JN BANK LIMITED

FINANCIAL STATEMENTS

MARCH 31, 2025

KPMG
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INDEPENDENT AUDITORS' REPORT

To the Member of
JN BANK LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of JN Bank Limited ("the Bank"), set out on pages 4 to 94, which comprise the statement of financial position as at March 31, 2025, the statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at March 31, 2025, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Jamaican Companies Act.

Basis for Opinion

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

To the Member of
JN BANK LIMITED

Report on the Audit of the Financial Statements (continued)

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Member of
JN BANK LIMITED

Report on the Audit of the Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on additional matters as required by the Jamaican Companies Act

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

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

KPMG

Chartered Accountants
Kingston, Jamaica

June 30, 2025

JN BANK LIMITED

Statement of Financial Position
March 31, 2025

	Notes	2025 $'000	2024 $'000
ASSETS			
Cash and cash equivalents	5,8(c)(ii)	19,346,987	10,596,820
Cash reserve	5,8(c)(ii)	17,796,312	17,521,364
Securities purchased under resale agreements	6	2,828,081	4,048,936
Investments	7	63,206,216	57,543,802
Due from related entities	8(c)(i)	1,459,617	906,562
Taxation recoverable		960,395	1,235,976
Loans, after allowance for impairment losses	10(a),8(c)(ii)	154,841,984	151,345,464
Other assets	11	3,197,947	1,959,711
Interest in associate	9	144,630	147,243
Investment property	12	682,000	561,079
Property and equipment	13	4,006,713	4,286,160
Intangible assets	14	3,779,328	2,806,428
Deferred tax asset, net of deferred tax liability	15	3,810,342	3,745,783
Right-of-use assets	16(a)(i)	555,321	700,139
Total assets		276,615,873	257,405,467
LIABILITIES			
Due to specialised financial institutions	22	4,252,075	2,709,096
Customer deposits	17,8(c)(ii)	210,179,859	200,721,190
Due to related entities	8(c)(i)	290,530	310,663
Securities sold under repurchase agreements	18,8(c)(ii)	28,247,660	17,983,540
Other payables	19	2,950,434	2,862,029
Margin loan payable	20	-	2,216,038
Employee benefits obligation	21(a)	1,361,624	1,080,733
Long-term loan	8(c)(iii)	-	149,997
Lease liabilities	16(a)(ii)	1,913,751	2,260,608
Total liabilities		249,195,933	230,293,894
EQUITY			
Share capital	23	11,511,000	11,511,000
Reserve fund	24	7,826,732	7,782,851
Contractual savings reserve	25	14,223	14,223
Other reserves	26	4,151,135	3,910,883
Retained earnings		3,916,850	3,892,616
Total equity		27,419,940	27,111,573
Total liabilities and equity		276,615,873	257,405,467

The financial statements on pages 4 to 94 were approved for issue by the Board of Directors on June 30, 2025 and signed on its behalf by:

Keith Levy — Chairman

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

Leesa Kow — Director

Tasha Manley — Secretary

JN BANK LIMITED

Statement of Profit or Loss
Year ended March 31, 2025

	Notes	2025 $'000	2024 $'000
Interest income calculated using the effective interest method:			
Interest on loans	8(d)	14,731,672	12,858,829
Interest on investments		3,569,780	3,445,461
		18,301,452	16,304,290
Interest expense calculated using the effective interest method	28,8(d)	(3,813,536)	(3,658,005)
Net interest income		14,487,916	12,646,285
Impairment losses on financial instruments	33(b)(vi)	(653,800)	(1,655,336)
Gain/(loss) on disposal of fair value through other comprehensive income (FVOCI) investment securities		134,762	(16,717)
Other operating income	29,8(d)	4,004,914	6,427,665
Fair value gain/(loss) on investment property	12	120,921	(43,921)
Operating expenses	30,8(d)	(17,023,784)	(16,866,804)
Finance expense – leases	16(a)(iii)	(208,928)	(113,169)
Operating profit		862,001	378,003
Share of profit in associate	9	24,187	13,898
Unrealised foreign exchange (losses)/gains		(304,254)	76,024
Profit before taxation		581,934	467,925
Taxation	32	(143,122)	793,906
Profit for the year		438,812	1,261,831

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

JN BANK LIMITED

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

	Notes	2025 $'000	2024 $'000
Profit for the year		438,812	1,261,831
Other comprehensive income/(loss):			
Items that are or may be reclassified to profit or loss:			
Realised (gain)/loss on investments recognised in statement of profit or loss		(134,762)	16,717
Increase in fair value of FVOCI investment securities, net of impairment losses		75,519	188,794
Deferred tax on FVOCI investment securities and expected credit loss (ECL)	15	19,555	(68,538)
		(39,688)	136,973
Items that will never be reclassified to profit or loss:			
Remeasurement of employee benefits obligation	21(d)	(136,136)	(314,377)
Deferred tax on employee benefits obligation	15	45,379	104,792
		(90,757)	(209,585)
Total other comprehensive loss for the year		(130,445)	(72,612)
Total comprehensive income for the year		308,367	1,189,219

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

JN BANK LIMITED

Statement of Changes in Equity
Year ended March 31, 2025

	Share capital $'000 (note 23)	Reserve fund $'000 (note 24)	Contractual savings reserve $'000 (note 25)	Other reserves $'000 (note 26)	Retained earnings $'000	Total equity $'000
Balances as at March 31, 2023	11,511,000	7,656,668	14,223	3,611,298	3,129,165	25,922,354
Total comprehensive income for the year:						
Profit for the year	-	-	-	-	1,261,831	-
Other comprehensive income/(loss):						
Realised loss on investments recognised in statement of profit or loss	-	-	-	16,717	-	16,717
Increase in fair value of FVOCI investment securities, net of impairment losses	-	-	-	188,794	-	188,794
Deferred tax on FVOCI investment securities and ECL	-	-	-	(68,538)	-	(68,538)
Remeasurement of employee benefits obligation	-	-	-	-	(314,377)	(314,377)
Deferred tax on employee benefits obligation	-	-	-	-	104,792	104,792
Total other comprehensive income/(loss)	-	-	-	136,973	(209,585)	(72,612)
Total comprehensive income	-	-	-	136,973	1,052,246	1,189,219
Movements between reserves:						
Transfer to reserve fund (note 24)	-	126,183	-	-	(126,183)	-
Transfer to credit loss reserve	-	-	-	162,612	(162,612)	-
	-	126,183	-	162,612	(288,795)	-
Balances as at March 31, 2024	11,511,000	7,782,851	14,223	3,910,883	3,892,616	27,111,573
Total comprehensive income for the year:						
Profit for the year	-	-	-	-	438,812	438,812
Other comprehensive income/(loss):						
Realised gain on investments recognised in statement of profit or loss	-	-	-	(134,762)	-	(134,762)
Increase in fair value of FVOCI investment securities, net of impairment losses	-	-	-	75,519	-	75,519
Deferred tax on FVOCI investment securities and ECL	-	-	-	19,555	-	19,555
Remeasurement of employee benefits obligation	-	-	-	-	(136,136)	(136,136)
Deferred tax on employee benefits obligation	-	-	-	-	45,379	45,379
Total other comprehensive (loss)/income	-	-	-	(39,688)	(90,757)	(130,445)
Total comprehensive income	-	-	-	(39,688)	348,055	308,367
Movements between reserves:						
Transfer to reserve fund (note 24)	-	43,881	-	-	(43,881)	-
Transfer to credit loss reserve	-	-	-	279,940	(279,940)	-
	-	43,881	-	279,940	(323,821)	-
Balances as at March 31, 2025	11,511,000	7,826,732	14,223	4,151,135	3,916,850	27,419,940

JN BANK LIMITED

Statement of Cash Flows
Year ended March 31, 2025

	Notes	2025 $'000	2024 $'000
Cash flows from operating activities			
Profit for the year		438,812	1,261,831
Adjustments to reconcile profit for the year to net cash used in operating activities:			
Depreciation - property and equipment	13	380,728	363,535
Depreciation on right-of-use assets	16(a)(i)	196,736	160,069
Amortisation of intangible assets	14	279,895	94,057
Gain on disposal of property and equipment	29(b)	(5,985)	(1,935,893)
Disposal of foreclosed property	29(b)	-	(135)
(Gain)/loss on disposal of investments		(134,762)	16,739
Fair value (gain)/loss on investment property	12	(120,921)	43,921
Loss/(gain) from foreign exchange rate changes		296,306	(28,381)
Share of profit in associate	9	(24,187)	(13,898)
Impairment losses on financial instruments	33(b)(vi)	653,800	1,655,336
Dividend income	29(b)	(31,185)	(51,797)
Interest income		(18,301,452)	(16,304,290)
Interest expense	28	3,813,536	3,658,005
Interest expense on lease liabilities	16(a)(iii)	208,928	113,169
Tax expense	32(a)(i)	142,747	-
Deferred taxation	32(a)(ii)	375	(730,826)
Benefits paid – employee benefits obligation	21(b)	(15,773)	(13,982)
Current and past service cost - employee benefits obligation	21(c)	47,879	24,116
Interest cost - employee benefits obligation	21(c)	112,649	86,195
		(12,061,874)	(11,602,229)
Changes in operating assets and liabilities:			
Due from related entities		(559,858)	(415,790)
Taxation recoverable		183,445	(247,276)
Loans		(3,697,354)	(23,758,507)
Other assets		(1,187,532)	(372,602)
Customer deposits		7,674,159	16,959,224
Due to related entities		(20,133)	104,719
Margin loan payable		(2,216,038)	129,322
Other payables		83,615	981,085
Statutory reserves at Bank of Jamaica		(274,948)	(2,895,749)
		(12,076,518)	(21,117,803)
Interest paid		(4,032,778)	(3,094,337)
Interest received		18,078,668	15,860,436
Income tax paid		(50,611)	-
Net cash provided by/(used in) operating activities		1,918,761	(8,351,704)
Cash flows from investing activities			
Acquisition of investments		(60,090,394)	(69,989,841)
Proceeds from disposal of investments		55,729,311	74,393,186
Acquisition of securities purchased under resale agreements		(92,138,631)	(329,041,912)
Proceeds from sale of securities acquired under resale agreements		93,374,488	325,013,000
Dividend received		31,185	51,797
Inflow from assets held for sale		-	14,411
Dividends from equity accounted investee	9	23,845	23,224
Purchase of intangible assets	14	(1,252,795)	(597,703)
Purchase of property and equipment	13	(246,336)	(1,183,921)
Purchase of investment property	12	-	(210,000)
Increase in right-of-use assets due to sale and leaseback		-	(571,372)
Proceeds from disposal of investment property	12	-	230,000
Proceeds from disposal of assets held for sale		-	19,191
Proceeds from disposal of property and equipment		5,985	2,671,176
Net cash (used in)/provided by investing activities		(4,563,342)	821,236
Net cash used in operating and investing activities (page 9)		(2,644,581)	(7,530,468)

JN BANK LIMITED

Statement of Cash Flows (Continued)
Year ended March 31, 2025

	Notes	2025 $'000	2024 $'000
Net cash used in operating and investing activities (page 8)		(2,644,581)	(7,530,468)
Cash flows from financing activities			
Proceeds from issuance of repurchase agreements	38	264,369,185	157,492,714
Repayment of repurchase agreements	38	(254,249,010)	(155,238,219)
Payment of lease liabilities	16(a)(iv), 38	(346,857)	(249,793)
Interest paid on lease liabilities	16(a)(iv), 38	(208,928)	(113,169)
Increase in lease liabilities due to sale and leaseback transaction and other leased transactions		-	2,190,964
Proceeds from specialised financial institutions	38	2,129,000	803,037
Payments to specialised financial institutions	38	(586,021)	(382,396)
Payments on long-term loan	38	(149,997)	(72,728)
Net cash provided by financing activities		10,957,372	4,430,410
Net increase/(decrease) in cash and cash equivalents		8,312,791	(3,100,058)
Cash and cash equivalents at beginning of year		10,596,820	13,326,615
Effects of exchange rate changes on cash and cash equivalents		437,376	370,263
Cash and cash equivalents at end of year	5	19,346,987	10,596,820

1. The Bank

JN Bank Limited ("the Bank") commenced business on February 1, 2017, subsequent to the granting of a licence under the Banking Services Act, 2014, by virtue of the conversion of The Jamaica National Building Society ("the Building Society").

The Bank's registered office is located at 2-4 Constant Spring Road, Kingston 10. Its principal activities are granting home and other loans, operating savings and current accounts and buying and selling foreign exchange.

The Bank is a wholly owned subsidiary of JN Financial Group Limited ("parent"), which is a wholly owned subsidiary of The Jamaica National Group Limited ("ultimate parent"). The entities are incorporated in Jamaica under the Jamaican Companies Act.

2. Licence and regulation

The Bank is licensed and the financial statements are delivered, under the Banking Services Act, 2014 and the Banking Services Regulations, 2015, which became effective on September 30, 2015.

3. Basis of accounting and preparation

(a) Basis of accounting:

The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS Accounting Standards") and comply with the relevant provisions of the Jamaican Companies Act. They were authorized for issue by the Bank's Board of Directors on June 30, 2025.

Details of the Bank's material accounting policies, including changes during the year, are included in note 37.

(b) Basis of preparation:

The financial statements are prepared on the historical cost basis, except for certain financial instruments and investment property which are measured at fair value as well as the liability for defined-benefit obligations which is recognised at its present value.

The preparation of the financial statements in conformity with IFRS Accounting Standards assumes that the Bank will continue in operational existence for the foreseeable future. In making this assessment, management considered a wide range of information including projections of profitability, regulatory capital requirements and funding needs. The assessment also included consideration of reasonably possible downside economic scenarios and their potential impacts on the profitability, capital and liquidity of the Bank.

In a letter dated February 5, 2025 from the Bank of Jamaica (BOJ), the Bank's regulator revised the capital adequacy ratio (CAR) requirement, mandating a CAR of 13%. This represents a 3% buffer above the statutory minimum. As of March 31, 2025, the Bank's CAR was 13.0%, thereby meeting the revised minimum requirement set by the Central Bank.

3. Basis of accounting and preparation (continued)

(b) Basis of preparation (continued):

In the prior year, the Bank's capital adequacy ratio stood at 12.5%, falling short of the 15% target, which represented a 5% buffer above the statutory requirement. This shortfall was identified as an event or condition that could raise substantial doubt about the Bank's ability to continue as a going concern - a close call going concern scenario. As the Bank is now meeting the revised minimum requirement, management notes that the close-call identified in the prior period does not apply to the current period.

Management continues to have a reasonable expectation that the Bank has adequate resources to continue in operation for at least twelve months from the date of approval of these financial statements and that the going concern basis of preparation remains appropriate.

(c) Functional and presentation currency:

The financial statements are presented in Jamaica dollars, which is the functional currency of the Bank. All amounts are rounded to the nearest thousand dollars, unless otherwise stated.

(d) Use of estimates, assumptions and judgements:

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

Although these estimates are based on management's best knowledge of current events and actions, actual amounts could differ from these estimates.

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

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

4. Accounting estimates and judgements

(a) Key sources of estimation uncertainty:

The key assumptions about the future and other major sources of estimation uncertainty that have a significant risk of the carrying amounts of assets and liabilities at the reporting date being materially adjusted in the year ending March 31, 2025, are as follows:

(i) Post-retirement benefits [note 21]:

The amounts recognised in the statements of financial position, profit or loss and other comprehensive income for certain post-retirement benefits are determined actuarially using several assumptions.

4. Accounting estimates and judgements (continued)

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

(i) Post-retirement benefits [note 21] (continued):

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 Bank's obligation. In the absence of such instruments in Jamaica, it has been necessary to estimate the rate by extrapolating from the longest-tenor security on the market. The estimate of expected rate of increase in medical costs is determined based on inflationary factors. Any changes in these assumptions will impact the amounts recorded in the financial statements for these obligations.

