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Development Bank of Jamaica Limited

Financial Statements
31 March 2022

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Independent auditor's report

To the Members of Development Bank of Jamaica Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Development Bank of Jamaica Limited (the Company) as at 31 March 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and with the requirements of the Jamaican Companies Act.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 March 2022;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Responsibilities of management for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that 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 other legal and regulatory requirements

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 kept, so far as appears from our examination of those records, and the accompanying financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.

PricewaterhouseCoopers

Chartered Accountants
Kingston, Jamaica
30 June 2022

Development Bank of Jamaica Limited

Statement of Comprehensive Income

Year ended 31 March 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2022 $'000	RESTATED * 2021 $'000
Operating Income			
Interest income		1,418,674	1,391,564
Interest expense		(628,602)	(599,979)
Net interest income	5	790,072	791,585
Appreciation in fair value on investment property	12	200,541	10,514
Gain on sale of investments		-	173,995
Discount on financial assets	16	89,649	(263,270)
Other income	6	1,029,300	623,264
		2,109,562	1,336,088
Operating Expenses			
Staff costs	7	(733,989)	(703,960)
Impairment (loss)/gain on financial asset		(140,803)	119,108
Other operating expenses	8	(337,253)	(371,564)
		(1,212,045)	(956,416)
Operating Profit		897,517	379,672
Share of losses of associates	13	(16,352)	(65,815)
Net Profit		881,165	313,857
Other comprehensive income, net of taxes			
Items that will never be reclassified to statement of comprehensive income			
Re-measurement of employee benefits asset	17	(11,700)	(5,032)
Realised fair value (loss)/gain on investment through other comprehensive income	24(a)	(230,847)	549,301
Surplus on revaluation of property, plant and equipment	19	96,304	137,922
Total other comprehensive income		(146,243)	682,191
TOTAL COMPREHENSIVE INCOME		734,922	996,048

*Restated – See note 28.

Development Bank of Jamaica Limited

Statement of Financial Position

31 March 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2022 $'000	RESTATED* 2021 $'000	RESTATED* 2020 $'000
ASSETS				
Cash and cash equivalents	9	1,637,393	1,705,290	1,222,674
Reverse repurchase agreements	10	10,896,762	5,799,782	7,095,295
Investment securities	11	4,223,975	4,275,622	3,232,035
Investment properties	12	1,143,655	943,114	932,600
Investment in associates	13	1,407,865	1,114,369	1,121,408
Loans receivables, net of impairment allowance	14	15,549,073	16,132,232	15,927,416
Due from Government of Jamaica	15	1,041,870	915,387	772,142
Due from Credit Enhancement Facility Fund	28	18,711	32,405	18,251
Other receivables	16	1,636,162	3,031,965	1,743,160
Employee benefit asset	17	424,896	422,632	417,380
Intangible assets	18	4,537	7,660	15,824
Property, plant and equipment	19	1,619,843	1,543,441	1,421,797
Taxation recoverable		241,780	454,907	393,036
		39,846,522	36,378,806	34,313,018
LIABILITIES				
Loans payables	20	24,725,493	21,857,080	20,772,959
Other	21	892,754	791,306	737,427
		25,618,247	22,648,386	21,510,386
SHAREHOLDER'S EQUITY				
Share capital	22	1,757,539	1,757,539	1,757,539
Share premium	22	98,856	98,856	98,856
Capital reserves	23	1,233,248	1,297,509	1,212,761
Other reserves	24	5,760,899	5,869,793	5,196,654
Retained earnings		5,377,733	4,706,723	4,536,822
		14,228,275	13,730,420	12,802,632
		39,846,522	36,378,806	34,313,018

Approved for issue by the Board of Directors on 23 June 2022 and signed on its behalf by:

Paul B. Scott — Director

M. Anthony Shaw — Managing Director

*Restated – See note 28.

Development Bank of Jamaica Limited

Statement of Changes in Equity

Year ended 31 March 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital $'000	Share Premium $'000	Capital Reserves $'000	Other Reserves $'000	Retained Earnings $'000	Total $'000
Balances at 31 March 2020		1,757,539	98,856	1,212,761	5,773,742	4,536,822	13,379,720
Effect of Restatement		-	-	-	(577,088)	-	(577,088)
		1,757,539	98,856	1,212,761	5,196,654	4,536,822	12,802,632
Total comprehensive income for the year							
Profit for the year		-	-	-	-	495,832	495,832
Effect of restatement	28	-	-	-	-	(181,975)	(181,975)
Restated profit for the year		-	-	-	-	313,857	313,857
Other comprehensive income							
Remeasurement of employee benefits obligation	17	-	-	-	(5,032)	-	(5,032)
Net change in fair value of investment securities	24(a)	-	-	-	549,301	-	549,301
Surplus on revaluation of property plant and equipment	19	-	-	-	137,922	-	137,922
Total other comprehensive income for the year		-	-	-	682,191	-	682,191
Total comprehensive income for the year		-	-	-	682,191	313,857	996,048
Transfers							
Transfer to technical reserve	24(f)	-	-	84,748	(9,052)	(108,956)	(32,260)
		-	-	84,748	(9,052)	(108,956)	(32,260)
Transactions with owners, recognised directly in equity							
Dividends	25	-	-	-	-	(35,000)	(35,000)
Restated Balance at 31 March 2021		1,757,539	98,856	1,297,509	5,869,793	4,706,723	13,730,420

Development Bank of Jamaica Limited

Statement of Changes in Equity (Continued)

Year ended 31 March 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital $'000	Share Premium $'000	Capital Reserves $'000	Other Reserves $'000	Retained Earnings $'000	Total $'000
Restated Balances at 31 March 2021		1,757,539	98,856	1,297,509	5,869,793	4,706,723	13,730,420
Total comprehensive income for the year							
Profit for the year		-	-	-	-	881,165	881,165
Other comprehensive income							
Remeasurement of employee benefits obligation	17	-	-	-	(11,700)	-	(11,700)
Net change in fair value of investment securities	24(a)	-	-	-	(230,847)	-	(230,847)
Surplus on revaluation of property plant and equipment	19	-	-	-	96,304	-	96,304
Total other comprehensive income for the year		-	-	-	(146,243)	-	(146,243)
Total comprehensive (loss)/ income for the year		-	-	-	(146,243)	881,165	734,922
Transfers							
Amortisation of grants		-	-	(64,437)	-	-	(64,437)
Transfer to technical reserve	24(f)	-	-	176	37,349	(176,155)	(138,630)
		-	-	(64,261)	37,349	(176,155)	(203,067)
Transactions with owners, recognised directly in equity							
Dividends	25	-	-	-	-	(34,000)	(34,000)
Balance at 31 March 2022		1,757,539	98,856	1,233,248	5,760,899	5,377,733	14,228,275

Development Bank of Jamaica Limited
Statement of Cash Flows
Year ended 31 March 2022
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2022 $'000	RESTATED 2021 $'000
Cash Flows from Operating Activities			
Profit for the year		881,165	313,857
Adjustments for:			
Amortisation	18	8,757	9,009
Depreciation	19	36,553	37,798
Interest income		(1,418,675)	(1,391,564)
Interest expense		628,602	599,979
Allowance for impairment losses		(64,853)	(119,108)
Foreign exchange gains		(214,495)	(144,453)
Discount on advance to associated companies		(222,191)	28,630
Change in employee benefits asset		(13,964)	(10,284)
Share of losses in associated companies	13	16,352	65,663
Gain on disposal of property and equipment	6	-	(1,695)
Gain on disposal of investments		-	(173,995)
Surplus on revaluation of investment properties, net	12	(200,541)	(10,514)
Amortisation		(64,437)	-
		(627,727)	(796,525)
Changes in operating assets and liabilities:			
Loans receivable – Movement during year		1,110,513	467,486
Due from Government of Jamaica		(126,483)	(3,548)
Income tax recoverable		213,130	(61,872)
Credit Enhancement Fund		13,694	-
Other receivables		1,392,846	(1,244,361)
Reserve fund utilised		(138,630)	-
Other liabilities		101,005	53,879
		1,938,348	(1,584,941)
Interest received		1,406,708	1,397,552
Interest paid		(601,024)	(587,740)
Net cash provided by/(used in) operating activities		2,744,032	(775,129)

Development Bank of Jamaica Limited

Statement of Cash Flows (Continued)

Year ended 31 March 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2022	RESTATED 2021
		$'000	$'000
Cash Flows from Investing Activities			
Resale agreements		(4,915,407)	1,614,510
Investment securities, net		8,249	(620,198)
Interest in associates companies		(75,083)	(46,679)
Dividends received		(22,539)	20,864
Purchase of intangible assets	18	(5,634)	(845)
Purchase of property, plant and equipment	19	(16,651)	(21,900)
Proceeds from disposals of property, plant and equipment		-	2,075
Proceeds from disposal of		-	563,626
Net cash (used in)/provided by investing activities		(5,027,066)	1,511,453
Cash Flows from Financing Activities			
Loans received		5,000,000	2,713,400
Loans repaid		(2,681,919)	(2,901,409)
Dividends paid	25	(34,000)	(35,000)
Net cash provided by/(used in) financing activities		2,284,081	(223,009)
Net increase/(decrease) in cash and cash equivalents		1,046	(513,315)
Effect of exchange rate fluctuations on cash and cash equivalents		(68,943)	(30,699)
Cash and cash equivalents at beginning of year		1,705,290	1,222,674
Cash and cash equivalents at the year end	9	1,637,393	1,705,290

Development Bank of Jamaica Limited

Notes to the Financial Statements
31 March 2022
(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities

The Development Bank of Jamaica Limited ("the Bank") was established on 1 April 2000 and is domiciled in Jamaica and its registered office is located at 11A-15 Oxford Road, Kingston 5, Jamaica.

On 24 July 2009, the Bank issued shares to the Accountant General, in trust for the Capital Development Fund, as compensation for an amount of $1,727,539,000 which represented the acquisition of certain assets and liabilities of the National Investment Bank of Jamaica Limited (NIBJ).

The primary business activity of the Bank is Development Banking.

The Bank is exempt from income tax under Section 12 1(b) of the Income Tax Act.

The Bank has interests in certain associated companies (Note 13) all of which are incorporated and domiciled in Jamaica. The ones currently in operation are as follows:

Name of Investee	Principal Activities	Percentage Holding	Financial Year End
Harmonisation Limited and its	Property development	50%	March 31
(i) 100% subsidiary:			
Silver Sands Estate Limited	Rental of resort accommodation	50%	March 31
(ii) 49% associated Bank:			
Harmony Cove Limited	Property development	24%	March 31

The other 50% of Harmonisation Limited ("Harmonisation") is owned by the National Housing Trust, a statutory body.

1. Identification and Principal Activities (Continued)

Harmonisation entered into a Joint Venture Agreement and a Members' Agreement with Tavistock Group Inc. to develop lands owned by Harmonisation in Trelawny, Jamaica. The development will be done through Harmony Cove Limited ("Harmony"), of whose ordinary share capital Tavistock Group Inc. owns 51%, with Harmonisation owning the remaining 49%. The lands owned by Harmonisation were valued at US$45,000,000 for the purpose of their transfer-in valueto Harmony Cove Limited under the Joint Venture Agreement, dated September 28, 2006.

The joint venture agreement with Tavistock Group Inc. was amended on February 3, 2009 to reflect contribution by Harmonisation, through its subsidiary, Silver Sands Estate Limited, of additional parcels of lands. In consideration of the transfer of these additional lands, Harmonisation shall be deemed to have subscribed for cumulative preference shares to be issued by Tavistock Group Inc. in the amount of US$6,662,460.

2. Significant Accounting Policies

(a) Basis of preparation

These financial statements have been prepared in accordance with, and comply with, International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain investment securities at fair value through other comprehensive income, investment property and certain property and equipment at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Bank's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions or estimates are significant to the financial statements are disclosed in Note 4.

Standards, interpretations and amendments to published accounting standards effective in the current financial year

Certain new standards, amendments and interpretations to existing standards have been published that became effective during the current financial period. The Bank has assessed the relevance of all such new standards, interpretations and amendments and has concluded that the following are relevant to its operations:

Amendments to IFRS 7, IFRS 4, and IFRS 16 – Interest rate benchmark reform – Phase 2 (effective 1 January 2021)

The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which are not effective at the date of the statement of financial position, and which the Bank has not early adopted. The Bank has assessed the relevance of all such new standards, interpretations and amendments, has determined that the following may be relevant to its operations, and has concluded as follows:

Amendments to IFRS 3, 'Business combinations' (effective for periods beginning on or after 1 January 2022) update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

Amendments to IAS 16, 'Property, plant and equipment' combinations' (effective for periods beginning on or after 1 January 2022) prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' combinations' (effective for periods beginning on or after 1 January 2022) specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.

Amendments to IAS 1, Presentation of financial statements', on classification of liabilities (Deferred until accounting periods starting not earlier than 1 January 2024*) These* narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8 (effective for periods beginning on or after 1 January 2023). The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction 8 *(*effective for periods beginning on or after 1 January 2023). These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

Development Bank of Jamaica Limited
Notes to the Financial Statements
31 March 2022
(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(b) Basis of consolidation

Associates
Associates are all entities over which the Bank has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

The Bank's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Bank's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Bank does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealised gains on transactions between the Bank and its associates are eliminated to the extent of the Bank's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The Bank determines at each reporting date whether there is any objective evidence that investments in associates are impaired. If this is the case, the Bank recognises an impairment charge in the income statement for the difference between the recoverable amount of the associate and its carrying value. Investments in associates are accounted for using the equity method of accounting, and are initially recognised at cost.

(c) Foreign currency translation

Functional and presentation currency
Items included in the financial statements of each of the Bank's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Jamaican dollars, which is the Bank's functional currency.

Transactions and balances
Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. At the date of the statement of financial position, monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rate.

Exchange differences resulting from the settlement of transactions at rates different from those at the dates of the transactions, and unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognised in the income statement.

Exchange differences on non-monetary financial assets are a component of the change in their fair value. Depending on the classification of a non-monetary financial asset, exchange differences are either recognised in the income statement (applicable for trading securities), or within other comprehensive income if non-monetary financial assets are classified as investment. In the case of changes in the fair value of monetary assets denominated in foreign currency classified as investment, a distinction is made between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in the income statement, and other changes in the carrying amount, except impairment, are recognised in other comprehensive income.

