Corporate Profile

The National Export-Import Bank of Jamaica Limited (EXIM Bank) was incorporated as a limited liability company on February 26, 1986 and commenced operations on May 1, 1986, as the first export import bank in the English speaking Caribbean. We are a public sector, trade financing institution wholly owned by the Government of Jamaica. Our staff has years of invaluable experience and knowledge of the local, regional and international business environments, which is brought to bear on the guidance we provide to our clients. We are led by a Board of Directors, comprised of accomplished and experienced members drawn from the public and private sectors. The Executive Management Team is headed by the Managing Director.

EXIM Bank – an engine of growth for the Jamaican economy – has been pumping needed financing into the productive sector through the provision of competitively priced short term and medium term financing to exporters and potential exporters within the non-traditional productive sector. Foreign Lines of Credit, short term financing for pre-shipment costs and post-shipment receivables are some of EXIM Bank's short term facilities. We also offer medium term financing for the acquisition of capital equipment, retooling and upgrading, and efficiency improvements to enhance Jamaica's export competitiveness.

Recognizing that SMEs are integral to Jamaica's economic success, we have implemented innovative policies and strategies in the interest of our clients in the agro processing, manufacturing, tourism, mining, distribution, ICT, services and creative industries. Our product offerings are complemented by Trade Credit Insurance which offers protection against commercial and political risk for foreign and domestic receivables.

All registered Jamaican companies in the productive sector which meet our requirements are able to access our loans and services.

Expect to Succeed

Contents

Annual Report 2012

3year Financial Highlights

	2012	2011	Restated 2010
FINANCIAL POSITION (J$ MILLIONS)			
Total Assets	7,894.57	7,863.61	7,884.84
Cash and Cash Equivalents	576.92	757.07	1,704.53
Notes Discounted	2,698.71	2,965.27	2,333.38
Investments	519.47	609.63	568.58
Shareholder's Equity	2,025.64	1,869.57	1,804.07
EARNINGS (J$ MILLIONS)			
Total Revenue	572.01	569.27	796.53
Operating Profit	339.68	289.85	512.98
Profit/(Loss) Before Tax	167.47	7.37	255.40
Profit/(Loss) After Tax	109.58	4.46	152.70
FINANCIAL RATIOS %			
Return on Assets	1.38%	0.06%	1.94%
Return on Equity	5.41%	0.24%	8.46%
Admin. Expense Ratio	31.53%	50.99%	32.34%
Operating Profit Margin	59.38%	52.28%	64.40%

Chairman's Message

Jamaica's hope lies in Our Productive Sector

> Everyday, new challengers to the marketplace match ability with creativity, to develop fresh opportunities and test avenues still unexplored.

Jamaica's hope for economic prosperity lies in our productive sector. This has always been a fundamental belief of mine. Every day, new challengers to the marketplace match ability with creativity to develop fresh opportunities and test avenues still unexplored. This year as EXIM Bank celebrates its 25th anniversary, the Bank reconfirms its commitment to support and encourage bold, innovative and viable indigenous businesses. Our goal remains unchanged: to provide sure footing for those who would venture into entrepreneurship, while helping established businesses extend their reach.

Over the past 25 years, EXIM has helped drive the productive sector's growth by making available competitively priced loan products and innovative service offerings to Jamaican exporters and potential exporters. While the Bank continues to focus on Jamaica's SMEs, the source of the nation's economic growth, more needs to be done to enhance Jamaica's international trade competitiveness. We will only achieve this through increased productivity, a culture to be embraced by businesses across the country.

The year-end record of $7.08 billion in loan disbursements is testament to the un-ending commitment of the Bank's management and staff. This represents a 17% increase in its loan utilization; a solid achievement and sign of real growth in the economic context of a 7.3% inflation rate over the same period. This success is also due in part to the Bank's unique approach to client management. EXIM considers itself a partner to each and every business it finances, providing not only dollars and cents but a working relationship founded in helping our clients find the best solutions. Many of Jamaica's large successful companies have benefited from this very approach.

To the EXIM bank team I lift my hat. Time and time again you stepped up to the plate when challenged by your Board. The value of your commitment to the organization and support to the Board of Directors is immeasurable and will not be forgotten. It was an honour and privilege to serve with you. On behalf of the entire Board, may you enjoy the same growth and prosperity we wish for our clients. Thank you also to our many clients who made good use of the Bank's services and products, and whose testimonials and good will continue to reinforce the importance and relevance of the Bank.

Finally, I wish the new Board every success as the EXIM Bank continues to help enable Jamaica's entrepreneurs realize their productive promise. May the next 25 years be the Bank's best yet.