(ii) Impairment of financial instruments [notes 33(b) and 37(a)]:

Measurement of the expected credit loss (ECL) allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and fair value through other comprehensive income (FVOCI) requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). The explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in notes 33(b) and 37(a).

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

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

Detailed information about the judgements and estimates made by the Bank in the above areas is set out in note 33(b).

Sensitivity of ECL to future economic conditions

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

JN BANK LIMITED

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

5. Cash resources

	2025	2024
	$'000	$'000
Cash and cash equivalents for statement of cash flows [see (c)]	19,346,987	10,596,820
Cash reserve with Bank of Jamaica [see (a)]	17,796,312	17,521,364
	37,143,299	28,118,184

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

At March 31, 2025, the required percentage of average prescribed liabilities was 6% (2024: 6%) for Jamaica dollar and 14% (2024: 14%) for foreign currency liabilities.

(b) The Bank has a $145,000,000 (2024: $145,000,000) unsecured overdraft facility with a commercial bank. The facility was not utilised over the period.

(c) Cash and cash equivalents represent cash on hand and balances with banks that are unrestricted and can be withdrawn without prior notice.

6. Securities purchased under resale agreements

	2025	2024
	$'000	$'000
Principal	2,796,814	4,028,912
Interest receivable	31,267	20,024
	2,828,081	4,048,936

At March 31, 2025, securities obtained and held under resale agreements had a fair value of $3,458,205,000 (2024: $4,213,145,000).

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

	2025	2024
	$'000	$'000
Within 3 months	-	3,653,912
3 months to 1 year	2,796,814	375,000
	2,796,814	4,028,912

JN BANK LIMITED

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

7. Investments

	2025 $'000	2024 $'000
Amortised cost		
Certificates of deposit [see (iv) below]	3,083,069	5,931,380
Less ECL for debt securities at amortised cost	(4,444)	(3,876)
	3,078,625	5,927,504
Fair value through other comprehensive income (FVOCI)		
Corporate bonds	7,917,029	8,912,755
Government of Jamaica securities [see note 33 (b)(vi) and (iii) below]	43,942,122	38,363,217
Treasury bills	7,325,030	3,296,134
Quoted equities	196,939	201,062
Unquoted equities [see (i) below]	19,608	19,608
	59,400,728	50,792,776
Investments, excluding interest receivable	62,479,353	56,720,280
Interest receivable	726,863	823,522
	63,206,216	57,543,802

(i) The Bank holds 5,020,000 (2024: 5,020,000) units of shares in Automated Payments Limited, an automated clearing house operator. These shares are classified as fair value through other comprehensive income.

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

	2025 $'000	2024 $'000
No maturity – equity instruments	216,547	220,670
Within 3 months	7,245,614	7,107,512
3 months to 1 year	3,580,942	2,611,376
1 year to 5 years	17,714,101	17,878,803
5 years and over	33,726,593	28,905,795
	62,483,797	56,724,156
Less ECL for debt securities at amortised cost	(4,444)	(3,876)
	62,479,353	56,720,280

(iii) The Bank pledged investments amounting to $978,616,000 (2024: $883,987,000) to facilitate settlement of Multilink transactions. This represents the pledge of amounts to J.E.T.S Limited. It represents a proportional amount of JN Bank's ATM multilink transactions and is to cover J.E.T.S Limited due to delayed/overnight and over weekend settlements by all financial institutions on the multilink network.

(iv) Certificates of deposit amounting to $3,069,000 (2024: $3,051,000) were pledged to cover a third-party guarantee.

8. Related party balances and transactions

(a) Definition of related party

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

A. A person or a close member of that person's family is related to the Bank if that person:

(i) has control or joint control over the Bank;

(ii) has significant influence over the Bank;

(iii) is a member of the key management personnel of the Bank; or

(iv) is a member of the key management personnel of a parent of the Bank to the extent that they have authority and responsibility for planning, directing and controlling the Bank's activities.

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

(i) The entity and the Bank 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 Bank or an entity related to the Bank;

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

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

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

(b) Identity of related parties:

The Bank has a related party relationship with its parent, ultimate parent, fellow subsidiaries, associate, pension scheme, directors, companies owned or controlled by directors, other key management personnel and JN Foundation.

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

8. Related party balances and transactions (continued)

(c) Balances with related entities:

	2025 $'000	2024 $'000
(i) Due from related entities:		
Ultimate parent	113,993	-
Parent	513,651	3
Fellow subsidiaries	831,973	906,559
	1,459,617	906,562
Due to related entities:		
Ultimate parent	-	(69,978)
Subsidiaries of fellow subsidiaries	(290,530)	(240,685)
	(290,530)	(310,663)

Balances due from and to related entities are unsecured, interest free and due for settlement no more than twelve months after the reporting date.

(ii) The statement of financial position includes balances, arising in the ordinary course of business with related entities, as follows:

	2025 $'000	2024 $'000
Cash and cash equivalents		
Other related entities	8,825	8,608
Loans		
Directors (note 10)	195,445	158,795
Other key management personnel	178,839	137,424
Ultimate parent [see (ix) below]	1,006,051	968,836
Fellow subsidiaries	94,966	-
Other related entities [see (iv) below]	335,336	419,175
Customer deposits [see (viii) below]		
Directors	(87,459)	(85,263)
Other key management personnel	(10,785)	(10,084)
Ultimate parent	(230,798)	(237,567)
Parent	(20,457)	(10,519)
Fellow subsidiaries	(3,707,709)	(3,817,823)
Subsidiaries of fellow subsidiaries	(542,811)	(557,334)
Securities sold under repurchase agreements		
Fellow subsidiary [see (v) below]	(10,427,858)	(10,533,657)
Long-term loan		
Fellow subsidiary [see (iii) below]	-	(149,997)
Other assets		
Parent	280,000	-
Other payables		
Fellow subsidiary	(423,416)	(609,114)

8. Related party balances and transactions (continued)

(c) Balances with related entities (continued):

(iii) During the year, the Bank liquidated its long-term loan due to its fellow subsidiary.

(iv) Loans due from other related entities (indirect subsidiaries of the ultimate parent) bear a fixed interest rate in the range of 8.5% to 9.85% and are payable within twelve months of the reporting date. The ECL on these balances is immaterial.

(v) Securities sold under repurchase agreements to the Bank's fellow subsidiary bear interest in the range of 5% to 9%. They are set to mature seven months after the reporting date. During the period, total amounts sold were $74,732,001,000 (2024: $61,457,063,000), whilst the amounts matured were $74,837,800,000 (2024: $62,948,139,000).

(vi) During the year, the Bank purchased assets from related entities amounting to $66,679,000 (2024: $1,225,274,000). These are recorded in property and equipment (note 13), as well as expenditure on IT projects in progress, included in software development-in progress (note 14).

(vii) In prior year, the Bank purchased loan portfolio from JN Bank UK amounting to J$5.89b [(note10(b)(ii)]. The loan portfolio consists of loans to external parties. In June 2024, the Bank offered £11M of these loans as security for a loan issued to the ultimate parent. During the current year, the Bank sold the JN Bank UK loan portfolio for an amount of J$5.8b or £29.5M.

(viii) Deposits due to related entities bear a fixed interest rate in the range of 0.02% to 2.75% and are payable within twelve months of the reporting date.

(ix) During the current period, the Bank issued a revolving loan of $100M at an interest rate of 9.75% to its ultimate parent. In prior years, a total of $1B in commercial non-revolving demand loans was issued to the ultimate parent, at an interest rate of 9.5%. The total loans receivable, from the ultimate parent, as at March 31, 2025 amounted to $1B (2024: $960M). The non-revolving loans mature as follows: $220M - December 2027; $280M – February 2028; and $400M – May 2028.

JN BANK LIMITED

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

8. Related party balances and transactions (continued)

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

	2025 $'000	2024 $'000
Income:		
Interest income		
Ultimate parent	(91,645)	(88,103)
Fellow subsidiaries	(3,171)	(575)
Other related parties	(37,172)	(36,387)
Management fees		
Ultimate parent	(24,935)	(23,956)
Fellow subsidiaries	(2,218)	(4,605)
Other related entities	(1,169)	(1,169)
Other income		
Ultimate parent	(4,543)	(43,990)
Fellow subsidiaries	(129,820)	(93,409)
Other related entities	(62,560)	(32,114)
Expense:		
Maintenance expenses		
Fellow subsidiaries	72,294	62,245
Other related entities	-	22,701
Management fees (i)		
Ultimate parent	1,168,677	1,234,349
Parent	259,462	308,004
Fellow subsidiaries	35,892	28,374
Computer related expenses		
Other related entities (iii)	724,613	634,405
Commission		
Other related entities	-	365,045
Lease interest expense		
Other related entities	3,372	3,272
Depreciation of right-of-use assets		
Other related entities	16,416	12,804
Service expense (ii)		
Ultimate parent	1,180,177	1,040,884
Parent	3,111	252,251
Fellow subsidiaries	-	147,915
Other related entities (iii)	818,699	841,846
Insurance		
Other related entities	140,208	147,130
Interest expense		
Ultimate parent	186	189
Parent	42	1,042
Fellow subsidiaries	793,933	893,680
Other related entities	5,325	2,135
Marketing		
Other related entities	-	30,739
Other related parties:		
Contribution to pension scheme	168,591	162,205
Contribution to JN Foundation	25,000	25,000

8. Related party balances and transactions (continued)

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

(i) Management fees expense relates to charges for services provided to the Bank by its parent and ultimate parent company, and fellow subsidiaries. The fees are charged on a pre-determined, fixed rate basis for hours of service provided.

(ii) Service expenses relate to charges for services provided to the Bank. These charges include services for information technology, projects cost and legal fees. Fees are charged for hours of service provided.

(iii) Other related entities represent indirect subsidiaries of the ultimate parent.

(e) Compensation paid to key management personnel is as follows:

	2025 $'000	2024 $'000
Directors' emoluments (note 30):		
Fees	11,637	25,479
Management remuneration	38,686	41,109
Other key management compensation (note 31)		
Short-term benefits	133,468	147,728
Post-employment benefits	6,519	5,924
	190,310	220,240

9. Interest in associate

The Bank holds a 20% shareholding in JN Money Services (Cayman) Limited, which qualifies as an associate and is accounted for by using the equity method in these financial statements [see note 37(m)].

The Bank's representation in the associate is 20%, which is at the threshold for significant influence. However, this classification is further supported by the Bank's active participation in key decision-making processes and its ability to influence the associate's financial and operating policies.

JN Money Services (Cayman) Limited was incorporated and domiciled in the Cayman Islands in April 2011. Its registered office is located at Cricket Square, Grand Cayman, and its principal place of business is at 71 Eastern Avenue, George Town, Grand Cayman, Cayman Islands. The company is engaged in money transfer services, including remittance and bill payments.

	JN Money Services (Cayman) Limited	
	2025 $'000	2024 $'000
Percentage ownership interest	**20%**	**20%**
Non-current assets	556,089	563,715
Current assets	1,414,034	1,546,457
Current liabilities	(1,177,465)	(1,314,574)
Non-current liabilities	(69,510)	(79,579)
Net assets (100%)	723,148	716,019
Bank's share of net assets (20%)	144,630	143,204
Foreign currency adjustment	-	4,039
Carrying amount of interest in associate	144,630	147,243
Revenue	1,001,959	946,569
Expenses	(881,024)	(877,081)
Profit, (being 100%)	120,935	69,488
Bank's share of profit in associate, (being 20%)	24,187	13,898
Dividends received by Bank	23,845	23,224

10. Loans, after allowance for impairment losses

	2025 $'000	2024 $'000
Mortgage loans – principal [see (a)]	101,323,781	92,707,354
Term loans	1,881,971	1,581,261
Demand loans	21,208,966	23,470,208
Auto loans	10,075,824	7,507,654
Personal loans	8,674,944	8,768,189
Other loans	10,451,489	16,393,989
	153,616,975	150,428,655
Accrued interest	1,225,009	916,809
	154,841,984	151,345,464

(a) Loan maturity and concentration analysis:

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

	2025 $'000	2024 $'000
Within 3 months	8,155,379	2,906,825
3 months to 1 year	9,070,158	6,968,959
1 year to 5 years	39,473,777	36,033,074
5 years and over	96,917,661	104,519,797
	153,616,975	150,428,655

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

	Number of accounts		**Value**	
	2025 $'000	2024 $'000	2025 $'000	2024 $'000
Professional and other services	18,313	14,351	6,847,365	5,478,604
Individuals	56,395	63,435	123,139,528	117,541,419
Corporations	159	144	24,855,091	28,325,441
	74,867	77,930	154,841,984	151,345,464

Loans and advances on which interest is no longer accrued [see note 37(q)] amounted to $11,545,725,000 (2024: $11,028,552,000). This represents 7.39% (2024: 7.19%) of the gross loan portfolio. These loans are included in the financial statements net of allowance for losses.

(b) Allowance for loan losses:

Impairment losses on loans are as follows:

	2025 $'000	2024 $'000
At beginning of year	2,070,430	3,310,140
Increase in allowance made during the year [note 33(b)(vi)]	642,390	1,738,470
Write-offs during the year [note 33(b)(vi)]	(57,720)	(2,978,180)
At end of year [note 33(b)(vi)]	2,655,100	2,070,430

10. Loans, after allowance for impairment losses (continued)

(b) Allowance for loan losses (continued):

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

	2025 $'000	2024 $'000
Allowance for expected credit losses based on IFRS	2,655,100	2,070,430

Regulatory provisions required to be made in accordance with Bank of Jamaica provisioning requirements, section 132(1) are as follows:

	2025 $'000	2024 $'000
Specific allowance	1,960,486	1,233,310
General allowance	1,628,632	1,491,198
	3,589,118	2,724,508

The total allowance is broken down as follows:

	2025 $'000	2024 $'000
Provision as per IFRS	2,655,100	2,070,430
Additional allowance recognised as a reserve in equity based on Bank of Jamaica requirements [note 26(b)]	934,018	654,078
	3,589,118	2,724,508

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

(i) Included in mortgage loans are balances due from directors and companies controlled by directors amounting to $195,445,000 (2024: $158,795,000) and interest due on these loans of $79,730 (2024: $15,742).

(ii) In prior year, the Bank purchased loan portfolio from JN Bank UK amounting to J$5.89b or £30.2M. The loan portfolio consists of loans to external parties. In June 2024, the Bank offered £11M of these loans as security for a loan issued to the ultimate parent. During the year, the Bank sold the JN Bank UK loan portfolio for an amount of J$5.8b or £29.5M.

JN BANK LIMITED

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

11. Other assets

	2025 $'000	2024 $'000
Deposits on property and equipment	375,987	93,490
Other receivables [see (i) below]	665,300	244,313
Prepayments	2,132,398	1,590,253
Office supplies	24,262	31,655
	3,197,947	1,959,711

(i) The Bank pledged other financial assets amounting to $49,621,000 (2024: $49,102,000) as cash collateral in relation to standing agreement with Visa, bearing an interest rate of 5.23%.

12. Investment property

	$'000
Balance at March 31, 2023	815,000
Addition	210,000
Transfer to property and equipment (note 13)	(190,000)
Disposal	(230,000)
Change in fair value	(43,921)
Balance at March 31, 2024	561,079
Change in fair value	120,921
Balance at March 31, 2025	682,000

	2025 $'000	2024 $'000
Income earned from the properties [see (i) below]	32,725	19,477
Expenses incurred by the properties	20,462	9,271

(i) Income earned from properties is included in sundry income in note 29(b).

Measurement of fair value:

The fair value of investment property is categorised as Level 3 in the fair value hierarchy. The following table shows the valuation technique used in measuring the fair value as well as the significant unobservable/observable inputs used. The valuation of the property is carried out by independent qualified valuators with recent experience in the category and location of investment property being valued. Also, the valuers have made reference to market evidence of transaction prices for similar properties, with appropriate adjustments for size and location. The appraised fair values are rounded within the range of values.