Development Bank of Jamaica Limited

Notes to the Financial Statements

31 March 2022

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(d) Revenue recognition

Interest income and expense

Interest income and expense are recognised in the income statement for all interest-bearing instruments on an accrual basis using the effective interest method based on the actual purchase price. Interest income includes coupons earned on fixed income investments and accrued discount on treasury bills and other discounted instruments.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expenses over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank estimates cash flows considering the contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Interest income and expense

The Bank accounts for interest income on loans in accordance with Jamaican banking regulations. These regulations stipulate that, where collection of interest is considered doubtful or where the loan is in non-performing status (payment of principal or interest is outstanding for 90 days or more), interest should be taken into account on the cash basis and all previously accrued but uncollected interest be reversed in the period that collection is doubtful or the loan becomes non-performing. IFRS require that when loans are impaired, they are written down to their recoverable amounts and interest income is thereafter recognised by applying the original effective interest rate to the recoverable amount. The difference between the regulatory and IFRS bases of interest recognition was assessed to be immaterial.

Fee and commission income

Fee and commission income is recognised on the accrual basis. Loan origination fees for loans which are likely to be drawn down are deferred, together with related direct costs, and recognised as an adjustment to the effective yield on the loan. Fees and commissions arising from negotiating or participating in the negotiation of a transaction for a third party are recognised on completion of the underlying transaction.

Dividend income

Dividend income is recognised when the right to receive payment is established.

(e) Income taxes

The Bank is exempt from income tax under Section 12(b) of the Income Tax Act.

(f) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise balances with less than 90 days maturity from the date of acquisition including investment securities and fixed term deposits.

(g) Repurchase and reverse repurchase transactions

Securities sold under agreements to repurchase (repurchase agreements) and securities purchased under agreements to resell (reverse repurchase agreements) are treated as collateralised financing transactions. The difference between the sale/purchase and repurchase/resale price is treated as interest and accrued over the life of the agreements using the effective yield method.

2. Significant Accounting Policies (Continued)

(h) Loans and advances and provisions for credit losses

Loans and advances are recognised when cash is advanced to borrowers. They are initially recorded at fair value and subsequently measured at amortised cost using the effective interest rate method.

Provision for credit losses determined under the requirements of IFRS

The Bank continuously monitors loans or Banks of loans for indicators of impairment. In the event that indicators are present, the loans or Banks of loans are tested for impairment. A provision for credit losses is established if there is objective evidence of impairment. A loan or Bank of loans is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the loan (a 'loss event') and that loss event has reduced the estimated future cash flows of the loan and the amount of the reduction can be reliably estimated. The criteria that the Bank uses to determine that there is objective evidence of an impairment loss include:

(i) significant financial difficulty of the obligor;
(ii) default or delinquency in interest or principal payments;
(iii) having to grant the borrower a concession that would not otherwise be considered due to the borrower's financial difficulty;
(iv) the probability that the borrower will enter bankruptcy or other financial reorganisation; or
(v) observable data indicating that there is a measurable decrease in the estimated future cash flows from the loan portfolio since the initial recognition of the loans, although the decrease cannot yet be identified with the individual loan in the portfolio, including:

a) adverse changes in the payment status of borrowers in the portfolio; and
b) national or local economic conditions that correlate with defaults on the loan portfolio.

2. Significant Accounting Policies (Continued)

(h) Loans and advances and provisions for credit losses (continued)

The Bank first assesses whether objective evidence of impairment exists individually for loans that are individually significant, and individually or collectively for loans that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed loan, whether significant or not, it includes the loan in a Bank of loans with similar credit risk characteristics and collectively assesses them for impairment. Loans that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

The amount of the loss is measured as the difference between the carrying amount of the loan and the present value of estimated future cash flows, including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of the loan. For accounting purposes, the carrying amount of the loan is reduced through the use of a provision for credit losses account and the amount of the loss is recognised in the income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

For the purposes of a collective evaluation of impairment, loans are Banked on the basis of similar credit risk characteristics (that is, on the basis of the Bank's grading process that considers loan type, industry, collateral type and past-due status). Those characteristics are relevant to the estimation of future cash flows for Banks of such loans by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the loans being evaluated.

Future cash flows in a Bank of loans that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the loans in the Bank. Losses over the preceding 12 months are used as a baseline to determine historical loss experience for loans with credit risk characteristics similar to those in the Bank. This historical loss experience is then adjusted, if necessary, to reflect broader economic trends over the most recent 24-month period with a 36-month look back period used on the highest risk portfolios. Finally, applicable adjustments are made on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

Estimates of changes in future cash flows for Banks of loans should reflect and be directionally consistent with changes in related observable data and our assessment of changes in the economy from period to period (for example, changes in unemployment levels, property and motor vehicle prices, or other factors indicative of changes in the probability of losses in the Bank and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Bank to reduce any differences between loss estimates and actual loss experience.

When a loan is deemed uncollectible, it is written off against the related provision for credit losses. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the provision for credit losses. The amount of the reversal is recognised in the income statement.

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2. Significant Accounting Policies (Continued)

(h) Loans and advances and provisions for credit losses (continued)

Provision for credit losses determined under the Bank of Jamaica regulatory requirements
The effect of the provision for credit losses determined under the Bank of Jamaica regulatory requirements is to reserve capital. No amounts are booked to the income statement in respect of regulatory provisions. Provisions calculated based on regulatory requirements that exceed the amounts required under IFRS are transferred from retained earnings to a non-distributable loan loss reserve in stockholders' equity.

The specific provision is established for the estimated net loss for all non-performing loans and performing loans that meet specified criteria. Loans are considered to be non-performing where a principal or interest payment is contractually 90 days or more in arrears. At the time of classification as non-performing, any interest that is contractually due but in arrears is reversed from the income statement and interest is thereafter recognised in the income statement on the cash basis only. The estimated net loss is defined as the net exposure remaining after deducting the estimated net realisable value of the collateral (as defined by and determined by the regulations) from the outstanding principal balance of the loan.

(i) Investment securities
Investment securities are classified into the following categories: investment securities at fair value through profit or loss, investment securities, held-to-maturity and loans and receivables. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Investment securities at fair value through profit or loss are those which were either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or are securities included in a portfolio in which a pattern of short-term profit-taking exists. They are initially recognised at fair value and transaction costs are expensed in the income statement. They are subsequently carried at fair value. Interest income on investment securities at fair value through profit or loss is recognised in interest income. All other realised and unrealised gains and losses are included in gain on foreign currency and investment activities.

Investment securities are those intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or changes in interest rates, foreign exchange rates or market prices. They are initially recognised at fair value (including transaction costs), and subsequently remeasured at fair value. Unrealised gains and losses arising from changes in fair value of investment securities are recognised in other comprehensive income. When the securities are disposed of or impaired, the related accumulated unrealised gains or losses included in other comprehensive income are transferred to the income statement.

Held-to-maturity securities with fixed or determinable payments and fixed maturities that the company has the positive intent and ability to hold to maturity are classified as held-to-maturity. On initial recognition they are measured at fair value, plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost, using the effective interest method, less impairment losses. Any sale or reclassification of a significant amount of held-to-maturity investments that is not close to their maturity would result in the reclassification of all held-to-maturity investments as investment, and prevent the company from classifying investment securities as held-to-maturity for the financial year in which sale or reclassification occurs and the following two financial years.

Development Bank of Jamaica Limited

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2. Significant Accounting Policies (Continued)

(i) Investment securities (continued)

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than: (i) those financial assets that the Bank intends to sell immediately or in the short term, which are classified as held for trading, and (ii) those financial assets that the entity upon initial recognition, designates as at fair value through profit or loss or that it has designated as investment.

The fair values of quoted investments in active markets are based on current bid prices. If there is no active market for a financial asset, the Bank establishes fair value using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis and other valuation techniques commonly used by market participants.

Financial assets are assessed at each date of the statement of financial position for objective evidence of impairment. A financial asset is considered impaired if its carrying amount exceeds its estimated recoverable amount. The amount of the impairment loss for assets carried at amortised cost is calculated as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the original effective interest rate. The recoverable amount of a financial asset carried at fair value is the present value of expected future cash flows discounted at the current market interest rate for a similar financial asset.

In the case of equity securities classified as investment, a significant or prolonged decline in the fair value below cost is considered an indicator of impairment. Significant or prolonged are assessed based on market conditions and other indicators. If any such evidence exists for investment financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment losses previously recognised in the income statement, is removed from other comprehensive income and recognised in the income statement. Impairment losses recognised on the equity instruments are not reversed through the income statement.

All purchases and sales of investment securities are recognised at settlement date.

Investment securities are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred (that is, if substantially all the risks and rewards have not been transferred, the Bank tests control to ensure that continuing involvement on the basis of any retained powers of control does not prevent derecognition).

(j) Investment property

Investment property is held for long-term rental yields and is, therefore, treated as a long-term investment.

Investment property is measured initially at cost, including transaction costs, and is subsequently carried at fair value, representing open market value determined annually by the directors or by independent valuators. Changes in fair values are recorded in the income statement.

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2. Significant Accounting Policies (Continued)

(k) Property, plant and equipment
Land and buildings are shown at deemed cost less impairment losses, and less subsequent depreciation for buildings. All other property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to other operating expenses during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated on the straight-line basis at annual rates that will write off the carrying value of each asset over the period of its expected useful life. Annual depreciation rates or period over which depreciation is charged are as follows:

Freehold buildings	2 1/2%
Computer equipment	20 - 25%
Furniture, fixtures and equipment	10% - 20%
Motor vehicles	20%

Gains or losses on disposals are determined by comparing proceeds with carrying amount. These are included in other operating income in the income statement.

(l) Impairment of long lived assets
Property, plant and equipment and intangibles are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purpose of the assessing impairment, assets are Banked at the lowest levels for which there are separately identifiable cash flows.

(m) Financial liabilities
The Bank's financial liabilities comprise primarily amounts due to other banks, customer deposits, repurchase agreements, , other borrowed funds and policyholders' liabilities.

(n) Borrowings
Borrowings, including those arising under securitisation arrangements, are recognised initially at fair value, being their issue proceeds, net of transaction costs incurred. Subsequently, borrowings are stated at amortised cost and any difference between net proceeds and the redemption value is recognised in the income statement over the period of the borrowings using the effective yield method.

(o) Provisions
Provisions are recognised when there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

2. Significant Accounting Policies (Continued)

(p) Post-employment benefits

Pension benefits

The Bank operates a retirement plan, the assets of which are generally held in separate trustee administered funds. The pension plan is funded by payments from employees and by the relevant companies, taking into account the recommendations of independent qualified actuaries. The Bank operates a defined benefit plan.

Defined benefit pension plans

A defined benefit pension plan is a plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation.

The amount recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the statement of financial position date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates on Government of Jamaica bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension obligation.

The current service cost of the defined benefit plan, included in staff costs in the income statement, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. The cost is included in staff costs in the income statement.

Past-service costs are recognised immediately in expenses.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Bank recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after statement of financial position date are discounted to present value.

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2. Significant Accounting Policies (Continued)

(q) Share capital
Share issue costs
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, for the proceeds.

Dividends on ordinary shares
Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(r) Government grants
Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and the company will comply with all attached conditions.

Government grants related to the purchase of property and equipment, or for other capital acquisitions, and not for the support of operating activities, are recorded in the statement of financial position as capitalisation reserve and are credited to profit or loss on the straight-line basis over the expected useful lives of the related assets.

(s) Intangible assets
Computer software
Costs that are directly associated with acquiring and developing identifiable and unique software products are recognised as intangible assets. These costs are amortised using the straight-line method over their useful lives, not exceeding a period of five years. Costs associated with maintaining computer software programs are recognised as an expense as incurred.

(t) Loans receivable
The cash advanced to a borrower, including any transaction costs, is taken as the fair value of the loan at the date of disbursement and, accordingly, that is the amount at which the asset is initially recorded.

(u) Leased assets
Assets leased out under operating leases are included in investment properties in the statement of financial position. Rental income is recognised on the straight-line basis over the lease term.

Development Bank of Jamaica Limited

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3. Financial Risk Management

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Bank's overall risk management approach focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Bank's financial performance through policies approved by its Board of Directors and implemented by management.

The Board has established committees with responsibility for developing and monitoring the Bank's risk management policies in their specified areas. All Board committees report regularly to the Board of Directors on their activities. The Board committees and their activities are as follows:

(i) Investment, Finance and Loans Committee

This committee is responsible for monitoring market risks that affect the Bank's investment portfolio; approving credit requests above specified amounts; ensuring that all credit facilities conform to standards agreed by the Board; and approving the mix of the Bank's investment portfolio. The committee is also responsible for approving credit write-offs, specific provisions against financial assets and the terms for any renegotiating specific loans.

(ii) Audit and Corporate Governance Committee

The Audit and Conduct Review Committee is responsible for monitoring compliance with the Bank's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to risks faced by the Bank. This committee is assisted in these functions by Audit Servicest. Audit Servicest undertakes both regular and *ad hoc* reviews of risk management controls and procedures, the results of which are reported to the Audit and Corporate Governance Committee.

(iii) Compensation Committee

The Compensation Committee aims to develop a disciplined and motivated staff complement through the Bank's human resource policies. The committee ensures that staff is remunerated at competitive rates and that employees are properly trained to perform their duties in such a manner as to reduce the risk of fraud and errors.

(iv) Enterprise Risk Management Committee

The Enterprise Risk Management Committee provides risk oversight to the operations of the Bank through frequent monitoring of the risk implementation policy and strategy, determine the risk tolerance levels of the Bank and approve risk management reports.

Development Bank of Jamaica Limited
Notes to the Financial Statements
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3. Financial Risk Management (Continued)

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign currency, interest rate and security prices, will affect the Bank's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the returns. The overall responsibility for market risk resides with the Investment, Finance and Loans Committee along with the Enterprise Risk Management Committee. Market risk exposures are measured using sensitivity analysis.

