813,413</u>
<b>Other comprehensive income:</b>					
<b>Items that are or may be reclassified to profit or loss:</b>					
Translation of foreign subsidiaries' balances		4,424	213,072	-	-
Change in fair value of available-for-sale investments		255,029	( 62,239)	155,198	15,754
Realised gains on investments recognised in statement of revenue and expenses		( 189,827)	( 72,118)	( 189,827)	( 72,118)
Deferred tax on available-for-sale investments	18	<u>27,100</u>	<u>( 7,363)</u>	<u>10,389</u>	<u>16,909</u>
		<u>96,726</u>	<u>71,352</u>	<u>( 24,240)</u>	<u>( 39,455)</u>
<b>Items that will never be reclassified to profit or loss:</b>					
Re-measurement of employee benefit obligation	23(d)	( 99,224)	( 42,106)	( 81,421)	( 35,735)
Deferred tax on employee benefit obligation	18	<u>30,360</u>	<u>12,844</u>	<u>24,426</u>	<u>10,720</u>
		<u>( 68,864)</u>	<u>( 29,262)</u>	<u>( 56,995)</u>	<u>( 25,015)</u>
Total other comprehensive income/(loss) for the year		<u>27,862</u>	<u>42,090</u>	<u>( 81,235)</u>	<u>( 64,470)</u>
Total comprehensive income for the year		<u>2,562,498</u>	<u>2,356,232</u>	<u>1,132,342</u>	<u>1,748,943</u>
Attributable to:					
The Society		2,516,550	2,351,469	1,132,342	1,748,943
Non-controlling interest		<u>45,948</u>	<u>4,763</u>	<u>-</u>	<u>-</u>
		<u>2,562,498</u>	<u>2,356,232</u>	<u>1,132,342</u>	<u>1,748,943</u>

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

**THE JAMAICA NATIONAL BUILDING SOCIETY**

**Group Statement of Changes in Equity**  
**Year ended March 31, 2015**

	Permanent capital fund \$'000 (note 26)	Reserve fund \$'000 (note 27)	Capital reserve \$'000	Contractual savings reserves \$'000 (note 28)	Other reserves \$'000 (note 29)	Retained earnings \$'000	Total \$'000	Non - controlling interest \$'000	Total equity \$'000
Balances as at March 31, 2013	5,740,000	6,600,000	114,653	14,223	1,881,492	10,147,899	24,498,267	49,406	24,547,673
<b>Total comprehensive income for the year:</b>									
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)
Decrease in fair value of 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
<b>Changes in ownership interests in subsidiaries that do not result in a loss of control:</b>									
Movement in share of reserves in associates and subsidiaries	-	-	-	-	8,831	-	8,831	-	8,831
<b>Movement between reserves:</b>									
Transfers	1,200,000	1,000,000	( 31,577)	-	-	( 2,168,423)	-	-	-
Transfer from credit loss reserve	-	-	-	-	159,876	( 178,053)	( 18,177)	18,177	-
Balances at March 31, 2014	6,940,000	7,600,000	83,076	14,223	2,116,895	10,086,196	26,840,390	72,346	26,912,736
<b>Total comprehensive income for the year:</b>									
Surplus for the year	-	-	-	-	-	2,498,887	2,498,887	35,749	2,534,636
Other comprehensive income :									
Translation of foreign Subsidiaries' balances	-	-	-	-	( 5,687)	-	( 5,687)	10,111	4,424
Increase in fair value of available-for- sale investments	-	-	-	-	254,970	-	254,970	59	255,029
Deferred tax on available-for-sale investments	-	-	-	-	27,071	-	27,071	29	27,100
Realised gains on investments recognised in statement of revenue and expenses	-	-	-	-	( 189,827)	-	( 189,827)	-	( 189,827)
Re-measurement of employee benefit obligation, net of deferred tax	-	-	-	-	-	( 68,864)	( 68,864)	-	( 68,864)
Total other comprehensive income	-	-	-	-	86,527	( 68,864)	17,663	10,199	27,862
Total comprehensive income	-	-	-	-	86,527	2,430,023	2,516,550	45,948	2,562,498
<b>Movement between reserves:</b>									
Transfer to credit loss reserve	-	-	-	-	213,735	( 230,180)	( 16,445)	16,445	-
Balances at March 31, 2015	6,940,000	7,600,000	83,076	14,223	2,417,157	12,286,039	29,340,495	134,739	29,475,234

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, 2015

	Permanent capital fund \$'000 (note 26)	Reserve fund \$'000 (note 27)	Contractual savings reserve \$'000 (note 28)	Other reserves \$'000 (note 29)	Retained earnings \$'000	Total \$'000
Balances as at March 31, 2013	5,740,000	6,600,000	14,223	1,343,051	2,565,396	16,262,670
<b>Total comprehensive income for the year:</b>						
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 losses	-	-	-	( 39,455)	( 25,015)	( 64,470)
Total comprehensive (loss)/income	-	-	-	( 39,455)	1,788,398	1,748,943
<b>Changes in ownership interest in subsidiaries that do not result in a loss of control:</b>						
Movement in share of reserves in associates and subsidiaries	-	-	-	8,831	-	8,831
<b>Movements in reserves:</b>						
Transfer	1,200,000	1,000,000	-	-	(2,200,000)	-
Transfer from credit loss reserve	-	-	-	( 19,205)	19,205	-
Balances at March 31, 2014	6,940,000	7,600,000	14,223	1,293,222	2,172,999	18,020,444
<b>Total comprehensive income for the year:</b>						
Surplus for the year	-	-	-	-	1,213,577	1,213,577
Other comprehensive income as previously stated:						
Increase in fair value of available-for-sale investments	-	-	-	155,198	-	155,198
Deferred tax on available-for-sale investments	-	-	-	10,389	-	10,389
Realised gains on investments recognised in statement of revenue and expenses	-	-	-	( 189,827)	-	( 189,827)
Re-measurement of employee benefit obligation, net of deferred tax	-	-	-	-	( 56,995)	( 56,995)
Total other comprehensive losses	-	-	-	( 24,240)	( 56,995)	( 81,235)
Total comprehensive (loss)/income	-	-	-	( 24,240)	1,156,582	1,132,342
<b>Movement between reserves:</b>						
Transfer to credit loss reserve	-	-	-	36,992	( 36,992)	-
Balances at March 31, 2015	6,940,000	7,600,000	14,223	1,305,974	3,292,589	19,152,786

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, 2015**

	<u>2015</u> \$'000	<u>2014</u> \$'000
<b>Cash flows from operating activities</b>		
Surplus for the year	2,534,636	2,314,142
Adjustments to reconcile surplus to net cash provided by operating activities:		
Depreciation - property, plant and equipment and investment properties	446,530	364,650
Amortisation of intangible assets	76,741	68,915
Impairment of intangible assets	3,507	105,795
Gain on disposal of property, plant and equipment and investment properties	( 5,309)	760
Gain on disposal of investments	( 150,027)	( 74,787)
Gains from foreign exchange rate changes	( 58,919)	( 206,522)
Translation differences	10,831	213,072
Dividend income	( 37,174)	( 77,929)
Share of profit associates	( 58,488)	( 129,757)
Interest income	(11,530,602)	(10,348,144)
Interest expense	3,022,554	2,559,531
Current tax expense	990,931	1,031,461
Deferred taxation	94,501	47,644
Net (decrease)/increase in provision for loan losses	( 40,709)	365,415
Employee benefit obligation	94,593	71,293
Impairment loss on foreclosed properties	123,353	47,655
Insurance contract provisions	( 150,159)	131,558
Impairment loss on investment	<u>13,730</u>	<u>24,872</u>
	( 4,619,480)	( 3,490,376)
Changes in operating assets and liabilities:		
Net additions to loans	( 4,114,764)	( 4,185,465)
Taxation recoverable	( 328,307)	98,454
Other assets	146,705	( 244,493)
Other payables	208,715	( 279,960)
Net receipts from savings	3,946,791	2,263,882
Due to specialised financial institutions	1,227,785	1,259,386
Securities purchased under resale agreements	7,711,466	( 1,346,681)
Certificates of participation	( 27,195)	( 1,804,475)
Securities sold under repurchase agreements	<u>( 4,104,013)</u>	<u>8,886,147</u>
	47,703	1,156,419
Interest paid	( 3,027,705)	( 2,180,690)
Interest received	6,831,619	5,128,888
Income tax paid	<u>( 1,164,818)</u>	<u>( 1,023,441)</u>
Net cash provided by operating activities (page 113)	<u>2,686,799</u>	<u>3,081,176</u>

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



## THE JAMAICA NATIONAL BUILDING SOCIETY

### Group Statement of Cash Flows (Continued) Year ended March 31, 2015

	<u>2015</u> \$'000	<u>2014</u> \$'000
Net cash provided by operating activities (page 112)	<u>2,686,799</u>	<u>3,081,176</u>
<b>Cash flows from investing activities</b>		
Investments	(16,510,541)	(11,794,809)
Interest received	4,581,160	3,941,937
Interest in associates	( 52,355)	-
Dividend received	37,174	77,929
Assets held-for-sale	( 214,301)	( 326,887)
Acquisition of intangible assets	( 63,968)	( 193,693)
Purchase of property, plant and equipment and investment properties	( 1,204,076)	( 495,897)
Proceeds from disposal of property, plant and equipment	68,371	18,697
Reserve arising on merger	-	8,831
Proceeds from disposal of investments	<u>10,145,445</u>	<u>6,839,364</u>
Net cash used by investing activities	( <u>3,213,091</u> )	( <u>1,924,528</u> )
<b>Cash flows from financing activities</b>		
Long-term loans, being net cash provided/(used) by financing activities	<u>70,076</u>	( <u>171,616</u> )
Net (decrease)/increase in cash and cash equivalents	( 456,216)	985,032
Cash and cash equivalents at beginning of the year	5,720,595	4,060,967
Effects of exchange rate changes on cash and cash equivalents	( <u>104,298</u> )	<u>674,596</u>
Cash and cash equivalents at end of the year	<u><u>5,160,081</u></u>	<u><u>5,720,595</u></u>
Comprised of:		
Cash and cash equivalents	5,175,286	5,739,005
Bank overdraft	( <u>15,205</u> )	( <u>18,410</u> )
	<u><u>5,160,081</u></u>	<u><u>5,720,595</u></u>

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, 2015**

	<u>2015</u> \$'000	<u>2014</u> \$'000
<b>Cash flows from operating activities</b>		
Surplus for the year	1,213,577	1,813,413
Adjustments to reconcile surplus to net cash provided by operating activities:		
Depreciation - property, plant and equipment and investment properties	302,268	237,141
Amortisation of intangible asset	52,339	34,653
(Gain)/loss on disposal of property, plant & equipment and investment properties	( 3,915)	417
Loss/(gain) on disposal of intangible asset	3,410	-
Gain on disposal of investments	( 185,998)	( 72,118)
Gains from foreign exchange rate changes	( 128,615)	( 118,188)
Dividend income	( 453,872)	( 428,666)
Interest income	( 8,347,734)	(7,484,208)
Interest expense	1,733,292	1,361,853
Tax expense	506,331	722,171
Deferred taxation, net	80,864	( 12,754)
Net increase in provision for loan losses	75,788	270,682
Employee benefit obligation	83,894	72,836
Impairment loss on foreclosed properties	123,353	47,655
Impairment loss on investments	<u>13,730</u>	<u>24,872</u>
	( 4,931,288)	(3,530,241)
Changes in operating assets and liabilities:		
Net additions to loans	( 3,789,408)	(4,241,246)
Taxation recoverable	( 428,636)	60,628
Other assets	93,723	( 77,315)
Other payables	( 57,680)	( 251,746)
Net receipts from savings	3,781,824	2,841,142
Due to specialised financial institutions	1,218,395	1,260,561
Securities sold under repurchase agreements	1,125,142	5,200,902
Securities purchased under resale agreements	<u>( 3,655,310)</u>	<u>2,083,300</u>
	( 6,643,238)	3,345,985
Interest paid	( 1,736,032)	(1,487,563)
Interest received	4,972,509	4,554,522
Income tax paid	<u>( 679,873)</u>	<u>( 638,160)</u>
Net cash (used)/provided by operating activities	<u>( 4,086,634)</u>	<u>5,774,784</u>
<b>Cash flows from investing activities</b>		
Investments	( 9,466,938)	(7,839,249)
Interest received	3,321,055	2,222,750
Interest in subsidiaries	155,401	( 337,447)
Interest in associates	( 32,775)	( 162,251)
Dividend received	453,872	428,666
Assets held-for-sale	( 296,931)	( 260,496)
Acquisition of intangible assets	( 54,602)	( 120,706)
Purchase of property, plant & equipment and investment properties	( 857,191)	( 393,794)
Proceeds from disposal of property, plant & equipment	74,641	14,919
Proceeds from disposal of investments	<u>10,145,445</u>	<u>1,640,404</u>
Net cash provided/(used) by investing activities	<u>3,441,977</u>	<u>(4,807,204)</u>
Net cash (used)/provided by operating and investing activities (page 115)	<u>( 644,657)</u>	<u>967,580</u>

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



**THE JAMAICA NATIONAL BUILDING SOCIETY**

**Society Statement of Cash Flows (Continued)**  
**Year ended March 31, 2015**

	<u>2015</u> \$'000	<u>2014</u> \$'000
Net cash (used)/provided by operating and investing activities (page 114)	( 644,657)	<u>967,580</u>
<b>Cash flows from financing activities</b>		
Long-term loans, being net cash used by financing activities	( 2,520)	<u>-</u>
Net (decrease)/increase in cash and cash equivalents	( 647,177)	967,580
Effects of exchange rate changes on cash and cash equivalents	( 104,298)	655,212
Cash and cash equivalents at beginning of the year	<u>3,984,283</u>	<u>2,361,491</u>
Cash and cash equivalents at end of the year	<u>3,232,808</u>	<u>3,984,283</u>

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, 2015**

#### **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:

<u>Subsidiaries</u>	<u>Country of incorporation</u>	<u>Percentage ownership 2015</u>	<u>Percentage ownership 2014</u>	<u>Nature of business</u>
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 <sup>1</sup>	Money services business, including remittances and bill payments.
JN Properties Limited	Jamaica	100	100	Development and rental of real property.
JN 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.



## **THE JAMAICA NATIONAL BUILDING SOCIETY**

### **Notes to the Financial Statements (Continued)** **March 31, 2015**

#### **1. The Society (continued)**

<u>Subsidiaries (continued)</u>	<u>Country of incorporation</u>	<u>Percentage ownership 2015</u>	<u>Percentage ownership 2014</u>	<u>Nature of business</u>
JN General Insurance Company Limited 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 prior 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 previous year. Provision of software and hardware infrastructural support to the parent society
JN Life Insurance Company Limited	Jamaica	100	100	Life insurance services.

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

2 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, 2015**

### **1. The Society (continued)**

<u>Associates and Joint Ventures</u>	<u>Country of incorporation</u>	<u>Percentage ownership 2015</u>	<u>Percentage ownership 2014</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	50	33⅓	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, 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:**

- (i) **Jamaica National Building Society (JNBS) Foundation** was incorporated under the laws of Jamaica on July 11, 1990 as a company limited by guarantee and not having a share capital, with the liability of each of the 10 members limited to \$1. It is a charitable organisation which aims at assisting with grants or otherwise for the development of affordable housing throughout Jamaica and, in particular, rural Jamaica, as well as to develop and promote for the benefit of the public, study and research into housing and the management of savings. It is funded principally by contributions from the Society. The Foundation is an approved charitable organisation for purposes of Section 13(i)(q) of the Income Tax Act, and is exempt from income tax under Section 12(h) of that Act.
- (ii) **Mutual Building Societies (MBS) Foundation** was incorporated under the laws of Jamaica on April 4, 2008 as a company limited by guarantee and not having a share capital. It is a charitable organisation whose primary goal is to contribute to sustainable national development. The Foundation aims to support the strategic objectives of the Ministry of Education by injecting technical and financial resources to improve student achievement, teacher quality, organisational effectiveness and strengthen school-home community partnership of six rural, recently upgraded high schools, to ensure that national targets are met and sustainable rural development is promoted. It is funded principally by contributions from the Society and the Victoria Mutual Building Society. The Foundation is an approved charitable organisation for purposes of Section [13(i)(q)] of the Income Tax Act and is exempt from income tax under Section 12(h) of that Act.

## **THE JAMAICA NATIONAL BUILDING SOCIETY**

### **Notes to the Financial Statements (Continued)** **March 31, 2015**

#### **1. The Society (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 came into effect in 2014.

JNBS Foundation was registered and approved as a RCO on April 23, 2014. No application for a RCO was made by MBS Foundation.

#### **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.

#### **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).

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

##### **(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.

##### **(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.



**THE JAMAICA NATIONAL BUILDING SOCIETY**

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

**March 31, 2015**

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

(d) Use of estimates and judgements:

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

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

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 4.

(e) Comparative information:

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

**4. Accounting estimates and judgements**

Note 38 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 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.

## **THE JAMAICA NATIONAL BUILDING SOCIETY**

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

**March 31, 2015**

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

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

(ii) Allowance for loan losses:

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

(iii) Valuation of financial instruments:

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

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

- Level 1 – Quoted market price (unadjusted) in an active market for identical assets or liabilities.
- Level 2 – Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- 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 risk premia used in estimating discount rates.