JN BANK LIMITED

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

12. Investment property (continued)

Measurement of fair value (continued):

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

JN BANK LIMITED

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

13. Property and equipment

	Freehold land and buildings $'000	Leasehold land and buildings $'000	Computers and office equipment $'000	Motor vehicles $'000	Work-in-progress $'000	Total $'000
Cost:						
March 31, 2023	3,221,668	274,373	4,463,402	435,097	172,627	8,567,167
Additions	464,089	5,914	428,928	-	284,990	1,183,921
Transfer from investment property [note 12]	190,000	-	-	-	-	190,000
Disposals	(1,245,665)	-	(70,590)	(50,240)	(127,484)	(1,493,979)
March 31, 2024	2,630,092	280,287	4,821,740	384,857	330,133	8,447,109
Additions	36,573	-	119,268	9,400	81,095	246,336
Transfers	-	-	-	-	(144,893)	(144,893)
Disposals	-	-	-	(16,511)	-	(16,511)
March 31, 2025	2,666,665	280,287	4,941,008	377,746	266,335	8,532,041
Depreciation:						
March 31, 2023	824,700	225,684	3,088,408	417,318	-	4,556,110
Charge for the year	80,564	5,704	260,207	17,060	-	363,535
Eliminated on disposals	(685,455)	-	(23,550)	(49,691)	-	(758,696)
March 31, 2024	219,809	231,388	3,325,065	384,687	-	4,160,949
Charge for the year	80,042	5,676	286,460	8,550	-	380,728
Eliminated on disposals	-	-	-	(16,349)	-	(16,349)
March 31, 2025	299,851	237,064	3,611,525	376,888	-	4,525,328
Net book values:						
March 31, 2025	2,366,814	43,223	1,329,483	858	266,335	4,006,713
March 31, 2024	2,410,283	48,899	1,496,675	170	330,133	4,286,160
March 31, 2023	2,396,968	48,689	1,374,994	17,779	172,627	4,011,057

Included in freehold land and buildings is the cost of land at $98,058,000 (2024: $98,058,000).

Work-in-progress represents various projects under construction, to include Automated Teller Machines (ATM) installations, office renovations and air conditioning chill water system replacements.

JN BANK LIMITED

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

14. Intangible assets

	Software	Software development - in progress	Total
	$'000	$'000	$'000
Cost:			
March 31, 2023	1,220,421	2,142,601	3,363,022
Additions	597,703	-	597,703
Transfers	1,477,679	(1,477,679)	-
March 31, 2024	3,295,803	664,922	3,960,725
Additions	339,027	913,768	1,252,795
Transfers	62,981	(62,981)	-
March 31, 2025	3,697,811	1,515,709	5,213,520
Amortisation:			
March 31, 2023	1,060,240	-	1,060,240
Charge for the year	94,057	-	94,057
March 31, 2024	1,154,297	-	1,154,297
Charge for the year	279,895	-	279,895
March 31, 2025	1,434,192	-	1,434,192
Net book values:			
March 31, 2025	2,263,619	1,515,709	3,779,328
March 31, 2024	2,141,506	664,922	2,806,428
March 31, 2023	160,181	2,142,601	2,302,782

15. Deferred tax asset, net of deferred tax liability

	Assets		Liabilities		Net	
	2025	2024	2025	2024	2025	2024
	$'000	$'000	$'000	$'000	$'000	$'000
Property and equipment	-	-	(133,403)	(51,085)	(133,403)	(51,085)
Employee benefits obligation	453,829	360,208	-	-	453,829	360,208
Other payables	40,173	40,173	-	-	40,173	40,173
Contractual savings reserve	-	-	(4,741)	(4,741)	(4,741)	(4,741)
Investments	2,586,680	2,475,725	-	-	2,586,680	2,475,725
ECL on investment debt securities at FVOCI	1,481	1,292	-	-	1,481	1,292
Impairment losses on loans	231,515	279,012	-	-	231,515	279,012
Right-of-use-assets	-	-	(185,088)	(233,356)	(185,088)	(233,356)
ECL on receivables	54,213	42,833	-	-	54,213	42,833
Lease liabilities	637,853	753,461	-	-	637,853	753,461
Tax losses	85,064	63,448	-	-	85,064	63,448
Fair value acquired loan portfolio	-	-	-	(14,950)	-	(14,950)
Unrealised foreign exchange losses	42,766	33,763	-	-	42,766	33,763
Net deferred tax asset	4,133,574	4,049,915	(323,232)	(304,132)	3,810,342	3,745,783

15. Deferred tax asset, net of deferred tax liability (continued)

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

	2025			
	Balances at April 1, 2024 $'000	Recognised in profit $'000	Recognised in other comprehensive income $'000	Balances at March 31, 2025 $'000
Property and equipment	(51,085)	(82,318)	-	(133,403)
Employee benefits obligation	360,208	48,242	45,379	453,829
Other payables	40,173	-	-	40,173
Contractual savings reserve	(4,741)	-	-	(4,741)
Investments	2,475,725	91,400	19,555	2,586,680
ECL on investment debt securities at FVOCI	1,292	189	-	1,481
Impairment losses on loans	279,012	(47,497)	-	231,515
Right-of-use-assets	(233,356)	48,268	-	(185,088)
ECL on receivables	42,833	11,380	-	54,213
Lease liabilities	753,461	(115,608)	-	637,853
Tax losses	63,448	21,616	-	85,064
Fair value acquired loan portfolio	(14,950)	14,950	-	-
Unrealised foreign exchange losses	33,763	9,003	-	42,766
	3,745,783	(375)	64,934	3,810,342

	2024			
	Balances at April 1, 2023 $'000	Recognised in profit $'000	Recognised in other comprehensive income $'000	Balances at March 31, 2024 $'000
Property and equipment	129,236	(180,321)	-	(51,085)
Employee benefits obligation	223,320	32,096	104,792	360,208
Other payables	70,281	(30,108)	-	40,173
Contractual savings reserve	(4,741)	-	-	(4,741)
Investments	2,341,686	202,577	(68,538)	2,475,725
ECL on investment debt securities at FVOCI	74	1,218	-	1,292
Impairment losses on loans	261,147	17,865	-	279,012
Right-of-use-assets	(96,269)	(137,087)	-	(233,356)
ECL on receivables	19,738	23,095	-	42,833
Lease liabilities	106,468	646,993	-	753,461
Tax losses	-	63,448	-	63,448
Fair value acquired loan portfolio	(45,926)	30,976	-	(14,950)
Unrealised foreign exchange losses	(26,311)	60,074	-	33,763
	2,978,703	730,826	36,254	3,745,783

Movement in temporary differences during the year:

	2025 $'000	2024 $'000
Net deferred tax asset at beginning of year	3,745,783	2,978,703
Recognised in other comprehensive income:		
Deferred tax adjustment on FVOCI investment securities and ECL on investment debt securities at FVOCI	19,555	(68,538)
Employee benefits obligation	45,379	104,792
	64,934	36,254
	3,810,717	3,014,957
Recognised in profit [note 32(a)(ii)]	(375)	730,826
Net deferred tax asset at end of year	3,810,342	3,745,783

16. Leases

(a) The Bank leases buildings. The leases typically have a duration period of 3 years, with an option to renew the lease upon expiration. Lease payments are renegotiated annually to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices.

The Bank has elected not to recognise right-of-use assets and lease liabilities for short-term leases with contract terms of less than one year.

Information about leases for which the Bank is a lessee is presented below.

(i) Right-of-use assets

	Freehold land and building $'000	Leasehold land and building $'000	Motor vehicles $'000	Total $'000
Cost:				
March 31, 2023	482,913	163,454	64,018	710,385
Additions	538,932	13,911	18,059	570,902
Write-offs	(121,948)	(46,798)	-	(168,746)
March 31, 2024	899,897	130,567	82,077	1,112,541
Additions	11,864	40,053	-	51,917
March 31, 2025	911,761	170,620	82,077	1,164,458
Depreciation:				
March 31, 2023	299,791	96,823	24,936	421,550
Charge for the year	114,229	30,628	15,212	160,069
Write- offs	(122,419)	(46,798)	-	(169,217)
March 31, 2024	291,601	80,653	40,148	412,402
Charge for the year	151,803	28,516	16,416	196,735
March 31, 2025	443,404	109,169	56,564	609,137
Net book values:				
March 31, 2025	468,357	61,451	25,513	555,321
March 31, 2024	608,296	49,914	41,929	700,139
March 31, 2023	183,122	66,631	39,082	288,835

(ii) Lease liabilities

	2025 $'000	2024 $'000
Lease liabilities included in the statement of financial position	1,913,751	2,260,608
Lease liabilities are classified as follows:		
Current	464,103	393,161
Non-current	1,449,648	1,867,447
	1,913,751	2,260,608
Maturity analysis of contractual undiscounted cash flows:		
Less than one year	635,238	598,068
One to two years	640,607	616,004
Two to five years	654,283	624,433
More than five years	353,210	986,962

16. Leases (continued)

(a) (Continued)

(iii) Amounts recognised in profit or loss

	2025 $'000	2024 $'000
Interest expense on lease liabilities	208,928	113,169
Depreciation on right-of-use assets (note 30)	196,736	160,069

(iv) Amounts recognised in statement of cash flows:

	2025 $'000	2024 $'000
Lease liability principal amount	346,857	249,793
Interest paid on lease liabilities	208,928	113,169
Total cash outflow for leases	555,785	362,962

(v) Extension options

Some property leases contain extension options exercisable by the Bank up to one year before the end of the non-cancellable contract period. Where practicable, the Bank includes extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Bank and not by the lessors. The Bank assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Bank reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control. The estimated potential future lease payments, should the option be exercised, would result in a lease liability of $37,919,000 (2024: $33,194,000).

(vi) In prior year, the Bank entered into a sale and leaseback agreement with a third party to sell and lease back twenty-two (22) of its properties, which met the requirements of IFRS 15 to be accounted for as a sale of assets. The properties had a fair value of $4.55b. The Bank recognised a gain of $1.93b from the transaction (see note 29).

(b) Leases as lessor

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

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

	2025 $'000	2024 $'000
Less than one year	22,387	23,085
One to five years	103,790	162,561
Total	126,177	185,646

Rental income from investment property, recognised by the Bank, during the year ended March 31, 2025 was $32,725,000 (2024: $19,477,000).

17. Customer deposits

	2025 $'000	2024 $'000
Deposits	209,593,203	199,999,106
Accrued interest	586,656	722,084
	210,179,859	200,721,190

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

	2025 $'000	2024 $'000
Within 3 months (including on demand or short notice)	186,103,539	178,840,908
From 3 months to 1 year	22,413,582	20,247,828
Over 1 year	1,662,738	1,632,454
	210,179,859	200,721,190

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

	Number of accounts		Value	
	2025	2024	2025 $'000	2024 $'000
Public authorities	618	624	4,887,045	4,850,209
Financial institutions	302	370	14,281,359	14,915,174
Commercial and business	10,526	9,865	18,425,625	16,148,189
Individuals	1,245,702	1,152,188	172,585,830	164,807,618
	1,257,148	1,163,047	210,179,859	200,721,190

18. Securities sold under repurchase agreements

	2025 $'000	2024 $'000
Principal	28,067,795	17,719,861
Interest payable	179,865	263,679
	28,247,660	17,983,540

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

	2025 $'000	2024 $'000
Within 3 months	26,094,287	13,219,697
From 3 months to 1 year	1,973,508	4,500,164
	28,067,795	17,719,861

18. Securities sold under repurchase agreements (continued)

At the reporting date, securities obtained under resale agreements and USD Global bonds were pledged by the Bank as collateral for repurchase agreements. These financial instruments have a carrying value of $35,041,779,000 (2024: $22,027,996,000).

19. Other payables

	2025 $'000	2024 $'000
Staff related accrual	686,157	409,513
Insurance payable	401,960	287,341
Trade payables	751,290	552,964
Other payables	243,946	917,592
Collected funds [see (i) below]	867,081	694,619
	2,950,434	2,862,029

(i) Collected funds include amounts collected from customers on behalf of related entities amounting to $423,416,000 (2024: $609,114,000) [see note 8(c)(ii)].

20. Margin loan payable

Margin loan payable represents a short-term debt facility provided by a brokerage firm to the Bank to acquire securities on its own account. The facility was settled during the year.

21. Employee benefits obligation

The Bank provides post-retirement pension benefits, sponsored by The Jamaica National Group, through a defined-contribution scheme which replaced a prior defined-benefit pension scheme for its employees. 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 Bank and employees in accordance with the rules of the scheme.

Under the defined-contribution scheme, retirement benefits are based on the Bank's and employees' accumulated contributions plus interest and, therefore, the Bank 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 total contributions made for the year are included in employee costs (note 31).

JN BANK LIMITED

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

21. Employee benefits obligation (continued)

The Bank provides post-retirement health insurance benefits to retirees who have met certain minimum service requirements. It also provides life insurance under a group life plan to permanent employees and retirees. As part of the pensioner benefit for persons who retire in service, ex-employees are covered under the local Sagicor Health Plan. The coverage is the same as the staff plan. Employees are covered under the Group Life Insurance scheme to the extent of their annual pension. The provider of the Group Life Coverage is Sagicor Limited. The Plans for both schemes are administered by the Bank along with the staff schemes. Entry and exit into the schemes are facilitated by the Compensation and Benefits department of the Bank.

The risks are minimal and there is a process that is followed in assigning the benefits which can accrue from normal retirement, early retirement and special approval as provided by the Pension Scheme rules. These risks—such as actuarial risk, funding risk, administrative risk, and eligibility risk—are considered minimal due to clearly defined eligibility criteria, third-party insurance coverage, structured internal administration and limited financial exposure.

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

(a) Employee benefits obligation recognised in the statement of financial position:

	2025 $'000	2024 $'000
Present value of unfunded obligations	1,361,624	1,080,733

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

	2025 $'000	2024 $'000
Present value of unfunded obligations and supplementary benefit at beginning of year	1,080,733	670,027
Benefits paid	(15,773)	(13,982)
Current service cost	45,229	24,116
Past service cost	2,650	-
Interest cost	112,649	86,195
Actuarial (gain)/loss arising from:		
Experience adjustments	(7,883)	(19,279)
Demographic assumption	24,235	(7,167)
Financial assumptions	119,784	340,823
Balance at end of year	1,361,624	1,080,733

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

	2025 $'000	2024 $'000
Current and past service cost	47,879	24,116
Interest cost on obligation	112,649	86,195
	160,528	110,311

JN BANK LIMITED

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

21. Employee benefits obligation (continued)

(d) Items recognised in other comprehensive income:

	2025 $'000	2024 $'000
Remeasurement loss on obligation	136,136	314,377

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

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

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

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.

	2025		2024	
	Increase % $'000	Decrease % $'000	Increase % $'000	Decrease % $'000
Discount rate	(196,992)	259,591	(152,160)	198,730
Health inflation rate	266,656	(204,393)	205,104	(134,268)
Interest on contributions	33,102	(27,081)	37,261	(27,780)

(g) At March 31, 2025, the weighted average duration of the defined benefit obligation was 21.1 years (2024: 20.7 years).

(h) As mortality continues to improve, estimates of life expectancy are expected to increase. An increase of one year in life expectancy will increase the employee benefits obligation by approximately $39,580,000 (2024: $30,781,000). Assumptions regarding future longevity have been based on published statistics and mortality tables. The current longevity underlying the values of the defined benefit obligation at the reporting date is 65 years.