There has been no change in the nature of the Bank's exposure to market risk or the manner in which it measures and manages the risk.

(i) Currency risk

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

The Bank takes on exposure to address the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Bank has special arrangements with Bank of Jamaica to facilitate the expeditious liquidation of foreign currency liabilities.

The Bank is exposed to foreign currency risk on transactions that are denominated in currencies other than the Jamaica dollar. The main currencies giving rise to this risk are the US Dollar and the Euro.

At the reporting date, the foreign currency assets and liabilities, by currency, were as follows:

	2022		2021	
	US$	**€**	**US$**	**€**
	'000	**'000**	**'000**	**'000**
Cash and cash equivalents	1,115	-	1,130	-
Resale repurchase agreements	17,615	-	17,538	-
Investment securities	25,459	-	28,430	-
Mortgage receivable & CEF		-	11,767	-
Loans, net of impairment losses	49,771	-	61,597	-
Total foreign currency assets	93,960	-	120,462	-
Current portion of long-term loans	(20,310)	(74)	-	-
Non-current portion of long-term loans	(51,915)	(218)	(99,849)	(396)
Total foreign currency liabilities	(72,225)	(292)	(99,849)	(396)
Net foreign currency (liabilities)/assets	21,754	(292)	20,613	-

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3. Financial Risk Management (Continued)

(a) Market risk (continued)

(i) Currency risk (continued)

Foreign currency sensitivity
The following table indicates the currencies to which the Bank have significant exposures on its monetary assets and liabilities and its forecast cash flows. The change in currency rates below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents the outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for changes in foreign currency rates. The sensitivity analysis includes loans and advances to customers, investment securities and deposits. The correlation of variables will have a significant effect in determining the ultimate impact on market risk, but to demonstrate the impact due to changes in each variable, variables had to be considered on an individual basis. It should be noted that movements in these variables are non-linear.

The exchange rates, as at the reporting date, for the US$ and Euro were US$1: J$152.61 (2021:J$146.27) and €1: J$172.9411 (2021: J$174.40).

	2022			2021		
	%	Change in currency rate	Effect on profit	%	Change in currency rate	Effect on profit
			$'000			$'000
Strengthening of the Jamaica dollar:						
USD	2%	Revaluation	(66,398)	2%	Revaluation	(60,301)
EURO	2%	Revaluation	1,009	2%	Revaluation	1,381
Weakening of the Jamaica dollar						
USD	8%	Devaluation	300,976	6%	Devaluation	180,909
EURO	8%	Devaluation	(4,035)	6%	Devaluation	(4,143)

This assumes that all other variables remain constant.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

Variable rate instruments expose the Bank to a loss of future cash flow, while fixed rate instruments expose the Bank to loss in fair value. Interest rate risk is managed by holding primarily fixed rate financial instruments which form the majority of the Bank's financial assets.

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3. Financial Risk Management (Continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

	2022						
	Immediately rate sensitive	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Non - Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Assets							
Cash and cash equivalents	1,637,298	-	-	-	-	95	1,637,393
Resale agreements	-	10,831,504	-	-	-	65,257	10,896,762
Investments Securities	-	-	-	50,000	4,148,146	25,828	4,223,974
Loans, net of impairment losses	-	2,480,832	3,340,619	5,589,219	4,063,909	74,077	15,548,657
Due from Government of Jamaica	-	-	-	-	-	1,041,870	1,041,870
Due from Credit Enhancement Facility Fund	-	-	-	-	258,967	608,289	867,256
Other receivables	-	-	-	-	-	1,636,579	1,636,579
Total financial assets	1,637,298	13,312,336	3,340,619	5,838,666	8,263,357	3,451,995	35,844,274
Liabilities							
Loans payable	-	437,292	1,579,979	2,170,826	17,764,538	2,922,797	24,875,433
Other Liabilities	-	-	-	-	-	892,755	892,755
Total financial liabilities	-	437,292	1,579,979	2,170,826	17,764,538	3,815,553	25,768,188
Interest rate sensitivity gap	1,637,298	12,875,044	1,760,640	3,667,840	(9,501,191)	(363,972)	10,076,085
Cumulative Interest sensitivity gap	1,637,298	14,512,341	16,272,981	19,940,821	10,439,640	10,076,085	-

Development Bank of Jamaica Limited

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3. Financial Risk Management (Continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

	2021						
	Immediately rate sensitive	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Non - Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Assets							
Cash and cash equivalents	1,705,195	-	-	-	-	95	1,705,290
Resale agreements	-	5,772,680	-	-	-	27,102	5,799,782
Investments Securities	-	-	-	199,447	4,051,582	24,593	4,275,622
Loans, net of impairment losses	-	2,402,298	3,347,963	4,125,523	6,154,944	101,504	16,132,232
Due from Government of Jamaica	-	-	-	-	-	915,847	915,847
Due from Credit Enhancement Facility Fund	-	-	-	-	258,967	532,501	791,468
Other receivables	-	-	-	-	-	3,031,965	3,031,965
Total financial assets	1,705,195	8,174,978	3,347,963	4,324,970	10,465,493	4,633,147	32,651,746
Liabilities							
Loans payable	-	(415,924)	(1,283,599)	(611,653)	(14,807,859)	(4,738,046)	(21,857,080)
Other Liabilities	-	-	-	-	-	(791,306)	(791,306)
Total financial liabilities	-	(415,924)	(1,283,599	(611,653)	(14,807,859)	(5,529,351)	(22,648,386)
Interest rate sensitivity gap	1,705,195	7,759,054	2,064,364	3,713,317	(4,342,366)	(896,204)	10,003,360
Cumulative Interest sensitivity gap	1,705,195	9,464,249	11,528,613	15,241,930	10,899,564	10,003,360	-

Development Bank of Jamaica Limited
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3. Financial Risk Management (Continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

Interest rate sensitivity
The following table indicates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, on the income statement and stockholders' equity.

The sensitivity of the profit or loss is the effect of the assumed changes in interest rates on net income based on the floating rate of non-trading financial assets and financial liabilities. The sensitivity of other comprehensive income is calculated by revaluing fixed rate investment financial assets for the effects of the assumed changes in interest rates. The correlation of variables will have a significant effect in determining the ultimate impact on market risk, but to demonstrate the impact due to changes in variable, variables had to be on an individual basis. It should be noted that movements in these variables are non-linear.

	Effect on Net Profit 2022 $'000	Effect on Equity 2022 $'000	Effect on Net Profit 2021 $'000	Effect on Equity 2021 $'000
Change in basis points:				
Decrease - JMD -50 and USD -50	(160,708)	(160,708)	(283,354)	(283,354)
Increase - JMD +300 and USD +150	964,246	964,246	283,354	283,354

(i) The Bank's exposure to security price risk is insignificant as the Bank's securities that derive their value from market prices are not significant.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The main financial assets giving rise to credit risk are cash and cash equivalents, resale agreements, investment securities, advances to associates, loans receivable, Government of Jamaica recoverables, due from Credit Enhancement Facility Fund, and other receivables.

3. Financial Risk Management (Continued)

(b) Credit risk (continued)

(i) Exposure to credit risk

Current credit exposure is the amount of loss that the Bank would suffer if all counterparties to which the Bank was exposed were to default at once, without taking account of the value of any collateral held. This is represented substantially by the carrying amount of financial assets shown in the statement of financial position.

There has been no change in the nature of the Bank's exposure to credit risk or the manner in which it measures and manages the risk.

Maximum exposure to credit risk before collateral held or other credit enhancements

The maximum exposure to credit risk before taking account of collateral held and other credit enhancements is as follows:

- Credit risk exposures relating to items recognised:
  This exposure is the carrying amounts in the statement of financial position of financial assets that are subject to credit risk.

- Credit risk exposures relating to items not recognised:

	Maximum exposure	
	2022	**2021**
	$'000	**$'000**
Loan commitments	2,657,058	1,658,357
Guarantees	6,265,856	2,305,499
	8,922,914	3,963,856

Development Bank of Jamaica Limited

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3. Financial Risk Management (Continued)

(b) Credit risk (continued)

(i) Exposure to credit risk (continued)

The DBJ lends to all viable projects mainly through the Approved Financial Institutions (AFIs). The sectors included in the above table highlight the Bank's lending as at March 31, 2021. The credit risks on these loans are considered low as the risk is borne by the Financial Institutions that maintain a direct relationship with the sub-borrowers.

	2022						
	Cash and cash equivalents	Loans	Investm secu	Resale agreements	from Govt	Others	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Carrying amounts	1,637,392	15,548,657	4,215,747	10,896,761	1,523,267	1,635,470	34,985,235
Concentration sector:							
Financial institutions	1,637,392	-	4,198,146	10,831,504	-	-	16,675,261
Agriculture, fishing and mining	-	1,154,490	-	-	-	-	1,154,490
Government and public entities	-	412	-	-	1,523,267	-	1,042,282
Manufacturing	-	801,044	-	-	-	-	801,044
Professional and other services	-	11,193,038	-	-	-	1,635,470	12,829,200
Tourism and entertainment	-	2,742,944	-	-	-	-	2,742,944
Transportation , storage and communication	-	60,243	-	-	-	-	60,246
	1,637,392	15,952,174	4,206,364	10,831,504	1,523,267	1,635,470	35,777,540
Interest receivable	-	74,077	25,828	65,257	-	-	165,163
	1,637,392	16,026,254	4,223,975	10,896,761	1,523,267	1,635,470	35,492,703
Less: Impairment losses	-	(477,180)	(8,218)	-	-	-	(485,399)
	1,637,392	15,549,073	4,223,974	10,896,761	1,523,267	1,635,470	34,985,234
Concentration by location:							
Jamaica	1,467,237	7,932,927	296,393	8,208,548	1,523,267	1,635,470	21,063,842
United States of America	170,155	7615,729	3,919,353	2,688,218	-	1	14,393,453
	1,637,393	15,549,074	4,223,974	10,896,762	1,041,870	1,635,471	34,984,544

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3. Financial Risk Management (Continued)

(b) Credit risk (continued)

(i) Exposure to credit risk (continued)

	2021						
	Cash and cash equivalents	Loans	Investment securities	Resale agreements	Due from Govt. of Jamaica	Others	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Carrying amounts	1,705,290	16,132,232	3,747,574	5,799,782	915,387	3,031,985	31,332,230
Concentration sector:							
Financial institutions	1,705,290	-	3,731,209	5,772,679	-	-	11,209,178
Agriculture ,fishing and mining	-	1,425,514	-	-	-	-	1,425,514
Government and public entities	-	-	-	-	915,387	-	915,387
Manufacturing	-	1,224,147	-	-	-	-	1,224,147
Professional and other services	-	11,345,296	-	-	-	3,031,985	14,377,261
Tourism and entertainment	-	2,502,762	-	-	-	-	2,502,762
Transportation , storage and communication	-	75,044	-	-	-	-	75,044
	1,705,290	16,572,763	3,731,209	5,772,679	915,387	3,031,985	31,729,293
Interest receivable	-	101,503	24,593	27,103	-	-	153,199
	1,705,290	16,674,266	3,755,802	5,799,782	915,387	3,031,985	31,882,492
Less: Impairment losses	-	(542,034)	(8,228)	-	-	-	(550,262)
	1,705,290	16,132,232	3,747,574	5,799,782	915,387	3,031,985	31,332,230
Concentration by location							
Jamaica	1,539,939	7,103,765	185,563	3,234,555	915,387	1,569,675	14,548,884
United States of America	165,351	9,028,467	3,562,011	2,565,227	-	1,462,290	16,783,346
	1,705,290	16,132,232	3,747,574	5,799,782	915,387	3,031,965	31,332,230

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3. Financial Risk Management (Continued)

(b) Credit risk (continued)

(i) Exposure to credit risk (continued)

Credit quality is measured and monitored after disbursement primarily by the extent to which the debtor is current:

- Loans

	2022	2021
	$'000	$'000
Direct loans	3,934,848	4,393,863
GOJ infrastructure loans	-	429
Financial and agricultural institutions loans	11,614,226	11,738,369
	15,549,073	16,132,232
Neither past due nor impaired	15,999,022	16,508,547
Past due but not impaired:		
1 to 3 months	6,101	24,945
3 to 6 months	5,909	4,523
6 to 12 months	5,598	-
Over 12 months	9,624	24,172
Past due and impaired	-	112,078
	16,026,254	16,674,266
Less allowance for loan losses	(477,181)	(542,034)
	15,549,073	16,132,232

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3. Financial Risk Management (Continued)

(b) Credit risk (continued)

(i) Exposure to credit risk (continued)

- Other amounts receivable- contractual due dates:

	2022	2021
	$'000	$'000
Neither past due nor impaired		
Due from Government of Jamaica:		
Other	931,326	768,023

- Other amounts receivable- no contractual due dates:

	2022	2021
	$'000	$'000
No due date – deemed not impaired		
Due from Government of Jamaica:		
Privatisation	110,544	118,907
Other receivables	257,571	237,697
	368,115	356,604

Development Bank of Jamaica Limited

3. Financial Risk Management (Continued)

(b) Credit risk (continued)

(i) Exposure to credit risk (continued)

The carrying amount, at the reporting date, of loans whose contractual provisions have been renegotiated was $113,795,644 (2021 - $3,069,682,972).

(ii) Management of credit risk

The Bank manages its credit risk primarily by review of the financial status of each counterparty, and structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower or Bank of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and are subject to an annual or more frequent review. The exposure to any one borrower, including banks and brokers/dealers, is restricted by limits covering on and off-statement of financial position exposures. Actual exposures against limits are monitored daily. Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest payment and principal repayment obligations, obtaining collateral and corporate and personal guarantees, and by changing lending limits where appropriate.

Credit risk is managed for specific financial assets in ways that include the following:

Cash and cash equivalents

Cash and cash equivalents are held with financial institutions that are licensed and regulated and which management regards as strong, and in such a way that there is no significant concentration. The strength of these financial institutions and the level of concentration are continually reviewed by management and the Investment, Finance and Loans Committee.

Investment securities and resale agreements

The Bank limits its exposure to credit risk for these assets by investing only with counterparties that have high credit ratings. Therefore, management's expectation of defaults by any counterparty is low.