**THE JAMAICA NATIONAL BUILDING SOCIETY**

**Notes to the Financial Statements (Continued)**  
**March 31, 2015**

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

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

(iii) Valuation of financial instruments (continued):

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

(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.

(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 [44(d)(vi)].

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



## **THE JAMAICA NATIONAL BUILDING SOCIETY**

### **Notes to the Financial Statements (Continued)** **March 31, 2015**

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

(b) Critical accounting judgements in applying accounting policies (continued):

(iii) Deferred tax asset:

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

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

#### **5. 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.

#### **6. Cash and cash equivalents**

	<b><u>Group</u></b>		<b><u>Society</u></b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Cash reserve with Bank of Jamaica [see (a)]	847,140	812,084	847,140	812,084
Cash and bank balances				
[see (b), (c), (d)]	<u>4,328,146</u>	<u>4,926,921</u>	<u>2,385,668</u>	<u>3,172,199</u>
	<u>5,175,286</u>	<u>5,739,005</u>	<u>3,232,808</u>	<u>3,984,283</u>

**THE JAMAICA NATIONAL BUILDING SOCIETY**

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

**March 31, 2015**

**6. Cash and cash equivalents (continued)**

- (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, 2015, the stipulated percentage was 40% (2014: 40%) compared to the Society's holding of qualifying assets of 60.91% (2014: 59.39%).

- (b) Cash and bank balances include deposits held on behalf of clients of \$67,940,000 (2014: \$38,252,000) in the books of a subsidiary. The corresponding liabilities are included in other payables.
- (c) The Society has the following securities pledged:
- (i) \$241,000,000 (2014: \$204,000,000) to facilitate settlement of Multilink transactions;
  - (ii) \$50,000,000 (2014: \$50,000,000) with a commercial bank to cover uncleared funds up to a limit of \$500,000,000 (2014: \$500,000,000);
  - (iii) \$2,711,000 (2014: \$2,627,000) with a commercial bank to cover a third party guarantee;
  - (iv) \$11,449,000 (2014: \$10,899,000) for bid collateral; and
  - (v) \$1,623,000,000 (2014: \$7,196,599,000) for repurchase agreement collateral
- (d) A subsidiary has a \$10,000,000 (2014: \$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\$96,000 (2014: US\$87,795) and hypothecation of certain securities purchased under resale agreement in the amount of US\$100,000 (2014: US\$100,000). No amount was withdrawn on the facility as at March 31, 2015 and March 31, 2014.
- (e) The bank overdrafts of a subsidiary and an indirect subsidiary as at March 31, 2015 of \$15,205,000 (2014: \$18,410,000) are unsecured.

**7. Securities purchased under resale agreements**

	<b><u>Group</u></b>		<b><u>Society</u></b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	\$'000	\$'000	\$'000	\$'000
Principal	15,306,698	23,018,164	7,137,577	8,262,719
Interest receivable	<u>106,893</u>	<u>175,894</u>	<u>35,222</u>	<u>50,167</u>
	<u>15,413,591</u>	<u>23,194,058</u>	<u>7,172,799</u>	<u>8,312,886</u>

## **THE JAMAICA NATIONAL BUILDING SOCIETY**

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

**March 31, 2015**

#### **7. Securities purchased under resale agreements (continued)**

At March 31, 2015, securities obtained and held under resale agreements had a fair value of \$17,769,338,000 (2014: \$26,172,848,000) for the Group and \$8,068,175,000 (2014: \$9,019,337,000) for the Society.

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

	<b>Group</b>		<b>Society</b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Within 3 months	15,375,935	20,680,889	7,172,799	6,599,745
3 months to 1 year	<u>37,656</u>	<u>2,513,169</u>	<u>-</u>	<u>1,713,141</u>
	15,413,591	23,194,058	7,172,799	8,312,886

#### **8. Investments**

	<b>Group</b>		<b>Society</b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>Loans and receivables:</b>				
Corporate bonds	6,383,407	7,186,604	6,360,583	7,075,471
Government of Jamaica securities	1,529,932	2,345,886	1,475,053	2,345,886
Certificates of deposit	<u>26,065,313</u>	<u>19,708,080</u>	<u>25,569,526</u>	<u>19,206,409</u>
	33,978,652	29,240,570	33,405,162	28,627,766
<b>Available-for-sale:</b>				
Corporate bonds	960,009	410,971	18,387	17,287
Government of Jamaica securities	31,969,560	34,247,859	14,362,758	18,787,558
Certificates of deposit	4,594,976	243,566	-	-
Treasury bills	260,124	196,484	207,260	191,398
Quoted equities	370,267	875,986	85,967	606,819
Mutual funds	38,017	106,819	-	106,819
Unquoted equities [see (i) below]	<u>80</u>	<u>350</u>	<u>80</u>	<u>350</u>
	38,193,033	36,082,035	14,674,452	19,710,231
<b>At fair value through profit and loss:</b>				
Corporate bonds	336,536	362,354	336,535	362,354
Government of Jamaica securities	424,540	363,810	424,540	363,810
Mortgage investment fund	<u>17,383</u>	<u>338,282</u>	<u>17,383</u>	<u>338,282</u>
	778,459	1,064,446	778,458	1,064,446
	72,950,144	66,387,051	48,858,072	49,402,443
Interest receivable	<u>1,030,230</u>	<u>808,348</u>	<u>611,563</u>	<u>510,860</u>
	73,980,374	67,195,399	49,469,635	49,913,303



**THE JAMAICA NATIONAL BUILDING SOCIETY**

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

**March 31, 2015**

**8. Investments (continued)**

- (i) This is stated after deducting provision for impairment of \$1,964,000 (2014: \$10,030,000).
- (ii) Investments are due from the reporting date, excluding interest receivable, as follows:

	<u>Group</u>		<u>Society</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
No specific maturity	425,747	1,321,437	103,430	1,052,283
Within 3 months	4,773,833	9,792,331	4,383,919	9,195,912
3 months to 1 year	7,649,762	2,514,369	6,921,676	2,137,445
1 year to 5 years	37,640,132	26,271,473	27,079,352	20,007,707
5 years and over	<u>22,460,670</u>	<u>26,487,441</u>	<u>10,369,695</u>	<u>17,009,096</u>
	<u>72,950,144</u>	<u>66,387,051</u>	<u>48,858,072</u>	<u>49,402,443</u>

- (iii) Investments of the general and life insurance subsidiaries totalling \$143,054,000 (2014: \$143,945,000) 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\$2,098,504 (2014: US\$1,897,600) in lieu of a surety bond in favour of the Superintendent. As at March 31, 2015, the subsidiary had US\$2,145,000 (2014: US\$2,145,000) invested in certificates of deposit and US\$25,000 (2014: US\$25,000) in bonds to meet minimum requirements established by the States in which the subsidiary operates.
- (v) Restricted balances amounting to US\$30,000 (2014: US\$30,000) is held with Ghana Merchant Bank, in respect of the provision of remittances services on behalf of a subsidiary.

**9. 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 \$32,752,772,000 (2014: \$16,442,040,000) represent:

- (i) 26.95% (2014: 13.79%) of the Society's total assets; and
- (ii) 38.20% (2014: 20.05%) of the Society's total savings fund.

## THE JAMAICA NATIONAL BUILDING SOCIETY

### Notes to the Financial Statements (Continued) March 31, 2015

#### 10. Interest in subsidiaries

	<u>Society</u>	
	<u>2015</u>	<u>2014</u>
	<u>\$'000</u>	<u>\$'000</u>
Shares, at cost or written down value (see note 1)	983,937	983,937
Debentures, loans, advances and deposits	330,805	413,697
Current accounts	<u>546,669</u>	<u>609,521</u>
	<u>1,861,411</u>	<u>2,007,155</u>

#### 11. Interest in associates

	<u>Group</u>		<u>Society</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Shares, net (see note 1)	146,108	93,753	191,801	159,352
Group's share of reserves	392,749	334,261	-	-
Debentures	<u>14,282</u>	<u>14,282</u>	<u>582</u>	<u>582</u>
	<u>553,139</u>	<u>442,296</u>	<u>192,383</u>	<u>159,934</u>

- (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, 2013 and that of Knutsford Holdings Limited are as at and for the year ended December 31, 2014. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in associates.

	<u>Jamaica Joint Venture Investment Company Limited</u>		<u>Knutsford Holdings Limited</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>Percentage ownership interest</b>	<b>33⅓%</b>	<b>33⅓%</b>	<b>40%</b>	<b>40%</b>		
Non-current assets	472,011	367,801	561,123	518,331	1,033,134	886,132
Current assets	68,983	51,729	97,938	43,178	166,921	94,907
Non-current liabilities	( 1,746)	( 1,746)	( 57,133)	( 10,904)	( 58,879)	( 12,650)
Current liabilities	( 12,593)	( 8,766)	( 53,861)	( 51,724)	( 66,454)	( 60,490)
Net assets (100%)	<u>526,655</u>	<u>409,018</u>	<u>548,067</u>	<u>498,881</u>	<u>1,074,722</u>	<u>907,899</u>

**THE JAMAICA NATIONAL BUILDING SOCIETY**

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

**March 31, 2015**

**11. Interest in associates (continued)**

	Jamaica Joint Venture Investment Company Limited		Knutsford Holdings Limited		Total	
	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group's share of net assets, being carrying amount of investment in associates	<u>173,796</u>	<u>134,976</u>	<u>219,220</u>	<u>199,552</u>	<u>393,016</u>	<u>334,528</u>
Revenue	173,812	410,463	128,184	114,859	301,996	525,322
Interest expense	( 307)	( 132)	( 15,197)	( 11,899)	( 15,504)	( 12,031)
Income tax charge	( 3,973)	( 1,446)	( 10,925)	( 8,325)	( 14,898)	( 9,771)
Profit and total comprehensive income (100%)	<u>117,638</u>	<u>349,621</u>	<u>49,169</u>	<u>35,955</u>	<u>166,807</u>	<u>385,576</u>
Group's share of profit or loss and total comprehensive income	<u>38,820</u>	<u>115,375</u>	<u>19,668</u>	<u>14,382</u>	<u>58,488</u>	<u>129,757</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 previous year at a consideration of CI\$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.
- (d) On January 30, 2015, the Society acquired an additional 75,000 shares in Jamaica Joint Venture Investment Company Limited, thereby increasing its shareholding from 33⅓% to 50%. The share of profit for the year was, however, recognised on its previously held shareholding of 33⅓%, as the latest financial statements available are those as at and for the year ended December 31, 2013.

**12. Loans**

Loans, less allowances for losses, are as follows:

	Group		Society	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Mortgage loans - principal	56,113,977	51,972,888	51,322,033	47,450,174
Share loans	1,454,382	1,740,749	1,445,858	1,715,443
Other loans	2,308,780	2,116,371	1,106,767	1,039,157
Accrued interest	<u>258,017</u>	<u>293,077</u>	<u>214,731</u>	<u>246,321</u>
	<u>60,135,156</u>	<u>56,123,085</u>	<u>54,089,389</u>	<u>50,451,095</u>



## **THE JAMAICA NATIONAL BUILDING SOCIETY**

### **Notes to the Financial Statements (Continued)** **March 31, 2015**

#### **12. Loans (continued)**

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:

	<b><u>Group</u></b>		<b><u>Society</u></b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	\$'000	\$'000	\$'000	\$'000
Within 3 months	577,517	335,247	347,875	264,652
3 months to 1 year	1,799,545	1,828,952	1,111,111	1,185,582
1 year to 5 years	3,597,560	3,809,119	3,019,232	3,319,200
5 years and over	<u>54,160,534</u>	<u>50,149,767</u>	<u>49,611,171</u>	<u>45,681,661</u>
	<u>60,135,156</u>	<u>56,123,085</u>	<u>54,089,389</u>	<u>50,451,095</u>

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

	<b><u>Number of accounts</u></b>		<b><u>Value</u></b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
			\$'000	\$'000
Professional & other services	358	316	690,440	821,629
Individuals	40,043	41,397	58,419,526	53,984,444
Corporations	<u>344</u>	<u>348</u>	<u>1,025,190</u>	<u>1,317,012</u>
	<u>40,745</u>	<u>42,061</u>	<u>60,135,156</u>	<u>56,123,085</u>

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

	<b><u>Number of accounts</u></b>		<b><u>Value</u></b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
			\$'000	\$'000
Professional and other services	349	279	477,486	618,452
Individuals	26,057	26,838	52,571,375	48,708,160
Corporations	<u>317</u>	<u>279</u>	<u>1,040,528</u>	<u>1,124,483</u>
	<u>26,723</u>	<u>27,396</u>	<u>54,089,389</u>	<u>50,451,095</u>

**THE JAMAICA NATIONAL BUILDING SOCIETY**

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

**March 31, 2015**

**12. Loans (continued)**

Loans and advances on which interest is no longer accrued [see note 44(t)] amounted to \$7,281,504,000 (2014: \$6,691,623,000) for the Group and \$5,497,972,000 (2014: \$5,318,630,000) for the Society. This represents 11.77% (2014: 11.57%) of the gross loan portfolio for the Group and 9.93% (2014: 10.30%) for the Society. These loans are included in the financial statements, net of allowance for losses.

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

	<b><u>Group</u></b>		<b><u>Society</u></b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	\$'000	\$'000	\$'000	\$'000
At beginning of the year	1,709,849	1,344,434	1,206,366	935,684
Additional allowance made during the year	225,959	370,529	75,788	270,682
Written back during the year	( 185,250)	( 5,114)	-	-
At end of the year [note 36(b)]	<u>1,750,558</u>	<u>1,709,849</u>	<u>1,282,154</u>	<u>1,206,366</u>

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

	<b><u>Group</u></b>		<b><u>Society</u></b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	\$'000	\$'000	\$'000	\$'000
Specific provision	1,609,270	1,461,420	1,140,866	1,078,816
General provision	<u>141,288</u>	<u>248,429</u>	<u>141,288</u>	<u>127,550</u>
	<u>1,750,558</u>	<u>1,709,849</u>	<u>1,282,154</u>	<u>1,206,366</u>

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

	<b><u>Group</u></b>		<b><u>Society</u></b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	\$'000	\$'000	\$'000	\$'000
Specific provision	3,000,244	2,689,980	2,097,379	1,986,179
General provision	<u>460,415</u>	<u>464,422</u>	<u>423,704</u>	<u>422,124</u>
	<u>3,460,659</u>	<u>3,154,402</u>	<u>2,521,083</u>	<u>2,408,303</u>

## **THE JAMAICA NATIONAL BUILDING SOCIETY**

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

**March 31, 2015**

#### **12. Loans (continued)**

The total provision is broken down as follows:

	<b>Group</b>		<b>Society</b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Provision as per IFRS [note 36(b)]	1,750,558	1,709,849	1,282,154	1,206,366
Additional provision made by subsidiaries [note 29(c)]	471,172	242,616	-	-
Additional provision based on Bank of Jamaica regulations [note 29(c)]	<u>1,238,929</u>	<u>1,201,937</u>	<u>1,238,929</u>	<u>1,201,937</u>
	<u>3,460,659</u>	<u>3,154,402</u>	<u>2,521,083</u>	<u>2,408,303</u>

Included in mortgage loans for the Society and the Group are balances due from directors and companies controlled by directors amounting to \$23,303,000 (2014: \$26,272,000) and interest due on these loans of \$ Nil (2014: \$Nil).

#### **13. Other assets**

	<b>Group</b>		<b>Society</b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Other receivables	2,045,829	1,955,509	566,027	480,855
Reinsurance assets [note 24(a)]	891,365	909,001	-	-
Development in progress	11,384	46,130	-	-
Inventories	<u>70,461</u>	<u>74,293</u>	<u>18,390</u>	<u>20,714</u>
	<u>3,019,039</u>	<u>2,984,933</u>	<u>584,417</u>	<u>501,569</u>

#### **14. Assets held-for-sale**

	<b>Group</b>		<b>Society</b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Purchased property (i)	-	82,630	-	-
Acquired property (ii)	64,958	64,958	-	-
Foreclosed properties (iii)	633,008	397,169	633,008	397,169
Less impairment losses	<u>(151,353)</u>	<u>( 89,092)</u>	<u>(151,353)</u>	<u>( 89,092)</u>
	<u>546,613</u>	<u>455,665</u>	<u>481,655</u>	<u>308,077</u>



**THE JAMAICA NATIONAL BUILDING SOCIETY**

**Notes to the Financial Statements (Continued)**  
**March 31, 2015**

**14. Assets held-for-sale (continued)**

- (i) This represents land and building at 8 Belmont Road purchased during the previous year; the sale of which was completed during the year.
- (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 property. An offer for the sale of the property was received during the year. The sale was not completed as at the reporting date.
- (iii) The Society acquired real properties through foreclosure on collateral held as securities against loans. Foreclosed properties should be disposed of within 3 years of acquisition, in accordance with the Bank of Jamaica (Building Societies) Regulations, 1995.