Gary Craig "Butch" Hendrickson
Chairman

Corporate Governance

Strong governance ensures that EXIM Bank carries out its mandate responsibly and effectively whilst safeguarding the assets and interests of our Shareholder and promoting and facilitating the sustainable growth of the productive sectors of Jamaica.

This Corporate Governance Statement outlines EXIM Bank's corporate governance policies and procedures for the year ended 31st March 2012. The Board of Directors of EXIM Bank is a strong advocate of good corporate governance.

EXIM Bank's Corporate Governance Framework operates in accordance with the corporate governance charters, policies and codes of conduct adopted by the Board. The Board recognizes that corporate governance is a constantly evolving concept and therefore regularly reviews and updates the Company's governance charters and policies by reference to public sector guidelines and best practices in Jamaica and overseas.

The role of the Board of Directors is to oversee and guide the management with the aim of protecting and enhancing the interests of the Shareholder and achieving the Company's Mission and Vision. With the exception of the Managing Director, the Board is made of up independent Directors. These Directors possess a mix of skills, qualifications and experience to the benefit of the Company, its stakeholders and clients.
The Board meets monthly to consider issues of strategic direction guided by its Charters, specific policies, performance objectives and key initiatives. In order to achieve and maintain optimum levels of procedural transparency, analytical rigour and observance of public sector guidelines and best practices, the Board has established a number of committees. These committees serve to increase the efficiency of the Board and to assist in the handling of complex issues. The Committees meet as needed and work with the Senior Management Group, which is charged with the responsibility of implementing the decisions of the Board. There are six such committees which operate within defined regularly reviewed terms of reference laid down by the Board.

Board of Directors

Audit Committee

The Audit Committee is responsible for issues of accounting and risk management, the necessary independence required of the auditor and the issuing of the audit mandate to the auditor. Specifically, the Audit Committee: (i) reviews the annual audited financial statements before presentation to the Board of Directors for approval (ii) reviews the scope and timing of the audit (iii) receives and reviews the reports from the Bank's Internal Audit Division on the strengths and weaknesses of the internal controls; (iv) evaluates the effectiveness of the enterprise risk management policy and framework; and (v) evaluate the Bank's adherence to its Anti-Money Laundering & Anti-Terrorism Financing Policy.

The Committee members are: Mrs. Sandra Glasgow (Chairperson), Mr. Douglas Archibald, Miss Darlene Morrison and Mr Geoffrey Ziadie. The Committee met twice for the year.

Credit Committee

The Credit Committee's mandate is to approve or deny recommendations for credit within its designated approval authority as well as to review and make recommendations to the Board of Directors in respect of (i) all credit applications in excess of its authority and (ii) all other credit matters which require a decision from the full Board and (iii) reviews recommendations for provision for loan losses and bad debt write-offs.

The Committee members are: Mr. Douglas Archibald (Chairperson) Mr. Gary 'Butch' Hendrickson, Mrs. Sandra Glasgow, Mrs. Marjory Kennedy and Mr. Geoffrey Ziadie. The Committee met nine (9) times for the year.

Industrial Relations/ Human Resource Committee

This Committee deals essentially with matters relating to personnel recruitment and appointment particularly at senior levels, and other related industrial and human relation issues. These include but are not necessarily limited to remuneration/ compensation, particularly claims emanating from the biennial review of Wage Claim Agreements in respect of the unionised staff, issues relating to internal reclassification of job positions or reorganisation, and Human Relation issues affecting the staff generally which are outside the scope of the existing staff regulations.

The Committee members are: Mrs. Marjory Kennedy (Chairperson), Mr. Ian Forbes and Mr. Geoffrey Ziadie. The committee met once this year.

Corporate Governance Committee

The Committee monitors the Bank's compliance with applicable laws and regulations, ensures the Bank's adherence to principles of good corporate governance and is responsible for coordinating formal self-evaluations of the performance of the Board and Senior Management. It monitors the Bank's operations and develops and recommends changes to the Board's corporate governance policies and procedures.

Committee members: Mrs. Sandra Glasgow (Chairperson), Mr. Omar Azan and Miss Darlene Morrison. The committee met twice this year.

Directors are expected to bring their views to the Board's deliberations independent of management and free of any business or other relationship or circumstances that could materially interfere with the exercise of objective or unfettered judgment. Directors are required to avoid conflicts of interest and to immediately inform the Board should a conflict of interest arise.

Trade Finance and Product Development Committee

The main elements of the Committee's terms of reference are to act as an originating forum for ideas to ensure that the Bank's products and services provide maximum strategic and diagnostic support to the productive/export sector. It also helps to distill recommendations from Executive Management on the development of new products, sectors for economic support and the Bank's strategies for advertising and promotion.