The Bank has documented investment policies, which serve as a guide in managing credit risk on investment securities and resale agreements. 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.

Development Bank of Jamaica Limited

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3. Financial Risk Management (Continued)

(b) Credit risk (continued)

(ii) Management of credit risk (continued)

Credit risk is managed for specific financial assets in ways that include the following (continued):

Amounts due from Government of Jamaica
Balances with Government of Jamaica are regarded as sovereign debt and risk free investment by the regulators of licensed deposit taking and other financial institutions. The default risk of Government of Jamaica is low and, therefore, the Bank does not anticipate any default on the recovery of these balances.

Loans
The management of credit risk in respect of loans is executed by the management of the Bank. The Investment, Finance and Loans Committee of the Board of Directors is responsible for the oversight of the Bank's credit risk and the development of credit policies. There is a documented credit policy in place, which guides the Bank's credit process.

(iii) Impairment

The company considers the probability of default upon initial recognition of an asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower
- significant increases in credit risk on other financial instruments of the same borrower
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower.

  Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

Development Bank of Jamaica Limited

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3. Financial Risk Management (Continued)

(b) Credit risk (continued)

(iii) Impairment (continued)

Credit review process
The Bank identifies changes in credit risk by tracking published external credit ratings.

Loss given default (LGD) parameters generally reflect an assumed recovery rate except when the security is credit-impaired, in which case the estimate of loss is based on the instrument's current market price and original effective interest rate.

The credit quality of investment securities has a B3 credit rating.

Company internal credit rating as at 31 March 2022	**External Creditrating**	**Expected creditloss rate**
	AAA	0.9%
High	AA	1.3%
	A	2.2%
	BBB	7.3%
Moderate	BB	10.0%
	B	12.2%
	CCC	14.0%
Low	CC	18.0%
	C	30.0%
Credit impaired	D	50.0%

The Bank assesses the probability of default of individual counterparties using internal ratings. Loans are segmented into six rating classes. The Bank's rating scale, which is shown below, reflects the risk rating assigned:

Credit Score Bands

From	**To**	**Risk Rating**
81	100	Low
71	80	Moderately Low
51	70	Average
41	50	Moderately High
31	40	High
Under	30	Very High

3. Financial Risk Management (Continued)

(c) Credit risk (continued)

(iii) Impairment (continued)

Collateral and other credit enhancements held against financial assets

The Bank holds collateral against loans in the form of mortgage interests over properties, lien over motor vehicles, other registered securities over assets, hypothecation of shares and guarantees. Estimates of fair value are based on value of collateral assessed at the time of borrowing and are generally not updated except when a loan is individually assessed as impaired. In certain instances, without foreclosing, the Bank acts upon its lien over motor vehicles and mortgage interest over properties. The credit quality of loans is as follows:

	2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Loans receivable	15,390,231	30,136	605,887	16,026,254
Loss allowance	(117,671)	(689)	(358,821)	(477,181)
Carrying amount	15,272,560	29,447	247,067	15,549,074

	2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Loans receivable	15,471,282	637,924	565,060	16,674,266
Loss allowance	(262,598)	(204,831)	(74,605)	(542,034)
Carrying amount	15,208,684	433,093	490,455	16,132,232

Development Bank of Jamaica Limited

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3. Financial Risk Management (Continued)

(b) Credit risk (continued)

(iv) Amounts arising from ECL

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitativeinformation and analysis, based on the Bank's historical experience and third party policies including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime probability of default (PD) as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

The Bank uses three criteria for determining whether there has been a significant increase in credit risk quantative test based on movement in PD;

- qualitative indicators; and
- a backstop of 30 dayspastdue.Credit risk grades:

The Bank allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgment. The Bank uses these grades in identifying significant increases in credit risk under IFRS 9. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default. These factors may vary depending on the nature of the exposure and the type of borrower.

Each exposure is allocated to a credit risk grade on initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring typically involves use ofthe following data:

- Data from credit reference agencies.
- Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities.
- Payment record – this includes overdue status as well as a range of variables about payment ratios.
- Existing and forecast changes in business, financial and economic conditions.

Development Bank of Jamaica Limited

3. Financial Risk Management (Continued)

(b) Credit risk (continued)

(iv) Amounts arising from ECL (continued)

Significant increase in credit risk (continued)

Determining whether credit risk has been increased significantly:

The Bank assesses whether credit risk has increased significantly since initial recognition at each reporting date. Determining whether an increase in credit risk is significant depends on the characteristics of the financial instrument and the borrower.

Credit risk is deemed to increase significantly where the credit rating of a security decreased by more than 150 points and if past due between 30 and 90 days. Both quantitative as well as qualitative considerations are included in determining whether there has been a significant change in credit risk (SICR) for the financial instrument since origination. Included in the Bank's assessment of a SICR on facilities extended to individual counterparties are material decline in credit scores as follows:

Loan Types	Decline in Credit Scores
Cash Secured	-60%
Unsecured	-30%
Real Estate	-50%
Motor Vehicles	-40%

As a backstop, the Bank considers that a significant increase in credit risk occurs no later thanwhen an asset is more than 30 days past due. Days past due are determined by counting thenumber of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured as 12-month ECL. Some qualitative indicators of an increase in credit risk, such as delinquency or forbearance, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist.

In these cases, the Bank determines a probation period during which the financial asset is required to demonstrate good behaviour to provide evidence that its credit risk has declined sufficiently. When contractual terms of a loan have been modified, evidence that the criteria forrecognising lifetime ECL are no longer met includes a history of up-to-date payment performance against the modified contractual terms.

3. Financial Risk Management (Continued)

(b) Credit risk (continued)

(iv) Amounts arising from ECL (continued)

The Bank monitors the effectiveness of the criteria used to identify significant increases in creditrisk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default
- the criteria do not align with the point in time when an asset becomes 30 days past due;
- the average time between the identification of a significant increase in credit risk and default appears reasonable;
- exposures are not generally transferred directly from 12-month ECL measurement to credit-impaired; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (Stage 1) and lifetime PD (Stage 2).

Definition of default:
The Bank considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Bank in full, without recourse bythe Bank to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

In assessing whether a borrower is in default, the Bank considers indicators that are:

- qualitative: e.g. breaches of covenant;
- quantitative: e.g. overdue status; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

The Bank established an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio. The main components of this allowance are a specific losscomponent that relates to individually significant exposures, and a collective loan loss allowance established on a group basis in respect of losses that have been incurred but havenot been identified on loans subject to individual assessment for impairment.

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3. Financial Risk Management (Continued)

(b) Credit risk (continued)

(iv) Amounts arising from ECL (continued)

Loss allowance

The loss allowance recognised is analysed as follow: (*prepare for each category of financialasset*)

Loans receivable

	2022			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	$`000	**$`000**	**$`000**	**$`000**
Loans receivable				
Balance at April 1, 2021	197,988	(8,067)	(731,955)	(542,034)
Net remeasurement of loss allowance	(315,659)	7,378	373,134	64,853
Balance at March 31, 2022	(117,671)	(688)	(358,821)	(477,181)

	2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	$`000	**$`000**	**$`000**	**$`000**
Loans receivable				
Balance at April 1, 2020	137,574	122,047	(916,672)	(657,051)
Net remeasurement of loss allowance	60,414	(130,113)	184,716	115,017
Balance at March 31, 2021	197,988	(8,066)	(731,956)	(542,034)

	Stage 1	**Total**
	$`000	**$`000**
Debt securities		
Balance at April 1, 2020	(9,539)	(9,539)
Net remeasurement of loss allowance	1,311	1,311
Balance at March 31, 2021	(8,228)	(8,228)
Net remeasurement of loss allowance	10	10
Balance at March 31, 2022	(8,218)	(8,218)

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3. Financial Risk Management (Continued)

(b) Credit risk (continued)

(iv) Amounts arising from ECL (continued)

Loss allowance (continued)

Other receivable

	2022		
	Stage 1	**Stage 3**	**Total**
	$`000	**$`000**	**$`000**
Other receivables			
Balance at April 1, 2021	(1,988)	(255)	(2,243)
Additional remeasurement	(166,865)	-	(166,865)
Net remeasurement of loss allowance	693	-	693
Balance at March 31, 2022 (Note 18)	(168,160)	(255)	(168,415)

	2021		
	Stage 1	**Stage 3**	**Total**
	$`000	**$`000**	**$`000**
Other receivables			
Balance at April 1, 2020	(1,269)	(659)	(1,928)
Net remeasurement of loss allowance	(719)	404	(315)
Balance at March 31, 2021	(1,988)	(255)	(2,243)

Incorporation of forward-looking information

The Bank incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL.

The Bank formulates three economic scenarios: a base case, which is the median scenario assigned a 50% probability of occurring, and two less likely scenarios, one upside and one downside, each assigned a 20% and 30% respectively, probability of occurring. External information considered includes economic data and forecasts published by governmental bodies and monetary authorities in Jamaica.

The economic scenarios used as at March 31, 2021 assumed no significant changes in key indicators for Jamaica for the years ending March 31, 2022 to 2023.

For 2021, forward-looking information was incorporated in the ECL computation by use of a management overlay. Based on the economic scenario, a proxy of 0.6, 1.1 and 1.6 times ECL was determined to be appropriate for positive, stable and negative outlooks respectively.

Development Bank of Jamaica Limited

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3. Financial Risk Management (Continued)

(b) Credit risk (continued)

(iv) Amounts arising from ECL (continued)

Measurement of ECLs

The key inputs into the measurement of ECL are the term structure of the following variables:

i. probability of default (PD);

ii. loss given default (LGD); and

iii. exposure at default (EAD)

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD.

LGD is the magnitude of the likely loss if there is a default. The Bank estimates LGD parametersbased on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset.

For loans secured by properties, Loan-to-Value ratios are a key parameter in determining LGD. LGD estimates are recalibrated for different economic scenarios and, for real estate lending, to reflect possible changes in property prices. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Bank derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation. The EAD of a financial asset is its gross carrying amount at the time of default.

As described above, and subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Bank measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for credit risk management purposes, the Bank considers a longer period. The maximum contractual period extends to the date at which the Bank has the right to require repayment of an advance.

(v) Past due but not impaired loans

These are loans where contractual interest or principal payments are past due but the Bank believes that impairment is not appropriate based on the quality and value of collateral held or other security available or the stage of collection of amounts owed to the Bank.

(vi) Loans with renegotiated terms

Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the Bank has made concessions that it would not otherwise consider. Once the loan is restructured, it is classified and monitored.

Development Bank of Jamaica Limited

3. Financial Risk Management (Continued)

(b) Credit risk (continued)

(vii) Write-off policy

The Bank writes off a loan (and any related allowances for impairment losses) when it determines that the loan is uncollectible. This determination is usually made after considering information such as changes in the borrower's financial position, or that proceeds from collateral will not be sufficient to pay back the entire exposure. The write-off of loans must be submitted to the Investment, Finance and Loans Committee for recommendation to the full Board for approval.

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

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. The Bank has guidelines that set out the acceptability of different types of collateral. The types of collateral held by the Bank are as follows:

- Loans — Mortgages over properties, liens over motor vehicles and other registered securities, hypothecation of shares, promissory notes, and guarantees.
- Resale agreements — Government of Jamaica securities.

Collateral is generally not held for balances with banks or broker/dealers, except when securities are held under resale agreements. Collateral is generally not held against investment securities, and no such collateral was held at the reporting date (2021 - no collateral held).

Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired.

Development Bank of Jamaica Limited

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3. Financial Risk Management (Continued)

(b) Credit risk (continued)

(ix) The fair values of collateral held against loans to borrowers and other financial assets exposed to credit risk are shown below:

	Loan Receivables		Other receivables		Resale agreements	
	2022	2021	2022	2021	2022	2021
	$'000	$'000	$'000	$'000	$'000	$'000
Against neither past nor impaired financial assets:						
Property (land and buildings)	7,567,649	9,939,199	40,126	55,730	-	-
Debt securities	-	-	-	-	5,302,375	6,295,387
Motor vehicles	-	-	67,991	107,289	-	-
Other	-	-	81,797	76,023	-	-
Against past due but not impaired financial assets:						
Property (land and buildings)	-	-	-	-	-	-
Against past due and impaired financial assets:						
Property (land and buildings)	920,000	920,000	-	-	-	-

Development Bank of Jamaica Limited

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3. Financial Risk Management (Continued)

(c) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Bank and its exposure to changes in interest rates and exchange rates.

The Bank's approach to managing liquidity is to ensure, as far as possible, that it has sufficient funding to meet its liabilities when due. A report comparing monthly projected disbursements with expected inflows is maintained and monitored to achieve maximum efficiency without incurring unacceptable losses.

The Bank's investment securities are considered readily realisable as they are Government securities. The Bank also has the ability to borrow in the short-term at reasonable interest rates to cover any shortfall that may arise from its operations.

Daily reports covering the liquidity position of the Bank, including any exceptions, and remedial action taken, are submitted regularly to the Managing Director and detailed investment schedules are presented monthly to the Investment, Finance and Loans Committee.

The Bank is not subject to any externally imposed liquidity limit.

The following table presents the undiscounted contractual maturities of financial liabilities, including interest payments, on the basis of their earliest possible contractual maturity.

	2022						
	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	No specific maturity	Total cash flows	Carrying amount
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Liabilities							
Loans payable	484,454	1,596,659	2,280,755	16,471,767	4,041,798	24,875,433	24,875,433
Other Liabilities	-	-	-	-	892,754	892,754	892,757
	484,454	1,596,659	2,280,755	16,471,767	4,934,552	25,768,187	25,768,187

	2021						
Liabilities							
Loans payable	446,928	1,454,045	11,850,446	3,025,107	3,996,433	20,772,959	20,772,959
Other liabilities	-	-	-	-	737,427	737,427	737,427
	446,928	1,454,045	11,850,446	3,025,107	4,733,860	21,510,386	21,510,386

There was no change in the nature of the Bank's liquidity risk or its approach to managing or measuring the risk.

3. Financial Risk Management (Continued)

(d) 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 legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all areas of the Bank's operations.