**15. Investment properties**

	<b><u>Group</u></b> \$'000	<b><u>Society</u></b> \$'000
At cost:		
March 31, 2013	566,006	177,770
Addition	15,713	-
Translation adjustment	<u>2,558</u>	<u>-</u>
March 31, 2014	584,277	177,770
Addition	7,701	-
Translation adjustment	<u>( 3,039)</u>	<u>-</u>
March 31, 2015	<u>588,939</u>	<u>177,770</u>
Depreciation:		
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	107,497	41,137
Charge for the year	13,643	4,130
Translation adjustment	<u>( 2,007)</u>	<u>-</u>
March 31, 2015	<u>119,133</u>	<u>45,267</u>
Carrying values:		
March 31, 2015	<u>469,806</u>	<u>132,503</u>
March 31, 2014	<u>476,780</u>	<u>136,633</u>
March 31, 2013	<u>472,945</u>	<u>140,673</u>

## **THE JAMAICA NATIONAL BUILDING SOCIETY**

### **Notes to the Financial Statements (Continued)** **March 31, 2015**

#### **15. Investment properties (continued)**

	<b>Group</b>		<b>Society</b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	\$'000	\$'000	\$'000	\$'000
Fair value of investment properties	1,716,734	1,617,624	1,015,000	946,000
Income earned from the properties	112,643	86,448	60,335	37,603
Expenses incurred by the properties	<u>91,975</u>	<u>54,426</u>	<u>59,720</u>	<u>37,051</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.

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
<p><i>Income approach:</i> The valuation model examines the price an investor would be prepared to pay for the right to receive a certain income stream.</p> <p>The model considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rate, and current rental rates. The estimated net cash flows are discounted using current yields. Among other factors, the yield estimation considers the quality of a building and its location, tenants' credit quality and lease terms.</p>	<ul style="list-style-type: none"> <li>• Expected market rental growth yields</li> <li>• Rental rates</li> </ul>	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> <li>• Expected market rental growth were higher (lower);</li> <li>• The occupancy rates were higher (lower)</li> <li>• Rent-free periods were shorter (longer); or</li> <li>• Yields were lower (higher)</li> </ul>

**THE JAMAICA NATIONAL BUILDING SOCIETY**

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

**March 31, 2015**

**16. Property, plant and equipment**

	<b>Group</b>					
	<u>Freehold land and buildings</u>	<u>Leasehold land and buildings</u>	<u>Computers and office equipment</u>	<u>Motor vehicles</u>	<u>Work-in- progress</u>	<u>Total</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
At cost:						
March 31, 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	1,944,030	354,328	3,036,101	573,203	98,889	6,006,551
Additions	339,700	38,680	450,476	265,509	102,010	1,196,375
Transfers	62,029	1,015	( 11,051)	-	( 51,993)	-
Disposals	-	-	( 4,476)	(128,811)	-	( 133,287)
Translation adjustments	20,284	4,013	( 476)	452	( 7,115)	17,158
March 31, 2015	<u>2,366,043</u>	<u>398,036</u>	<u>3,470,574</u>	<u>710,353</u>	<u>141,791</u>	<u>7,086,797</u>
Depreciation:						
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	368,645	299,533	2,194,231	293,598	-	3,156,007
Charge for the year	57,461	24,017	242,024	106,503	2,882	432,887
Translation adjustments	2,483	4,416	1,949	195	1,315	10,358
Eliminated on disposals	-	-	( 3,625)	( 66,600)	-	( 70,225)
March 31, 2015	<u>428,589</u>	<u>327,966</u>	<u>2,434,579</u>	<u>333,696</u>	<u>4,197</u>	<u>3,529,027</u>
Net book values:						
March 31, 2015	<u>1,937,454</u>	<u>70,070</u>	<u>1,035,995</u>	<u>376,657</u>	<u>137,594</u>	<u>3,557,770</u>
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>



## THE JAMAICA NATIONAL BUILDING SOCIETY

### Notes to the Financial Statements (Continued)

March 31, 2015

#### 16. 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, 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	1,317,592	136,460	2,061,711	468,823	85,724	4,070,310
Additions	331,008	6,355	251,052	174,227	94,549	857,191
Transfers	48,863	1,015	2,116	-	( 51,994)	-
Disposals	-	-	( 3,137)	(115,081)	( 9,083)	( 127,301)
March 31, 2015	1,697,463	143,830	2,311,742	527,969	119,196	4,800,200
Depreciation:						
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	264,787	122,343	1,374,694	225,466	-	1,987,290
Charge for the year	36,070	7,270	175,396	79,402	-	298,138
Eliminated on disposals	-	-	( 266)	( 56,309)	-	( 56,575)
March 31, 2015	300,857	129,613	1,549,824	248,559	-	2,228,853
Net book values:						
March 31, 2015	1,396,606	14,217	761,918	279,410	119,196	2,571,347
March 31, 2014	1,052,805	14,117	687,017	243,357	85,724	2,083,020
March 31, 2013	1,050,458	18,149	634,117	214,148	20,791	1,937,663

Included in freehold land and buildings is the cost of land at \$133,730,000 (2014: \$130,523,000) for the Group and \$115,264,000 (2014: \$112,057,000) for the Society.

**THE JAMAICA NATIONAL BUILDING SOCIETY**

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

**March 31, 2015**

**17. Goodwill and intangible assets**

	<b>Group</b>						
	Non- compete agreement	Trademarks	Customer base	Goodwill	Licence	Software	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At cost:							
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	-	167,250	69,568	903,587	435	838,503	1,979,343
Additions	-	-	-	-	-	63,968	63,968
Reclassification	26,356	-	-	-	-	( 26,356)	-
Impairment	-	-	-	-	-	( 3,507)	( 3,507)
Translation adjustments	1,341	5,074	-	31,406	-	1,281	39,102
March 31, 2015	27,697	172,324	69,568	934,993	435	873,889	2,078,906
Amortisation and impairment losses:							
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	-	10,095	69,568	195,163	-	726,781	1,001,607
Charge for the year	5,499	215	-	-	-	71,027	76,741
Reclassification	15,775	-	-	-	-	( 15,775)	-
Translation adjustments	884	59	-	-	-	( 3,866)	( 2,923)
March 31, 2015	22,158	10,369	69,568	195,163	-	778,167	1,075,425
Net book values:							
March 31, 2015	5,539	161,955	-	739,830	435	95,722	1,003,481
March 31, 2014	-	157,155	-	708,424	435	111,722	977,736
March 31, 2013	-	149,941	-	685,512	435	55,089	890,977

Goodwill is attributable to the acquisition of Manufacturers Credit and information Services Limited (MCIS) and Quik Cash.

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 amounts of the cash-generating units (CGUs), MCIS and Quik Cash, were arrived at by estimating its future cash flows and discounting those cash flows using long-term discount rates applicable to Jamaica and Caymans Island, as relevant. The fair value measurement was 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.

## **THE JAMAICA NATIONAL BUILDING SOCIETY**

### **Notes to the Financial Statements (Continued)** **March 31, 2015**

#### **17. Goodwill and intangible assets (continued)**

These projections included specific estimates for four (4) years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumption that a market participant will make.

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

	<u>2015</u>	<u>2014</u>
<u>Quik Cash</u>		
Discount rate	13.4% and 28.0%	14.4% and 26.4%
Growth rate	2.5% and 8.0%	3.0% and 8.4%
Jamaica dollar devaluation rate	8.0%	11.0%
<u>MCIS</u>		
Discount rate	27.2%	26.4%
Growth rate	7.0% to 9.0%	3.0% to 8.4%
Jamaica dollar devaluation rate	8.0%	11.0%

In the previous year, the carrying amount of the CGU, Quik Cash, was determined to be higher than its recoverable amount of \$774,238,000 and an impairment loss of \$42,657,000 was recognised. The impairment loss was fully allocated to goodwill and included in operating expenses. Consequently on the impairment loss recognised, the recoverable amount was equal to the carrying amount. Therefore, any adverse movement in a key assumption could lead to further impairment.

	<u>Society</u> <u>Software</u> <u>\$'000</u>
At cost:	
March 31, 2013	430,330
Additions	<u>120,706</u>
March 31, 2014	551,036
Additions	54,602
Impairment	( 3,507)
March 31, 2015	<u>602,131</u>
Depreciation:	
March 31, 2013	393,244
Charge for the year	<u>34,653</u>
March 31, 2014	427,897
Charge for the year	52,339
Impairment	( 97)
March 31, 2015	<u>480,139</u>
Net book values:	
March 31, 2015	<u>121,992</u>
March 31, 2014	<u>123,139</u>
March 31, 2013	<u>37,086</u>



**THE JAMAICA NATIONAL BUILDING SOCIETY**

**Notes to the Financial Statements (Continued)**  
**March 31, 2015**

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

Deferred tax assets and liabilities are attributable to the following:

	<b>Group</b>					
	<b>Assets</b>		<b>Liabilities</b>		<b>Net</b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Other assets	3,308	5,661	(134,697)	(143,417)	(131,389)	(137,756)
Property, plant and equipment	80,220	178,964	3,580	( 5,795)	83,800	173,169
Employee benefits	246,356	187,676	( 9)	-	246,347	187,676
Other payables	2,742	65,110	51,032	-	53,774	65,110
Available-for-sale investments	( 58,520)	-	( 72,016)	( 69,930)	(130,536)	( 69,930)
Contractual savings reserve	( 4,267)	-	-	( 4,267)	( 4,267)	( 4,267)
Tax losses carried forward	19,389	7,113	-	-	19,389	7,113
Unrealised foreign exchange gains/(losses)	( 16,062)	214	8	( 9,024)	( 16,054)	( 8,810)
Net deferred tax assets/(liabilities)	<u>273,166</u>	<u>444,738</u>	<u>(152,102)</u>	<u>(232,433)</u>	<u>121,064</u>	<u>212,305</u>

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

	<b>Group</b>			
	<u>2015</u>			
	Balances at April 1, 2014	Recognised in profit/loss	Recognised in other comprehensive income	Balances at March 31, 2015
	\$'000	\$'000	\$'000	\$'000
Other assets	(137,756)	6,367	-	(131,389)
Property, plant and equipment	173,169	(89,369)	-	83,800
Employee benefits	187,676	28,311	30,360	246,347
Other payables	65,110	(11,336)	-	53,774
Available-for-sale investments	( 69,930)	(33,506)	(27,100)	(130,536)
Contractual savings reserve	( 4,267)	-	-	( 4,267)
Tax losses carried forward	7,113	12,276	-	19,389
Unrealised foreign exchange losses	( 8,810)	( 7,244)	-	( 16,054)
Net deferred tax assets/(liabilities)	<u>212,305</u>	<u>(94,501)</u>	<u>3,260</u>	<u>121,064</u>

	<b>Group</b>			
	<u>2014</u>			
	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)	<u>61,226</u>	<u>(70,036)</u>	<u>-</u>	<u>( 8,810)</u>
Net deferred tax assets/(liabilities)	<u>254,468</u>	<u>(47,644)</u>	<u>5,481</u>	<u>212,305</u>

## THE JAMAICA NATIONAL BUILDING SOCIETY

### Notes to the Financial Statements (Continued) March 31, 2015

#### 18. Deferred tax assets/(liabilities) (continued)

	Society					
	Assets		Liabilities		Net	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Property, plant and equipment	32,386	128,237	-	-	32,386	128,237
Employee benefits	208,245	158,651	-	-	208,245	158,651
Other payables	1,760	1,760	-	-	1,760	1,760
Contractual savings reserve	-	-	( 4,267)	(35,337)	( 4,267)	( 35,337)
Available-for-sale investments	-	-	(24,948)	( 4,267)	( 24,948)	( 4,267)
Unrealised foreign exchange losses	-	-	(16,800)	( 6,619)	( 16,800)	( 6,619)
Net deferred tax assets	<u>242,391</u>	<u>288,648</u>	<u>(46,015)</u>	<u>(46,223)</u>	<u>196,376</u>	<u>242,425</u>

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

	Society			
	2015			
	Balances at April 1, 2014 \$'000	Recognised in profit/loss \$'000	Recognised in other comprehensive income \$'000	Balances at March 31, 2015 \$'000
Property, plant and equipment	128,237	(95,851)	-	32,386
Employee benefits	158,651	25,168	24,426	208,245
Other payables	1,760	-	-	1,760
Contractual savings reserve	( 4,267)	-	-	( 4,267)
Available-for-sale investments	( 35,337)	-	10,389	( 24,948)
Unrealised foreign exchange gains/(losses)	( 6,619)	(10,181)	-	( 16,800)
	<u>242,425</u>	<u>(80,864)</u>	<u>34,815</u>	<u>196,376</u>

	2014			
	2014			
	Balances at April 1, 2013 \$'000	Recognised in profit/loss \$'000	Recognised in other comprehensive income \$'000	Balances at March 31, 2014 \$'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>

**THE JAMAICA NATIONAL BUILDING SOCIETY**

**Notes to the Financial Statements (Continued)**  
**March 31, 2015**

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

Movement in temporary differences during the year:

	<b>Group</b>		<b>Society</b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	\$'000	\$'000	\$'000	\$'000
Net deferred tax assets at beginning of year	212,305	254,468	242,425	202,042
Recognised in other comprehensive income:				
Available-for-sale investments	( 27,100)	( 7,363)	10,389	16,909
Employee benefit obligation	30,360	12,844	24,426	10,720
Recognised in statement of revenue and expenses [note 33(a)(ii)]	( 94,501)	( 47,644)	( 80,864)	12,754
Net deferred tax assets at end of year	<u>121,064</u>	<u>212,305</u>	<u>196,376</u>	<u>242,425</u>

**19. Shareholders' savings**

	<b>Group</b>		<b>Society</b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	\$'000	\$'000	\$'000	\$'000
Paid-up investment shares	87,345,453	78,127,251	82,640,356	79,087,409
General investment and subscription shares	2,924,576	8,290,239	2,924,576	2,789,951
Accrued interest	<u>228,114</u>	<u>198,242</u>	<u>166,921</u>	<u>148,030</u>
	<u>90,498,143</u>	<u>86,615,732</u>	<u>85,731,853</u>	<u>82,025,390</u>

Shareholders' savings are due from the reporting date as follows:

	<b>Group</b>		<b>Society</b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	\$'000	\$'000	\$'000	\$'000
Within 3 months	82,292,209	80,975,337	79,398,464	78,259,242
From 3 months to 1 year	7,301,353	5,388,373	5,431,576	3,518,332
Over 1 year	<u>904,581</u>	<u>252,022</u>	<u>901,813</u>	<u>247,816</u>
	<u>90,498,143</u>	<u>86,615,732</u>	<u>85,731,853</u>	<u>82,025,390</u>

The Group's shareholders' savings portfolio is concentrated as follows:

	<b>Number of accounts</b>		<b>Value</b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
			\$'000	\$'000
Public authorities	166	146	96,862	89,767
Financial institutions	122	82	861,783	885,116
Commercial and business	2,338	2,236	1,531,746	1,443,430
Individuals	<u>1,184,277</u>	<u>1,192,950</u>	<u>88,007,752</u>	<u>84,197,419</u>
	<u>1,186,903</u>	<u>1,195,414</u>	<u>90,498,143</u>	<u>86,615,732</u>



## **THE JAMAICA NATIONAL BUILDING SOCIETY**

### **Notes to the Financial Statements (Continued)** **March 31, 2015**

#### **19. Shareholders' savings (continued)**

The Society's shareholders' savings portfolio is concentrated as follows:

	<b><u>Number of accounts</u></b>		<b><u>Value</u></b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
			\$'000	\$'000
Public authorities	158	145	16,231	14,928
Financial institutions	137	102	1,403,418	1,505,004
Commercial and business	2,337	2,225	1,616,747	1,489,444
Individuals	<u>1,182,081</u>	<u>1,190,482</u>	<u>82,695,457</u>	<u>79,016,014</u>
	<u>1,184,713</u>	<u>1,192,954</u>	<u>85,731,853</u>	<u>82,025,390</u>

#### **20. Securities sold under repurchase agreements**

	<b><u>Group</u></b>		<b><u>Society</u></b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	\$'000	\$'000	\$'000	\$'000
Principal	24,105,276	28,209,289	1,545,592	5,200,902
Interest payable	<u>145,576</u>	<u>180,599</u>	<u>689</u>	<u>22,320</u>
	<u>24,250,852</u>	<u>28,389,888</u>	<u>1,546,281</u>	<u>5,223,222</u>

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

	<b><u>Group</u></b>		<b><u>Society</u></b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	\$'000	\$'000	\$'000	\$'000
Within 3 months	18,718,259	20,372,704	1,546,281	22,320
From 3 months to 1 year	4,879,802	7,270,025	-	5,200,902
Over 1 year	<u>652,791</u>	<u>747,159</u>	<u>-</u>	<u>-</u>
	<u>24,250,852</u>	<u>28,389,888</u>	<u>1,546,281</u>	<u>5,223,222</u>

At March 31, 2015, 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 \$25,620,711,000 (2014: \$30,391,619,000) and \$1,622,872,000 (2014: \$6,679, 618,000) for the Society.