22. Due to specialised financial institutions

	2025 $'000	2024 $'000
National Housing Trust (NHT) (i)	2,321,561	2,406,964
The National Export-Import Bank (EXIM) (ii)	189,123	301,254
Development Bank of Jamaica (DBJ) (iii)	1,741,391	878
	4,252,075	2,709,096

(i) The NHT, in pursuance of its statutory function to, inter alia, make loans available to its contributors' to assist in the purchase, building, maintenance, repair or improvement of houses and makes arrangements with mortgage lending institutions (the Financial Partners/FPs) to originate, underwrite, fully finance, disburse and administer loans, representing the NHT contributors' housing benefit. The balances due to NHT are at interest rates of 0.0% to 2.5% (2024: 0.00% to 4.00%) per annum for periods of 25 years.

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

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

23. Share capital

	Number of units ('000)	
	2025	2024
Authorised ordinary shares of no-par value (units)	4,511,000	4,511,000

Issued and fully paid:

	Carrying value ($'000)	
	2025	2024
Stated capital, issued and fully paid: 4,511,000,003 (2024: 4,511,000,003) ordinary shares of no-par value	11,511,000	11,511,000

The number of shares which the Bank is authorised to issue is unlimited.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Bank. All ordinary shares rank equally with regards to the Bank's residual assets.

24. Reserve fund

In accordance with the Banking Services Act, 2014 and regulations under which it operates, the Bank is required to make transfers to a reserve fund of a minimum of 15% of net profits, until the amount in the fund is equal to 50% of the paid-up capital of the Bank and, thereafter, 10% of the net profits until the reserve fund is equal to its paid-up capital. This reserve is non-distributable.

25. Contractual savings reserve

Under a previously operated scheme, the members, after meeting certain criteria, including saving a contracted sum at a fixed interest rate of 3% per annum, became eligible to apply for a mortgage loan at a fixed interest rate of 5% per annum. The reserve was established in anticipation of the shortfall in interest income in future years, from the provision of this facility. Management continually monitors the adequacy of the reserve and makes appropriate adjustments, as necessary. This reserve is non-distributable.

26. Other reserves

	2025 $'000	2024 $'000
Retained earnings reserve [see note 27]	7,123,000	7,123,000
Investment revaluation reserve [see (a)]	(3,922,239)	(3,882,551)
Credit loss reserve [see (b)]	934,018	654,078
Other	16,356	16,356
	4,151,135	3,910,883

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

(b) This is a non-distributable reserve representing the excess of regulatory and other provisions over the IFRS provision for loan losses (note 10).

27. Retained earnings reserve

The Banking Services Act, 2014 permits transfers from the Bank's net profit to retained earnings reserve, which constitutes a part of the capital base. Transfers to the retained earnings reserve are made at the discretion of the Board of Directors. Such transfers must be notified to Bank of Jamaica and any reversal, i.e. transfer to distributable retained earnings, must be approved by Bank of Jamaica (note 26).

28. Interest expense

	2025 $'000	2024 $'000
Customer deposits	2,309,449	2,282,104
Due to specialised financial institutions	151,663	56,010
Securities sold under repurchase agreements	1,320,031	1,169,990
Long-term loan	-	16,504
Other	32,393	133,397
	3,813,536	3,658,005

29. Other operating income

(a) Fees and commission

	2025 $'000	2024 $'000
Income under IFRS 15 recognised over time:		
Commission income	883	1,279
Income under IFRS 15 recognised at a point in time:		
Transaction fees [see (i)]	1,030,074	955,699
Loan fees [see (i)]	866,286	838,321
	1,897,243	1,795,299

(b) Sundry income

	2025 $'000	2024 $'000
Management fees	223,927	342,899
Other sundry income:		
Realised gains on foreign exchange trading	1,469,205	1,814,550
Dividends	31,185	51,797
Rental income	142,886	84,319
Bad debt recoveries	84,484	78,132
Gain on disposal of property and equipment [note 16(a)(vi)]	5,985	1,935,893
Disposal of foreclosed properties	-	135
Gain on loan modification [note 33(b)(vi)]	43,388	185,153
Other	106,611	139,487
	2,107,671	4,632,366
Total other operating income	4,004,914	6,427,665

(i) The transaction fees and loan fees represent fees that are not directly attributable to the acquisition or origination of financial assets.

30. Operating expenses

	2025 $'000	2024 $'000
Administrative	5,677,116	5,659,150
Advertising and promotion	350,766	330,520
Audit fees	90,200	84,542
Additional prior year audit fees	41,000	14,123
Non audit fees	7,165	4,637
Write-off of other assets [see (a)]	379,678	198,167
Depreciation and amortisation (notes 13 and 14)	660,623	457,592
Depreciation of right-of-use-assets [note 16(a)(i)]	196,735	160,069
Directors' fees	11,637	25,479
Directors' remuneration	38,686	41,109
Employee costs (note 31)	6,035,552	5,836,992
Management fees	2,115,866	2,068,351
Legal and other professional fees	1,418,760	1,986,073
	17,023,784	16,866,804

(a) Other assets include other receivable and ATM write-offs.

31. Employee costs

	2025 $'000	2024 $'000
Salaries	4,323,208	4,123,815
Pension, group life and health contributions	491,004	414,548
Statutory payroll contributions	542,651	522,168
Staff welfare	363,630	352,855
Other	315,059	423,606
	6,035,552	5,836,992

32. Taxation

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

	2025 $'000	2024 $'000
(i) Current tax expense:		
Income tax	142,747	-
Changes in estimates related to prior year	-	(63,080)
	142,747	(63,080)
(ii) Deferred taxation (note 15):		
Origination and reversal of temporary differences	375	(667,378)
Unused tax losses	-	(63,448)
	375	(730,826)
Total taxation in statement of profit or loss	143,122	(793,906)

Taxation is computed at a rate of 33⅓% of taxable profit except on dividends received, which is at 15%. The effective tax rate for the year was a charge of 24.59% (2024: credit of 169.67%). The actual charge differs from the "expected" tax charge for the year as follows:

	2025 $'000	2024 $'000
Profit before taxation	581,934	467,925
Computed "expected" tax charge at 15%	4,238	7,438
Computed "expected" tax charge at 33⅓%	193,978	155,975
Total "expected" tax charge	198,216	163,413
Tax effect of difference between profit for financial statements and tax reporting purposes on -		
Depreciation charge and capital allowances	122,250	121,009
Gain on disposal of property and equipment	(14,828)	(645,298)
Unfranked and exempt income	(99,928)	(30,836)
Loss on disposal of investments	-	4,961
Disallowed expenses, net	(40,972)	(280,627)
Tax losses carried forward	(21,616)	(63,448)
Changes in estimates relating to prior years	-	(63,080)
Actual tax charge/(credit)	143,122	(793,906)

32. Taxation (continued)

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

(i) At March 31, 2025, taxation losses, subject to agreement by the Commissioner General, Tax Administration Jamaica, available for set-off against future taxable profits, amounted to approximately $255,192,000 (2024: $190,364,000). Tax losses may be carried forward indefinitely. However, the amount that can be utilised is restricted to 50% of chargeable income in any one year.

33. Financial risk management

(a) Overview

The Bank 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 Bank's exposure to each of the above risks, the Bank's objectives, policies and processes for measuring and managing risk, and the Bank's management of capital.

Certain risk management activities are arranged on a group-wide basis and overseen or performed at that level, hence, references to "Group" in this note.

The Board of Directors ("the Board") has overall responsibility for the establishment and oversight of the Bank's risk management framework. During the previous year, a decision was made to dissolve the JN Bank Board Finance Committee (BFC), and as such matters for the attention of the Committee are discussed at the Bank's Board and at the JN Financial Group Limited Board Risk Committee meetings. The previously Board established committees namely the Asset and Liability Committee (ALCO) and the Audit Committee remain in effect with responsibilities for developing and monitoring risk management policies in their specified areas. The Audit Committee has three (3) non-executive members and reports to the Board of Directors on its activities.

The Bank's risk management policies are established to identify, assess and measure the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The focus of financial risk management for the Bank is ensuring that the Bank has adequate economic capital and that the use of and proceeds from disposal of its financial assets are sufficient to fund the obligations arising from its deposit base and disposal of other contractual liabilities.

33. Financial risk management (continued)

(a) Overview (continued)

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 of the management of the Bank's financial risk is matching the timing of cash flows from assets and liabilities. The Bank 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 Bank can always meet its obligations without undue cost and in accordance with the Bank's internal and regulatory capital requirements.

The Audit Committee is responsible for monitoring compliance with the Bank'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 Chief of Risk and Compliance Department, the Audit Committee and the Board of Directors.

(b) Credit risk:

Credit risk is the risk of suffering financial loss, should any of the Bank's customers, clients or market counterparties fail to fulfil their contractual obligations to the Bank. Credit risk arises mainly from interbank, commercial and consumer loans and advances, and loan commitments arising from such lending activities, financial guarantees, letters of credit, endorsements and acceptances. The Bank is also exposed to credit risks arising from investments in debt securities and other exposures arising from derivatives and reverse repurchase agreements.

Credit risk is the single largest risk for the Bank's business. Management, therefore, carefully manages its exposure to credit risk through formulating appropriate credit policies, establishing an authorisation structure, reviewing and assessing credit risks that the Bank is exposed to, limiting concentrations of exposures in line with credit policies and developing and maintaining the ECL processes. The credit risk management and control are centralised in the credit risk and treasury management teams which report regularly to the appropriate board committees.

Credit risk measurement

(i) Loans (including commitments, guarantees and other receivables)

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk for a portfolio of assets entails further estimations as to the likelihood of defaults occurring, for the associated loss ratios and of default correlations between counterparties. The Bank measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). This is similar to the approach used for the purposes of measuring Expected Credit Loss (ECL) under IFRS 9.

33. Financial risk management (continued)

(b) Credit risk (continued):

Credit risk measurement (continued)

(i) Loans (including commitments, guarantees and other receivables) (continued):

Credit risk grading

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk for a portfolio of assets entails further estimations as to the likelihood of defaults occurring, for the associated loss ratios and of default correlations between counterparties. The Bank measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). This is similar to the approach used for the purposes of measuring Expected Credit Loss (ECL) under IFRS 9.

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

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

(ii) Cash and cash equivalents

Cash and cash equivalents are held with reputable, regulated financial institutions as assessed by the company's Asset and Liability Committee (ALCO) and are deemed as low-risk. Collateral is not required for such accounts as management regards these institutions as strong, based on external credit ratings and detailed internal credit-worthiness assessment.

(iii) Investments

For debt securities in the Treasury portfolio, external rating agency (Moody's) credit grades are used. These published grades are continually monitored and updated. The Through-the-Cycle (TTC) PDs associated with each grade are determined based on realised default rates over the prior 12 months, as published by the rating agency.

The Bank's rating method comprises twenty (20) rating levels for instruments not in default (1 to 20) and three (3) default classes (21 to 23). The master scale assigns each rating category a specified range of probabilities of default, which is stable over time. The rating methods are subject to an annual validation and recalibration so that they reflect the latest projections in the light of all observed defaults.

33. Financial risk management (continued)

(b) Credit risk (continued):

Credit risk measurement (continued)

(iii) Investments (continued)

The mapping of the Bank's internal rating scale to external ratings is set out below:

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

Expected credit loss measurement

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

Stage 1:

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

Stage 2:

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

Stage 3:

Purchased or originated credit-impaired (POCI) financial assets are those financial assets that are credit-impaired on initial recognition. A POCI financial asset, or a financial asset for which there has been a significant deterioration in the creditworthiness of the borrower or issuer such that the credit is determined to be impaired, is classified as Stage 3.

33. Financial risk management (continued)

(b) Credit risk (continued):

Expected credit loss measurement (continued)

Change in credit quality since initial recognition

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

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

A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward looking information. Note 37(a) includes an explanation of how the Bank has incorporated this in its ECL models.

The key judgements and assumptions adopted by the Bank in addressing the requirements of the standard are set out below:

(i) Significant increase in credit risk (SICR)

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

- Over 30 days past due
- Actual or pending loss of employment
- Change in debt obligations (TDSR)
- Emerging threat to industry of employment
- Financial difficulties/Forbearance
- Fraud/Incarceration
- Health issues
- Inability to sustain cash flow
- Reduction in primary income
- Increase in financial obligation.

33. Financial risk management (continued)

(b) Credit risk (continued):

Expected credit loss measurement (continued)

(i) Significant increase in credit risk (SICR) (continued)

Quantitative criteria:

Loans

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

Investments

The external credit rating grades are used as a basis for the assessment of increases in credit risk. Movements within investment grade are not construed as significant increases in credit risk; however, exceptional conditions may be taken into consideration. The number of notches required to trigger a migration to Stage 2 will be two notches.

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

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

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

33. Financial risk management (continued)

(b) Credit risk (continued):

Expected credit loss measurement (continued)

(i) Significant increase in credit risk (SICR) (continued)

Quantitative criteria (continued):

Investments (continued)

Backstop:

Delinquency is applied as a backstop; thus the financial instrument is considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments.

The Bank has used the low credit risk exemption for intra-group exposures in the year ended March 31, 2025, based on historical loss experience and the counterparties' strong capacity to meet contractual cash flow obligations in the short term.

(ii) Definition of default and credit-impaired assets

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

1) The borrower is more than 90 days past due on its contractual payments.

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

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

33. Financial risk management (continued)

(b) Credit risk (continued):

Expected credit loss measurement (continued)

(ii) Definition of default and credit-impaired assets (continued)

An instrument is considered to no longer be in default (i.e. default has been cured) when it no longer meets any of the default criteria for a period of three (3) consecutive months. This period of three months has been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after cure, using different possible cure definitions.

(iii) Measuring ECL – Explanation of inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

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

- EAD is based on the amounts the Bank expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD). For example, for a revolving commitment, the Bank includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.

- Loss Given Default (LGD) represents the Bank's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD).

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

33. Financial risk management (continued)

(b) Credit risk (continued):

Expected credit loss measurement (continued)

(iii) Measuring ECL – Explanation of inputs, assumptions and estimation techniques (continued)

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type. For amortising products and bullet repayment loans, this is based on the contractual repayments owed by the borrower, over a 12-month or lifetime basis.

For revolving products, the exposure at default is predicted by taking current drawn balance and adding a “credit conversion factor” which allows for the expected drawdown of the remaining limit by the time of default. These assumptions vary by product type and current limit utilisation band, based on analysis of the Bank’s recent default data.

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type. For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.

For unsecured products, LGDs are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers.

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

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

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

33. Financial risk management (continued)

(b) Credit risk (continued):

Expected credit loss measurement (continued)

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

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

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Expert judgment has also been applied in this process. Forecasts of these economic variables (the “base economic scenario”) are provided by the Group’s Business Advisory Service team on a quarterly basis and provide the best-estimate view of the economy over the next five years.

The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking account of the range of possible outcomes each chosen scenario is representative of.

Economic variable assumptions

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

The weightings assigned to each economic scenario were as follows:

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

Management used the Vasicek model to apply forward-looking information.