The Bank's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Bank's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

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

- requirement for appropriate segregation of duties, including the independent authorisation of transactions;
- requirement for the reconciliation and monitoring of transactions;
- compliance with legal requirements;
- documentation of controls and procedures;
- requirement for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirement for the reporting of operational losses and proposed remedial actions;
- development of contingency plans;
- risk mitigation, including insurance where this is effective.

Compliance with the Bank's standards is supported by a programme of periodic reviews undertaken by internal audit. The results of internal audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit and Conduct Review Committee, which reports its findings to the Board of Directors.

(e) Capital management

The Bank is not a regulated entity and, therefore, has no externally imposed capital requirements. However, the Bank seeks to maintain a minimum capital to safeguard its ability to continue as a going concern, so that it can continue to provide benefits to its stakeholders and to maintain the capital base necessary to support the development of its business. The Bank defines its capital base as share capital, capital and other reserves and retained earnings. The Board's determination of what constitutes a sound capital position is informed by the mission of the Bank and the fact of its government ownership. The Board's policy is to maintain a balance between a sound capital position, the shareholder's demand for dividends, and the risks associated with borrowing to finance its activities. The policies in respect of capital management are reviewed from time to time by the Board of Directors.

There were no changes in the Bank's approach to capital management during the year.

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3. Financial Instrument risk management (Continued)

(f) Fair value estimation

(i) Accounting classifications and fair values:

The following table shows the carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		2022									
		Carrying amount						Fair value*			
	Note	Held to maturity	Loan and receivables	Investments	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	$'000
Financial assets measured at fair value:											
Quoted Equity Securities		-	-	233,165	-	-	233,165	233,165	-	-	233,165
Government of Jamaica securities		-	-	3,486,105	-	-	3,486,105	-	3,486,105	-	3,486,105
		-	-	3,719,270	-	-	3,719,270	233,165	3,486,105	-	3,719,270
Financial assets not measured at fair value:											
Government of Jamaica securities		202,190	-	-	-	-	202,190				
Unquoted Equity Securities		-	276,686	-	-	-	276,868				
Resale agreements		-	10,896,762	-	-	-	10,896,762				
Cash and cash equivalents		-	1,637,393	-	-	-	1,637,393				
Other receivables		-	1,636,162	-	-	-	1,636,162				
Direct loans		-	3,934,848	-	-	-	3,934,848				
Financial and agricultural intuitions loans		-	11,613,809	-	-	-	11,613,809				
NROCC Receivables		-	417	-	-	-	417				
GOJ receivables		-	1,636,162	-	-	-	1,636,162				
		202,190	31,632,239	-	-	-	31,834,429				
Financial liabilities not measured at fair value:											
Loan payable		-	-	-	-	24,875,433	24,875,433				
Other		-	-	-	-	892,755	892,755				
		-	-	-	-	25,768,188	25,768,188				

* The company has not disclosed the fair values of cash and cash equivalents, resale agreements, loans receivable, GOJ receivables, other receivables, loans payable and other liabilities because the carrying amounts of these financial instruments are a reasonable approximation of fair values.

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3. Financial Risk Management (Continued)

(f) Fair value estimation (continued)

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

		2021									
		Carrying amount						Fair value*			
	Note	Held to maturity	Loan and receivables	Investments	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	$'000
Financial assets measured at fair value:											
Quoted equity securities		-	-	262,570	-	-	262,570	262,570	-	-	262,570
Unquoted equity securities		-	-	264,910	-	-	264,910	-	-	264,910	264,910
Government of Jamaica securities		-	-	3,530,455	-	-	3,530,455	-	3,530,455	-	3,530,455
		-	-	4,057,935	-	-	4,057,935	262,570	3,530,455	264,910	4,057,935
Financial assets not measured at fair value:											
Government of Jamaica securities			193,551	-	-	-	193,551				
Resale agreements		-	5,799,782	-	-	-	5,799,782				
Cash and cash equivalents		-	1,705,290	-	-	-	1,705,290				
Other receivables		-	3,031,965	-	-	-	3,031,965				
Direct loans		-	16,132,232	-	-	-	16,132,232				
Financial and agricultural intuitions loans		-	915,387	-	-	-	915,387				
GOJ infrastructural programmes		-	791,468	-	-	-	791,468				
		-	28,569,675	-	-	-	28,569,675				
Financial liabilities not measured at fair value:											
Loan payable		-	-	-	-	21,857,080	21,857,080				
Other		-	-	-	-	791,306	791,306				
		-	-	-	-	22,648,386	22,648,386				

* The company has not disclosed the fair values of cash and cash equivalents, resale agreements, loans receivable, GOJ receivables, other receivables, loans payable and other liabilities because the carrying amounts of these financial instruments are a reasonable approximation of fair values.

3. Financial Risk Management (Continued)

(f) Fair value estimation (continued)

(ii) Measurement of fair values:
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The company's accounting policies and disclosures require the measurement of fair values for financial assets and liabilities.

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

Level 1
Included in the Level 1 category are financial assets and liabilities that are measured by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2
Included in the Level 2 category are financial assets and liabilities that are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions, and for which pricing is obtained via pricing services, but where prices have not been determined in an active market. This includes financial assets with fair values based on broker quotes, investments in funds with fair values obtained via fund managers, and assets that are valued using a model whereby the majority of assumptions are market observable.

Level 3
Included in the Level 3 category are financial assets and liabilities that are measured using non-market observable inputs. This means that fair values are determined in whole or in part using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The following table shows the valuation methods used to measure Level 2 fair values as well as any significant unobservable inputs used.

Financial assets	**Method**
Government of Jamaica J$ securities and Bank of Jamaica securities	• Obtain bid yield from yield curve provided by a recognized pricing source (which uses market-supplied indicative bids) • Using this yield, determine price using accepted formula • Apply price to estimate fair value.
Units in unit trust	Prices of units at reporting date as quoted by the Fund Managers.

There were no financial assets designated at Level 3. No financial assets were transferred from one level in the hierarchy to another.

4. Critical Accounting Estimates and Judgements in Applying Accounting Policies

The Bank's financial statements and its financial results are influenced by accounting policies, assumptions, estimates and management judgment, which necessarily have to be made in the course of preparation of the financial statements.

The Bank makes estimates and assumptions that may affect the reported amounts of assets and liabilities within the next financial year. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard.

Estimates and judgments are continuously evaluated and are based on past experience and other factors, including expectations with regard to future events. Accounting policies and management's judgments for certain items are especially critical for the Bank's results and financial position due to their materiality.

Impairment losses on loans and advances
The Bank reviews its loan portfolio to assess impairment at least on a monthly basis. In determining whether an impairment loss should be recorded in the income statement, the Bank makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from loans. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a Bank, or national or local economic conditions that correlate with defaults on assets in the Bank. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Future obligations for post-employment benefits
The cost of these benefits and the present value of the future obligations depend on a number of factors that are determined by actuaries using a number of assumptions. The assumptions used in determining the net periodic cost or income for retirement benefits include the expected long-term rate of return on the relevant plan assets, the discount rate and, in the case of health benefits, the expected rate of increase in health costs. Any changes in these assumptions will impact the net periodic cost or income recorded for retirement benefits and may affect planned funding of the pension plan. The expected return on plan assets assumption is determined on a uniform basis, considering long-term historical returns, asset allocation and future estimates of long-term investment returns. The Bank determines the appropriate discount rate at the end of each year, which represents the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement benefit obligations. In determining the appropriate discount rate, the Bank considered interest rate on government bonds that are denominated in the currency in which the benefits will be paid, and have terms to maturity approximating the terms of the related obligations. The expected rate of increase of health costs has been determined by comparing the historical relationship of the actual health cost increases with the rate of inflation. Other key assumptions for the retirement benefits are based on current market conditions.

Residual value and expected useful life of property and equipment:
The residual value and the expected useful life of an asset are estimated by management on the basis of certain assumptions. They are reviewed at least at each reporting date, and if expectations differ from previous estimates, the change is accounted for. The useful life of an asset is defined in terms of the asset's expected utility to the company.

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5. Net Interest Income

	2022	2021
	$'000	$'000
Interest income		
Loans and advances	864,863	939,915
Investment securities	228,883	216,864
Reverse repurchase agreements	318,406	229,853
Cash and deposits and other	6,522	4,932
	1,418,674	1,391,564
Interest expense		
Loans payables	(628,602)	(599,979)
Net interest income	790,072	791,585

6. Other Income

	2022	2021
	$'000	$'000
Administrative fees	16,136	10,730
Commitment fees	54,695	15,472
Dividend income	16,054	20,864
Gain on disposal of property and equipment and investment property	-	1,695
Rental income	92,977	103,682
Foreign exchange gains	339,574	362,071
Recovery of provisions of loans previously written off	390,340	6,727
Public Private Partnership & Privatisation - fees	74,005	60,566
Miscellaneous	45,519	41,457
	1,029,300	623,264

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7. Staff Costs

	2022	2021
	$'000	$'000
Salaries and wages	538,507	510,573
Payroll taxes	36,965	31,570
Pension costs – defined benefit plans (Note 17)	9,715	12,600
Performance incentive bonus	62,703	62,703
Other	86,099	86,514
	733,989	703,960

8. Operating Expenses

	2022	2021
	$'000	$'000
Amortisation	8,757	9,009
Advertising and public relations	28,854	38,829
Assistance to projects	-	665
Auditors' remuneration	5,829	5,871
Depreciation	36,553	37,798
Directors' fees	2,194	2,219
Legal fees	2,009	1,258
Professional fees	18,258	29,230
Motor vehicle expenses	4,873	4,831
Occupancy costs – including insurance, utilities and repairs	162,095	148,771
Travelling	1,239	1,877
Discount on additional advances made to Harmonisation	-	28,630
Subscription Fees - Reverse Factoring	29,176	21,621
Other	37,416	40,955
	337,253	371,564

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9. Cash and Cash Equivalents

	2022	2021
	$'000	$'000
Cash	95	95
Deposits	1,637,298	1,705,195
	1,637,393	1,705,290

Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	2022 $'000	2021 $'000
Cash and cash equivalents (Note 9)	1,637,393	1,705,290
Borrowings – repayable within one year (excluding overdraft)	(3,519,078)	(3,293,798)
Borrowings – repayable after one year	(21,206,415)	(18,563,282)
Net debt	(23,088,100)	(20,151,790)
Cash and liquid investments	1,637,393	1,705,290
Gross debt – fixed interest rates	(24,725,493)	(21,857,080)
Net debt	(23,088,100)	(20,151,790)

	Other assets	Liabilities from financing activities		
	Cash/ bank overdraft $'000	Borrowings due within 1 year $'000	Borrowings due after 1 year $'000	Total $'000
Net debt as at 1 April 2020	1,222,674	(3,253,838)	(17,497,256)	(19,528,420)
Cash flows	451,912	(39,960)	(1,415,204)	(1,003,252)
Foreign exchange adjustments	30,704	-	349,178	379,882
Net debt as at 31 March 2021	1,705,290	(3,293,798)	(18,563,282)	(20,151,790)
Cash flows	(136,840)	(225,280)	(3,334,730)	(3,696,850)
Foreign exchange adjustments	68,942	-	691,598	760,540
Net debt as at 31 March 2022	1,637,392	(3,519,078)	(21,206,414)	(23,088,100)

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10. Reverse Repurchase Agreement

The Bank enters into collateralised reverse repurchase agreements which may result in credit exposure in the event that the counterparty to the transaction is unable to fulfill its contractual obligations. Included within reverse repurchase agreements is accrued interest receivable of $65,257,000 (2021 – $27,102,000). At the reporting date, all agreements were collaterised by Government of Jamaica securities.

Included in reverse repurchase agreements are securities with an original maturity of less than 90 days amounting to $10,831,504,000 (2021 – $5,772,680,000) which are regarded as cash equivalents for the purposes of the statement of cash flows.

The fair value of the collateral underlying the resale agreements was $11,254,311,914 (2021 - $6,295,387,000) at the reporting date.

11. Investment Securities

	Remaining term to maturity					
	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	Carrying value	Carrying value
	$'000	$'000	$'000	$'000	$'000	$'000
					2022	2021
Held to maturity:						
Government of Jamaica	-	-	-	152,190	152,190	193,094
Corporate bond	-	50,000	-	-	50,000	-
Loan and receivables:						
Unquoted equity securities	-	-	-	276,686	276,686	264,910
Investments:						
Quoted equity securities	-	-	-	233,165	233,165	262,570
Government of Jamaica bonds	-	-	-	3,486,105	3,486,105	3,530,455
					4,198,146	4,251,029
Interest receivables					25,829	24,593
					4,223,975	4,275,622

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11. Investment Securities (Continued)

(a) National Debt Exchange

Government of Jamaica ("GOJ") bonds include $136,000,000 of Fixed Rate Accreting Notes ("FRANs"). As part of the National Debt Exchange, GOJ mandated the Bank (and all other state-owned/controlled entities that held GOJ issued notes) ("Old Notes") to exchange those Old Notes for new notes – FRANs - as at February 22, 2013. Old notes with a carrying amount of $170,000,000 at that date were exchanged for FRANs with a fair value of $136,000,000, resulting in a loss of $34,000,000. The terms of the FRANs are as follows:

(i) A holder of Old Notes was issued with J$80 of initial principal value of FRANs for every J$100 of principal value of Old Notes.

(ii) Interest is payable semi-annually on February 15 and August 15 at a fixed rate of 10% p.a. on the accreted principal value with the first payment being made on 15 August 2013.

(iii) Accretion for the additional J$20 of principal value will commence in August 2015 as follows:

- 0.5% of $100 every six months from August 15, 2015 until August 15, 2020;
- Thereafter, 1.0% of $100 every six months until August 15, 2026; and
- Thereafter, 1.5% of $100 every six months until August 15, 2027.

(iv) The FRANs may be redeemed by GOJ on any interest payment date after August 15, 2020. (The value at which the FRAN could be redeemed is not included in the offer document).

12. Investment Properties

	2022 $'000	2021 $'000
Balance at beginning of year	943,114	932,600
Fair value gains	200,541	10,514
Balance at end of year	1,143,655	943,114
Manor Park apartment, rented	43,655	43,114
21 Dominica Drive, rented	1,100,000	900,000
	1,143,655	943,114
Income earned from the properties	11,034	66,206
Expenses incurred by the properties	(10,695)	(10,695)

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12. Investment Properties (Continued)

The properties held are stated at fair value and determined by professional property valuers, Allison Pitter and Co., Chartered (Valuation) Surveyors.