**THE JAMAICA NATIONAL BUILDING SOCIETY**

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

**March 31, 2015**

**21. 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 \$Nil (2014:\$ 27,195,000).

**22. Other payables**

	<u>Group</u>		<u>Society</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Staff related accrual	117,897	171,123	94,126	139,600
Insurance payable	356,523	338,392	23,815	129,411
Customers' and other deposits	305,986	124,845	-	-
Trade payables	860,687	804,177	392,398	246,584
Other payables	<u>1,051,831</u>	<u>1,045,672</u>	<u>136,689</u>	<u>189,112</u>
	<u>2,692,924</u>	<u>2,484,209</u>	<u>647,028</u>	<u>704,707</u>

**23. 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.

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

<u>Subsidiary</u>	<u>Pension scheme</u>
(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 JAMAICA NATIONAL BUILDING SOCIETY**

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

**March 31, 2015**

#### **23. Employee benefit obligation (continued)**

The total contributions made for the year is included in employee costs (note 34).

The Group provides post-retirement health insurance benefits to retirees who have met certain minimum service requirements.

The amounts recognised in the 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:

	<b>Group</b>		<b>Society</b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	\$'000	\$'000	\$'000	\$'000
Present value of unfunded obligations	800,403	607,004	694,149	528,835
Supplementary benefit [note 23(i)]	<u>9,326</u>	<u>8,908</u>	<u>-</u>	<u>-</u>
	<u>809,729</u>	<u>615,912</u>	<u>694,149</u>	<u>528,835</u>

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

	<b>Group</b>		<b>Society</b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	\$'000	\$'000	\$'000	\$'000
Present value of unfunded obligations and supplementary benefit at beginning of year	615,912	502,514	528,835	420,265
Benefits paid	( 6,551)	( 4,515)	( 5,376)	( 3,482)
Services cost	43,417	39,232	39,285	34,465
Interest cost	57,727	49,777	49,984	41,853
Curtailment gain	-	( 13,201)	-	-
Actuarial loss arising from:				
Experience adjustment	20,629	39,104	11,007	38,733
Demographic assumption	8,181	-	-	-
Financial assumptions	<u>70,414</u>	<u>3,001</u>	<u>70,414</u>	<u>( 2,999)</u>
Balances at end of year	<u>809,729</u>	<u>615,912</u>	<u>694,149</u>	<u>528,835</u>

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

	<b>Group</b>		<b>Society</b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	\$'000	\$'000	\$'000	\$'000
Current service costs	43,417	39,232	39,285	34,465
Interest on obligation	57,727	49,777	49,984	41,853
Effect of curtailment	<u>-</u>	<u>(13,201)</u>	<u>-</u>	<u>-</u>
	<u>101,144</u>	<u>75,808</u>	<u>89,269</u>	<u>76,318</u>



**THE JAMAICA NATIONAL BUILDING SOCIETY**

**Notes to the Financial Statements (Continued)**  
**March 31, 2015**

**23. Employee benefit obligation (continued)**

(d) Items recognised in other comprehensive income:

	<b>Group</b>		<b>Society</b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	\$'000	\$'000	\$'000	\$'000
Re-measurement loss on obligation	99,224	42,106	81,421	35,735

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

	<u>2015</u>	<u>2014</u>
	%	%
Discount rate at March 31	9.5	9.5
Health cost inflation rate	7.5	7.0
Salary growth rate	<u>7.0</u>	<u>6.5</u>

(f) Sensitivity analysis:

Sensitivity analysis on projected benefit obligation:

The calculation of the projected benefit obligation is sensitive to the assumptions used. The table below summarizes how the projected benefit obligation measured at the end of the reporting period would have increased/(decreased) as a result of a change in the respective assumptions by one percentage point. In preparing the analyses for each assumption, all others were held constant. The economic assumptions are somewhat linked as they are all related to inflation. Hence, for example, a 1% reduction in the long-term discount rate, would cause some reduction in the medical trend rate.

	<u>2015</u>		<u>2014</u>	
	\$'000	\$'000	\$'000	\$'000
	1 %	1 %	1 %	1 %
	increase	decrease	increase	decrease
Discount rate	(134,052)	181,901	(101,198)	136,813
Health inflation rate	172,221	(128,630)	129,928	( 97,328)
Salary increase rate	<u>1,211</u>	<u>( 1,070)</u>	<u>916</u>	<u>( 809)</u>

(g) At March 31, 2015, the weighted average duration of the defined benefit obligation was 23.8 years (2014: 23.5 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 by approximately \$22,800,000 (2014: \$17,730,000) while a decrease of one year in life expectancy will result in a decrease in the employee benefit obligation by approximately \$ 3,600,000 (2014: \$2,700,000).

(i) Supplementary pension benefit:

This represents the defined benefit obligation in respect of supplementary pension provided by a subsidiary company for 6 pensioners (2014: 6).

## THE JAMAICA NATIONAL BUILDING SOCIETY

### Notes to the Financial Statements (Continued)

March 31, 2015

#### 24. Insurance contract provisions

##### (a) Group:

	2015			2014		
	Gross \$'000	Reinsurance \$'000	Net \$'000	Gross \$'000	Reinsurance \$'000	Net \$'000
Claims outstanding	2,120,720	(113,148)	2,007,572	2,450,049	(217,846)	2,232,203
Unearned premiums	1,697,767	(778,217)	919,550	1,518,597	(691,155)	827,442
	<u>3,818,487</u>	<u>(891,365)</u>	<u>2,927,122</u>	<u>3,968,646</u>	<u>(909,001)</u>	<u>3,059,645</u>

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

##### Claims outstanding:

	2015			2014		
	Gross \$'000	Reinsurance \$'000	Net \$'000	Gross \$'000	Reinsurance \$'000	Net \$'000
Claims notified	1,733,368	(216,754)	1,516,614	1,767,427	(248,667)	1,518,760
Claims incurred but not reported	<u>716,681</u>	<u>( 1,092)</u>	<u>715,589</u>	<u>757,397</u>	<u>( 12,125)</u>	<u>745,272</u>
Balances at April 1	<u>2,450,049</u>	<u>(217,846)</u>	<u>2,232,203</u>	<u>2,524,824</u>	<u>(260,792)</u>	<u>2,264,032</u>
Claims incurred	798,402	( 62,096)	736,306	904,695	(100,319)	804,376
Claims paid in year	<u>(1,127,731)</u>	<u>166,794</u>	<u>( 960,937)</u>	<u>( 979,470)</u>	<u>143,265</u>	<u>( 836,205)</u>
Change in outstanding claims provision	<u>( 329,329)</u>	<u>104,698</u>	<u>( 224,631)</u>	<u>( 74,775)</u>	<u>42,946</u>	<u>( 31,829)</u>
Balances at March 31	<u>2,120,720</u>	<u>(113,148)</u>	<u>2,007,572</u>	<u>2,450,049</u>	<u>(217,846)</u>	<u>2,232,203</u>
Claims notified	1,452,264	(112,540)	1,339,724	1,733,368	(216,754)	1,516,614
Claims incurred but not reported	<u>668,456</u>	<u>( 608)</u>	<u>667,848</u>	<u>716,681</u>	<u>( 1,092)</u>	<u>715,589</u>
Balances at March 31	<u>2,120,720</u>	<u>(113,148)</u>	<u>2,007,572</u>	<u>2,450,049</u>	<u>(217,846)</u>	<u>2,232,203</u>

Outstanding claims include gross claims payable of \$ 8,343,000 (2014: \$15,324,000) under policies issued to related parties.

##### (c) Unearned premiums:

	2015			2014		
	Gross \$'000	Reinsurance \$'000	Net \$'000	Gross \$'000	Reinsurance \$'000	Net \$'000
Balances at April 1	1,518,597	( 691,155)	827,442	1,347,816	( 567,582)	780,234
Premiums written during the year	3,591,779	(1,865,972)	1,725,807	3,308,774	(1,760,552)	1,548,222
Premiums earned during the year	<u>(3,412,609)</u>	<u>1,778,910</u>	<u>(1,633,699)</u>	<u>(3,137,993)</u>	<u>1,636,979</u>	<u>(1,501,014)</u>
Balances at March 31	<u>1,697,767</u>	<u>( 778,217)</u>	<u>919,550</u>	<u>1,518,597</u>	<u>( 691,155)</u>	<u>827,442</u>

**THE JAMAICA NATIONAL BUILDING SOCIETY**

**Notes to the Financial Statements (Continued)**  
**March 31, 2015**

**24. Insurance contract provisions (continued)**

(d) Gross unearned premiums are analysed as follows:

	<u>2015</u> \$'000	<u>2014</u> \$'000
Liability	117,658	84,759
Motor	695,317	630,934
Pecuniary loss	5,101	7,620
Personal accident	4,918	3,738
Marine	2,644	58
Property	828,975	751,594
Engineering	<u>43,154</u>	<u>39,894</u>
	<u>1,697,767</u>	<u>1,518,597</u>

**25. Long-term loans**

	<u>2015</u> \$'000	<u>2014</u> \$'000
Development Bank of Jamaica Limited [see (i)]	302,475	154,682
Sagicor Investments Limited [see (ii)]	15,000	35,000
Unsecured bonds [see (iii)]	16,481	56,481
National Insurance Fund [see (iv)]	32,418	13,457
National Export-Import Bank of Jamaica Limited [see (v)]	50,000	100,000
Micro Investment Development Agency Limited [see (vi)]	70,947	55,105
Manhart Properties [see (vii)]	<u>-</u>	<u>2,520</u>
	<u>487,321</u>	<u>417,245</u>

- (i) This represent several unsecured loans which bear interest ranging from 7% - 10% per annum. The loans are repayable in quarterly or semi-annual instalments ending between September 30, 2015 and December 31, 2016.
- (ii) The loan is secured by a promissory note over the loans portfolio and bears interest at 9% per annum. It is repayable in quarterly instalments ending December 31, 2015.
- (iii) These are two unsecured bonds, Series A and B, amounting to \$56.4 million which were issued by a related party. Series A which matured during the year, was for \$40 million issued on April 30, 2004, bore interest at 3% (2014: 3%) per annum and was for a period of 10 years. Series B is for \$16.4 million and bears interest at 4.8% (2014: 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.



## **THE JAMAICA NATIONAL BUILDING SOCIETY**

### **Notes to the Financial Statements (Continued)** **March 31, 2015**

#### **25. Long-term loans (continued)**

- (iv) This represents several loans which bear interest at 4% per annum. The loans are repayable in quarterly instalments ending between September 30, 2015 and December 31, 2019.
- (v) 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.
- (vi) This represents unsecured loans which bear interest ranging from 9% to 10%. The loans are repayable in quarterly installments ending on November 30, 2016 and March 31, 2017.
- (vii) This represented an interest-free shareholder's loan of \$2 million which had no fixed repayment terms, and a balance on another shareholder's loan which accrued interest at a rate of 5% per annum. The loans were repaid during the year.

#### **26. 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 (2014: \$6,940,000,000) has been established in lieu of subscribed capital.

#### **27. 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 26). As at March 31, 2015, the Society's Reserve Fund aggregated \$7,600,000,000 (2014: \$7,600,000,000).

#### **28. Contractual savings reserve**

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.

**THE JAMAICA NATIONAL BUILDING SOCIETY**

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

**March 31, 2015**

**29. Other reserves**

	<b>Group</b>		<b>Society</b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	\$'000	\$'000	\$'000	\$'000
Other reserve	8,831	8,831	8,831	8,831
Exchange equalisation reserve [see (a)]	420,526	426,213	-	-
Investment revaluation reserve [see (b)]	329,600	237,298	58,212	82,454
Credit loss reserve [see (c)]	<u>1,658,200</u>	<u>1,444,553</u>	<u>1,238,931</u>	<u>1,201,937</u>
	<u>2,417,157</u>	<u>2,116,895</u>	<u>1,305,974</u>	<u>1,293,222</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 12).

**30. Interest expense**

	<b>Group</b>		<b>Society</b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	\$'000	\$'000	\$'000	\$'000
Shareholders' savings	1,862,853	1,485,274	1,733,292	1,361,853
Other	<u>1,159,701</u>	<u>1,074,257</u>	<u>-</u>	<u>-</u>
	<u>3,022,554</u>	<u>2,559,531</u>	<u>1,733,292</u>	<u>1,361,853</u>

**31. Other operating income**

	<b>Group</b>		<b>Society</b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	\$'000	\$'000	\$'000	\$'000
Realised foreign exchange gain on trading	1,466,604	1,582,597	655,047	868,442
Management fees	-	-	200,762	292,697
Fee and commission income	2,622,449	2,036,133	966,040	965,819
Net underwriting insurance				
income before operating expenses	1,236,406	737,068	-	-
Dividends	37,174	77,929	453,872	428,666
Other	<u>779,106</u>	<u>904,815</u>	<u>274,093</u>	<u>268,305</u>
	<u>6,141,739</u>	<u>5,338,542</u>	<u>2,549,814</u>	<u>2,823,929</u>

## **THE JAMAICA NATIONAL BUILDING SOCIETY**

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

**March 31, 2015**

#### **32. Operating expenses**

	<b>Group</b>		<b>Society</b>	
	<u>2015</u>	<u>2014*</u>	<u>2015</u>	<u>2014*</u>
	\$'000	\$'000	\$'000	\$'000
Impairment losses	137,353	242,229	137,353	72,161
Administration, including employee costs (note 34)	10,920,171	9,511,595	7,213,454	6,389,551
Audit fees - current	108,554	91,851	28,149	20,900
- prior year	849	2,600	-	2,500
Depreciation and amortisation	523,271	433,565	354,607	271,794
Bad debts written-off for loans and other receivables	<u>117,001</u>	<u>95,897</u>	<u>54,679</u>	<u>47,904</u>
	<u>11,807,199</u>	<u>10,377,737</u>	<u>7,788,242</u>	<u>6,804,810</u>

\* Reclassified to conform with current year presentation.

#### **33. Taxation**

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

	<b>Group</b>		<b>Society</b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	\$'000	\$'000	\$'000	\$'000
(i) Current tax expense:				
Income tax on the Society	553,695	704,477	553,695	704,477
Taxation on subsidiaries	514,563	311,348	-	-
Employment tax credit	( 27,959)	-	-	-
Adjustment in respect of prior year	<u>( 49,368)</u>	<u>15,636</u>	<u>( 47,364)</u>	<u>17,694</u>
	990,931	1,031,461	506,331	722,171
(ii) Deferred taxation:				
Origination and reversal of temporary differences (note 18)	106,777	( 9,782)	80,864	( 12,754)
Unrecognised tax loss (note 18)	<u>( 12,276)</u>	<u>57,426</u>	<u>-</u>	<u>-</u>
	<u>94,501</u>	<u>47,644</u>	<u>80,864</u>	<u>( 12,754)</u>
Total taxation in statement of revenue and expenses	<u>1,085,432</u>	<u>1,079,105</u>	<u>587,195</u>	<u>709,417</u>



**THE JAMAICA NATIONAL BUILDING SOCIETY**

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

**March 31, 2015**

**33. Taxation (continued)**

(b) Reconciliation of effective tax charge:

Taxation is computed at rates of 15% and 30% for the Society and two of its subsidiaries, 33½% and 25% for local subsidiaries and 20%, 26.5% and 40% for certain foreign subsidiaries. The effective tax rate for 2015 was 29.98% (2014: 31.80%) of \$3,620,068,000 (2014: \$3,393,247,000) pre-tax surplus for the Group and 32.61% (2014: 28.12%) of \$1,800,772,000 (2014: \$2,522,830,000) for the Society. The actual charge differs from the “expected” tax charge for the year as follows:

	<b>Group</b>		<b>Society</b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Surplus before taxation	<u>3,620,068</u>	<u>3,393,247</u>	<u>1,800,772</u>	<u>2,522,830</u>
Computed “expected” tax expense at 15%	198,982	37,816	3,554	1,818
Computed “expected” tax expense at 20% & 25%	71,338	91,873	-	-
Computed “expected” tax expense at 26.5% & 30%	536,959	759,649	536,865	757,102
Computed “expected” tax expense at 33½% & 40%	<u>347,192</u>	<u>241,626</u>	<u>-</u>	<u>-</u>
	1,154,471	1,130,964	540,419	758,920
Difference between surplus for financial statements, and tax reporting purposes on -				
Depreciation charge and capital allowances	113,613	( 36,613)	119,172	( 44,322)
Gain on disposal of property, plant and equipment	( 1,174)	125	( 1,174)	125
Unfranked and exempt income	( 127,238)	( 116,803)	( 125,009)	(115,512)
Gain on disposal of investments	( 61,020)	( 18,318)	( 34,990)	( 10,936)
Prior year over/(under) provision	( 49,236)	15,636	( 47,364)	17,694
Disallowed expenses, net	149,883	93,719	136,141	103,448
Other	( 93,867)	10,395	-	-
Actual tax expense, net	<u>1,085,432</u>	<u>1,079,105</u>	<u>587,195</u>	<u>709,417</u>

- (c) At March 31, 2015, 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 \$31,100,000 (2014: \$54,637,000).

As at January 1, 2014, tax losses may be carried forward indefinitely; however, the amount that can be utilised in any one year is restricted to 50% of the current year’s taxable profits. Taxation losses available to overseas subsidiaries, for relief against their future taxable profits, amounted to approximately \$72,429,000 (2014: \$59,776,000).

- (d) At March 31, 2015, a deferred tax liability of approximately \$2,403,102,000 (2014: \$1,870,077,000), 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.