The Committee members are: Mr. Gary "Butch" Hendrickson (Chairperson), Mr. Omar Azan, Mr. Ian Forbes, Mrs. Sandra Glasgow, Mrs. Marjory Kennedy and Mr. Geoffrey Ziadie.

The Committee members are: Mrs. Sandra Glasgow (Chairperson), Mr. Douglas Archibald, Miss Darlene Morrison and Mr Geoffrey Ziadie. The Committee met twice for the year.

Strategic Planning, Budget & Investment Committee

This Committee's mandate is to examine and make recommendations to the Board of Directors in respect of the Bank's 3-year rolling strategic plan, and its annual operating plan and budget.

The Committee members are: Mr. Omar Azan (Chairperson), Mr. Douglas Archibald and Mrs. Sandra Glasgow. The Committee met once for the year.

Board of Directors

Gary Craig 'Butch' Hendrickson
Chairman

Butch Hendrickson is a well known name in industry and a successful entrepreneur. Mr Hendrickson is Chairman and Managing Director of one of the largest and most successful bakery operations in the country for over 16 years. He is an active member of the Private Sector Organisation of Jamaica and the Jamaica Manufacturers Association. Chairman since December 2007.

Sandra Glasgow
Deputy Chairperson

Sandra Glasgow is the CEO of the Private Sector Organisation of Jamaica. Mrs Glasgow holds directorships with the National Commercial Bank Ltd., Grace Kennedy Foundation, Dressed for Success Jamaica and eMedia Interactive Ltd. Director Glasgow is the longest serving EXIM Bank Board Member having served since January 2003.

Lisa Bell
Managing Director

Lisa Bell joined EXIM Bank two years ago. She brings to the Bank over 20 years experience in providing financial, analytical, project and general management expertise. Mrs. Bell has a wealth of knowledge in credit and financial services especially as it relates to SMEs and the Export Sector. An EXIM Bank Director since May 2010.

Omar Azan
Director

Omar Azan is CEO of Boss Furniture Co. Ltd., a leading Jamaican Furniture manufacturer and exporter. Mr Azan, the immediate past president of the Jamaica Manufacturers' Association, remains an active member in this association. An EXIM Bank Director since December 2007.

Marjory Kennedy
Director

Well known as a successful shipping executive, Marjory Kennedy is a Director of Jamaica Fruit and Shipping Co. Ltd., Jamaica Freight and Shipping Co. Ltd,. Interseas Ltd. and Shipping Services Stevedoring Ltd. Mrs Kennedy is an active member of the Jamaica Exporters Association. An EXIM Bank Director since December 2007.

Douglas Anthony Archibald
Director

Douglas Archibald, a retired banker, has over 17 years experience in corporate lending with a specialized area of expertise in development banking. An EXIM Bank Director since December 2007.

Geoffrey Ziadie
Director

Geoffrey Ziadie, a finance specialist by training and an entrepreneur at heart. Mr Ziadie is the founding Managing Director of CHAD-AD Distributors Ltd, a leading distributor of automotive tyres and supplies. He holds directorships and manages the daily operations of Newport Forklift Services Ltd., Sharp Cooling Ltd., Zoukie Wrecking Services Ltd. and Caribbean Export & Recycling Co. Ltd. An EXIM Bank Director since December 2007.

Darlene Morrison
Director

Darlene Morrison is Deputy Financial Secretary for the Economic Management Division, at the Ministry of Finance and Planning. Ms Morrison is instrumental in the formulation and monitoring of key government initiatives, including the fiscal programme, debt strategy and external programme loans. An EXIM Bank Director since February 2008.

Ian Forbes, JP
Director

Ian Forbes is Managing Director of Sherwin-Williams (WI) Ltd. a leading paint manufacturer serving the Caribbean. Mr Forbes is Vice President of the JMA. He holds directorships with AMCHAM, UNITED WAY, GC Foster College, Jamaica College and sits on The Salvation Army Advisory Board. An EXIM Bank Director since February 2008.

Report from the

Managing Director

Surpassing Our Targets

…the Bank achieved its highest level of loan utilization of **$7.08 billion** …and recorded a **17% increase** over it 2011 results

Managing Director's Report

It is with a deep sense of accomplishment that The National Export-Import Bank of Jamaica recorded another successful year of operation as it celebrated 25 years of consistent financial support to the productive sectors of the economy. Acknowledging the prevailing economic challenges in the global and local environment, the Bank undertook strategic initiatives to respond to the imperatives relating to growth and improved national export performance, through portfolio diversification, expanded support to SMEs, innovation in product and service delivery and improved customer service. This success was evidenced by the Bank attaining and surpassing all its key performance targets, registering net profit of $109.6 million, loan utilization of $7.08 billion while maintaining a bad debt portfolio of under 1%. The value of exports from customers was exceeded by 13%. These were achieved whilst improving our customer service satisfaction rating to 85% and maintaining a 100% compliance record with regulatory and statutory requirements.