The fair value measurement for investment property has been categorized as a Level 3 fair value based on the inputs to the valuation technique used.

13. Investment in Associates

	2022	2021
	$'000	$'000
Ordinary shares, at cost	250	250
Advances and related accrued interest receivables		
Original advances	1,634,617	1,547,210
Additional advances	87,554	87,520
Reimbursements	(353)	(113)
Gross amount receivables	1,722,524	1,634,617
Unaccredited imputed interest:		
Original amount of discount	(308,720)	(308,705)
Discount on additional advances	(15)	(15)
Total discounts	(308,735)	(308,720)
Accretion in previous years	308,735	86,529
Unaccreted interest carried forward	-	(222,191)
Present value of amount receivable	1,722,524	1,412,676
Share of losses		
At beginning of year	(298,307)	(232,492)
Loss recognised during the year	(16,352)	(65,815)
At end of year	(314,659)	(298,307)
	1,407,865	1,114,369

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13. Investment in Associates (Continued)

The shareholders of Harmonisation Limited entered into a new agreement between themselves to cease charging interest on their advances and to issue preference shares to the existing shareholders in the ratio of their outstanding advances. Advances are unsecured with no fixed repayment date. At the reporting date, the preference shares had not been issued. It is expected that they will be issued when the Joint Venture and Members Agreements come into force.

As the long-term receivable is non-interest-bearing, interest income has been imputed in accordance with the requirements of IFRS.

	2022	2021
	$'000	$'000
Current assets	550,587	418,523
Non-current assets	2,348,624	2,349,852
Current liabilities	33,784	34,480
Non-current liabilities	3,702,928	3,536,316
Revenue	144,237	9,496
Loss from continuing operations	(16,352)	(65,663)

14. Loans Receivables, Net of Provision for Credit Losses

	2022	2021
	$'000	$'000
Direct loans to end users	3,934,848	4,393,863
Financial and agricultural institutions loans	11,614,225	11,738,369
	15,549,073	16,132,232

Direct loans to end users:

	Remaining term to maturity					
	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Carrying value	Carrying value
	$'000	$'000	$'000	$'000	$'000	$'000
					2022	2021
Loans receivable	89,804	350,756	1,559,989	2,040,777	4,041,326	4,420,681
Interest receivable					66,741	91,553
					4,108,067	4,512,234
Less impairment allowance					(173,219)	(118,371)
					3,934,848	4,393,863

The loans bear interest at rates ranging from 4% -10% (2021: 4% - 13%) per annum.

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14. Loans Receivables, Net of Provision for Credit Losses (Continued)

Financial and agricultural institutions loans:

	2022	2021
	$'000	$'000
Loans to financial institutions	11,770,036	11,891,499
Interest receivables	5,636	8,500
	11,775,672	11,899,999
Loans to National People's Co-operative Banks	140,813	260,583
Interest receivable on Loans to National People's Co-operative Banks	1,703	1,451
	142,516	262,034
	11,918,187	12,162,033
Less impairment losses on loans	(303,962)	(423,664)
	11,614,225	11,738,369

Allowance for ECL

	2022	2021
	$'000	$'000
At the beginning of the year	542,034	657,151
Additional ECL during the year	315,659	130,014
Reversed during the year	(380,512)	(245,131)
At the end of year	477,181	542,034

15. Due from Government of Jamaica

	2022	2021
	$'000	$'000
Government of Jamaica - Privatisations	110,544	118,927
Government of Jamaica - Other	931,326	796,460
	1,041,870	915,387

Due from Government of Jamaica Privatisation

This balance represents amounts advanced by the company in the process of divesting assets on behalf of the Government of Jamaica ("GOJ"), net of the proceeds of the divestments.

	Net recoverable/ (payable)	Amount advanced	Proceeds collected	Net recoverable/ (payable)
	$'000	$'000	$'000	$'000
	2021			2022
Projects in progress	205,946	63,012	(71,395)	197,563
Projects completed	(79,941)	-	-	(79,941)
Others	(7,078)	-	-	(7,078)
	118,927	63,012	(71,395)	110,544

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15. Due from Government of Jamaica (Continued)

Due from Government of Jamaica- Other:

(a) Note receivable:

GOJ signed an agreement dated September 20, 2011 with the company under which GOJ assumed certain loans owed to the company by three GOJ-owned sugar companies. GOJ issued a non-interest bearing promissory note to the company in the amount of J$1,004,168,000 repayable over a ten-year period commencing 1 April 2011 and ending 31 March 2021 in semi-annual instalments. The carrying amount is made up as follows:

	2022	2021
	$'000	$'000
Face value of 10- year interest – free note	-	1,004,168
Imputed interest	-	(345,056)
Fair value at date of issue (Note 24f)	-	659,112
Principal portion repaid in instalments received to date	-	(659,112)
Carrying amount	-	-

(b) Exchange losses on loans:

	2022	2021
(i) Caribbean Development Bank loans:		
Unrealised	755,428	620,009
Realised	38,754	38,754
	794,182	658,763
(ii) European Investment Bank loans :		
Realised	92,710	74,705
(iii) Other loans:		
Unrealised	44,434	62,992
	931,326	796,460
	931,326	796,460

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16. Other Receivables

	2022	2021
	$'000	$'000
Privatization success fee (i)	1,377,581	1,331,979
BOJ receivables (ii)	-	1,462,289
Other receivables	28,603	20,286
World Bank receivables	14,700	15,029
Prepayment (iii)	25,376	15,094
Staff receivables	202,884	189,531
NIBJ recoveries	480,325	479,314
NIBJ provision recoveries	(479,314)	(479,314)
Less ECL on Access to Finance [note 3(b)(iii)]	(12,443)	-
Less ECL on staff loan receivables [note 3(b)(iii)]	(1,550)	(2,243)
	1,636,162	3,031,965

(i) This represents success fee receivable from the privatization transaction of Norman Manley International Airport as follows:

	2022	2021
	$'000	$'000
Amount receivable at beginning of year	1,331,979	1,471,949
Amount received during period	(139,601)	(94,318)
Foreign exchange adjustment	95,554	217,618
Amount discounted	89,649	(263,270)
Amount receivable as year- end	1,377,581	1,331,979

The amount is receivable over a ten-year period and is therefore being discounted at 6.5%, to arrive at the net present value, being our opportunity cost.

(ii) The Government of Jamaica through the Ministry of Finance and the Public Service provided a loan to the Development Bank of Jamaica which was originally denominated in US dollar. The loan was disbursed in JAD and subsequently converted to a JAD facility. Given that the DBJ required the funds in USD the BOJ facilitated the conversion of these funds after the year end.

(iii) Prepayment is comprised as follows:

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16. Other Receivables (Continued)

	2022	2021
	$'000	$'000
General Insurance	2,122	1,849
Computer Maintenance	5,572	1,805
Subscription	14,348	9,135
Professional Fees	2,322	2,305
Stationery	1,012	-
	25,376	15,094

17. Employee Benefit Assets

	2022	2021
	$'000	$'000
Assets recognised in the statement of financial position –		
Pension scheme	2,565,304	2,403,772
Amounts recognised in profit or loss –		
Pension scheme	9,715	12,600
Amounts recognised in other comprehensive income –		
Pension scheme	(11,700)	(5,032)

(a) The Bank operated a defined-contribution pension scheme for the former employees of The National Development Bank of Jamaica Limited (NIBJ); it was administered by a company. Benefits to retired members were based on employee and employer contributions, bonuses and interest credited. The assets of the scheme were held independently of the Bank's assets in separate trustee-administered funds. Approval for the winding up of the scheme was received from the Financial Services Commission in June 2012, and, following an actuarial valuation done as at June 2012, all members entitled to benefits received them in the form of annuities secured through a Company.

(b) As a result of the merger of (NIBJ) and the Bank on 1 September 2006, the employees of NIBJ were transferred to the Bank and became members of the Development Bank of Jamaica (DBJ) Pension Scheme. Permission was sought from, and granted by, the FSC for the transfer of the plan assets and benefit obligations of the NIBJ Scheme and the subsequent winding up of that Scheme, effective as of the merger date.

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17. Employee Benefit Assets (Continued)

(c) The Bank has a defined-benefit scheme, which is administered by Trustees appointed by the Bank and by an employee-appointed trustee. The scheme, which is open to all full time, permanent employees, is funded by employer and employee contributions of 6.9% and 5% of pensionable salaries, respectively. In addition, the employees may voluntarily contribute a further 8.1% of pensionable salaries. The pensionable amount of annual pension on retirement at normal retirement date shall be that pension equal to 2% of the member's final pensionable salary multiplied by his years of pensionable service, plus such amount as may be determined by the actuary to be the pension equivalent of any voluntary contributions, accumulated with interest computed to the date of retirement, standing to the credit of the member on the date the pension is to commence.

The amounts recognised in the statement of financial position are determined as follows:

	2022 $'000	2021 $'000
Present value of funded obligations	(2,140,408)	(1,981,140)
Fair value of plan assets	2,565,304	2,403,772
Assets in the statement of financial position	424,896	422,632

The movement in the defined benefit obligation over the year is as follows:

	2022 $'000	2021 $'000
Balance at beginning of year	1,981,140	1,803,816
Current service cost	52,092	45,631
Interest cost	169,250	119,458
Re-measurements -		
Experience losses	22,036	35,486
Members' contributions	19,054	17,928
Benefits paid	(103,164)	(41,179)
Balance at end of year	2,140,408	1,981,140

Amounts recognised in other comprehensive income:

	2022 $'000	2021 $'000
Remeasurement of funded obligation	(22,036)	(35,486)
Remeasurement on plan assets	10,336	30,454
	(11,700)	(5,032)

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17. Employee Benefit Assets (Continued)

The movement in the defined benefit asset during the year is as follows:

	2022 $'000	2021 $'000
Balance at beginning of year	2,403,772	2,221,196
Interest income	202,155	144,622
Re-measurement -		
Return on plan assets, excluding amounts included in interest income	10,336	30,454
Contributions	60,617	57,716
Benefits paid	(103,164)	(41,179)
Administration expenses	(8,412)	(9,036)
Balance at end of year	2,565,304	2,403,772

The amounts recognised in profit or loss in the statement of comprehensive income is as follows:

	2022 $'000	2021 $'000
Current service cost	34,208	28,728
Interest costs	169,250	119,458
Interest income	(202,155)	(144,622)
Administration expenses	8,412	9,036
Total, included in staff costs (Note 7)	9,715	12,600

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17. Employee Benefit Assets (Continued)

Plan assets are comprised as follows:

	2022			
	Quoted	Unquoted	Total	
	$'000	$'000	$'000	%
Unitised investments	-	79,555	79,555	3.1
Government of Jamaica bonds	-	845,800	845,800	33.0
Corporate bonds	-	145,037	145,037	5.7
Resale agreements and CDs	-	124,099	124,099	4.8
Real estate	-	159,929	159,929	6.2
Equity securities	1,197,914	-	1,197,914	46.7
Net current assets	-	12,970	12,970	0.5
	1,197,914	1,367,390	2,565,304	100

	2021			
	Quoted	Unquoted	Total	
	$'000	$'000	$'000	%
Unitised investments	-	74,293	74,293	3.1
Government of Jamaica bonds	-	887,016	887,016	36.9
Corporate bonds	-	169,938	169,938	7.1
Resale agreements and CDs	-	160,710	160,710	6.7
Real estate	-	139,663	139,663	5.8
Equity securities	968,111	-	968,111	40.3
Net current assets	-	4,041	4,041	0.1
	968,111	1,435,661	2,403,772	100

17. Employee Benefit Assets (Continued)

Expected contributions to the post-employment plan for the year ending 31 March 2022 are $60,617,000 (2021 - $57,716,000).

Movements in the amounts recognised in the statement of financial position:

	2022 $'000	2021 $'000
Assets at beginning of year	422,632	417,380
Amounts recognised in profit or loss in the statement of comprehensive income	(9,715)	(12,600)
Amounts recognised in other comprehensive income	(11,700)	(5,032)
Contributions paid	23,679	22,884
Assets at end of year	424,896	422,632

The significant actuarial assumptions used were as follows:

	2022	2021
Discount rate	8.0%	8.5%
Future salary increases	5.5%	6.0%
Expected pension increase	2.5%	1.5%

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 60.

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17. Employment Benefit Assets (Continued)

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on post-employment obligations		
	Change in Assumption	**Increase in Assumption**	**Decrease in, Assumption**
		$'000	**$'000**
Discount rate	0.5%	(2,025,871)	2,270,603
Future salary increases	0.5%	2,171,488	(2,112,425)
Expected pension increase	0.5%	2,236,381	(2,053,681)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

18. Intangible Assets

	Computer Software $'000
At Cost -	
At 1 April 2020	57,596
Additions	845
At 31 March 2021	58,441
Additions	5,634
At 31 March 2022	64,075
Depreciation -	
At 1 April 2020	41,772
Charge for the year	9,009
At 31 March 2021	50,781
Charge for the year	8,757
31 March 2022	59,538
Net Book Value -	
31 March 2022	4,537
31 March 2021	7,660

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19. Property, Plant and Equipment

	Freehold Land and Buildings $'000	Furniture, fixtures, plant and equipment $'000	Motor Vehicles Furniture & Equipment $'000	Computer Equipment $'000	Total $'000
Cost/Valuation					
At 1 April 2020	1,487,202	270,607	33,432	106,829	1,898,070
Additions	-	5,876	-	16,024	21,900
Disposals	-	-	(3,005)	(2,196)	(5,201)
Revaluation	137,922	-	-	-	137,922
At 31 March 2021	1,625,124	276,483	30,427	120,657	2,052,691
Additions	-	792	14,773	1,086	16,651
Revaluation	96,304	-	-	-	96,304
At 31 March 2022	1,721,428	277,275	45,200	121,743	2,165,646
Accumulated Depreciation -					
At 1 April 2020	160,533	214,386	27,790	73,564	476,273
Charge for the year	11,788	7,842	2,659	15,509	37,798
Disposals	-	-	(3,005)	(1,816)	(4,821)
At 31 March 2021	172,321	222,228	27,444	87,257	509,250
Charge for the year	12,700	7,597	2,200	14,056	36,553
At 31 March 2022	185,021	229,825	29,644	101,313	545,803
Net Book Value -					
31 March 2022	1,536,407	47,450	15,556	20,430	1,619,843
31 March 2021	1,452,803	54,255	2,983	33,400	1,543,441

The Bank's freehold land and buildings, with a historical cost of $96,116,000 (2021 – 96,116,000), were last revalued in March 2022 on the basis of an open market valuation, by independent professional valuers. The excess of valuation over the carrying value of freehold land and buildings of $96,304,000 (2021 – $137,922,000) has been credited to other comprehensive income (included in revaluation reserve) (Note 24).