## **THE JAMAICA NATIONAL BUILDING SOCIETY**

### **Notes to the Financial Statements (Continued)** **March 31, 2015**

#### **34. Employee costs**

The aggregate staff costs were as follows:

	<b>Group</b>		<b>Society</b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	\$'000	\$'000	\$'000	\$'000
Salaries	3,530,110	3,137,166	2,121,600	1,977,124
Pension, group life and health contributions	344,853	296,686	221,524	203,822
Statutory contributions	421,137	385,106	273,863	257,352
Other	1,145,303	943,727	782,138	568,503
	<u>5,441,403</u>	<u>4,762,685</u>	<u>3,399,125</u>	<u>3,006,801</u>

#### **35. 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:

	<b>Group</b>		<b>Society</b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	\$'000	\$'000	\$'000	\$'000
Securities sold under repurchase agreements				
Directors	220,985	186,775	-	-
Other related parties	848,834	631,069	-	-
Loans				
Directors	48,996	63,529	23,303	26,272
Other key management personnel	75,316	96,863	75,316	96,863
Other related parties	9,386	-	-	-
Other assets				
Subsidiaries	-	-	60,224	38,512
Other related parties	4,200	2,700	4,200	2,700
Shareholders' savings				
Directors	525,993	595,114	29,096	26,519
Subsidiaries	-	-	1,514,349	1,411,961
Other key management personnel	36,053	51,035	36,053	51,035
Other related parties	1,399	4,650	1,399	4,650
Securities purchased under resale agreements				
Subsidiaries	-	-	572,442	-
Other payables				
Subsidiaries	-	-	18,387	111,129
Long term loans				
Other related parties	<u>16,481</u>	<u>59,001</u>	<u>-</u>	<u>2,520</u>

**THE JAMAICA NATIONAL BUILDING SOCIETY**

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

**March 31, 2015**

**35. Related party balances and transactions (continued)**

- (c) The surplus before taxation includes income earned from, and expenses incurred in, transactions with related parties in the ordinary course of business, as follows:

	<b>Group</b>		<b>Society</b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	\$'000	\$'000	\$'000	\$'000
Subsidiaries:				
Dividends	-	-	(416,698)	(384,306)
Interest income	-	-	( 27,717)	( 22,748)
Management fees	-	-	(197,625)	(291,136)
Other income	-	-	(138,436)	( 26,889)
Commission	-	-	( 657)	( 26,264)
Maintenance expenses	-	-	51,083	70,470
Management fees	-	-	135,390	130,175
Computer related expenses	-	-	59,366	77,502
Marketing	-	-	7,331	13,707
Commission	-	-	168,719	142,371
Other expenses	-	-	81,662	46,274
Directors:				
Interest income	( 1,501)	( 1,580)	-	-
Interest expense	64,694	40,210	-	-
Other related parties:				
Interest expense	40,124	30,334	-	-
Contribution to pension scheme	114,372	103,875	93,644	86,442
Contribution to Foundations	<u>64,145</u>	<u>61,657</u>	<u>28,282</u>	<u>26,564</u>

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

	<b>Group</b>		<b>Society</b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	\$'000	\$'000	\$'000	\$'000
Short-term benefits	321,545	270,158	192,757	179,236
Post-employment benefits	<u>6,826</u>	<u>6,622</u>	<u>5,010</u>	<u>5,381</u>
	<u>328,371</u>	<u>276,780</u>	<u>197,767</u>	<u>184,617</u>



## **THE JAMAICA NATIONAL BUILDING SOCIETY**

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

**March 31, 2015**

#### **36. Financial risk management**

##### **(a) Overview**

The Group has exposure to the following financial risks from its operations and the use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Society's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Finance Committee, the Risk Management Unit, Group Compliance Department and 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, the Risk Management Unit, the Audit Committee and the Board of Directors.

**THE JAMAICA NATIONAL BUILDING SOCIETY**

**Notes to the Financial Statements (Continued)**  
**March 31, 2015**

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

(b) Credit risk:

The risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's loans and advances to borrowers and investment securities.

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

The Group manages credit risk associated with loans by evaluating the borrowers' ability to repay loans, ensuring that:

- (i) 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.

**Counterparty credit risk**

With the exception of Government of Jamaica securities, there is no significant concentration of credit risk related to liquid fund and debt securities. Additionally, these assets are held with financial institutions which management regards as reputable and sound. These entities are regularly reviewed and risk rated by the Risk Management Unit.

**Credits to borrowers**

Credit facilities to members and other borrowers primarily comprise of mortgage loans. The management of this type of credit risk is carried out through the use of a tiered approval framework within the Underwriting Unit, up to the Loan Committee of the Board. This framework allows for the evaluation of proposed credits, and the formal approval of those commitments. The Board of Directors has the responsibility for the oversight of the Group's credit risk and the development of credit policies.

**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, 2015, the outstanding principal balances on loans that were restructured amounted to \$3,656,750,000 (2014: \$3,189,120,000) for the Group and \$2,365,537,000 (2014: \$1,982,926,000) 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.

## **THE JAMAICA NATIONAL BUILDING SOCIETY**

### **Notes to the Financial Statements (Continued)** **March 31, 2015**

#### **36. Financial risk management (continued)**

##### **(b) Credit risk (continued):**

##### **Past due but unimpaired credits to borrowers**

These are credits where contractual interest or principal payments are past due but they are not considered impaired based on the quality and value of security available or the stage of collection of amounts owed by debtors.

##### **Allowances for impairment**

The Group has established an allowance for impairment losses that represents its estimate of incurred losses on loans. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance established on a portfolio basis, based on requirements of the 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:

	<b>Group</b>		<b>Society</b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	\$'000	\$'000	\$'000	\$'000
Jamaica	84,459,382	79,803,781	51,261,502	47,725,046
United States of America	3,105,630	4,343,976	2,720,514	3,557,162
United Kingdom	5,075,434	9,958,726	4,786,615	9,678,283
Canada	1,144,968	1,322,780	1,106,611	1,249,981
Ghana	3,406	3,243	-	-
Cayman Islands	780,431	695,956	-	-
	<u>94,569,251</u>	<u>96,128,462</u>	<u>59,875,242</u>	<u>62,210,472</u>



**THE JAMAICA NATIONAL BUILDING SOCIETY**

**Notes to the Financial Statements (Continued)**  
**March 31, 2015**

**36. 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:

	<b>Group</b>	
	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
Neither past due nor impaired	45,689,288	41,014,686
Past due but not impaired:		
Below 30 days	6,865,907	6,711,448
30 to 60 days	3,397,865	4,103,714
60 to 90 days	1,757,126	1,862,985
Individually impaired:		
90-180 days	1,520,593	1,709,539
180-365 days	886,339	1,300,292
12-18 months	660,577	411,284
18 months and over	1,108,019	718,986
Less allowance for losses (note 12)	( 1,750,558)	( 1,709,849)
	<u>60,135,156</u>	<u>56,123,085</u>

	<b>Society</b>	
	<u>2015</u>	<u>2014</u>
	\$'000	\$'000
Neither past due nor impaired	42,320,857	38,122,354
Past due but not impaired:		
Below 30 days	5,864,785	5,903,051
30 to 60 days	2,939,212	3,347,809
60 to 90 days	1,522,733	1,649,122
Individually impaired:		
90-180 days	1,303,587	1,362,172
180-365 days	463,198	513,694
12-18 months	354,938	163,945
18 months and over	602,233	595,314
Less allowance for losses (note 12)	( 1,282,154)	( 1,206,366)
	<u>54,089,389</u>	<u>50,451,095</u>

**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.

## THE JAMAICA NATIONAL BUILDING SOCIETY

### Notes to the Financial Statements (Continued)

March 31, 2015

#### 36. 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:

	<b>The Group</b>				<b>The Society</b>			
	<u>Loans and advances</u>		<u>Resale agreements</u>		<u>Loans and advances</u>		<u>Resale agreements</u>	
	2015	2014	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Against neither past due nor impaired financial assets:								
Property	138,093,338	129,759,676	-	-	134,058,548	125,351,110	-	-
Debt securities	2,344,048	-	17,769,338	26,172,848	-	-	8,068,175	9,019,337
Liens on motor vehicles	686,451	444,884	-	-	163,850	176,571	-	-
Hypothecation of deposits	1,408,356	1,171,528	-	-	1,206,940	1,107,788	-	-
<b>Subtotal</b>	<b>142,532,193</b>	<b>131,376,088</b>	<b>17,769,338</b>	<b>26,172,848</b>	<b>135,429,338</b>	<b>126,635,469</b>	<b>8,068,175</b>	<b>9,019,337</b>
Against past due but not impaired financial assets:								
Property	48,519,348	45,654,834	-	-	47,050,545	42,958,000	-	-
Household assets	70,981	93,246	-	-	-	-	-	-
Liens on motor vehicles	44,908	9,921	-	-	-	-	-	-
<b>Subtotal</b>	<b>48,635,237</b>	<b>45,758,001</b>	<b>-</b>	<b>-</b>	<b>47,050,545</b>	<b>42,958,000</b>	<b>-</b>	<b>-</b>
Against past due and impaired financial assets:								
Property	9,184,284	7,677,062	-	-	5,708,732	5,748,000	-	-
Household assets	130,950	64,062	-	-	-	-	-	-
Liens on motor vehicles	83,512	6,089	-	-	-	-	-	-
<b>Subtotal</b>	<b>9,398,746</b>	<b>7,747,213</b>	<b>-</b>	<b>-</b>	<b>5,708,732</b>	<b>5,748,000</b>	<b>-</b>	<b>-</b>
<b>Grand total</b>	<b>200,566,176</b>	<b>184,881,302</b>	<b>17,769,338</b>	<b>26,172,848</b>	<b>188,188,615</b>	<b>175,341,469</b>	<b>8,068,175</b>	<b>9,019,337</b>

##### (c) Liquidity risk:

Liquidity risk is the potential for loss to the Group arising from either its inability to meet its obligations or to fund increases in assets as they fall due without incurring unacceptable costs or losses. Liquidity risk is broken down into two primary categories:

- (i) *Funding liquidity risk* - the risk that the Group will not be able to meet the expected and unexpected current and future cash flows and collateral needs without affecting either its daily operations or its financial condition; and

# **THE JAMAICA NATIONAL BUILDING SOCIETY**

## **Notes to the Financial Statements (Continued)** **March 31, 2015**

### **36. Financial risk management (continued)**

#### **(c) Liquidity risk (continued):**

- (ii) *Asset/market liquidity risk* - is the Group's inability to liquidate assets in an orderly fashion and the resulting loss on liquidation. This usually stems from illiquid markets or market disruptions.

#### **Management of liquidity risk**

The key measurement used for assessing liquidity risk is the ratio of liquid assets (as defined) to total liabilities. The liquidity ratios at the reporting date for the Society are as follows:

	<b>Requirement</b>		<b>Actual</b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	%	%	%	%
Jamaica Dollar	5	5	19	14
United States of America Dollar	5	5	55	13
Canadian Dollar	5	5	7	5
Pound Sterling	<u>5</u>	<u>5</u>	<u>83</u>	<u>49</u>

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

An analysis of the undiscounted cash flows of the Group's 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. The Group does not expect that its members will demand the payment of funds at the earliest date possible.

	<b>Group</b>						
	<b>2015</b>						
	<b>Contractual undiscounted cash flows</b>						
	<u>Carrying</u>	<u>Total</u>	<u>Less</u>	<u>3-12</u>	<u>1-2</u>	<u>2-5</u>	<u>More</u>
	<u>amount</u>	<u>cash</u>	<u>than</u>	<u>months</u>	<u>years</u>	<u>years</u>	<u>than</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>3 months</u>	<u>months</u>	<u>\$'000</u>	<u>\$'000</u>	<u>5 years</u>
			<u>\$'000</u>	<u>\$'000</u>			<u>\$'000</u>
Savings fund	90,498,143	91,666,364	83,471,866	7,280,897	913,601	-	-
Due to specialised financial institutions	13,508,187	25,399,654	1,259	6,283	53,303	68,005	25,270,804
Bank overdraft	15,205	15,205	15,205	-	-	-	-
Securities sold under repurchase agreements	24,250,852	25,873,437	20,257,397	4,957,125	658,915	-	-
Other payables	2,692,924	1,930,701	1,929,611	1,070	20	-	-
Long-term loans	<u>487,321</u>	<u>524,245</u>	<u>-</u>	<u>395,895</u>	<u>113,364</u>	<u>14,986</u>	<u>-</u>
	131,452,632	145,409,606	105,675,338	12,641,270	1,739,203	82,991	25,270,804
Unrecognised loan commitments	-	2,748,000	2,748,000	-	-	-	-
Insurance contracts liabilities	<u>1,458,687</u>	<u>1,458,687</u>	<u>15,635</u>	<u>318,350</u>	<u>426,490</u>	<u>320,594</u>	<u>377,618</u>
	<u>132,911,319</u>	<u>149,616,293</u>	<u>108,438,973</u>	<u>12,959,620</u>	<u>2,165,693</u>	<u>403,585</u>	<u>25,648,422</u>



## THE JAMAICA NATIONAL BUILDING SOCIETY

### Notes to the Financial Statements (Continued) March 31, 2015

#### 36. Financial risk management (continued)

##### (c) Liquidity risk (continued):

	Group						
	2014						
	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	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 repurchase 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	1,745,232	1,745,232	471,665	532,478	548,209	169,492	23,388
	<u>131,978,313</u>	<u>145,810,692</u>	<u>111,731,660</u>	<u>9,162,095</u>	<u>1,655,814</u>	<u>309,110</u>	<u>22,952,013</u>

	Society						
	2015						
	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	85,731,853	85,385,724	79,002,580	5,472,313	910,831	-	-
Due to specialised financial institutions	13,498,797	25,389,619	755	4,718	45,337	68,005	25,270,804
Securities sold under repurchase agreements	1,546,281	1,553,590	1,553,590	-	-	-	-
Other payables	647,028	647,028	647,028	-	-	-	-
	101,423,959	112,975,961	81,203,953	5,477,031	956,168	68,005	25,270,804
Unrecognised loan commitments	-	2,748,000	2,748,000	-	-	-	-
	<u>101,423,959</u>	<u>115,723,961</u>	<u>83,951,953</u>	<u>5,477,031</u>	<u>956,168</u>	<u>68,005</u>	<u>25,270,804</u>

	Society						
	2014						
	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	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 repurchase agreements	5,223,222	5,285,418	5,285,418	-	-	-	-
Other payables	704,707	704,707	704,707	-	-	-	-
Long-term loans	2,520	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	-	-	-	-
	<u>100,236,241</u>	<u>113,829,121</u>	<u>86,255,758</u>	<u>4,274,959</u>	<u>303,453</u>	<u>66,326</u>	<u>22,928,625</u>

**THE JAMAICA NATIONAL BUILDING SOCIETY**

**Notes to the Financial Statements (Continued)**  
**March 31, 2015**

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

(d) Market risk:

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

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

**Management of market risk**

The 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.

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

(i) Interest rate risk:

The risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group manages this risk by regularly re-evaluating the yield, duration and modified duration on given financial instruments.

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-statement of financial instruments giving rise to interest rate risk. This interest rate gap is normal within building societies.