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

33. Financial risk management (continued)

(b) Credit risk (continued):

Expected credit loss measurement (continued)

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

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

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

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

Probability Weighted Scenarios					
Base Case					
Macro Variables	**Z score (standardized)**	**Z score**	**Sector DR**	**Weighting**	**Z score Weighted**
Unemployment rate	-1.643	-0.870	4.396%	51.15%	-0.445
Inflation rate	0.156	-0.300	2.586%	33.91%	-0.102
Interest rate	-0.255	-0.430	2.932%	14.94%	-0.064
					-0.61066
Best Case					
Macro Variables	**Z score (standardized)**	**Z score**	**Sector DR**	**Weighting**	**Z score Weighted**
Unemployment rate	0.895	-0.066	2.050%	51.15%	-0.034
Inflation rate	0.254	-0.269	2.510%	33.91%	-0.091
Interest rate	0.510	-0.188	2.317%	14.94%	-0.028
					-0.15289
Worst Case					
Macro Variables	**Z score (standardized)**	**Z score**	**Sector DR**	**Weighting**	**Z score Weighted**
Unemployment rate	-1.643	-0.870	4.396%	51.15%	-0.445
Inflation rate	-0.484	-0.502	3.141%	33.91%	-0.170
Interest rate	-0.815	-0.607	3.465%	14.94%	-0.091
					-0.70587

33. Financial risk management (continued)

(b) Credit risk (continued):

Expected credit loss measurement (continued)

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

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

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

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

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

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

(vi) Management of credit risk

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

(i) where collateral is held against an outstanding loan, it is sufficiently insured;

(ii) loan loss provisioning is in keeping with the requirements of Bank of Jamaica (BOJ);

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

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

Counterparty credit risk

With the exception of Government of Jamaica securities, there is no significant concentration of credit risk related to liquid funds and debt securities. Further, locally issued Government of Jamaica notes are held with the Central Securities Depository (CSD), while global bonds issued by the Government of Jamaica and other investment assets are held with financial institutions which management regards as reputable and sound. These entities are regularly reviewed and risk-rated by the Risk and Compliance Unit.

33. Financial risk management (continued)

(b) Credit risk (continued):

Expected credit loss measurement (continued)

(vi) Management of credit risk (continued)

Credits to borrowers

Credit facilities to customers and other borrowers primarily comprise mortgage and other loans. The management of this type of credit risk is conducted through the use of a tiered approval framework within the Underwriting Unit and the Loan Committee of the Board. This framework allows for the evaluation of proposed credits, and the formal approval of those commitments. The Board of Directors has the responsibility for the oversight of the Bank'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 customer's financial position and where the Bank has made concessions that it would not otherwise consider. Once the loan is restructured, it remains in the same category irrespective of satisfactory performance after restructuring. At March 31, 2025, the outstanding principal balances on loans that were restructured amounted to $4,028,686,000 (2024: $3,577,394,000).

The amortised cost before the modification, the net modification gain recognised, and the loss allowance measured at an amount equal to lifetime expected credit losses and for which the loss allowance has changed during the year to an amount equal to 12-month expected credit losses, are as follows:

	2025 $'000	2024 $'000
Amortised cost before modification	2,869,026	2,351,126
Net modification gain [note 29(b)]	43,388	185,135
Loss allowance changed to an amount equal to 12-month ECL	17,053	12,505

Impaired credits to borrowers

Impaired credits to customers and other borrowers are credits for which management determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the credit.

Past due but unimpaired credits to borrowers

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

33. Financial risk management (continued)

(b) Credit risk (continued):

Expected credit loss measurement (continued)

(vi) Management of credit risk (continued)

Allowances for impairment

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

Write-off policy

The Bank writes off credits to borrowers (and any related allowances for impairment losses) when it determines that the balances are uncollectable in the normal course of business. Recovery of the debt is still pursued following write-off, but where it is determined that these efforts should be discontinued, the approval of the Credit Committee or the Board of Directors is required, in keeping with the Bank's prescribed approval hierarchy.

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

Concentration by class and geographical area

The Bank limits its exposure to credit risk by investing substantially 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 Bank has documented investment policies in place, which guide in managing credit risk on cash resources, securities purchased under resale agreements, investment securities, due from related entities, loans, and other assets. The Bank's exposure and the credit ratings of its counterparties are continually monitored and the aggregate value of transactions concluded is spread amongst approved counterparties based on their credit ratings and limits set.

33. Financial risk management (continued)

(b) Credit risk (continued):

Expected credit loss measurement (continued)

(vi) Management of credit risk (continued)

Concentration by class and geographical area (continued)

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

	2025 $'000	2024 $'000
Jamaica	240,833,192	220,022,669
United States of America	9,158,565	8,643,654
United Kingdom	9,566,653	12,405,830
Canada	1,977,222	2,117,148
Cayman Islands	1,117,180	701,725
	262,652,812	243,891,026

Credit quality of loans

The credit quality of the Bank's loans is summarised as follows:

	2025 $'000	2024 $'000
Neither past due nor impaired	134,351,211	128,205,567
Past due but not impaired:		
Below 31 days	12,325,612	14,558,133
31 to 60 days	4,732,536	5,449,632
61 to 90 days	1,572,471	1,596,811
Individually impaired:		
90-179 days	1,376,486	1,657,200
180-364 days	1,455,562	1,293,302
12-18 months	737,888	516,820
Over 18 months	945,318	138,429
Less allowance for losses [note 10(b)]	(2,655,100)	(2,070,430)
	154,841,984	151,345,464

Exposure to credit risk

The maximum credit risk exposure is the amount of loss that the Bank would suffer if all counterparties to which the Bank is exposed were to default at once. This is represented substantially by the carrying amount of financial assets shown on the statement of financial position, including off-balance sheet assets and unused credit limits, without taking account of the value of any collateral held.

JN BANK LIMITED

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

33. Financial risk management (continued)

(b) Credit risk (continued):

Expected credit loss measurement (continued)

(vi) Management of credit risk (continued)

Exposure to credit risk (continued)

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

		Loans			
		2025			
	12-month PD ranges	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
Credit grade					
Standard monitoring	0%-5.41%	142,534,671	-	-	142,534,671
Special monitoring	5.41%-99.99%	-	20,044,050	-	20,044,050
Default	100%	-	-	4,773,640	4,773,640
Gross carrying amount		142,534,671	20,044,050	4,773,640	167,352,361
Loss allowance (note 10)		(1,312,319)	(258,929)	(1,083,852)	(2,655,100)
Net carrying amount		141,222,352	19,785,121	3,689,788	164,697,261
Ageing of loans receivable					
Current		122,034,007	12,228,118	89,086	134,351,211
Past due 1-30 days		10,754,477	1,538,786	32,348	12,325,611
Past due 31-60 days		-	4,694,504	38,033	4,732,537
Past due 61-89 days		-	1,510,670	61,801	1,572,471
90 days and over		-	-	4,515,254	4,515,254
Gross carrying amount		132,788,484	19,972,078	4,736,522	157,497,084
Loss allowance		(1,275,018)	(251,507)	(1,083,852)	(2,610,377)
		131,513,466	19,720,571	3,652,670	154,886,707
Loan and credit commitments		9,746,187	71,972	37,118	9,855,277
Loss allowance		(37,301)	(7,422)	-	(44,723)
Net carrying amount		141,222,352	19,785,121	3,689,788	164,697,261

JN BANK LIMITED

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

33. Financial risk management (continued)

(b) Credit risk (continued):

Expected credit loss measurement (continued)

(vi) Management of credit risk (continued)

Exposure to credit risk (continued)

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

		Loans			
		2024			
	12-month PD ranges	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
Credit grade					
Standard monitoring	0%-5.35%	143,106,258	-	-	143,106,258
Special monitoring	5.36%-99.99%	-	16,595,585	-	16,595,585
Default	100%	-	-	3,720,953	3,720,953
Gross carrying amount		143,106,258	16,595,585	3,720,953	163,422,796
Loss allowance (note 10)		(1,219,348)	(219,739)	(631,343)	(2,070,430)
Net carrying amount		141,886,910	16,375,846	3,089,610	161,352,366
Ageing of loans receivable					
Current		119,970,644	7,975,103	97,627	128,043,374
Past due 1-30 days		13,219,219	1,418,178	3,661	14,641,058
Past due 31-60 days		-	5,624,992	22,090	5,647,082
Past due 61-89 days		-	1,506,604	13,665	1,520,269
90 days and over		-	-	3,564,111	3,564,111
Gross carrying amount		133,189,863	16,524,877	3,701,154	153,415,894
Loss allowance		(1,176,436)	(212,155)	(631,342)	(2,019,933)
		132,013,427	16,312,722	3,069,812	151,395,961
Loan and credit commitments		9,916,396	70,708	19,798	10,006,902
Loss allowance		(42,913)	(7,584)	-	(50,497)
Net carrying amount		141,886,910	16,375,846	3,089,610	161,352,366

Information on how the expected credit loss (ECL) is measured and how the three stages above are determined is included in note 33(b)(iv).

Collateral and other credit enhancements held against financial assets

The Bank holds collateral against credits to borrowers primarily in the form of mortgage interests over properties. Estimates of the fair value of collateral are based on the value of such collateral assessed at the time of borrowing and are generally not updated except when the properties are to be sold. However, updates are made when the Bank is required to do so on the basis of material differences in order to comply with the requirements of the accounting standard. Additionally, the Bank takes appropriate haircuts to values of collateral when estimating the recoverable amounts for exposures in default.

In determining the expected credit loss, the recovery amounts from the collateral are estimated based on actual sales experience.

The Bank's collateral generally is not held over balances with banks or broker dealers, except when securities are held under resale agreements.

JN BANK LIMITED

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

33. Financial risk management (continued)

(b) Credit risk (continued):

Expected credit loss measurement (continued)

(vi) Management of credit risk (continued)

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

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

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

	Loans and advances		Securities purchased under resale agreements	
	2025	2024	2025	2024
	$'000	$'000	$'000	$'000
Against neither past due nor impaired financial assets:				
Properties	133,961,252	130,843,354	-	-
Debt securities	7,394,538	9,065,267	3,458,205	4,213,145
Hypothecation of deposits	2,290,469	2,546,590	-	-
Subtotal	143,646,259	142,455,211	3,458,205	4,213,145
Against past due but not impaired financial assets:				
Properties	25,334,909	34,220,849	-	-
Hypothecation of deposits	368,699	459,953	-	-
Liens on motor vehicles	839,843	1,300,237	-	-
Subtotal	26,543,451	35,981,039	-	-
	170,189,710	178,436,250	3,458,205	4,213,145
Against past due and impaired financial assets:				
Properties	8,087,505	7,225,636	-	-
Hypothecation of deposits	601	2,603	-	-
Liens on motor vehicles	317,260	257,792	-	-
Subtotal	8,405,366	7,486,031	-	-
Grand total	178,595,076	185,922,281	3,458,205	4,213,145

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

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

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

33. Financial risk management (continued)

(b) Credit risk (continued):

Expected credit loss measurement (continued)

(vi) Management of credit risk (continued)

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

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

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

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

	2025			
	Gross exposure	**Impairment allowance**	**Carrying amount**	**Fair value of collateral held**
Credit-impaired assets	$'000	$'000	$'000	$'000
Loans				
- Credit cards	176,301	(98,671)	77,630	-
- Term loans	1,692,993	(891,794)	801,199	317,260
- Mortgages	2,823,909	(45,858)	2,778,051	8,088,106
- Other	80,437	(47,529)	32,908	-
Total credit-impaired assets	4,773,640	(1,083,852)	3,689,788	8,405,366

	2024			
	Gross exposure	**Impairment allowance**	**Carrying amount**	**Fair value of collateral held**
Credit-impaired assets	$'000	$'000	$'000	$'000
Loans				
- Credit cards	100,409	(60,575)	39,834	-
- Term loans	1,086,945	(488,940)	598,005	257,791
- Mortgages	2,484,059	(56,840)	2,427,219	7,228,240
- Other	49,540	(24,988)	24,552	-
Total credit-impaired assets	3,720,953	(631,343)	3,089,610	7,486,031

33. Financial risk management (continued)

(b) Credit risk (continued):

Expected credit loss measurement (continued)

(vi) Management of credit risk (continued)

Loss allowance

Loss allowance recognised in profit or loss during the period is summarised below:

	2025	2024
	$'000	$'000
Loans [note 10(b)]	642,390	1,738,470
Investment securities – at FVOCI	10,842	(86,613)
Investment securities – at amortized cost	568	3,479
	653,800	1,655,336

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

Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL:

- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments derecognised in the period;
- Discount unwound within ECL due to the passage of time, as ECL is measured on a present value basis;
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements; and
- Financial assets derecognised during the period and write-offs of allowances related to such assets.

33. Financial risk management (continued)

(b) Credit risk (continued):

Expected credit loss measurement (continued)

(vi) Management of credit risk (continued)

Loss allowance (continued)

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

	2025				
	Stage 1	Stage 2	Stage 3	Purchased	
		Lifetime	Lifetime	credit-	
Loans	12-month ECL	ECL	ECL	impaired	Total
	$'000	$'000	$'000	$'000	$'000
Loss allowance as at April 1, 2024	1,219,347	219,740	601,229	30,114	2,070,430
Movements with P&L impact					
Transfers:					
Transfer from Stage 1 to Stage 2	(39,465)	39,465	-	-	-
Transfer from Stage 1 to Stage 3	(38,225)	-	38,225	-	-
Transfer from Stage 2 to Stage 1	45,000	(45,000)	-	-	-
Transfer from Stage 2 to Stage 3	-	(39,509)	39,509	-	-
Transfer from Stage 3 to Stage 2	-	24,510	(24,510)	-	-
Transfer from Stage 3 to Stage 1	8,457	-	(8,457)	-	-
New financial assets originated or purchased	537,909	-	-	-	537,909
Financial assets derecognized during the year	(316,815)	(45,206)	(155,614)	(9,690)	(527,325)
Net remeasurement of loss allowance	(103,845)	105,179	623,730	6,742	631,806
Loss allowance recognized in profit or loss [note 10(b)]	93,016	39,439	512,883	(2,948)	642,390
Write-offs against provision [note 10(b)]	(46)	(249)	(57,425)	-	(57,720)
Loss allowance as at March 31, 2025	1,312,317	258,930	1,056,687	27,166	2,655,100

33. Financial risk management (continued)

(b) Credit risk (continued):

Expected credit loss measurement (continued)

(vi) Management of credit risk (continued)

Loss allowance (continued)

	2024				
	Stage 1	Stage 2	Stage 3	Purchased	
		Lifetime	Lifetime	credit-	
Loans	12-month ECL	ECL	ECL	impaired	Total
	$'000	$'000	$'000	$'000	$'000
Loss allowance as at April 1, 2023	1,099,143	158,000	1,764,913	288,084	3,310,140
Movements with P&L impact					
Transfers:					
Transfer from Stage 1 to Stage 2	(51,741)	51,741	-	-	-
Transfer from Stage 1 to Stage 3	(25,485)	-	25,485	-	-
Transfer from Stage 2 to Stage 1	39,364	(39,364)	-	-	-
Transfer from Stage 2 to Stage 3	-	(23,957)	23,957	-	-
Transfer from Stage 3 to Stage 2	-	34,291	(34,291)	-	-
Transfer from Stage 3 to Stage 1	21,775	-	(21,775)	-	-
New financial assets originated or purchased	450,757	-	-	-	450,757
Financial assets derecognized during the year	(150,316)	(15,653)	(76,363)	(12,438)	(254,770)
Net remeasurement of loss allowance	113,186	221,831	1,160,905	46,561	1,542,483
Loss allowance recognized in profit or loss [note 10(b)]	397,540	228,889	1,077,918	34,123	1,738,470
Write-offs against provision [note 10(b)]	(277,336)	(167,149)	(2,241,602)	(292,093)	(2,978,180)
Loss allowance as at March 31, 2024	1,219,347	219,740	601,229	30,114	2,070,430

33. Financial risk management (continued)

(b) Credit risk (continued):

Expected credit loss measurement (continued)

(vi) Management of credit risk (continued)

Loss allowance (continued)

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

	2025				
	Stage 1	**Stage 2**	**Stage 3**	**Purchased**	
Loans	**12-month ECL**	**Lifetime ECL**	**Lifetime ECL**	**credit-impaired**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Gross carrying amount as at beginning of year	144,338,458	16,595,585	3,572,556	148,397	164,654,996
Transfers:					
Transfer from Stage 1 to Stage 2	(7,923,436)	7,923,436	-	-	-
Transfer from Stage 1 to Stage 3	(1,443,896)	-	1,443,896	-	-
Transfer from Stage 2 to Stage 3	-	(1,371,617)	1,371,617	-	-
Transfer from Stage 3 to Stage 2	-	769,976	(769,976)	-	-
Transfer from Stage 3 to Stage 1	44,388	-	(44,388)	-	
Transfer from Stage 2 to Stage 1	3,016,380	(3,016,380)	-	-	-
New financial assets originated or purchased	37,793,197	-	-	-	37,793,197
Financial assets derecognized during the period other than write-offs	(25,760,235)	(800,664)	(541,829)	(40,707)	(27,143,435)
Net remeasurement of gross balance	(7,526,411)	(42,635)	(105,218)	(1,913)	(7,676,177)
	(1,800,013)	3,462,116	1,354,102	(42,620)	2,973,585
Write-offs	(3,773)	(13,652)	(258,795)	-	(276,220)
Gross carrying amount as at end of year	142,534,672	20,044,049	4,667,863	105,777	167,352,361

Significant change in the gross carrying amount of financial assets that contributed to the change in the loss allowance was a write-off of stage 3 unsecured loans. The write-off of loans with a total gross carrying amount of $276,220,000 (2024: $3,359,745,000) resulted in the reduction of the stage 3 loss allowance. These loans include micro-financed and other personal loans, which are still being pursued for recovery, unless Board approval has been obtained for discontinuance.