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20. Loans Payables

		Interest Rate %	31 March 2021 $'000	New Loans/ Adjustments $'000	Transaction Costs/ Repaid $'000	Exchange differences/ Interest Capitalised $'000	31 March 2022 $'000
(b)	Government of Jamaica (GOJ)						
(i)	Ministry of Mining and Energy	-	120	-	-	-	120
(ii)	International Bank for Reconstruction and Development 1994/2001	2.82	1,439,416	-	-	62,391	1,501,807
(iii)	MOA – Dairy Sector	-	109,928	-	-	-	109,928
(iv)	GOJ / DBJ MSME	1.00	-	-2,857,600	-	-	2,857,600
(v)	GOJ –DBJ Go-Digital Program	0.25	-	142,400	-	-	142,400
(vi)	GOJ DBJ SME	0.25	-	2,000,000	-	-	2,000,000
(vii)	World Bank Energy						
	(1) MOF&P –	2.70	129,302	-	(28,860)	5,811	106,253
	(2) MOF&P – US$1.3M loan	6.00	409,729	-	-	-	409,729
(viii)	MOF&P (FCGP) – J$2.4B loan	4.00	2,363,289	-	(96,231)	-	2,267,058
(ix)	MOF&P – US$10M loan	3.00	2,582,323	(1,119,627)	(29,872)	63,928	1,496,752
(x)	MOF&P – J$ 4B loan	4.00	2,924,850	1,119,631	-	-	4,004,481
(xi)	IDB Climate Change Adaption	-	255,990	-	(50,000)	-	205,990
	Total GOJ loans		10,214,947	5,000,004	(204,963)	132,130	15,142,118

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20. Loans Payables (Continued)

	Interest Rate	31 March 2021	New Loans/ Adjustments	Transaction Costs/ Repaid	Exchange differences/ Interest Capitalised	31 March 2022
	%	$'000	$'000	$'000	$'000	$'000
(b) Direct Borrowing						
(xii) IBRD US$P.I.E.D. Line of Credit	2.82	90,516	-	(94,439)	3,923	-
(xiii) Caribbean Development Bank 2002/2022:						
- 26ORJ	3.30	494,670	-	(260,567)	24,055	258,158
- 11SFR/ORJ	2.50	221,850	-	(28,903)	38,519	231,466
- 20SFR/ORJ	2.50	1,140,900	-	(48,520)	96,900	1,189,280
(xiv) European Community	1.00	67,197	-	(17,752)	(534)	48,911
(xv) European Investment Bank						
- Loan II	6.56	145,894	33	(145,927)	-	-
(xvi) GOJ NIF	4.00	23,015	(17)	(22,998)	-	-
Balance c/f – Direct borrowing		2,184,042	16	(619,106)	162,863	1,727,815

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20. Loans Payables (Continued)

	Interes t Rate	31 March 2021	Net interest payable movement	New Loans/ Adjustments	Write-Off	Transaction Costs/ Repaid	Exchange differences /Interest Capitalised	31 March 2022
	%	$'000	$'000	$'000	$'000	$'000	$'000	$'000
(b) Direct Borrowing (continued)								
Balance b/f – Direct borrowing		2,184,042	-	16	-	(619,106)	162,863	1,727,815
(xvii) Petro Caribe Loan:								
- US$31.0M loan	3.00	2,580,583	-	-	-	(385,265)	108,100	2,303,418
- US$40.0M loan	2.50	5,724,836	-	-	-	(1,587,134)	256,202	4,393,904
Total direct borrowing		10,489,461	-	16	-	(2,591,505)	527,165	8,425,137
Total loans payable		20,704,408	-	5,000,020	-	(2,796,468)	659,295	23,567,255
Interest payable		1,152,668	61,071	-	(55,501)	-	-	1,158,238
		21,857,077	61,071	5,000,020	(55,501)	(3,116,172)	659,295	24,725,493

Analysis between current and non-current portions

	2022	2021
	$'000	$'000
Portion due for repayment within a year of the reporting date	3,519,078	1,699,520
Portion payable thereafter	21,206,415	20,157,557
Total loans payable	24,725,493	21,857,077

20. Loans Payable (Continued)

(a) Government of Jamaica

In a letter dated January 31, 1985, the Government of Jamaica ("GOJ") agreed to bear the exchange risk on loans negotiated and on-lent to the company by the Ministry of Finance and Planning ("MOF& P"). The loans which are covered by the agreement were on-lent to the company (and are repayable to the Government) in Jamaica dollars. The repayment to the GOJ is usually done by an off-set against certain amounts due to the Company by the GOJ.

(i) This represents funds received for lending via the People's Co-operative Banks to establish a Biogas Programme.

(ii) This loan represents the GOJ contribution to the company in accordance with certain agreements. The International Bank for Reconstruction and Development (IBRD) agreement recommends that the debt/equity ratio does not exceed four times its equity. At March 31, 2022, the financial position of the company disclosed a ratio of 1.80:1 (2021 - 1.65:1).

(iii) This is a loan from the Ministry of Agriculture (MOA) which was on-lent to the National Peoples Cooperative Bank (NPCB) for on-lending at 1% to the Dairy Sector. The company does not pay interest on the loan, and does not charge interest on the amount on-lent.

(iv) This Line of credit represents J$2,857.6 billion MSME Recovery loan from the Government of Jamaica under the Serve Jamaica Program. It was fully drawn at the reporting period March 31,2022. Interest is payable at the rate of one percent per annum on a quarterly basis. Principal repayment commences one year from the date of disbursement. Principal is repayable in 36 instalments quarterly commencing October 30, 2022, ending July 30, 2031.

This represents the J$142.4 million Line of credit Go-Digital under the Serve Jamaica Program from the Government of Jamaica. It was fully drawn down as at the reporting period March 2022, interest is payable at the rate of 0.25 percent per annum on a quarterly basis. Principal repayment commences one year from the date of disbursement. Principal is repayable in 36 quarterly instalments commencing October 30, 2022 and ending July 30, 2031.

(v) This represents the J$2 billion Line of credit from the Government of Jamaica being Private Equity Funds under the Serve Jamaica Program. It was fully drawn down as at the reporting period March 2022 and interest is payable at the rate of 0.25 percent per annum after 5 years.

Principal repayment commences 10 years from the date of disbursement. Principal is repayable in 20 quarterly instalments commencing March 30,2032 and ending December 30, 2036.

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20. Loans Payable (Continued)

(a) Government of Jamaica (continued)

(vi) This represents the J$ equivalent of the amount of US$1,916,650, being the amount drawn down up to the reporting date out of a loan of US$4,600,000 from the Government of Jamaica, which on-lent money borrowed from the World Bank for the Energy Security and Efficiency Enhancement Project being managed by the company. Under the terms of the sub-loan:

- Interest is payable at the rate of 6-month LIBOR plus a variable spread computed by MOF&P, after a moratorium of one year from the date of disbursement.

- Principal is repayable in 49 instalments on March 15 and September 15, commencing March 15, 2022 and ending March 15, 2040.

Loan amount of J$409.728 million was drawn down on the loan of US$4,600,000. The Government of Jamaica bears the foreign exchange risk on this portion of the loan and this loan bears interest at a rate of 6 per cent per annum.

(vii) The MOF&P has entered into a loan agreement with the International Bank for Reconstruction and Development referred to as the World Bank to fund the Foundation for Competitiveness and Growth (FCGP). The PIOJ is the project execution unit; the DBJ carries out the credit functions for small medium enterprises (SME's). The GOJ bears the foreign exchange risk on the loan.

(viii) This represents US$10 million line of credit, being fully drawn down as at the reporting period March 2021 from the Government of Jamaica, interest is payable at the rate of 3 percent quarterly. Principal repayment commences two years from the date of disbursement.

- Principal is repayable in 52 instalments quarterly commencing March 23, 2022 and ending December 23, 2034.

(ix) This represents the J$ equivalent of the amount of US$20 million, being fully drawn down as at thereporting period March 2021 from the Government of Jamaica, interest is payable at the rate of 4 percent quarterly. Principal repayment commences two years from the date of disbursement.

- Principal is repayable in 52 instalments quarterly commencing April 3, 2022 and ending January 3, 2035.

(x) This loan from the Inter-American Development Bank (IDB) was on-lent to Jamaica Small Business to enhance their Climate Change Adaption Programme. No interest is charged on the Loan.

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20. Loans Payable (Continued)

(b) Direct borrowings

(xi) This represents funds borrowed by GOJ under the International Bank for Reconstruction & Development (IBRD) US dollar Private Investment and Export Development (PIED) Line of Credit and on-lent to the Bank for on-lending to private enterprises to support the development of export of goods and services. It bears interest at the rate of 2.82% per annum and this amount will be settled as part of the debt off-set by the Bank and the MOF&P.

(xii) These loans, negotiated by the Bank, are denominated in United States dollars and are repayable within the next 5 years. The Government of Jamaica has undertaken to bear the exchange risk associated with the CDB loans except for the 26 ORJ loan, the exchange risk on which is borne by the Bank.

(xiii) This represents the balance of Euro 1,629,099 drawn down under an EEC 1.86 million line of credit granted under a Financing Contract dated April 2, 1986, between the Bank and the European Community. The loan bears interest at the rate of 1% per annum, and is repayable in 60 semi-annual instalments, the first of which was due on October 1, 1995. The loan is guaranteed by the Government of Jamaica

(xiv) This is a line of credit from the European Investment Bank (EIB) equivalent to Euro 10 million. The EIB bears the foreign exchange difference on this line. The first tranche carries an interest rate of 7% and is payable quarterly with eleven instalments ending in January 2021. The second tranche carries an interest rate of 6.56% payable in twelve equal instalments to September 30, 2021. The borrower undertakes that the proceeds of the loan shall exclusively be made available to Microfinance Institutions in order to be on-lent to Final Beneficiaries for the financing of projects.

(xv) This amount represents the balance of amounts drawn down under a loan facility of $450 million received from the National Insurance Fund (NIF) for on-lending to small and medium enterprises (SME). The loan bears interest at a rate of 4% p.a. and is repayable in March 2022.

(xvi) (1) This represents the balance of amounts draw down under a loan from PetroCaribe Development Fund to finance loans to the productive sector. Interest is payable semi-annual at 3% per annum.

(2) This represents the balance of amounts draw down under a loan from PetroCaribe Development Fund, specific to the Information Communication and Technology Sector (ICT) for the construction of ICT/Business Processing Outsourcing (BPO) facilities. It bears interest of 2.5% per annum, paid quarterly over a 15-year period and matures in 2026 with three years moratorium on principal.

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21. Other Liabilities

	2022	2021
	$'000	$'000
Due to related entities	183,498	173,603
Accrued charges	179,377	141,562
Statutory deductions	10,933	8,941
Other	518,946	467,200
	892,754	791,306

22. Share Capital

	2022	2021
	$'000	$'000
Authorised -		
1,757,539,000 Ordinary shares	1,757,539	1,757,539
Issued and fully paid, no par value -		
1,757,539,000 Ordinary shares at no par value	1,757,539	1,757,539

In accordance with Section 39(7) of the Jamaican Companies Act, 2004, share premium of $98,856,000 is not included in the Bank's stated capital.

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23. Capital Reserves

		2022	2021
		$'000	$'000
(a)	Funds for capital	1,179,817	1,179,817
(b)	Government subvention	83,180	83,180
(c)	Self-Supporting Farmers Development Programme	15,941	15,941
(d)	Capital grants	7,106	7,106
(e)	Other capital reserves – NIBJ	139,336	139,336
(f)	Self-Supporting Jamaica Business Fund (f)	20,311	84,748
(g)	Mentors Innovation & Entrepreneurship Program	176	-
(h)	Capital distribution	(212,619)	(212,619)
		1,233,248	1,297,509

(a) **Funds for capital**

This includes amounts totalling $450 million and $500 million received during the years ended March 31, 1999, and March 31, 2009, respectively, from the Government of Jamaica through the Capital Development Fund, as equity injections to finance the company's lending programmes.

(b) **Government subvention**

This represents the Government of Jamaica contribution to the company, of funds received from the Canadian International Development Agency.

(c) **Self-Supporting Farmers Development Programme**

This represents the balance of amounts recovered by the company and capitalised as equity under the terms of the agency agreement.

Under the terms of an Agency Agreement, dated 27 May 1982, between the company and the Government of Jamaica in relation to the Self-Supporting Farmers Development Programme (SSFDP), it was agreed that:

(i) All assets be transferred to the company.

(ii) The portfolio be analysed and administered by the company. Reasonable steps should be taken to recover loans determined at that time to be doubtful.

(iii) All loan recoveries be utilised to assist in the capitalisation of the company and such recoveries be employed in carrying out the functions of the company including the granting of loans direct to farmers for agricultural purposes only.

The portfolio of SSFDP previously administered by the company was transferred to the People's Co-operative Banks (PCB) in 1997 as a contribution to the equity of those banks. This balance represents collections under the SSFDP portfolio prior to the portfolio being transferred to the PCB in 1997.

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23. Capital Reserves (Continued)

(i) **Capital grants**

These represent the EUR 200,000 received from the European Investment Bank (EIB) for the provision of Technical Assistance (TA) funding to microfinance sector.

(j) **Other capital reserves**

This represents gain on the sale of investments and rights issue, as well as capital grants, transferred from NIBJ.