## THE JAMAICA NATIONAL BUILDING SOCIETY

### Notes to the Financial Statements (Continued) March 31, 2015

#### 36. Financial risk management (continued)

(d) Market risk (continued):

##### Management of market risk (continued)

(i) Interest rate risk (continued):

	Group						
	2015						
	Immediately rate sensitive \$'000	Within 3 months \$'000	3 to 12 months \$'000	Over 1 year \$'000	Non-rate sensitive \$'000	Total \$'000	Weighted average interest rate %
<b>Assets</b>							
Cash and cash equivalents	1,240,198	14,296	-	-	3,920,792	5,175,286	0.45
Securities purchased under resale agreements	-	15,269,042	37,656	-	106,893	15,413,591	5.4
Loans	-	56,214,536	1,664,850	1,997,753	258,017	60,135,156	8.5
Other assets	-	-	-	-	3,019,039	3,019,039	-
Investments	-	26,130,037	13,917,221	32,477,139	1,455,977	73,980,374	6.4
Total financial assets	1,240,198	97,627,911	15,619,727	34,474,892	8,760,718	157,723,446	
<b>Liabilities</b>							
Savings fund	61,370,066	20,755,222	7,240,160	904,581	228,114	90,498,143	0.9
Bank overdraft	2,785	-	-	-	12,420	15,205	4.4
Due to specialised financial institutions	-	13,499,291	1,482	7,410	4	13,508,187	6.0
Securities sold under repurchase agreements	-	18,572,683	4,879,802	652,791	145,576	24,250,852	4.2
Other payables	-	62,991	1,103	-	2,628,830	2,692,924	-
Long-term loans	-	102,995	261,715	122,611	-	487,321	9.99
Total financial liabilities	61,372,851	52,993,182	12,384,262	1,687,393	3,014,944	131,452,632	
On-statement of financial position gap, being total interest rate sensitivity gap	(60,132,653)	44,634,729	3,235,465	32,787,499	5,745,774	26,270,814	
Cumulative gap	(60,132,653)	(15,497,924)	(12,262,459)	20,525,040	26,270,814		



# **THE JAMAICA NATIONAL BUILDING SOCIETY**

## **Notes to the Financial Statements (Continued)** **March 31, 2015**

### **36. Financial risk management (continued)**

(d) Market risk (continued):

#### **Management of market risk (continued)**

(i) Interest rate risk (continued):

	<b>Group</b>						
	<b>2014</b>						
	Immediately rate sensitive \$'000	Within 3 months \$'000	3 to 12 months \$'000	Over 1 year \$'000	Non-rate sensitive \$'000	Total \$'000	Weighted average interest rate %
<b>Assets</b>							
Cash and cash equivalents	2,409,939	36,629	-	-	3,292,437	5,739,005	0.74
Securities purchased under resale agreements	-	20,504,995	2,513,169	-	175,894	23,194,058	5.23
Loans	-	50,335,629	640,244	4,854,135	293,077	56,123,085	11.52
Other assets	-	-	-	-	2,984,933	2,984,933	-
Investments	-	22,743,714	3,827,964	38,493,936	2,129,785	67,195,399	5.73
Total financial assets	<u>2,409,939</u>	<u>93,620,967</u>	<u>6,981,377</u>	<u>43,348,071</u>	<u>8,876,126</u>	<u>155,236,480</u>	
<b>Liabilities</b>							
Savings fund	61,547,227	18,503,931	6,105,711	260,621	198,242	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	-	20,189,491	7,272,639	747,159	180,599	28,389,888	3.53
Certificates of participation	-	27,195	-	-	-	27,195	4.31
Other payables	-	-	-	-	2,484,209	2,484,209	-
Long-term loans	-	-	310,801	104,444	2,000	417,245	9.99
Total financial liabilities	<u>61,547,227</u>	<u>51,001,019</u>	<u>13,689,151</u>	<u>1,112,224</u>	<u>2,883,460</u>	<u>130,233,081</u>	
On-statement of financial position gap, being total interest rate sensitivity gap	<u>(59,137,288)</u>	<u>42,619,948</u>	<u>( 6,707,774)</u>	<u>42,235,847</u>	<u>5,992,666</u>	<u>25,003,399</u>	
Cumulative gap	<u>(59,137,288)</u>	<u>(16,517,340)</u>	<u>(23,225,114)</u>	<u>19,010,733</u>	<u>25,003,399</u>		

## THE JAMAICA NATIONAL BUILDING SOCIETY

### Notes to the Financial Statements (Continued) March 31, 2015

#### 36. Financial risk management (continued)

(d) Market risk (continued):

##### Management of market risk (continued)

(i) Interest rate risk (continued):

	Society						
	2015						
	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 %
<b>Assets</b>							
Cash and cash equivalents	604,091	6,296	-	-	2,622,421	3,232,808	0.68
Securities purchased under resale agreements	-	7,137,577	-	-	35,222	7,172,799	5.09
Other assets	-	-	-	-	584,417	584,417	-
Investments	-	25,825,167	13,189,136	9,740,339	714,993	49,469,635	6.00
Loans	-	53,874,658	-	-	214,731	54,089,389	9.20
Total financial assets	604,091	86,843,698	13,189,136	9,740,339	4,171,784	114,549,048	
<b>Liabilities</b>							
Savings fund	62,468,564	16,762,979	5,431,576	901,813	166,921	85,731,853	1.00
Due to specialised financial institutions	-	13,498,797	-	-	-	13,498,797	4.44
Securities sold under repurchase agreements	-	1,545,592	-	-	689	1,546,281	2.07
Other payables	-	-	-	-	647,028	647,028	-
Total financial liabilities	62,468,564	31,807,368	5,431,576	901,813	814,638	101,423,959	
On statement of financial position gap, being total interest rate sensitivity gap	(61,864,473)	55,036,330	7,757,560	8,838,526	3,357,146	13,125,089	
Cumulative gap	(61,864,473)	(6,828,143)	929,417	9,767,943	13,125,089		

**THE JAMAICA NATIONAL BUILDING SOCIETY**

**Notes to the Financial Statements (Continued)**  
**March 31, 2015**

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

(d) Market risk (continued):

**Management of market risk (continued)**

(i) Interest rate risk (continued):

	<b>Society</b>						
	<b>2014</b>						
	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 %
<b>Assets</b>							
Cash and cash equivalents	2,128,937	7,062	-	-	1,848,284	3,984,283	0.84
Securities purchased under resale agreements	-	6,063,251	2,199,468	-	50,167	8,312,886	5.09
Other assets	-	-	-	-	501,569	501,569	-
Investments	-	22,431,971	3,548,726	22,369,463	1,563,143	49,913,303	5.20
Loans	-	50,204,774	-	-	246,321	50,451,095	10.90
Total financial assets	<u>2,128,937</u>	<u>78,707,058</u>	<u>5,748,194</u>	<u>22,369,463</u>	<u>4,209,484</u>	<u>113,163,136</u>	
<b>Liabilities</b>							
Savings fund	61,145,510	16,239,639	4,235,796	256,415	148,030	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	<u>61,145,510</u>	<u>28,520,041</u>	<u>9,436,698</u>	<u>256,935</u>	<u>877,057</u>	<u>100,236,241</u>	
On statement of financial position gap, being total interest rate sensitivity gap	(59,016,573)	50,187,017	( 3,688,504)	22,112,528	3,332,427	<u>12,926,895</u>	
Cumulative gap	(59,016,573)	( 8,829,556)	(12,518,060)	9,594,468	<u>12,926,895</u>		



## THE JAMAICA NATIONAL BUILDING SOCIETY

### Notes to the Financial Statements (Continued) March 31, 2015

#### 36. Financial risk management (continued)

(d) Market risk (continued):

##### Management of market risk (continued)

(i) Interest rate risk (continued):

##### *Sensitivity to interest rate movements:*

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

	Increase in interest rate	Decrease in interest rate
J\$ denominated instruments	250 basis points	100 basis points
US\$ denominated instruments	200 basis points	50 basis points

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			
	2015		2014	
	Increase \$'000	Decrease \$'000	Increase \$'000	Decrease \$'000
Other comprehensive income	(1,666,404)	504,608	(975,573)	417,935
Surplus	( 12,943)	4,050	( 83,624)	32,307

	Society			
	2015		2014	
	Increase \$'000	Decrease \$'000	Increase \$'000	Decrease \$'000
Other comprehensive income	(785,671)	85,328	(745,872)	299,433
Surplus	( 8,218)	2,092	( 8,653)	2,268

##### *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, 2015				
Variable rate instruments	533,282	(209,847)	283,005	(112,192)
March 31, 2014				
Variable rate instruments	571,314	(222,916)	322,267	(127,820)

**THE JAMAICA NATIONAL BUILDING SOCIETY**

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

**March 31, 2015**

**36. 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% (2014: 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 \$37,027,000 (2014: \$87,599,000) and \$8,597,000 (2014: \$60,682,000) for the Society.

(iii) Foreign currency risk:

The risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group incurs foreign currency risk on transactions that are denominated in a currency other than the Jamaica dollar. The main currencies giving rise to this risk are United States dollars, Canadian dollars, Cayman dollars and Pound sterling.

The Group ensures that the net exposure is kept to an acceptable level by daily monitoring their cost of funds against market price so as to ensure that a consistent positive spread is maintained between the buying and selling price of the traded currencies. Foreign currency liabilities are backed by foreign currency assets resulting in an overall strong net assets or long foreign currency positions at all times.

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

	<b><u>Group</u></b>		<b><u>Society</u></b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	\$'000	\$'000	\$'000	\$'000
United States dollars	( 3,668)	( 859)	(5,176)	1,221
Canadian dollars	( 399)	1,661	(1,218)	536
Pound sterling	319	3,429	(1,209)	2,383
Euro	50	228	50	228
Cayman dollars	<u>14,661</u>	<u>18,415</u>	<u>9,016</u>	<u>12,568</u>

The Bank of Jamaica's weighted average exchange rates ruling at the year-end is shown at note 44(r)(i).

## **THE JAMAICA NATIONAL BUILDING SOCIETY**

### **Notes to the Financial Statements (Continued)** **March 31, 2015**

#### **36. Financial risk management (continued)**

(d) Market risk (continued):

##### **Management of market risk (continued)**

(iii) Foreign currency risk (continued):

##### *Sensitivity analysis:*

A 10% (2014: 15%) weakening of the Jamaica dollar against the various currencies at March 31 would have increased operating surplus by the amounts shown. A 1% (2014: 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 2014.

	<b>Group</b>				<b>Society</b>			
	<u>2015</u>		<u>2014</u>		<u>2015</u>		<u>2014</u>	
	<u>\$'000</u>		<u>\$'000</u>		<u>\$'000</u>		<u>\$'000</u>	
	<u>10%</u>	<u>1%</u>	<u>15%</u>	<u>1%</u>	<u>10%</u>	<u>1%</u>	<u>15%</u>	<u>1%</u>
United States dollar (	41,989)	4,199	(14,040)	936	(59,261)	5,926	19,964	( 1,331)
Canadian dollars (	3,562)	356	24,208	1,614	(10,872)	1,087	7,817	( 521)
Pounds sterling	5,373	( 537)	92,271	( 6,142)	(20,351)	2,035	64,122	( 4,275)
Euro	618	( 62)	5,136	( 342)	618	( 62)	5,136	( 342)
Cayman dollars	<u>201,582</u>	<u>(20,158)</u>	<u>361,409</u>	<u>(24,094)</u>	<u>123,965</u>	<u>(12,396)</u>	<u>246,661</u>	<u>(16,444)</u>

(e) Operational risk:

The risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements, natural and man-made disasters as well as generally accepted standards of corporate behaviour.

The Group's objective is to manage operational risk to achieve the optimal balance between the Group's financial viability and its performance against the requirements of an effective operational risk management framework.

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

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



**THE JAMAICA NATIONAL BUILDING SOCIETY**

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

**March 31, 2015**

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

(e) Operational risk (continued):

This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- risk policies/guidelines for assisting management to understand the ways in which risks can be measured, managed, identified and controlled;
- 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 business continuity programmes including contingency plans, testing and training;
- training and professional development;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

The Group Risk Management Unit conducts frequent operational risk reviews of business lines in keeping with established policies and is supported with independent reviews undertaken by Group Internal Audit and Group Compliance. The results of all operational risk reviews are discussed with the management of the business unit to which they relate and the recommendations and required actions agreed. Summaries of the operational risk reviews are submitted to the Audit Committee and to the Board of Directors.

(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, 2015 was 22% (2014: 22%).

## **THE JAMAICA NATIONAL BUILDING SOCIETY**

### **Notes to the Financial Statements (Continued)** **March 31, 2015**

#### **36. Financial risk management (continued)**

##### **(f) Capital management (continued):**

##### **Regulatory capital (continued)**

##### **General Insurance Subsidiary**

General insurers must maintain at least a minimum level of assets, capital and surplus to meet the liabilities of the company as required by its regulator, the Financial Services Commission (FSC). The FSC requires the ratio of available assets to required assets to be 250% under the terms of the Minimum Capital Test (MCT).

The MCT ratio attained by the company at December 31, 2014 was 298% (December 31, 2013: 310%).

##### **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 MCCSR for the company is set out below:

	<u>2015</u>	<u>2014</u>
Regulatory capital held (\$'000)	307,210	202,571
Minimum regulatory capital (\$'000)	49,507	42,337
MCCSR Ratio	<u>620.5%</u>	<u>478.5%</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**

		<u>Required</u>		<u>Attained</u>	
		<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Capital ratios:					
Total regulatory qualifying capital expressed as a percentage of total risk weighted assets	Minimum	10%	10%	16.59%	27.01%
Total Tier 1 capital expressed as a percentage of total qualifying capital	Greater than	50%	50%	96.85%	96.47%

# **THE JAMAICA NATIONAL BUILDING SOCIETY**

## **Notes to the Financial Statements (Continued)** **March 31, 2015**

### **36. Financial risk management (continued)**

#### **(f) Capital management (continued):**

##### **Regulatory capital (continued)**

##### **Investment Management Subsidiary (continued)**

The subsidiary is in compliance with externally imposed capital requirements. 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.

As at March 31, 2015 and 2014, 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	2015 minimum for regulatory capital and capital adequacy purposes	Actual	2014 minimum for regulatory capital and capital adequacy purposes
Regulatory capital(CI\$)	3,984,474	3,903,787	4,758,021	3,963,794
Risk asset ratio	15.31%	15%	18.01%	15.00%
Liquidity ratio	29.36%	10%	27.48%	10.00%

##### **Money transmission services subsidiary and indirect subsidiaries**

In implementing current capital requirements, the Bank of Jamaica requires the subsidiary to maintain a net worth of US\$10,000 or its equivalent in Jamaica dollars. The subsidiary group's net worth as at March 31, 2015 amounted to \$1,115,380,000 (2014: \$1,160,463,000) while its 'company only' net worth amounted to \$271,580,000 (2014: \$127,836,000).

The Cayman Islands Monetary Authority requires an indirect subsidiary to maintain a net worth of CI\$30,000. Its net worth as at March 31, 2015 amounted to CI\$ 5,645,000 (2014: CI\$6,027,000).

The regulations require a United States indirect subsidiary to have a total minimum net worth of US\$2,098,500 (2014: US\$1,817,633) in lieu of a surety bond in favour of the Superintendent for Banking. The company's net worth as at March 31, 2015 amounted to US\$2,985,000 (2014: US\$4,976,000).

The Financial Conduct Authority requires a United Kingdom indirect subsidiary to maintain a net worth of €144,441. The company's net worth as at March 31, 2015 amounted to €1,222,000 or £1,010,000 (2014: €1,110,000 or £939,000).

An indirect subsidiary, which is regulated by Financial Transactions and Report Analysis Centre of Canada, is not subject to any externally imposed capital requirements.



## **THE JAMAICA NATIONAL BUILDING SOCIETY**

### **Notes to the Financial Statements (Continued)** **March 31, 2015**

#### **37. Fair value of financial instruments**

The fair value of financial assets that are traded in an active market are based on quoted market prices. For all other financial assets, the group determines fair values using other valuation techniques as detailed in note [44(d)(vii)].

The fair values of cash and cash equivalents, securities purchased under resale agreements, securities sold under repurchase agreements and other payables are considered to approximate their carrying values due to their relatively short-term nature.

The estimated fair value of loans is the principal receivable less any allowance for losses.

**THE JAMAICA NATIONAL BUILDING SOCIETY**

**Notes to the Financial Statements (Continued)**  
**March 31, 2015**

**37. Fair value of financial instruments (continued)**

(a) Accounting classifications and fair values:

The following table shows the carrying amounts (excluding interest) and fair values of financial assets and liabilities, including their levels in the fair value hierarchy. The carrying amounts of financial assets and liabilities not measured at fair value are a reasonable approximation of their fair values.

		Group 2015							
		Carrying amount		Fair value					
	Loans and receivables S'000	Available- for-sale S'000	At fair value through profit and loss S'000	Other financial liabilities S'000	Total S'000	Level 1 S'000	Level 2 S'000	Level 3 S'000	Total S'000
Financial assets measured at fair value:									
Corporate bonds	-	960,009	336,536	-	1,296,545	-	1,296,545	-	1,296,545
Quoted equities	-	370,267	-	-	370,267	370,267	-	-	370,267
Unquoted equities	-	80	-	-	80	-	80	-	80
Government of Jamaica securities	-	31,969,560	424,540	-	32,394,100	-	32,394,100	-	32,394,100
Certificates of deposit	-	4,594,976	-	-	4,594,976	-	4,594,976	-	4,594,976
Treasury bills	-	260,124	-	-	260,124	-	260,124	-	260,124
Mutual fund	-	38,017	-	-	38,017	-	38,017	-	38,017
Investments - other	-	-	17,383	-	17,383	-	17,383	-	17,383
	-	38,193,033	778,459	-	38,971,492	370,267	38,601,225	-	38,971,492
Financial assets not measured at fair value:									
Cash and cash equivalents	5,175,286	-	-	-	5,175,286				
Corporate bonds	6,383,407	-	-	-	6,383,407				
Government of Jamaica securities	1,529,932	-	-	-	1,529,932				
Certificates of deposit	26,065,313	-	-	-	26,065,313				
Securities purchased under resale agreements	15,306,698	-	-	-	15,306,698				
Loans receivable	59,877,139	-	-	-	59,877,139				
Other assets	3,019,039	-	-	-	3,019,039				
	117,356,814	-	-	-	117,356,814				
Financial liabilities not measured at fair value:									
Savings fund	-	-	-	90,270,029	90,270,029				
Due to specialised financial institutions	-	-	-	13,508,187	13,508,187				
Securities sold under resale agreements	-	-	-	24,105,276	24,105,276				
Other payables	-	-	-	2,692,924	2,692,924				
Long-term loans	-	-	-	487,321	487,321				
	-	-	-	131,063,737	131,063,737				