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

33. Financial risk management (continued)

(b) Credit risk (continued):

Expected credit loss measurement (continued)

(vi) Management of credit risk (continued)

Loss allowance (continued)

Loans	2024 Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
	$'000	$'000	$'000	$'000	$'000
Gross carrying amount as at beginning of year	126,280,411	7,761,402	4,788,752	476,717	139,307,282
Transfers:					
Transfer from Stage 1 to Stage 2	(11,271,892)	11,271,892	-	-	-
Transfer from Stage 1 to Stage 3	(1,126,897)	-	1,126,897	-	-
Transfer from Stage 2 to Stage 3	-	(1,201,273)	1,201,273	-	-
Transfer from Stage 3 to Stage 2	-	519,046	(519,046)	-	-
Transfer from Stage 3 to Stage 1	119,499	-	(119,499)	-	
Transfer from Stage 2 to Stage 1	1,487,094	(1,487,094)	-	-	-
New financial assets originated or purchased	41,202,332	-	-	-	41,202,332
Financial assets derecognized during the period other than write-offs	(12,539,342)	(580,161)	(220,492)	(18,177)	(13,358,172)
Net remeasurement of gross balance	464,589	478,922	(62,162)	(18,050)	863,299
	18,335,383	9,001,332	1,406,971	(36,227)	28,707,459
Write-offs	(277,336)	(167,149)	(2,623,167)	(292,093)	(3,359,745)
Gross carrying amount as at end of year	144,338,458	16,595,585	3,572,556	148,397	164,654,996

The total amount of undiscounted expected credit losses at initial recognition for purchased or originated credit-impaired financial assets recognised during the period was $27,166,000 (2024: $30,113,000).

Investments

	2025 Stage 1 12-month ECL	Stage 2 Lifetime ECL	Total
	$'000	$'000	$'000
Balances at April 1	74,162	-	74,162
New financial assets originated or purchased	11,410	-	11,410
Loss allowance recognised in profit or loss	11,410	-	11,410
Balances at March 31	85,572	-	85,572

33. Financial risk management (continued)

(b) Credit risk (continued):

Expected credit loss measurement (continued)

(vi) Management of credit risk (continued)

Loss allowance (continued)

Investments (continued)

	2024 Stage 1 12-month ECL $'000	2024 Stage 2 Lifetime ECL $'000	2024 Total $'000
Balances at April 1	131,768	25,528	157,296
Transfer from Stage 2 to Stage 1	25,528	(25,528)	-
New financial assets originated or purchased	8,727	-	8,727
Financial assets derecognised during the period other than write-offs	(91,861)	-	(91,861)
Loss allowance recognised in profit or loss	(57,606)	(25,528)	(83,134)
Balances at March 31	74,162	-	74,162

The following table further explains the gross carrying amount of the investments and securities purchased under resale agreements measured at amortised cost and FVOCI and its loss allowance:

	2025				
	Amortised cost		Carried at FVOCI	TOTAL	
	Investment	Reverse Repos	Investment	Investment	Reverse Repos
	$000	$000	$000	$000	$000
Investment grade	-	-	19,538,219	19,538,219	-
Speculative grade	3,083,069	2,796,814	39,862,509	42,945,578	2,796,814
	3,083,069	2,796,814	59,400,728	62,483,797	2,796,814
ECL provision at year end	4,444	19	81,109	85,553	19

	2024				
	Amortised cost		Carried at FVOCI	TOTAL	
	Investment	Reverse Repos	Investment	Investment	Reverse Repos
	$000	$000	$000	$000	$000
Investment grade	-	-	11,817,836	11,817,836	-
Speculative grade	5,931,380	4,028,912	38,974,940	44,906,320	4,028,912
	5,931,380	4,028,912	50,792,776	56,724,156	4,028,912
ECL provision at year end	3,876	24	70,262	74,138	24

Speculative grade includes Government of Jamaica Securities of $43,942,122,000 (2024: $38,363,217,000) (see note 7).

(c) Liquidity risk:

Liquidity risk is the potential for loss to the Bank 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:

Liquidity risk is broken down into two primary categories:

(i) *Funding liquidity risk* - the risk that the Bank 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

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

33. Financial risk management (continued)

(c) Liquidity risk (continued)

Liquidity risk is broken down into two primary categories (continued):

(ii) *Asset/market liquidity risk* – the risk that the bank will not be able to liquidate assets in an orderly fashion without incurring loss on liquidation.

Management of liquidity risk

The key measurement used for assessing liquidity risk is the ratio of liquid assets to total prescribed liabilities (as prescribed by the Bank of Jamaica Act, sections 28 and 29). The liquidity ratios at the reporting date for the Bank are as follows:

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

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

An analysis of the undiscounted cash flows required to settle the Bank's financial liabilities and unrecognised loan commitments on the basis of their earliest possible contractual maturity is presented below. The Bank does not expect that all its customers will demand the payment of funds at the earliest date possible. Therefore, the gap identified in the table below under the 'less than 3 months' category is not deemed to present a liquidity issue for the Bank.

	2025						
	Contractual undiscounted cash flows presented by remaining contractual maturity						
	Carrying amount	Gross total cash outflow	Less than 3 months	3-12 months	1-2 years	2-5 years	More than 5 years
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial Assets							
Cash resources	37,143,299	37,143,299	19,346,987	17,796,312	-	-	-
Securities purchased under resale agreements	2,828,081	2,985,319	-	2,985,319	-	-	-
Investments	63,206,216	66,082,850	7,880,846	3,787,921	6,796,349	11,941,627	35,676,107
Due from related entities	1,459,617	1,459,617	1,459,617	-	-	-	-
Loans, after allowance for impairment losses	154,841,984	168,210,587	8,930,140	9,931,823	7,790,780	35,323,506	106,234,338
Other assets	1,041,287	1,041,287	1,041,287	-	-	-	-
Total financial assets	260,520,484	276,922,959	38,658,877	34,501,375	14,587,129	47,265,133	141,910,445
Financial Liabilities							
Due to specialised financial institutions	4,252,075	4,492,452	22,375	64,303	85,737	257,048	4,062,989
Customer deposits	210,179,859	212,702,018	188,336,781	22,682,545	742,028	931,673	8,991
Due to related entities	290,530	290,530	290,530	-	-	-	-
Securities sold under repurchase agreements	28,247,660	29,723,795	27,633,850	2,089,945	-	-	-
Other payables	2,950,434	2,950,434	2,950,434	-	-	-	-
Lease liabilities	1,913,751	2,283,338	-	635,238	640,607	654,283	353,210
Total financial liabilities	247,834,309	252,442,567	219,233,970	25,472,031	1,468,372	1,843,004	4,425,190
Loan and other commitments and guarantees	-	12,353,877	12,353,877	-	-	-	-
	247,834,309	264,796,444	231,587,847	25,472,031	1,468,372	1,843,004	4,425,190
On statement of financial position gap, being total liquidity gap	12,686,175	12,126,515	(192,928,970)	9,029,344	13,118,757	45,422,129	137,485,255
Cumulative gap			(192,928,970)	(183,899,626)	(170,780,869)	(125,358,740)	12,126,515

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

33. Financial risk management (continued)

(c) Liquidity risk (continued):

Management of liquidity risk (continued)

	2024						
	Contractual undiscounted cash flows presented by remaining contractual maturity						
	Carrying amount	Gross total cash outflow	Less than 3 months	3-12 months	1-2 years	2-5 years	More than 5 years
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial Assets							
Cash resources	28,118,184	28,118,184	10,596,820	17,521,364	-	-	-
Securities purchased under resale agreements	4,048,936	4,048,936	3,653,912	375,000	20,024	-	-
Investments	57,543,802	60,792,394	7,839,924	2,799,395	7,404,886	11,766,997	30,981,192
Due from related entities	906,562	906,562	906,562	-	-	-	-
Loans, after allowance for impairment losses	151,345,464	163,967,233	3,168,439	7,596,165	13,424,910	25,851,140	113,926,579
Other assets	337,803	337,803	337,803	-	-	-	-
Total financial assets	242,300,751	258,171,112	26,503,460	28,291,924	20,849,820	37,618,137	144,907,771
Financial Liabilities							
Due to specialised financial institutions	2,709,096	2,925,252	22,323	64,159	85,545	256,554	2,496,671
Customer deposits	200,721,190	203,129,845	180,986,999	20,490,802	836,980	804,673	10,391
Due to related entities	310,663	310,663	310,663	-	-	-	-
Securities sold under repurchase agreements	17,983,540	19,314,649	14,409,470	4,905,179	-	-	-
Other payables	2,862,029	2,862,029	2,862,029	-	-	-	-
Margin loan	2,216,038	2,216,038	2,216,038	-	-	-	-
Long-term loan	149,997	149,997	2,319	147,678	-	-	-
Lease liabilities	2,260,608	2,825,467	-	598,068	616,004	624,433	986,962
Total financial liabilities	229,213,161	233,733,940	200,809,841	26,205,886	1,538,529	1,685,660	3,494,024
Loan and other commitments and guarantees	-	16,978,823	16,978,823	-	-	-	-
	229,213,161	250,712,763	217,788,664	26,205,886	1,538,529	1,685,660	3,494,024
On statement of financial position gap, being total liquidity gap	13,087,590	7,458,349	(191,285,204)	2,086,038	19,311,291	35,932,477	141,413,747
Cumulative gap			(191,285,204)	(189,199,166)	(169,887,875)	(133,955,398)	7,458,349

The Bank has a robust strategy in place for the management of liquidity. On a daily basis, the Treasury Unit actively monitors the Bank's liquidity position including the monitoring and management of net funding requirements as well as close monitoring of the investment portfolio.

An active contingency funding plan is in place and the escalations are utilized as necessary.

Active monitoring of the concentration between the funding types and to individual counterparties to ensure that there is no over concentration in one funding type as such the likelihood of a run that would significantly impact the Bank is low.

The Bank conducts annual stress tests which includes scenarios used to stress the liquidity of the Bank based on the approved budget. Where liquidity challenges are detected, increased stress testing of the liquidity is conducted. The liquidity risk reviews are submitted to the bank's Asset and Liability Committee and to the Board of Directors.

33. Financial risk management (continued)

(d) Market risk:

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

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

The Institute of Chartered Accountants of Jamaica (ICAJ), through its Accounting Standards Committee, has reviewed the rates being used to prepare sensitivity analysis for interest rate risk, currency risk and equity price risk and based on prevailing market conditions, provides the indicative ranges for guidance.

Management of market risk

The Asset and Liability Committee manages market risks in accordance with the Bank's 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 Bank 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 Bank at the reporting date to each major risk are addressed below.

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

(i) Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Bank 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 Bank's business, which involves granting long-term loans (up to 30 years) funded by deposits which are withdrawable on demand or at short notice. The Bank 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 liability has been stable and is expected to remain so.

The Bank manages the risk by monitoring its customer deposits, taking steps to ensure its stability, and by adjusting interest rates to the extent practicable within the overall policy of encouraging long-term savings and facilitating home ownership.

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

33. Financial risk management (continued)

(d) Market risk (continued):

Management of market risk (continued)

(i) Interest rate risk (continued):

	2025						
	Immediately rate sensitive	Within 3 months	Three to 12 months	Over 1 year	Non-rate sensitive	Total	Weighted average interest rate
	$'000	$'000	$'000	$'000	$'000	$'000	%
Financial Assets							
Cash resources	-	19,346,987	-	-	17,796,312	37,143,299	0.02
Securities purchased under resale agreements	-	-	2,796,814	-	31,267	2,828,081	6.74
Investments	-	7,462,161	3,580,942	51,440,694	722,419	63,206,216	5.80
Due from related entities	-	-	-	-	1,459,617	1,459,617	-
Loans	-	8,155,379	9,070,158	136,391,438	1,225,009	154,841,984	9.50
Other assets	-	-	-	-	1,041,287	1,041,287	-
Total financial assets	-	34,964,527	15,447,914	187,832,132	22,275,911	260,520,484	
Financial Liabilities							
Due to specialised financial institutions	-	21,434	64,303	4,166,338	-	4,252,075	4.39
Customer deposits	-	186,103,539	22,413,582	1,662,738	-	210,179,859	1.12
Due to related entities	-	-	-	-	290,530	290,530	-
Securities sold under-repurchase agreements	-	26,094,287	1,973,508	-	179,865	28,247,660	5.90
Other payables	-	-	-	-	2,950,434	2,950,434	-
Lease liabilities	-	635,238	640,607	284,696	353,210	1,913,751	9.43
Total financial liabilities	-	212,854,498	25,092,000	6,113,772	3,774,039	247,834,309	
On statement of financial position gap, being total interest rate sensitivity gap	-	(177,889,971)	(9,644,086)	181,718,360	18,501,872	12,686,175	
Cumulative gap	-	(177,889,971)	(187,534,057)	(5,815,697)	12,686,175		

	2024						
	Immediately rate sensitive	Within 3 months	Three to 12 months	Over 1 year	Non-rate sensitive	Total	Weighted average interest rate
	$'000	$'000	$'000	$'000	$'000	$'000	%
Financial Assets							
Cash resources	-	10,596,820	-	-	17,521,364	28,118,184	0.05
Securities purchased under resale agreements	-	3,653,912	375,000	-	20,024	4,048,936	7.20
Investments	-	7,328,182	2,611,376	46,784,598	819,646	57,543,802	3.09
Due from related entities	-	-	-	-	906,562	906,562	-
Loans	-	2,906,825	6,968,959	140,552,870	916,810	151,345,464	9.00
Other assets	-	-	-	-	337,803	337,803	-
Total financial assets	-	24,485,739	9,955,335	187,337,468	20,522,209	242,300,751	
Financial Liabilities							
Due to specialised financial institutions	-	21,386	64,159	2,623,551	-	2,709,096	3.00
Customer deposits	-	178,840,908	20,247,828	1,632,454	-	200,721,190	1.20
Due to related entities	-	-	-	-	310,663	310,663	-
Securities sold under-repurchase agreements	-	13,219,697	4,500,164	-	263,679	17,983,540	9.0
Other payables	-	-	-	-	2,862,029	2,862,029	-
Margin loan		2,216,038	-	-	-	2,216,038	
Long-term loan	-	-	-	149,997	-	149,997	
Lease liabilities	-	598,068	616,004	1,046,536	-	2,260,608	9.43
Total financial liabilities	-	194,896,097	25,428,155	5,452,538	3,436,371	229,213,161	
On statement of financial position gap, being total interest rate sensitivity gap	-	(170,410,358)	(15,472,820)	181,884,930	17,085,838	13,087,590	
Cumulative gap	-	(170,410,358)	(185,883,178)	(3,998,248)	13,087,590		

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

	Increase in interest rate	**Decrease in interest rate**
J$ denominated instruments	2025: 25 basis points (2024: 25 basis points)	2025: 75 basis points (2024: 25 basis points)
US$ denominated instruments	2025: 25 basis points (2024: 25 basis points)	2025: 50 basis points (2024: 25 basis points)

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

	2025		2024	
	Increase	Decrease	Increase	Decrease
	$'000	$'000	$'000	$'000
Other comprehensive income: J$	(762,688)	73,170	(371,001)	196,719
US$	(1,028,440)	1,758,070	(1,516,442)	778,853

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. The analysis is done on the same basis as for 2024.