(k) **Self-Supporting Jamaica Business Fund**

The Jamaica Business Fund is a Supply Chain Grant Fund which supports the improvement in productivity of selected supply chains. The resources are disbursed to the DBJ by the Planning Institute of Jamaica (PIOJ) for distribution over the life of the projects.

(l) **The Mentors for Innovation & Entrepreneurship Programme (MIEP)**
MIEP provided business mentorship by industry experts to high-growth potential business innovative products or services. The support to the entrepreneurs is provided though technical experts and business intermediaries; able to assist them in reducing the barriers to the growth and development of their business.

(m) **Capital Distribution**
Interim dividend, (being capital distribution) of 0.12 cents per share, paid in November 2012 to the Accountant General Department

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24. Other Reserves

		2022	RESTATED 2021
		$'000	$'000
(a)	Fair value reserve	350,954	581,801
(b)	General reserve – Equalisation Fund	957,597	957,597
(c)	Revenue reserve	2,539,391	2,539,391
(d)	Special reserve	3,123	3,123
(e)	Revaluation	1,571,094	1,474,788
(f)	Technical assistance reserve	285,105	247,758
(g)	Employee benefits reserve	53,635	65,335
		5,760,899	5,869,793

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24. Other Reserves (Continued)

(a) Fair value reserve

This represents unrealised gain in fair value of investment securities made up as follows:

	2022	2021
	$'000	$'000
At beginning of year	581,801	32,500
(Loss)/Gain on GOJ Bonds during the year	(230,847)	549,301
At end of year	350,954	581,801

(b) General reserve - Equalisation Fund

This reserve was established to absorb exchange losses on loans denominated in foreign currency which were negotiated directly by the company. A minimum of 20% of profit for the year (after crediting exchange gains but before crediting profits from other transfers) was transferred to the reserve. No transfer was made during the year as the loan to which the requirement for this transfer applies has been repaid.

(i) Exchange equalisation

The maintenance of this reserve was a requirement of a lending agreement between the company and the European Investment Bank which provided, during the period of the lending agreement, for the annual transfer to the exchange equalisation account of a portion of the interest differential on loans funded from the proceeds of the loan received under the lending agreement. This loan has been repaid and no further transfers are being made.

(c) Revenue reserve

This represents an accumulation of a minimum of 40% of profits transferred over the years (after other transfers) to this reserve.

The company transferred $250 million from this reserve to the Credit Enhancement Facility Fund during 2010, which was used as start up capital for the Fund.

(d) Special reserve

	Exchange Equalisation		Total	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Balance at beginning of year	3,123	3,123	3,123	3,123
Balance at end of year	3,123	3,123	3,123	3,123

(e) Revaluation reserve

This represents unrealised surplus on the revaluation of land and buildings.

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24. Other Reserves (Continued)

(f) Technical assistance reserve

i. This represents the transfer from retained earnings of an amount equivalent to the discounted present value of the non-interest-bearing, 10-year note issued by GOJ consequent on its assumption of the loans due from three GOJ-owned sugar companies and previously written-off by the company, as set out in note 15 (a). The Board of Directors has decided that, together with certain funds from multilateral agencies, the cash received from GOJ under the note will be used as seed funding to strengthen various institutions. This will be monitored by the Institutional Strengthening and Research Division.

ii. This represents 20% of profit transferred to the Technical Reserves as per Board Decision.

	2022	2021
	$'000	$'000
Original amount assumed by the GOJ	1,004,168	1,004,168
Imputed interest	(345,056)	(345,056)
Original amount transferred from retained earnings	659,112	659,112
Interest transferred from retained earnings - Previously	828,348	719,392
- During year	175,979	108,956
- To date	1,004,327	828,348
Gross accumulated resources at end of year	1,663,439	1,487,460
Utilised - Previously	(1,239,704)	(1,125,130)
- During year	(138,630)	(114,574)
- To date	(1,378,334)	(1,239,704)
Net at end of year	285,105	247,758

(g) Employee benefits asset reserve

This represents the cumulative changes in the employee benefits asset recognised in other comprehensive income.

25. Dividends – paid to the Accountant General Department

	2022	2021
	$'000	$'000
Interim dividends -		
1.920 cents per stock unit – 14 October 2021	34,000	-
1.98 cents per stock unit – 15 October 2020	-	35,000
	34,000	35,000

26. Related Party Transactions and Balances

(a) Definition of related party

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

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

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

(2) has significant influence over the Bank; or

(3) is a member of the key management personnel of the Bank or of a parent of the Bank.

(ii) An entity is related to the Bank if any of the following conditions applies:

(1) the entity and the Bank are members of the same Bank (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(2) one entity is an associates or joint venture of the other entity (or an associate or joint venture of a member of a Bank of which the other entity is member);

(3) both entities are joint venture of the same third party;

(4) one entity is a joint venture of a third entity and the other entity or an associate of the third entity;

(5) the entity is a post-employment benefit plan for the benefit of employees of either the Bank or an entity related to the Bank;

(6) the entity is controlled or jointly controlled by a person identified in (i) and;

(7) a person identified in (i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent entity).

A government related entity is an entity that is controlled, jointly controlled or significantly influenced by a government. A related party transaction is a transfer of resources, services or obligations between the Bank and a related party, regardless of whether a price is charged.

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26. Related Party Transactions and Balances (Continued)

(b) Related party transactions

The following transactions were carried out with government related entities and associated companies:

	2022	2021
	$'000	$'000
(i) Other income:		
Other income – rental: Government related entities	88,135	94,147
Other income – administrative fees: Government related entities	9,650	9,300

	2022	2021
	$'000	$'000
(ii) Other expenses:		
Discount on financial asset: Government related entities	(89,649)	263,270

(c) Key management personnel compensation

Key management personnel comprise those persons having authority and responsibility for planning, directing and controlling the activities of the Bank, directly or indirectly, including the Directors and the members of the senior or executive management of the Bank.

	2022	2021
	$'000	$'000
Salaries and other short- term employee benefits	161,080	149,865
Statutory payroll contributions	8,397	7,631
Pension benefits	4,545	4,359
	174,022	161,855
Directors' emoluments:		
Fees	2,194	2,219
Management remuneration		
(included above)- current year	26,142	25,862

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26. Related Party Transactions and Balances (Continued)

(d) Related party transactions

	2022	2021
	$'000	$'000
(1) Loans:		
Government related entities	416	35,424
Associated companies	1,402,355	1,314,698
(2) Interest receivable:		
Associated companies	319,854	319,854
(3) Staff loans receivable	34,680	34,107
(4) Other receivable	2,141,951	2,185,999

Investment in related entities

	2022	2021
	$'000	$'000
Caribbean Mezzanine Fund	235,100	219,405
CariCRIS	7,630	7,313

27. Contingencies and Commitments

(a) As at 31 March 2022, there were outstanding commitments to disburse loans totalling approximately J$1,475.1 million and US$7.7 million (2021 - J$ 120 million and US$10.5 million).

(b) The Bank had capital commitments, in respect of projects being undertaken, totalling approximately $Nil (2021 - $32.6 million).

(c) As at 31 March 2022, the bank had commitments to pay Technical Assistance grant in the amount of J$451.9 million.

The Bank is subject to various claims, disputes and legal proceedings in the ordinary course of business. Provision is made for such matters when, in the opinion of management and its legal advisors, (1) it is probable that a payment will be made by the Bank, and (2) the amount can be reasonably estimated.

The Bank has not provided for those claims against it in respect of which management and legal counsel are of the opinion that they are without merit, can be successfully defended, or will not result in material exposure to its financial position.

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28. Restatement

The Credit Enhancement Facility Fund ("the Fund"), which was established with effect from July 2009, is an arrangement between the Approved Financial Institutions ("AFI") and the Bank, which is aimed at providing partial collateral guarantees to AFIs for loans to Small and Medium-sized Enterprises ("SMEs") which do not meet the full collateral requirements, and the Fund was set up as a part of the arrangements. Losses arising from these guaranteed loans are shared between the Bank and the AFIs.

During the year, the Bank's reversed profits amounting to $759,063,000 that was being recorded in the books of the Bank since 2009. The Trust deed states that the Fund is an independent entity reporting to a Board of Trustees and governed by the trust deed. The balance as at 31 March 2020 was J$577,088,000 and amounted to J$181,975,000 for the year ended 31 March 2021. Amounts reflected after the restatement are actual receivables from the Fund.

The tables below reflect the effect of the above restatements of financial position for the year ended March 2020.

	As previously stated	Effect of Restatements	As Restated
ASSETS	**2020**		**2020**
	($'000)		**($'000)**
Cash and cash equivalents	1,222,674	-	1,222,674
Securities - Resale Agreements	7,095,295	-	7,095,295
Investment Securities	3,232,035	-	3,232,035
Investments in Property	932,600	-	932,600
Investments in Associated Companies	1,121,408	-	1,121,408
Loans receivables	15,927,416	-	15,927,416
Due from Government of Jamaica	772,142	-	772,142
Credit Enhancement Facility Fund	595,339	(577,088)	18,251
Other Receivables	1,743,160	-	1,743,160
Retirement Benefit Asset	417,380	-	417,380
Intangible assets	15,824	-	15,824
Property Plant and Equipment	1,421,797	-	1,421,797
Taxation recoverable	393,036	-	393,036
Total Assets	34,890,106	(577,088)	34,313,018
LIABILITIES			
Loans Payable	20,772,959	-	20,772,959
Other	737,427	-	737,427
Total Liabilities	21,510,386	-	21,510,386
EQUITY			
Share Capital	1,757,539	-	1,757,539
Share Premium	98,856	-	98,856
Capital Reserves	1,212,761	-	1,212,761
Other Reserves	5,773,742	(577,088)	5,196,654
Retained Earnings	4,536,822	-	4,536,822
Total Equity	13,379,720	(577,088)	12,802,632
Total Liability and Equity	34,890,106	(577,088)	34,313,018

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28. Restatement (Continued)

The tables below reflect the effect of the above restatement on the statement of comprehensive income for the year ended March 2021.

	As previously stated 2021 ($'000)	Effect of Restatements	As Restated 2021 ($'000)
Operating Income			
Interest income	1,391,564	-	1,391,564
Interest expense	(599,979)	-	(599,979)
Net interest income	791,585	-	791,585
Appreciation in fair value on investment property	10,514	-	10,514
Gain on sale of investments	173,995	-	173,995
Impairment recovery on financial assets	119,108	-	119,108
Other income	623,264	-	623,264
	1,718,466	-	1,718,466
Operating Expenses			
Staff costs	(703,960)	-	(703,960)
Impairment losses	(263,270)	-	(263,270)
Other operating expenses	(371,564)	-	(371,564)
	(1,338,794)	-	(1,338,794)
Operating Profit	379,672	-	379,672
Share of losses of associates	(65,815)	-	(65,815)
Profit from Credit Enhancement Facility Fund	181,975	(181,975)	-
Net Profit	495,832	(181,975)	313,857
Other comprehensive income, net of taxes			
Items that will never be reclassified to statement of comprehensive income			
Re-measurement of employee benefits asset	(5,032)	-	(5,032)
Realised fair value gain on investment through OCI	549,301	-	549,301
Surplus on revaluation of property, plant and equipment	137,922	-	137,922
	682,191	-	682,191
	1,178,023	(181,975)	996,048

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28. Restatement (Continued)

The tables below reflect the effect of the above restatement on the statement of financial position for the year ended March 2021.

	As previously stated	Effect of Restatements	As Restated
	2021		2021
ASSETS	($'000)		($'000)
Cash and cash equivalents	1,705,290	-	1,705,290
Securities - Resale Agreements	5,799,782	-	5,799,782
Investment Securities	4,275,622	-	4,275,622
Investments in Property	943,114	-	943,114
Investments in Associated Companies	1,114,369	-	1,114,369
Loans receivables	16,132,232	-	16,132,232
Due from Government of Jamaica	915,387	-	915,387
Credit Enhancement Facility Fund	791,468	(759,063)	32,405
Other Receivables	3,031,965	-	3,031,965
Retirement Benefit Asset	422,632	-	422,632
Intangible assets	7,660	-	7,660
Property Plant and Equipment	1,543,441	-	1,543,441
Taxation recoverable	454,907	-	454,907
Total Assets	37,137,869	(759,063)	36,378,806
LIABILITIES			
Loans Payable	21,857,080	-	21,857,080
Other	791,306	-	791,306
Total Liabilities	22,648,386	-	22,648,386
EQUITY			
Share Capital	1,757,539	-	1,757,539
Share Premium	98,856	-	98,856
Capital Reserves	1,297,509	-	1,297,509
Other Reserves	6,628,856	(759,063)	5,869,793
Retained Earnings	4,706,723	-	4,706,723
Total Equity	14,489,483	(759,063)	13,730,420
Total Liability and Equity	37,137,869	(759,063)	36,378,806

29. Impact of COVID-19 on the operations of the Bank

The World Health Organization declared the Coronavirus (COVID-19) outbreak a pandemic on March 11, 2020 and the Government of Jamaica declared the island a disaster area on March 13, 2020. The pandemic and the measures to control its human impact have resulted in disruptions to economic activity, business operations and asset prices.

In an effort to reduce the impact of COVID 19 on its operations, the Bank implemented several measures, some of which are:

(i) Employees were resourced with technologies enabling them to work from home and where employees had to visit the office, the necessary sanitation and other protocols were put in place.

(ii) The Bank facilitated a two (2) month moratorium on interest and principal to direct loan clients (largely BPO developers) with interest being capitalized and the tenure of the loans extended.

To allow sub-borrowers some relief, the Bank reduced its interest rate charged on existing loans to the Approved Financial Institutions (AFIs) by 0.75% for 2 months (April and May 2020) on the condition that this reduction be passed on to the sub-borrowers.

To make the CEF more attractive to AFIs, in meeting the needs of Micro, Small Medium Enterprises (MSMEs) during this period, several improved adjustments were offered for one year only - the 2020/21 financial year.

The Bank has grant funding available under its Voucher for Technical Assistance programme to update business and marketing plans and acquire software among other services through the approved Business Development Organisations. The Board of Directors is available to provide the necessary business support to the MSME
community during this time.

Generally, the pandemic has not otherwise impacted the operations of the Bank significantly.