# THE JAMAICA NATIONAL BUILDING SOCIETY

## Notes to the Financial Statements (Continued) March 31, 2015

### 37. Fair value of financial instruments (continued)

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

	Group								
	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
<b>Financial assets measured at fair value:</b>									
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
Government of Jamaica 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
<b>Financial assets not measured at fair value:</b>									
Cash and cash equivalents	5,739,005	-	-	-	5,739,005				
Corporate bonds	7,186,604	-	-	-	7,186,604				
Government of Jamaica securities	2,345,886	-	-	-	2,345,886				
Securities purchased under resale agreements	23,018,164	-	-	-	23,018,164				
Certificates of deposit	19,708,080	-	-	-	19,708,080				
Loans receivable	55,830,008	-	-	-	55,830,008				
Other assets	2,984,933	-	-	-	2,984,933				
	116,812,680	-	-	-	116,812,680				
<b>Financial liabilities not measured at fair value:</b>									
Savings fund	-	-	-	86,417,490	86,417,490				
Bank overdraft	-	-	-	18,410	18,410				
Due to specialised financial institutions	-	-	-	12,280,402	12,280,402				
Securities sold under resale agreements	-	-	-	28,209,289	28,209,289				
Certificates of participation	-	-	-	27,195	27,195				
Other payables	-	-	-	2,484,209	2,484,209				
Long-term loans	-	-	-	417,245	417,245				
	-	-	-	129,854,240	129,854,240				



**THE JAMAICA NATIONAL BUILDING SOCIETY**

**Notes to the Financial Statements (Continued)**  
**March 31, 2015**

**37. Fair value of financial instruments (continued)**

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

	Society								
	2015								
	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
<b>Financial assets measured at fair value:</b>									
Corporate bonds	-	18,387	336,535	-	354,922	-	354,922	-	354,922
Quoted equities	-	85,967	-	-	85,967	85,967	-	-	85,967
Unquoted equities	-	80	-	-	80	-	80	-	80
Government of Jamaica securities	-	14,362,758	424,540	-	14,787,298	-	14,787,298	-	14,787,298
Treasury bills	-	207,260	-	-	207,260	-	207,260	-	207,260
Mutual funds	-	-	-	-	-	-	-	-	-
Investment – other	-	-	17,383	-	17,383	-	17,383	-	17,383
	-	14,674,452	778,458	-	15,452,910	85,967	15,366,943	-	15,452,910
<b>Financial assets not measured at fair value:</b>									
Cash and cash equivalents	3,232,808	-	-	-	3,232,808				
Corporate bonds	6,360,583	-	-	-	6,360,583				
Government of Jamaica securities	1,475,053	-	-	-	1,475,053				
Securities purchased under resale agreements	7,137,577	-	-	-	7,137,577				
Certificates of deposit	25,569,526	-	-	-	25,569,526				
Loans receivable	53,874,658	-	-	-	53,874,658				
Other assets	584,417	-	-	-	584,417				
	98,234,622	-	-	-	98,234,622				
<b>Financial liabilities not measured at fair value:</b>									
Savings fund	-	-	-	85,564,932	85,564,932				
Due to specialised financial institutions	-	-	-	13,498,797	13,498,797				
Securities sold under resale agreements	-	-	-	1,545,592	1,545,592				
Other payables	-	-	-	647,028	647,028				
Long-term loans	-	-	-	-	-				
	-	-	-	101,256,349	101,256,349				

# **THE JAMAICA NATIONAL BUILDING SOCIETY**

## **Notes to the Financial Statements (Continued)** **March 31, 2015**

### **37. 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	\$'000
<b>Financial assets measured at fair value:</b>									
Corporate bonds	-	17,287	362,354	-	379,641	-	379,641	-	379,641
Quoted equities	-	606,819	-	-	606,819	606,819	-	-	606,819
Unquoted equities	-	350	-	-	350	-	350	-	350
Government of Jamaica 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
<b>Financial assets not measured at fair value:</b>									
Cash and cash equivalents	3,984,283	-	-	-	3,984,283	-	-	-	-
Corporate bonds	7,075,471	-	-	-	7,075,471	-	-	-	-
Government of Jamaica securities	2,345,886	-	-	-	2,345,886	-	-	-	-
Certificates of deposit	19,206,409	-	-	-	19,206,409	-	-	-	-
Securities purchased under resale agreements	8,262,719	-	-	-	8,262,719	-	-	-	-
Loans receivable	50,204,774	-	-	-	50,204,774	-	-	-	-
Other assets	501,569	-	-	-	501,569	-	-	-	-
	91,581,111	-	-	-	91,581,111	-	-	-	-
<b>Financial liabilities not measured at fair value:</b>									
Savings fund	-	-	-	81,877,360	81,877,360	-	-	-	-
Due to specialised financial institutions	-	-	-	12,280,402	12,280,402	-	-	-	-
Securities sold under resale agreements	-	-	-	5,200,902	5,200,902	-	-	-	-
Other payables	-	-	-	704,707	704,707	-	-	-	-
Long-term loans	-	-	-	2,520	2,520	-	-	-	-
	-	-	-	100,065,891	100,065,891	-	-	-	-

**THE JAMAICA NATIONAL BUILDING SOCIETY**

**Notes to the Financial Statements (Continued)**  
**March 31, 2015**

**37. 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"> <li>Obtain bid price provided by a recognized broker/dealer, namely, Oppenheimer</li> <li>Apply price to estimate fair value</li> </ul>
J\$ denominated securities issued or guaranteed by GOJ	<ul style="list-style-type: none"> <li>Obtain bid price provided by a recognized pricing source (which uses Jamaica-market-supplied indicative bids)</li> <li>Apply price to estimate fair value</li> </ul>
Units in unit trusts	<ul style="list-style-type: none"> <li>Obtain prices quoted by unit trust managers</li> <li>Apply price to estimate fair value</li> </ul>

**38. Insurance risk management**

Risk management objectives and policies for mitigating insurance risk:

The Group's management of insurance and financial risk is a critical aspect of the business.

The primary insurance activity carried out by the Group is the transfer of risk from persons or entities that are directly subject to the risk, by means of the sale of insurance policies. As such, the Group is exposed to uncertainty surrounding the timing, frequency and severity of claims under these policies.

The principal types of policies written by the Group are:

Liability insurance  
 Property insurance  
 Motor insurance  
 Life insurance

- (a) Underwriting policy

The Group manages insurance risk through its underwriting policy that includes *inter alia* authority limits, approval procedures for transactions that exceed set limits, pricing guidelines and the centralised management of reinsurance.

The underwriting strategy for the life insurance subsidiary includes the use of a medical questionnaire with benefits limited to reflect the health condition of applicants.

The Group actively monitors insurance risk exposures both for individual and portfolio types of risks. These methods include internal risk measurement, portfolio modelling and analyses.

The Group seeks to underwrite a balanced portfolio of risks at rates and terms that will produce an underwriting result consistent with its long-term objectives.

The Board of Directors approves the underwriting strategy which is set out in an annual business plan and management is responsible for the attainment of the established objectives.



## **THE JAMAICA NATIONAL BUILDING SOCIETY**

### **Notes to the Financial Statements (Continued)** **March 31, 2015**

#### **38. Insurance risk management (continued)**

(b) Reinsurance strategy:

The Group reinsures a portion of the risks it underwrites in order to protect capital resources and to limit its exposure to variations in the projected frequency and severity of losses.

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 39.

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

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

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

**THE JAMAICA NATIONAL BUILDING SOCIETY**

**Notes to the Financial Statements (Continued)**  
**March 31, 2015**

**38. 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.

**Liability contracts:**

Risks arising from liability insurance are managed primarily through pricing, product design, risk selection, rating and reinsurance. The Group monitors and reacts to changes in the general economic and commercial environment in which it operates to ensure that only liability risks which meet its criteria for profitability are underwritten.

## **THE JAMAICA NATIONAL BUILDING SOCIETY**

### **Notes to the Financial Statements (Continued)** **March 31, 2015**

#### **38. Insurance risk management (continued)**

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

Property contracts:

The risks relating to property contracts are managed primarily through the pricing process. The Group uses strict underwriting criteria to ensure that the risk of losses is acceptable. Furthermore, the Group accepts property insurance risks for one year so that each contract can be re-priced on renewal to reflect the continually evolving risk profile.

Motor contracts:

The risks relating to motor contracts are managed primarily through the pricing process. The Group monitors and reacts to changes in trends of injury awards, litigation and the frequency of claims.

- (d) Risk exposure and concentrations of risk:

The following table shows the Group's exposure to general insurance risk (based on the carrying value of claim provisions at the reporting date) per major category of business.

	<u>Liability</u> \$'000	<u>Property</u> \$'000	<u>Motor</u> \$'000	<u>Other</u> \$'000	<u>Total</u> \$'000
At March 31, 2015					
Gross	312,103	71,370	1,700,357	21,255	2,105,085
Net of reinsurance	<u>302,609</u>	<u>16,867</u>	<u>1,661,238</u>	<u>11,223</u>	<u>1,991,937</u>
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>

- (e) Claims development for general insurance:

Claims development information is disclosed in order to illustrate the insurance risk inherent in the Group. The top part of the table shows how the estimates of total claims for each accident year develop over time. The estimates are increased or decreased as losses are paid and more information becomes known about the severity of unpaid claims. The lower part of the table provides a reconciliation of the total provision included in the statement of financial position and the estimate of cumulative claims.



**THE JAMAICA NATIONAL BUILDING SOCIETY**

**Notes to the Financial Statements (Continued)**  
**March 31, 2015**

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

(e) Claims development for general insurance (continued):

Analysis of net claims development:

	Accident year						
	2009	2010	2011	2012	2013	2014	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Estimate of cumulative claims at end of							
accident year	2,269,799	1,530,102	1,081,313	960,782	940,096	899,093	-
- one year later	2,499,040	1,352,987	880,297	854,657	828,349	-	-
- two years later	2,163,248	1,245,754	843,992	783,723	-	-	-
- three years later	2,201,924	1,268,999	846,890	-	-	-	-
- four years later	2,168,427	1,276,135	-	-	-	-	-
- five years later	2,183,702	-	-	-	-	-	-
Estimate of cumulative claims	2,183,702	1,276,135	846,890	783,723	828,349	899,093	6,817,892
Cumulative payments	(1,776,876)	(1,080,282)	(651,975)	(548,918)	(499,039)	(268,863)	(4,825,953)
Net outstanding liabilities	406,826	195,853	194,915	234,805	329,310	630,230	1,991,939

(f) Reinsurance limits

- (i) The general insurance subsidiary company has property catastrophe reinsurance up to a maximum of \$28.81 billion of which the Quota Share is \$24.49 billion and Catastrophe Excess of Loss \$4.32 billion (2014: Quota share of \$21.48 billion and Catastrophe Excess of Loss \$3.79 billion) per event under which it is liable for the first \$300 million (2014: \$200 million) of losses in accordance with the terms of the policies. Motor catastrophe reinsurance cover is US\$4 million (2014: US\$4 million) per event. It limits its net exposure to a maximum amount on any one loss of \$136.94 million (2014: \$127 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 \$5.5 million on contractors all risks and other engineering exposures.
- (ii) In the life insurance subsidiary, the benefits assured for the Creditor Life policies, distributed by retained amounts and by reinsured amounts are shown below:

	2015		
	Total	Total	Total
Band	amount	amount	amount
\$'000	\$'000	reinsured	retained
		\$'000	\$'000
0 - 1,000	1,001,003	-	1,001,003
1,000 - 2,000	2,598,322	-	2,598,322
2,000 - 5,000	10,665,789	-	10,665,789
5,000 - 10,000	13,440,011	3,700,011	9,740,000
10,000 and over	8,380,450	5,515,450	2,865,000
	<u>36,085,575</u>	<u>9,215,461</u>	<u>26,870,114</u>

## **THE JAMAICA NATIONAL BUILDING SOCIETY**

### **Notes to the Financial Statements (Continued)** **March 31, 2015**

#### **38. Insurance risk management (continued)**

##### **(f) Reinsurance limits (continued)**

2014			
<u>Band</u>	<u>Total</u>	<u>Total</u>	<u>Total</u>
<u>\$'000</u>	<u>amount</u>	<u>amount</u>	<u>amount</u>
	<u>\$'000</u>	<u>reinsured</u>	<u>retained</u>
		<u>\$'000</u>	<u>\$'000</u>
0 - 1,000	1,029,883	-	1,029,883
1,000 - 2,000	2,697,940	-	2,697,940
2,000 - 5,000	10,173,858	-	10,173,858
5,000 - 10,000	10,622,117	2,848,704	7,773,413
10,000 and over	<u>5,287,102</u>	<u>3,402,704</u>	<u>1,884,398</u>
	<u>29,810,900</u>	<u>6,251,408</u>	<u>23,559,492</u>

#### **39. Concentration of insurance risks**

A key aspect of the insurance risk faced by the Group is the extent of concentration of insurance risk which may exist where a particular event or series of events could impact significantly upon its liabilities. Such concentration may arise from a single insurance contract or through a portfolio of related contracts.

The main concentration risk to which the Group is exposed is natural disasters. By their nature, the timing and frequency of these events are uncertain. They represent a significant risk to the Group because the occurrence of an event could have a significantly adverse effect on its cash flows.

The Group's key methods in managing these risks are twofold:

- (a) Firstly, the risk is managed through the establishment of an appropriate underwriting strategy and its implementation by means of the group's underwriting policy [note 38(a)].
- (b) Secondly, the risk is managed through the use of reinsurance [note 38(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.

**THE JAMAICA NATIONAL BUILDING SOCIETY**

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

**March 31, 2015**

**40. Commitments**

At March 31, 2015, the Group and the Society had:

- (a) Unexpired lease commitments payable as follows:

	<b><u>Group</u></b>		<b><u>Society</u></b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Within one year	112,841	102,882	92,931	61,915
Subsequent years	<u>117,667</u>	<u>127,214</u>	<u>101,711</u>	<u>60,697</u>
	<u>230,508</u>	<u>230,096</u>	<u>194,642</u>	<u>122,612</u>

- (b) Undisbursed approved mortgages amounting to approximately \$2,748,000,000 (2014: \$2,685,000,000) for the Group and \$2,748,000,000 (2014: \$2,685,000,000) for the Society.

- (c) Capital commitments:

Commitments for capital expenditure as follows:

	<b><u>Group</u></b>		<b><u>Society</u></b>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
	<u>90,171</u>	<u>63,928</u>	<u>48,864</u>	<u>16,275</u>

**41. Contingent liabilities**

- (i) The Society has pledged its commitment to provide financial support, if required, to fund the activities of one (2014: one) of its subsidiaries until March 31, 2016.
- (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.



## **THE JAMAICA NATIONAL BUILDING SOCIETY**

### **Notes to the Financial Statements (Continued)** **March 31, 2015**

#### **42. Subsequent event**

The exchange rate of the Jamaica dollar at June 30, 2015, being the Bank of Jamaica weighted average exchange of the Jamaica dollar was US\$1.00 to J\$116.29, £1.00 to J\$180.26 and Cdn\$1.00 to J\$91.98 compared to US\$1.00 to J\$114.49, £1.00 to J\$168.35 and Cdn\$1.00 to J\$89.23 at March 31, 2015.

#### **43. Changes in accounting policies**

Except for the changes below, the Group has consistently applied the accounting policies set out in note 44 to all periods presented in these consolidated financial statements.

The Group has adopted the following amendments to standards and a new interpretation with a date of initial application of January 1, 2014.

The details, nature and effects of the changes are explained below:

- Amendments to IAS 32, *Offsetting of Financial Assets and Financial Liabilities* clarify 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 adoption of this amendment did not result in any change to the presentation and disclosures in the financial statements.
- Amendments to IAS 36, *Recoverable Amount Disclosures for Non-Financial Assets* 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 adoption of this amendment results in additional disclosures as indicated in note 17.

- Amendments to IFRS 10, *Consolidated Financial Statements*, IFRS 12, *Disclosure of interest in Other Entities* and IAS 27, *Consolidated and Separate Financial Statements* 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 reviewed the definition of an investment entity and has determined that none of its related entities fall within that definition.

**THE JAMAICA NATIONAL BUILDING SOCIETY**

**Notes to the Financial Statements (Continued)**  
**March 31, 2015**

**43. Changes in accounting policies (continued)**

The details, nature and effects of the changes are explained below (continued):

- IFRIC 21, *Levies* 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 reviewed legislation which applies to it and has adopted a change in accounting policy in respect of the recognition of asset tax. However, the amount involved is not considered material for restatement.

**44. Significant accounting policies**

Except for the changes explained in note 43, the Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

(a) Basis of consolidation:

(i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain or bargain purchase is recognised in 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.

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.

## **THE JAMAICA NATIONAL BUILDING SOCIETY**

### **Notes to the Financial Statements (Continued)** **March 31, 2015**

#### **44. Significant accounting policies (continued)**

(a) Basis of consolidation (continued):

(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, 2014 (2014: December 31, 2013), updated for significant transactions to March 31, 2015 (2014: March 31, 2014). FMBS’ assets and liabilities were merged with those of the Society on December 31, 2013.

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.



**THE JAMAICA NATIONAL BUILDING SOCIETY**

**Notes to the Financial Statements (Continued)**  
**March 31, 2015**

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

(a) Basis of consolidation (continued):

(v) Interest in equity-accounted investees

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

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

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

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

(vi) Jointly controlled operations

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

(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.

## **THE JAMAICA NATIONAL BUILDING SOCIETY**

### **Notes to the Financial Statements (Continued)** **March 31, 2015**

#### **44. Significant accounting policies (continued)**

(b) Property, plant and equipment:

Items of property, plant and equipment are measured at cost, less accumulated depreciation and impairment losses [see note 44(u)]. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item, if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be reliably measured. The cost of day-to-day servicing of property, plant and equipment is recognised in profit or loss as incurred.