	Effect on profit	
	Increase	Decrease
	$'000	$'000
March 31, 2025		
Variable rate instruments – J$	6,931	(20,794)
March 31, 2024		
Variable rate instruments – J$	27,643	(27,643)

33. Financial risk management (continued)

(d) Market risk (continued):

Management of market risk (continued)

(ii) Equity price risk

Equity price risk arises from equity instruments measured at FVOCI held by the Bank 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 Bank's investment strategy is to maximise risk-adjusted investment returns.

Sensitivity to equity price movements

A 6% (2024: 6%) and 2% (2024: 3%) increase/decrease respectively in market prices at the reporting date would result in changes in reserves for the Bank of $12,986,000 (2024: $13,240,000) and $4,329,000 (2024: $6,620,100).

(iii) Foreign currency risk:

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

The Bank is exposed to foreign currency risk on transactions that are denominated in a currency other than the Jamaica dollar. The main currencies giving rise to this risk are United States dollar, Canadian dollar, Cayman dollar, Euro and Pound sterling.

The Bank ensures that the net exposure is kept to an acceptable level by daily monitoring its cost of funds against market price to ensure that a consistent positive spread is maintained between the buying and selling prices of the traded currencies. Foreign currency liabilities are generally backed by foreign currency assets.

Net foreign currency assets/(liabilities), stated in their respective currencies, were as follows:

	2025 $'000	2024 $'000
United States dollar	1,710	(24,902)
Canadian dollar	(2,123)	(504)
Euro	179	-
Pound sterling	(8,161)	(4,360)
Cayman dollar	873	995

The Bank of Jamaica's weighted average exchange rates ruling at the year-end are shown at note 37(o)(i).

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

(d) Market risk (continued):

Management of market risk (continued)

(iii) Foreign currency risk (continued):

Sensitivity to exchange rate movements:

A 3.5% (2024: 4%) weakening of the Jamaica dollar against the various currencies at March 31, 2025 would have decreased profit for the year by the amounts shown in the table below. A 1% (2024: 1%) strengthening of the Jamaica dollar against these currencies at March 31, 2025 would have had the opposite effect to that shown in the table below. The analysis assumes that all other variables, in particular, interest rates, remain constant. The analysis was done on the same basis for 2024.

	2025 $'000		2024 $'000	
	3.5 % weakening	1% strengthening	4% weakening	1% strengthening
United States dollar	9,434	(2,695)	(153,307)	38,327
Canadian dollar	(8,074)	2,307	(2,293)	573
Pounds sterling	(57,644)	14,470	(33,633)	8,408
Euro	1,075	(307)	1	-
Cayman dollar	5,869	(1,677)	7,473	(1,868)

(e) Operational risk:

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Bank's processes, personnel, technology and infrastructure, and from external factors, other than credit, market and liquidity risks, such as those arising from natural and man-made disasters and from the need to comply with legal and regulatory requirements and generally accepted standards of corporate behaviour.

The Bank's objective is to manage operational risk to achieve the optimal balance between the Bank's financial viability and its performance against the requirements of an effective operational risk management framework.

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

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

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

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

33. Financial risk management (continued)

(e) Operational risk (continued):

This responsibility is supported by the development of overall Bank standards for the management of operational risk that meet the following requirements (continued):

- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- 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 Bank's Risk and Compliance Unit conducts frequent operational risk reviews of business lines in keeping with established policies and is supported with independent reviews undertaken by Group Internal Audit. The results of all operational risk reviews are discussed with the management of the business unit to which they relate and the recommendations and required actions agreed. Summaries of the operational risk reviews are submitted to the Audit Committee and to the Board of Directors.

(f) Capital management:

Regulatory capital

The Bank's main regulator is the Bank of Jamaica (BOJ), which monitors the capital requirements. The Bank's policy is to maintain a strong capital base, ensuring investor, creditor and market confidence and to sustain future development of the Bank. This is supported by the annual Bank Internal Capital Adequacy Assessment Process which seeks to ensure that the Bank is adequately capitalised.

The Bank of Jamaica requires the Bank to maintain a prescribed ratio of total capital as prescribed by the Banking Services Act 2024 (First Schedule), to total risk weighted assets of at least 10% (2024: 10%). During the prior year, BOJ requested that the Bank increased its capital adequacy ratio from 10% to 15%. During the current year, BOJ reduced the requirement of the Bank from 15% to 13%. The actual ratio of total regulatory capital to total risk weighted assets at March 31, 2025 was 13% (2024: 12.5%).

34. Fair value of financial instruments

The fair values of financial assets that are traded in an active market are based on quoted market prices. For all other financial assets, the Bank determines fair values using other valuation techniques as detailed in note 37(b).

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

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

The fair value of long-term loan and due to specialised financial institution having specific maturity after one year, are determined by discounting future cash flows using reporting date yields of similar instruments.

(a) Accounting classifications and fair values:

The following table shows the carrying amounts (excluding interest receivable/payable) and fair values of financial assets and liabilities, including their levels in the fair value hierarchy. The carrying amounts of financial assets and liabilities not measured at fair value are a reasonable approximation of their fair values. Where the carrying amounts of financial assets and financial liabilities are measured at fair value, their levels in the fair value hierarchy are also shown.

34. Fair value of financial instruments (continued)

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

	2025								
	Carrying amount					Fair value			
	Amortised cost	Fair value through other comprehensive income	Fair value through profit or loss	Other financial, liabilities	Total	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	
Financial assets measured at fair value:									
Corporate bonds	-	7,917,029	-	-	7,917,029	-	7,917,029	-	7,917,029
Government of Jamaica securities	-	43,942,122	-	-	43,942,122	-	43,942,122	-	43,942,122
Treasury bills	-	7,325,030	-	-	7,325,030	-	7,325,030	-	7,325,030
Quoted equities	-	196,939	-	-	196,939	196,939	-	-	196,939
Unquoted equities	-	19,608	-	-	19,608	-	19,608	-	19,608
	-	59,400,728	-	-	59,400,728	196,939	59,203,789	-	59,400,728

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

	Amortised cost	Fair value through other comprehensive income	Fair value through profit or loss	Other financial, liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value:									
Cash resources	37,143,299	-	-	-	37,143,299	-	37,143,299	-	37,143,299
Securities purchased under resale agreements	2,796,814	-	-	-	2,796,814	-	2,796,814	-	2,796,814
Certificates of deposit	3,083,069	-	-	-	3,083,069	-	3,083,069	-	3,083,069
Due from related entities	1,459,617	-	-	-	1,459,617	-	-	1,459,617	1,459,617
Loans	153,616,975	-	-	-	153,616,975	-	-	169,438,812	169,438,812
Other assets	1,041,287	-	-	-	1,041,287	-	-	1,041,287	1,041,287
	199,141,061	-	-	-	199,141,061	-	43,023,182	171,939,716	214,962,898
Financial liabilities not measured at fair value:									
Due to specialised financial institutions	-	-	-	4,252,075	4,252,075	-	-	4,252,075	4,252,075
Due to related entities	-	-	-	290,530	290,530	-	-	290,530	290,530
Customer deposits	-	-	-	209,593,203	209,593,203	-	-	209,593,203	209,593,203
Securities sold under repurchase agreements	-	-	-	28,067,795	28,067,795	-	-	28,067,795	28,067,795
Other payables	-	-	-	2,950,434	2,950,434	-	-	2,950,434	2,950,434
Lease liabilities	-	-	-	1,913,751	1,913,751	-	-	1,913,751	1,913,751
	-	-	-	247,067,788	247,067,788	-	-	247,067,788	247,067,788

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

34. Fair value of financial instruments (continued)

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

	2024								
	Carrying amount					Fair value			
	Amortised cost	Fair value through other comprehensive income	Fair value through profit or loss	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets measured at fair value:									
Corporate bonds	-	8,912,755	-	-	8,912,755	-	8,912,755	-	8,912,755
Government of Jamaica securities	-	38,363,217	-	-	38,363,217	-	38,363,217	-	38,363,217
Treasury bills	-	3,296,134	-	-	3,296,134	-	3,296,134	-	3,296,134
Quoted equities	-	201,062	-	-	201,062	201,062	-	-	201,062
Unquoted equities	-	19,608	-	-	19,608	-	19,608	-	19,608
	-	50,792,776	-	-	50,792,776	201,062	50,591,714	-	50,792,776

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

	Amortised cost	Fair value through other comprehensive income	Fair value through profit or loss	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value:									
Cash resources	28,118,184	-	-	-	28,118,184	-	28,118,184	-	28,118,184
Securities purchased under resale agreements	4,028,912	-	-	-	4,028,912	-	4,028,912	-	4,028,912
Certificates of deposit	5,931,380	-	-	-	5,931,380	-	5,931,380	-	5,931,380
Due from related entities	906,562	-	-	-	906,562	-	-	906,562	906,562
Loans	150,428,655	-	-	-	150,428,655	-	-	150,804,315	150,804,315
Other assets	337,803	-	-	-	337,803	-	-	337,803	337,803
	189,751,496	-	-	-	189,751,496	-	38,078,476	152,048,680	190,127,156
Financial liabilities not measured at fair value:									
Due to specialised financial institutions	-	-	-	2,709,096	2,709,096	-	-	2,709,096	2,709,096
Due to related entities	-	-	-	310,663	310,663	-	-	310,663	310,663
Customer deposits	-	-	-	199,999,106	199,999,106	-	-	199,999,106	199,999,106
Securities sold under repurchase agreements	-	-	-	17,719,861	17,719,861	-	-	17,719,861	17,719,861
Other payables	-	-	-	2,862,029	2,862,029	-	-	2,862,029	2,862,029
Margin loan	-	-	-	2,216,038	2,216,038	-	-	2,216,038	2,216,038
Long-term loan	-	-	-	149,997	149,997	-	-	149,997	149,997
Lease liabilities	-	-	-	2,260,608	2,260,608	-	-	2,260,608	2,260,608
	-	-	-	228,227,398	228,227,398	-	-	228,227,398	228,227,398

34. Fair value of financial instruments (continued)

(b) Valuation techniques for investment securities classified as Level 2:

The following table shows the valuation techniques used in measuring the fair value of investment securities classified as level 2.

Type	Valuation techniques
US$ denominated Government of Jamaica (GOJ) securities, Treasury bills, sovereign and corporate bonds	• Obtain bid price provided by a recognised and reputable broker/dealer, reflecting quoted prices for identical instruments in less than active market. • Apply price to estimate fair value after evaluating whether those prices are indicative of fair value by assessing factors such as volume for that specific financial instrument, whether the transactions/quotes referred to represent transactions in an orderly market, and the timing between the transaction/quote date and the measurement date.
J$ denominated securities issued or guaranteed by GOJ	• Obtain bid price provided by a recognised and reputable pricing service provider (which uses Jamaica-market-supplied indicative bids, reflecting quoted prices for identical instruments in less than active market) • Apply price to estimate fair value after evaluating whether those prices are indicative of fair value by assessing factors such as volume for that specific financial instrument, whether the transactions/quotes referred to represent transactions in an orderly market, and the timing between the transaction/quote date and the measurement date.

There are no significant unobservable inputs in computing the fair values. Additionally, no material adjustments to the prices obtained from the service provider or broker/dealer were required, in order to comply with the requirements of IFRS 13.

35. Commitments

At March 31, 2025, the Bank had:

(a) Undisbursed approved loans and loan commitments amounting to approximately $11,546,000,000 (2024: $16,766,000,000).

(b) Capital commitments:

Commitments for capital expenditure amounted to $682,088,000 (2024: $89,623,000).

(c) Sponsorship commitments:

Commitments for sponsorship expenditures amounted to $75,700,000 (2024: $123,200,000).

(d) Guarantees include letters of credit, letters of guarantee, indemnifications or similar contracts:

The Bank's commitments under acceptances, guarantees, and letters of credit as at March 31, 2025, amounted to $50,089,000 (2024: $42,592,000). In the event of a call on these commitments, the Bank has equal and offsetting claims against its customers.

36. Contingent liabilities

There are several claims which have been brought against the Bank in respect of damages for alleged breach of contract and other matters. It is the opinion of the directors, as advised by the Bank's Legal Counsel, that in the unlikely event that these claims are successful, liability should not be significant.

37. Material accounting policies

The Bank has consistently applied the following material accounting policies to all periods presented in the financial statements.

(a) Financial assets and financial liabilities

Recognition and initial measurement

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

The Bank measures a financial asset or financial liability at fair value plus, for an item not at FVTPL, transaction costs such as fees and commissions that are directly attributable to the acquisition or issue. The fair value of a financial instrument on initial recognition is generally its transaction price.

Financial assets

Classification and subsequent measurement

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

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

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

A debt instrument, such as loans and government and corporate bonds, is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is achieved by both collecting contractual cashflows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

37. Material accounting policies (continued)

(a) Financial assets and financial liabilities (continued)

Financial assets (continued)

Classification and subsequent measurement (continued)

On initial recognition of an equity instrument that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

All other financial asserts are classified as measured at FVTPL.

In addition, on initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment: the business model reflects how the Bank manages the assets in order to generate cash flows. The Bank makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes the stated policies and objectives for the portfolio and the operation of those policies in practice, past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

The Bank's retail and corporate banking business comprise primarily loans to customers that are held for collecting contractual cash flows. In the retail business the loans comprise mortgages, overdrafts, unsecured personal lending and credit card facilities. Sales of loans from these portfolios are rare. Certain debt securities are held by the Bank in a separate portfolio for long-term yield. These securities may be sold but such sales are not expected to be more than infrequent. The Bank considers that these securities are held within a business model whose objective is to hold assets to collect the contractual cash flows. Certain other debt securities are held as part of the Bank's liquidity management. The return on these assets consists of collecting contractual cash flows as well as gains and losses from the sale of financial assets. The Bank considers that these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVTPL.

37. Material accounting policies (continued)

(a) Financial assets and financial liabilities (continued)

Financial assets (continued)

Classification and subsequent measurement (continued)

SPPI: In assessing whether the contractual cash flows are SPPI, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial assets contain a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment the Bank considers. In making this assessment, the Bank considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Bank changes its business mode for managing financial assets.

Equity instruments

The Bank subsequently measures all equity investments at fair value through profit or loss, except where the Bank's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Bank's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns.

Financial liabilities

Financial liabilities classified as at amortised cost are initially recognised at fair value less transaction costs and are thereafter carried at amortised cost.

Measurement methods

Amortised cost

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

For purchased or originated credit-impaired ('POCI') financial assets - assets that are credit-impaired [see definition on note 37(r)] at initial recognition - the Bank calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

37. Material accounting policies (continued)

(a) Financial assets and financial liabilities (continued)

Financial assets (continued)

Measurement methods (continued)

Amortised cost (continued)

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

Modification of financial assets

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

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cashflows to amounts the borrower is expected to be able to pay;
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan;
- Significant extension of the loan term when the borrower is not in financial difficulty;
- Significant change in the interest rate;
- Change in the currency the loan is denominated in;
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired and the Bank derecognises the original financial asset and recognises a 'new' asset at fair value plus any eligible transaction costs.

Any fees received as part of the modification are accounted for as follows:

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

- other fees are included in profit or loss as part of the gain or loss on derecognition. A new effective interest rate for the asset is then calculated.

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

37. Material accounting policies (continued)

(a) Financial assets and financial liabilities (continued)

Financial assets (continued)

Measurement methods (continued)

Modification of financial assets (continued)

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

Financial liabilities

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

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

The impact of modifications of financial assets on the expected credit loss calculation is set out in note 33(b)(vi).

Derecognition of financial assets and financial liabilities

Financial assets

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Bank transfers substantially all the risks and rewards of ownership, or (ii) the Bank neither transfers nor retains substantially all the risks and rewards of ownership and the Bank has not retained control of the financial asset.

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

37. Material accounting policies (continued)

(a) Financial assets and financial liabilities (continued)

Derecognition of financial assets and financial liabilities (continued)

Financial assets (continued)

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

Financial liabilities

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

Identification and measurement of impairment

The Bank recognises loss allowances for ECL on financial instruments that are not measured at FVTPL. No impairment loss is recognised on equity investments.

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

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

Note 33(b) provides more details of how the expected credit loss allowance is measured.

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

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

37. Material accounting policies (continued)

(a) Financial assets and financial liabilities (continued)

Identification and measurement of impairment (continued)

Financial guarantee contracts and loan commitments

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

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

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

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

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

(b) Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Bank has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Bank 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 Bank 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.

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Notes to the Financial Statements (Continued)
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37. Material accounting policies (continued)

(b) 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 Bank 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 Bank measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The Bank manages and monitors the investment portfolio both on an aggregate portfolio and segment basis given the risk embedded. Each security holding is assessed to identify and measure the level of counterparty credit risk at least annually to ensure that risk exposure is within the Bank's appetite. The various portfolio segments are monitored based on the risk profile and the nature of such investment holdings, such as currency (US versus JMD), rated securities, unrated securities, corporate, sovereigns etc. The respective segments are subject to ongoing monitoring to ensure compliance with applicable investment policy limits. The management of the portfolio utilizes scenario analysis and stress testing to assess and measure potential losses.

The Bank recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

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

- Level 1 – Quoted market price (unadjusted) in an active market for identical assets or liabilities.
- Level 2 – Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using the following: 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.

37. Material accounting policies (continued)

(b) Fair value measurement (continued)

Valuation techniques include net present value and discounted cashflow models, comparison to similar instruments for which market-observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk free and benchmark interest rates, credit spreads and other risk premia used in estimating discount rates.

Judgment is required in interpreting market data to arrive at estimates of fair values for levels 2 and 3. Consequently, the estimates arrived at may be significantly different from the actual price of the instrument in an arm's length transaction.

The Bank recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

(c) Property and equipment

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of day-to-day servicing of property and equipment is recognised in profit or loss as incurred.

Property and equipment, with the exception of artwork and freehold land, on which no depreciation is provided, are depreciated on the straight-line basis at annual rates to write down the assets to their estimated residual values over their estimated useful lives and is generally recognised in profit or loss.

The depreciation rates are as follows:

Freehold buildings	2½%
Leasehold buildings	Shorter of lease term and useful life
Leasehold improvements	Shorter of lease term and useful life
Computer hardware	33⅓%
Furniture, fixtures and office equipment	10%
Motor vehicles	20%

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

37. Material accounting policies (continued)

(d) 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.

(e) Cash resources

Cash resources are measured at amortised cost. They comprise cash balances and cash reserve at the Bank of Jamaica, cash in hand and short-term, highly liquid investments where original maturities do not exceed three months from the reporting date, are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term commitments.

(f) Investment property

Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss. Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(g) Intangible assets

[i] Initial acquisition:

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

[ii] Subsequent expenditure:

Subsequent expenditure on intangible assets subsequent to initial acquisition is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

37. Material accounting policies (continued)

(g) Intangible assets (continued)

[iii] 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 indefinite. The Bank's intangible assets comprise software, which is amortised from the date it is available for use. The estimated useful life of the software is assessed at 3, 6 and 10 years, based on the nature and expected usage of the application.

(h) 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 and equipment are no longer depreciated.

(i) Other assets

Other assets are measured at amortised cost less impairment losses.

(j) Employee benefits

Employee benefits are all forms of consideration given by the Bank in exchange for service rendered by employees.

The Bank 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 Bank 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.

37. Material accounting policies (continued)

(j) Employee benefits (continued)

[ii] Defined-contribution plans:

Obligation for contributions to defined contribution plans is expensed as the related services are provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

[iii] Defined-benefit plans:

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

The Bank's net obligation in respect of its defined-benefit plan (note 21) is calculated by estimating the amounts of future benefits that employees have earned in return for their service in the current and prior periods; discounting that amount and deducting the fair value of any plan assets.

The calculation of the defined benefit obligation is performed annually by a qualified actuary under the projected unit credit method. 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 Bank's obligation.

Remeasurements of the net defined-benefit liability, which comprise actuarial gains and losses, are recognised immediately in other comprehensive income. The Bank 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 Bank recognise gains and losses on the settlement of a defined benefit plan when the settlement occurs.

37. Material accounting policies (continued)

(k) 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.

(l) Other payables

Other payables are measured at amortised cost.

(m) Interest in equity-accounted investee

The Bank's interest in equity-accounted investee comprises interests in an associate.

An associate is an entity in which the Bank has significant influence, but not control or joint control, over the financial and operating policies. Interest in associate is accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the financial statements include the Bank'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.

(n) Taxation

[i] Current income tax:

Income tax on the profit or loss for the year comprises current and deferred income tax. It is recognised in profit or loss, except to the extent that it relates 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 income 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.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the asset can be realised. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the reporting date.

37. Material accounting policies (continued)

(o) 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$157.6705 (2024: J$153.9124), UK£1.00 = 201.8178 (2024: J$192.8560) and CDN$1.00 = 108.6802 (2024: J$ J$113.7856), 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 €1.00 = J$171.1954 (2024: J$166.4732) and Cayman Dollar 1.00 = J$192.0198 (2024: J$187.6898).

[ii] Transactions in foreign currencies are converted at the rates of exchange ruling on the dates of those transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date.

Realised and unrealised gains and losses arising from fluctuations in exchange rates are included in profit or loss, except for differences arising on the re-translation of FVOCI equity investments [note 37(b)].

(p) Allowance for credit losses

The allowance 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, the other matter required by IFRS 9 to be taken into account in computing expected credit losses and set out in note 33(b) and guidance provided by BOJ, 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 Bank 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 at levels in excess of the minimum ½% established by the Bank of Jamaica.

IFRS 9 only permits specific loan loss provision based upon the Bank's expected 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.

(q) Interest income and expenses

Interest income and expense are recognised in profit or loss for using the effective interest method. The "effective interest rate" is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instruments to its gross carrying amount of the financial asset or the amortised cost of the liability.

37. Material accounting policies (continued)

(q) Interest income and expenses (continued)

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset when the asset is not credit-impaired.

For financial assets that are credit-impaired, interest income is calculated by applying the effective interest rate to the net carrying amount of the financial asset. The Bank reverts to the gross basis if the asset is no longer credit-impaired.

(r) Impairment of non-financial assets

At each reporting date, the Bank reviews the carrying amounts of its non-financial assets (other than investment property and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists for any assets, then the asset's recoverable amount is estimated.

The recoverable amount of an asset - 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.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

Impairment losses are recognised in profit or loss.

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.

(s) Leases

As a lessee

At commencement or on modification of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Bank recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

37. Material accounting policies (continued)

(s) Leases (continued)

As a lessee (continued)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Bank by the end of the lease term or the cost of the right-of-use asset reflects that the Bank will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Bank's incremental borrowing rate. Generally, the Bank uses its incremental borrowing rate as the discount rate.

The Bank determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Bank is reasonably certain to exercise, lease payments in an optional renewal period if the Bank is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Bank is reasonably certain not to terminate early.

The lease liability is measured at cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Bank's estimate of the amount expected to be payable under a residual value guarantee, if the Bank changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Bank presents right-of-use assets that do not meet the definition of investment property in 'property and equipment' and the corresponding obligation as lease liabilities.

Short-term leases and leases of low-value assets

The Bank has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Bank recognises the lease payments associated with these leases as an expense on the straight-line basis over the lease term.

37. Material accounting policies (continued)

(s) Leases (continued)

Sale and leaseback

Management has determined that the sale of properties under a sale and leaseback transaction which occurred in the prior year is an outright sale and is recognized as a gain. The leaseback of the properties is accounted for under IFRS 16.

(t) Revenue recognition

Revenue from the provision of services is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer and the consideration can be reliably measured. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, or material associated costs on the possible return of goods.

Investment income arises from financial assets and is comprised of interest and dividends and recognised gains/losses on financial assets. Dividend income is recognised when the right to receive income is established.

The accounting policy for interest income is described at note 37(q).

(u) Fees and commission

The nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies are as follows:

Type of service	*Nature and timing of satisfaction of performance obligations, including significant payment terms*	*Revenue recognition under IFRS*
Servicing fees	The Bank provides administrative services to its customers in respect of service delivery within the branch network. Fees, including loan and transaction fees, are varied based on the service provided.	Revenue from service is recognised at a point in time.
Commission fees	The Bank provides services to its clients based on duly executed client agreements. Fees are charged on a monthly basis and are based on fixed rates agreed.	Revenue from service fees is recognised over time as the services are provided.
Syndication fees	The Bank charges fees for advisory services provided to its corporate clients based on agreed mandate. Fees are charged based on the nature of the transaction which varies from client to client.	Revenue from services is recognised at the successful execution of each transaction.

37. Material accounting policies (continued)

(v) New and amended standards

(i) Newly effective standards during the year:

During the year, there were no new or amended standards that impacted the Bank.

(ii) Forthcoming standards:

At the date of authorisation of these financial statements, certain new, revised and amended standards and interpretations which were in issue were not effective at the reporting date and had not been early-adopted by the Bank.

The Bank has assessed the relevance of all such standards and amendments to standards and has determined that the following is likely to be relevant to its operations:

- *IFRS 18, Presentation and Disclosure in Financial Statements,* is effective for annual reporting periods beginning on or after January 1, 2027. Under current IFRS Accounting Standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. IFRS 18 promotes a more structured income statement. In particular, it introduces a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be allocated between three new distinct categories (Operating, Investing and Financing) based on a company's main business activities.

  All companies are required to report the newly defined 'operating profit' subtotal – an important measure for investors' understanding of a company's operating results – i.e. investing and financing activities are specifically excluded. This means that the results of equity-accounted investees are no longer part of operating profit and are presented in the 'investing' category.

  IFRS 18 also requires companies to analyse their operating expenses directly on the face of the income statement – either by nature, by function or using a mixed presentation. Under the new standard, this presentation provides a 'useful structured summary' of those expenses. If any items are presented by function on the face of the income statement (e.g. cost of sales), then a company provides more detailed disclosures about their nature. IFRS 18 requires some 'non-GAAP' measures to be reported in the financial statements. It introduces a narrow definition for management performance measures (MPMs), requiring them to be a subtotal of income and expenses, used in public communications outside the financial statements and reflective of management's view of financial performance. For each MPM presented, companies will need to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards.

  Companies are discouraged from labelling items as 'other' and will now be required to disclose more information if they continue to do so.

  The Bank is assessing the impact that this standard will have on its future financial statements.

37. Material accounting policies (continued)

(v) New and amended standards (continued)

(ii) Forthcoming standards (continued):

At the date of authorisation of these financial statements, certain new, revised and amended standards and interpretations which were in issue were not effective at the reporting date and had not been early-adopted by the Bank (continued).

The Bank has assessed the relevance of all such standards and amendments to standards and has determined that the following is likely to be relevant to its operations (continued):

- Amendments to IFRS 9 *Financial Instruments* will apply to annual periods beginning on or after January 1, 2026. Entities may choose to early adopt these amendments.

  Classification of financial instruments

  The amendments introduce an additional SPPI test for financial assets with contingent features that are not related directly to a change in basic lending risks or costs – e.g. where the cash flows change depending on whether the borrower meets an ESG target specified in the loan contract.

  Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature.

  The amendments also include additional disclosures for all financial assets and financial liabilities that have certain contingent features that are:

  - not related directly to a change in basic lending risks or costs; and
  - are not measured at fair value through profit or loss.

  Derecognition of a financial liability through electronic transfer:

  The amendment allows the Bank to deem a financial liability or part thereof that will be settled in cash using an electronic payment system to be discharged before the settlement date if specified criteria are met. An entity that elects to apply the derecognition option would be required to apply it to all settlements made through the same electronic payment system.

  The Bank is assessing the impact that these amendments will have on it 2027 financial statements.

JN BANK LIMITED

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

38. Analysis of changes in financing during the year

Reconciliation of movements of liabilities to cash flows arising from financing activities:

		2025				
	Note	Securities sold under repurchase agreements	Lease liabilities	Due to specialised financial institutions	Long-term loan	Total
		$'000	$'000	$'000	$'000	$'000
Balance at April 1, 2024		**17,983,540**	**2,260,608**	**2,709,096**	**149,997**	**23,103,241**
Proceeds from issuance of repurchase agreements	18	264,369,185	-	-	-	264,369,185
Repayment of repurchase agreements	18	(254,249,010)	-	-	-	(254,249,010)
Payment of lease liabilities	16(a)(iv)	-	(346,857)	-	-	(346,857)
Interest paid on lease liabilities	16(a)(iv	-	(208,928)	-	-	(208,928)
Proceeds from due to specialised financial institutions	22	-	-	2,129,000	-	2,129,000
Payments to specialised financial institutions	22	-	-	(586,021)	-	(586,021)
Payments on long-term loan	8(c)(iii)	-	-	-	(149,997)	(149,997)
Total changes from financing cash flows		**10,120,175**	**(555,785)**	**1,542,979**	**(149,997)**	**10,957,372**
Liability-related						
Interest expense	28	1,320,031	-	151,663	-	1,471,694
Interest expense on lease liabilities	16(a)(iii)	-	208,928	-	-	208,928
Interest paid		(1,176,086)	-	(151,663)	-	(1,327,749)
Balance at March 31, 2025		**28,247,660**	**1,913,751**	**4,252,075**	-	**34,413,486**

JN BANK LIMITED

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

38. Analysis of changes in financing during the year (continued)

Reconciliation of movements of liabilities to cash flows arising from financing activities (continued):

			2024			
	Note	Securities sold under repurchase agreements	Lease liabilities	Due to specialised financial institutions	Long-term loan	Total
		$'000	$'000	$'000	$'000	$'000
Balance at April 1, 2023		15,565,414	319,437	2,288,455	222,725	18,396,031
Proceeds from issuance of repurchase agreements	18	157,492,714	-	-	-	157,492,714
Repayment of repurchase agreements	18	(155,238,219)	-	-	-	(155,238,219)
Payment of lease liabilities	16(a)(iv	-	(249,793)	-	-	(249,793)
Interest paid on lease liabilities	16(a)(iv	-	(113,169)	-	-	(113,169)
Sale and leaseback and other lease transaction	16(a)(vi)	-	2,190,964	-	-	2,190,964
Proceeds from due to specialised financial institutions	22	-	-	803,037	-	803,037
Payments to specialised financial institutions	22	-	-	(382,396)	-	(382,396)
Payments on long-term loan	8(c)(iii)	-	-	-	(72,728)	(72,728)
Total changes from financing cash flows		2,254,495	1,828,002	420,641	(72,728)	4,430,410
Liability-related						
Interest expense	28	1,169,990	-	56,010	16,504	1,242,504
Interest expense on lease liabilities	16(a)(iii)	-	113,169	-	-	113,169
Interest paid		(1,006,359)	-	(56,010)	(16,504)	(1,078,873)
Balance at March 31, 2024		17,983,540	2,260,608	2,709,096	149,997	23,103,241