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

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

Property, plant and equipment, with the exception of 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	Shorter of lease term and useful life
Computers	33⅓%
Office equipment	10%
Motor vehicles	20%

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

(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.

**THE JAMAICA NATIONAL BUILDING SOCIETY**

**Notes to the Financial Statements (Continued)**  
**March 31, 2015**

**44. 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' 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 manages and makes purchase and sale decisions based on their fair value in accordance with its investment strategy.

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

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

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

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

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

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

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



## **THE JAMAICA NATIONAL BUILDING SOCIETY**

### **Notes to the Financial Statements (Continued)** **March 31, 2015**

#### **44. Significant accounting policies (continued)**

(d) Financial instruments (continued):

(ii) Recognition:

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

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

(iii) Derecognition:

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

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

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liabilities simultaneously.

(v) Measurement:

Financial assets classified as available-for-sale are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, they are measured at fair value. Unrealised gains and losses arising from changes in fair value, except for impairment losses, and foreign currency differences on debt instruments, are recognised in other comprehensive income and presented in investment revaluation reserve in equity [see note 29( 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, 2015**

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

(d) Financial instruments (continued):

(v) 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.

(vi) Identification and measurement of impairment:

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

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

The Group considers evidence of impairment at both a specific asset and collective level. All individually significant financial assets are assessed for impairment. All significant assets found not to be specifically impaired are then collectively assessed for any impairment incurred but not yet identified. Assets that are not individually significant are then collectively assessed for impairment by grouping together financial assets (carried at amortised cost) with similar risks.

## **THE JAMAICA NATIONAL BUILDING SOCIETY**

### **Notes to the Financial Statements (Continued)** **March 31, 2015**

#### **44. Significant accounting policies (continued)**

(d) Financial instruments (continued):

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

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.

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.

(vii) Fair value measurement:

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.



**THE JAMAICA NATIONAL BUILDING SOCIETY**

**Notes to the Financial Statements (Continued)**  
**March 31, 2015**

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

(d) Financial instruments (continued):

(vii) Fair value measurement (continued):

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.

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

The difference between the purchase/sale and resale/repurchase considerations is recognised on the accrual basis over the period of the agreements, using the effective yield method, and is included in interest income and expense, respectively.

## **THE JAMAICA NATIONAL BUILDING SOCIETY**

### **Notes to the Financial Statements (Continued)** **March 31, 2015**

#### **44. Significant accounting policies (continued)**

(f) Cash and cash equivalents:

Cash and cash equivalents are measured at cost. They comprise cash balances and cash reserve at the Bank of Jamaica, cash in hand and short-term, highly liquid investments where original maturities do not exceed three months from the reporting date, are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term commitments. Bank overdrafts are repayable on demand. Bank overdrafts that form an integral part of the Group's cash management for financing operations are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(g) Investment properties:

Investment properties are measured at their cost, less accumulated depreciation and impairment losses. Rental income from investment properties is recognised on the straight-line basis over the term of the lease, and accounted for on the accrual basis.

(h) Intangible assets:

[i] Goodwill:

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.

[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

**THE JAMAICA NATIONAL BUILDING SOCIETY**

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

**March 31, 2015**

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

(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.

Employee benefits that are earned as a result of past or current service are recognised in the following manner:

[i] Short-term employee benefits:

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be estimated reliably.

[ii] Defined contribution plans:

Obligation for contributions to defined contribution plans is expensed as the related services are provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.



## **THE JAMAICA NATIONAL BUILDING SOCIETY**

### **Notes to the Financial Statements (Continued)** **March 31, 2015**

#### **44. Significant accounting policies (continued)**

(k) Employee benefits (continued):

[iii] Defined-benefit plans:

Employee benefits, comprising post-employment obligations included in the financial statements, have been actuarially determined by a qualified independent actuary, appointed by management using the projected unit credit method. The actuary's report outlines the scope of the valuation and the actuary's opinion. The actuarial valuation is conducted in accordance with IAS 19, and the financial statements reflect the Group's post-employment benefit obligations as computed by the actuary. In carrying out their audit, the auditors rely on the actuary's report.

The Group's net obligation in respect of its defined-benefit plans (note 23) is calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods; that value is discounted to determine the present value, and the fair value of any plan assets is deducted. The discount rate is determined by reference to the yield at the reporting date on long-term government instruments of terms approximating those of the Group's obligation.

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 recognise gains and losses on the settlement of a defined benefit plan when the settlement occurs.

[iv] Other long-term employee benefits:

The Group's net obligation in respect of long-term employee benefits is the amount of future benefits that employees have earned in return for their services in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognised in profit or loss in the period in which they arise.

[v] Termination benefits:

Termination benefits are expensed at the earlier of, when the Group can no longer withdraw the offer of those benefits, and when the Group recognises cost for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

**THE JAMAICA NATIONAL BUILDING SOCIETY**

**Notes to the Financial Statements (Continued)**  
**March 31, 2015**

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

(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.

(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, discount 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.

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.

## **THE JAMAICA NATIONAL BUILDING SOCIETY**

### **Notes to the Financial Statements (Continued)** **March 31, 2015**

#### **44. Significant accounting policies (continued)**

(o) Insurance contract recognition and measurement (continued):

[i] Insurance contracts (continued)

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.

*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.



**THE JAMAICA NATIONAL BUILDING SOCIETY**

**Notes to the Financial Statements (Continued)**  
**March 31, 2015**

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

(o) Insurance contract recognition and measurement (continued):

[i] Insurance contracts (continued)

*Outstanding claims (continued)*

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

*Deferred acquisition cost and deferred commission income*

Commission income and expense are deferred on a basis consistent with that used for deferring unearned premium income.

[ii] Reinsurance assets

In the ordinary course of business, the subsidiaries seek to reduce the loss that may result from catastrophe or other events that cause unfavourable underwriting results by reinsuring certain levels of risk with other insurers. Reinsurance ceded does not discharge the subsidiaries' liability as the principal insurer. Failure of reinsurers to honour their obligations could result in losses to the subsidiaries and the Group. Consequently, a contingent liability exists in the event that an assuming reinsurer is unable to meet its obligations [see note 41(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, 2015**

#### **44. Significant accounting policies (continued)**

(q) Taxation:

[i] Income tax:

Income tax on the profit or loss 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.

[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.

## **THE JAMAICA NATIONAL BUILDING SOCIETY**

### **Notes to the Financial Statements (Continued)** **March 31, 2015**

#### **44. Significant accounting policies (continued)**

(r) Foreign currencies:

- [i] Monetary foreign currency balances at the reporting date are translated at the Bank of Jamaica's weighted average rate of US\$1.00 = J\$114.49 (2014: J\$108.99), UK£1.00 = J\$168.35 (2014: J\$179.38) and Cdn\$1.00 = J\$89.23 (2014: J\$97.19), 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\$124.09 (2014: J\$149.94) and Cayman Dollar 1.00 = J\$137.50 (2014: J\$130.84).
- [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 [note 44(d)(v)] and foreign operations in [note 44(r)(iii)].
- [iii] For the purpose of consolidating the financial statements of the Group's foreign subsidiaries, each statement of financial position is translated at the closing rate and each statement of revenue and expenses at the average rate of exchange for the year. Translation differences are recognised in other comprehensive income and presented in an exchange equalisation reserve in equity [note 29(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 29(c)].

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.



## **THE JAMAICA NATIONAL BUILDING SOCIETY**

### **Notes to the Financial Statements (Continued)** **March 31, 2015**

#### **44. Significant accounting policies (continued)**

(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 where payment is outstanding for 90 days or more, the cash basis is used. Accrued interest on loans, which are in arrears for 90 days and over, is excluded from income in accordance with the Regulations. 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.

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.

**THE JAMAICA NATIONAL BUILDING SOCIETY**

**Notes to the Financial Statements (Continued)**  
**March 31, 2015**

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

(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 and the consideration can be reliably measured. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, or material associated costs on the possible return of goods.

Revenue from membership fees is recognised over the term of the membership. Revenue received in advance is deferred to match the revenue with the future costs associated with providing the service.

Media revenue is recognised when the related advertisement or commercial appears before the public. Production revenue is recognised by reference to the stage of completion of the project.

Money transfer fees are recognised when funds are transmitted on behalf of customers. Foreign exchange fees are recognised as earned, based on the value of remittances.

The accounting policies for the recognition of revenue from insurance contracts in respect of gross premiums written are disclosed in note 44(o)[i].

Reinsurance commission is recognised on a basis that is consistent with the recognition of the costs incurred on the acquisition of the underlying insurance contracts [see note 44(o)(i)]. Commission income in respect of reinsurance contracts is recognised on the accrual basis.

Investment income arises from financial assets and is comprised of interest and dividends and recognised gains/losses on financial assets. Dividend income is recognised when the right to receive income is established.

Accounting policy for interest income is described at note 44(t).

(x) Fees and commission:

Fees and commission income and expense that are integral to the negotiation of a financial asset or liability are included in the measurement of the effective interest rate.

## **THE JAMAICA NATIONAL BUILDING SOCIETY**

### **Notes to the Financial Statements (Continued)** **March 31, 2015**

#### **44. Significant accounting policies (continued)**

(x) Fees and commission (continued):

Other fees and commission income, including account servicing fees, investment management fees, sales commission, placement fees and syndication fees, are recognised as the related services are performed. When a loan commitment is not expected to result in the drawdown of a loan, loan commitment fees are recognised on the straight-line basis over the commitment period.

Other fees and commission expenses relate mainly to transaction and service fees that are recognised and expensed as the services are received.

(y) Definition of related party:

A related party is a person or entity that is related to the Group (“reporting entity”).

(a) A person or a close member of that person’s family is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group.

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

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled, or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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



**THE JAMAICA NATIONAL BUILDING SOCIETY**

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

**March 31, 2015**

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

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

Certain new, revised and amended standards and interpretations have been issued which are not yet effective for the current year and which the Group has not early-adopted. The Group has assessed the relevance of all such new standards, amendments and interpretations with respect to the Group's operations and has determined that the following are likely to have an effect on the consolidated financial statements.

- *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.
  - 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.

## **THE JAMAICA NATIONAL BUILDING SOCIETY**

### **Notes to the Financial Statements (Continued)** **March 31, 2015**

#### **44. 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):*
  - 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 amendments to standards will have on its 2016 financial statements.

- IAS 1, *Presentation of Financial Statements*, effective for accounting periods beginning on or after January 1, 2016, has been amended to clarify or state the following:
  - specific single disclosures that are not material do not have to be presented even if they are the minimum requirement of a standard
  - the order of notes to the financial statements is not prescribed
  - line items on the statement of financial position and the statement of profit or loss and other comprehensive income (OCI) should be disaggregated if this provides helpful information to users. Line items can be aggregated if they are not material
  - specific criteria is now provided for presenting subtotals on the statement of financial position and in the statement of profit or loss and OCI, with additional reconciliation requirement for the statement of profit or loss and OCI
  - the presentation in the statement of OCI of items of OCI arising from joint ventures and associates accounted for using the equity method follows IAS 1 approach of splitting items that may, or that will never, be reclassified to profit or loss

The Group is assessing the impact that this amendment will have on its 2017 financial statements.

- Amendments to IAS 19, *Defined Benefit Plans: Employee Contributions*, effective for annual periods beginning on or after July 1, 2014, clarify the requirements that relate to how contributions from employees or third parties that are linked to services should be attributed to periods of services. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of services.

The Group is assessing the impact that the amendment will have on its 2016 financial statements.

**THE JAMAICA NATIONAL BUILDING SOCIETY**

**Notes to the Financial Statements (Continued)**  
**March 31, 2015**

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

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

- Amendments to IAS 16 and IAS 38, *Clarification of Acceptable Methods of Depreciation and Amortisation*, are effective for accounting periods beginning on or after January 1, 2016.
- The amendment to IAS 16, *Property, Plant and Equipment* explicitly states that revenue-based methods of depreciation cannot be used. This is because such methods reflect factors other than the consumption of economic benefits embodied in the assets.
- The amendment to IAS 38, *Intangible Assets* introduces a rebuttable presumption that the use of revenue-based amortisation methods is inappropriate for intangible assets.

The Group is assessing the impact that these amendments will have on its 2017 financial statements.

- Amendments to IAS 16, *Property, Plant and Equipment*, and IAS 41, *Biological Assets*, which are effective for annual reporting periods beginning on or after January 1, 2016, require a bearer plant, defined as a living plant, to be accounted for as property, plant and equipment and included in the scope of IAS 16 instead of IAS 41. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41. The Group is assessing the impact that these amendments will have on its 2017 financial statements.
- Amendments to IAS 27, *Equity Method in Separate Financial Statements*, effective for accounting periods beginning on or after January 1, 2016 allow the use of the equity method in separate financial statements, and apply to the accounting for subsidiaries, associates, and joint ventures.

The Group is assessing the impact that these amendments will have on its 2017 financial statements.

- Amendments to IFRS 10, *Consolidated Financial Statements*, and IAS 28, *Investments in Associates and Joint Ventures*, in respect of *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*, are effective for annual reporting periods beginning on or after January 1, 2016. The amendments require that when a parent loses control of a subsidiary in a transaction with an associate or joint venture, the full gain be recognised when the assets transferred meet the definition of a 'business' under IFRS 3, *Business Combinations*.

The Group is assessing the impact that this amendment will have on its 2017 financial statements.

- Amendments to IFRS 11, *Accounting for Acquisitions of Interests in Joint Operations*, effective for accounting periods beginning on or after January 1, 2016, require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business. Business combination accounting also applies to the additional interests in a joint operation while the joint operator retains joint control. The additional interest acquired will be measured at fair value but previously held interests will not be remeasured.

The Group is assessing the impact that the amendments will have on its 2017 financial statements.



## **THE JAMAICA NATIONAL BUILDING SOCIETY**

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

**March 31, 2015**

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#### **44. 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 Interests in Other Entities* and IAS 28, *Investments in Associates and Joint Ventures*, effective for accounting periods beginning on or after January 1, 2016, have been amended to introduce clarifications on which subsidiaries of an investment entity are consolidated instead of being measured at fair value through profit or loss. IFRS 10 was amended to confirm that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity. An investment entity shall measure at fair value through profit or loss all of its subsidiaries that are themselves investment entities. IAS 28 was amended to provide an exemption from applying the equity method for investment entities that are subsidiaries and that hold interests in associates and joint ventures. IFRS 12 was amended to clarify that the relevant disclosure requirements in the standard apply to an investment entity in which all of its subsidiaries are measured at fair value through profit or loss.

The Group is assessing the impact that these amendments will have on its 2017 financial statements.

- *Improvements to IFRS 2012-2014 cycle*, contain amendments to certain standards and interpretations and are effective for accounting periods beginning on or after January 1, 2016. The main amendments applicable to the Group are as follows:
  - IFRS 5, *Non-current Assets Held for Sale and Discontinued Operations* has been amended to clarify that if an entity changes the method of disposal of an asset or disposal group – i.e. reclassifies an asset or disposal group from held-for-distribution to owners to held-for-sale or vice versa without any time lag, then the change in classification is considered a continuation of the original plan of disposal and the entity continues to apply held-for-distribution or held-for-sale accounting. At the time of the change in method, the entity measures the carrying amount of the asset or disposal group and recognizes any write-down (impairment loss) or subsequent increase in the fair value less costs to sell/distribute the asset or disposal group. If an entity determines that an asset or disposal group no longer meets the criteria to be classified as held-for-distribution, then it ceases held-for-distribution accounting in the same way as it would cease held-for-sale accounting.
  - IFRS 7, *Financial Instruments: Disclosures*, has been amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred assets in cases when they are derecognized in their entirety. A servicer is deemed to have continuing involvement if it has an interest in the future performance of the transferred asset -e.g. if the servicing fee is dependent on the amount or timing of the cash flows collected from the transferred financial asset; however, the collection and remittance of cash flows from the transferred asset to the transferee is not, in itself, sufficient to be considered ‘continuing involvement’.
  - IAS 19, *Employee Benefits*, has been amended to clarify that high-quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid. Consequently, the depth of the market for high-quality corporate bonds should be assessed at the currency level and not the country level.

**THE JAMAICA NATIONAL BUILDING SOCIETY**

**Notes to the Financial Statements (Continued)**  
**March 31, 2015**

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

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

- *Improvements to IFRS 2012-2014 cycle (continued):*

The Group is assessing the impact that these amendments will have on its 2017 financial statements.

- IFRS 15, *Revenue From Contracts With Customers*, effective for accounting periods beginning on or after January 1, 2017, replaces IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfer of Assets from Customers* and SIC-31 *Revenue – Barter Transactions Involving Advertising Services*. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties.

The Group will apply a five-step model to determine when to recognise revenue, and at what amount. The model specifies that revenue should be recognised when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognised at a point in time, when control of goods or services is transferred to the customer; or over time, in a manner that best reflects the entity's performance.

There will be new qualitative and quantitative disclosure requirements to describe the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The Group is assessing the impact that the standard will have on its 2018 financial statements.

- IFRS 9, *Financial Instruments*, which is effective for annual reporting periods beginning on or after January 1, 2018, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL) - are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognized.

The Group is assessing the impact that the standard will have on its 2019 financial statements.