> "...success was evidenced by the Bank attaining and surpassing all its key performance targets, registering net profit of $109.6 million..."

Due to changes in market dynamics which resulted in lending rates plummeting to a new 20 year low, the Bank had to source lower cost funds for onlending. An additional US$20 million was accessed from the PetroCaribe Development Fund during the 4th quarter from which US$16.5 million was drawn to facilitate financial assistance to sectors such as agro processing, food and beverage production, manufacturing, mining and services. Special emphasis was placed on supporting SMEs. The Development Bank of Jamaica provided an additional J$600 million in loanable funds, J$100 million of which was specifically earmarked at attractive rates of interest, for exporters of food products to the USA, to facilitate their compliance with the Food Safety and Modernization Act (FSMA) signed into Law in January 2011.

The Bank engaged in other initiatives to support the specific needs of its target market such as customizing loan products, improving customer service delivery through the utilization of new software applications and the continuing interface and collaboration with both public and private sector stakeholders to expand the loan portfolio and facilitate export growth. These were supported by vibrant marketing and advertising programmes aimed at promoting the awareness of the Bank's products and services and building the EXIM brand.

Financial Highlights

The Bank achieved its highest level of loan utilization of $7.08 billion, surpassing its $7 billion target and recorded a 17% increase over its 2011 results of $6 billion. This performance when viewed against the reduced demand for loans in the local banking system attests to the Bank's commitment to its role as an engine of growth for the Jamaican economy through the provision of competitively priced short term and medium term financing to exporters and potential exporters within the non- traditional productive sector.

Revenue of $572 million reflected a marginal increase over the previous year 2011. Interest income from loans reported at $500.3 million contributed 87% to total revenue and reflected an increase of 12.5% over interest income from loans recorded at $444.8 million at 2011. Net interest income from loans amounted to $306.3 million and contributed 90% to operating profit of $339.7 million. Due to a substantial reduction in administrative expenses resulting from decreases in interest expenses and cost containment coupled with gains due to the IAS 19 valuation of the Pension Fund, the Bank recorded a net profit of $109.6 million, a significant improvement over the modest $4.4 million reported at year end 2011.

Loan Utilisation Figures

$7.08 Billion
Loan Utilization 2012

$6 Billion
Loan Utilization 2011

Revenue Figures

$572 Million
Revenue 2012

$569 Million
Revenue 2011

Initiatives Undertaken 2012

Innovative loan programmes were established to assist viable SMEs and to respond to market demands. A new financing window was made available for food exporters to the USA to implement/upgrade their food safety systems to meet the requirements of the FSMA. 2012 Interest rates for this loan programme have been very attractively priced at 6.5% - 7% p.a. for Jamaica dollar loans and 5% - 6% p.a. for US dollar loans.

A new working capital loan window to finance local charges associated with the clearance of goods from the wharf occasioned by increased taxation on imports, was made available to importers of capital goods and raw material in the productive sector. The Bank expanded its support to the creative industries in financing a computer animation production, a flourishing and growing industry, contributing to film, television and games through character animation, computer graphics and special effects.

In an effort to support new and emerging sectors within the economy, the Bank focused on expanding its geographic reach particularly in the western region. As the tourism sector and its related subsectors have been identified as primary growth sectors, the Bank has been very active in engaging businesses in the northern and western regions of the island through its participation in trade shows and meetings with the regional Chambers of Commerce. The Bank proposes to establish a permanent presence in the west at the commencement of the new financial year 2013.

The Bank continues to forge strong stakeholder alliances with public and private sector organizations and trade associations, and has collaborated on several projects with the following entities – The Jamaica Exporters' Association, Jamaica Manufacturers' Association, The Private Sector Organization of Jamaica, Jamaica Chamber of Commerce and other regional Chambers of Commerce, Jamaica Hotel and Tourist Association, Bureau of Standards and JAMPRO. A Memorandum of Understanding was signed between EXIM Bank and JAMPRO, setting the framework for cooperation and collaboration between the entities under JAMPRO'S Export Enterprise Development Programme (JAMPRO EXPORT MAX).

Due to targeted promotional and advertising programmes, utilizing all forms of media, EXIM Bank has been able to sustain heightened brand awareness and visibility within the business sector. The EXIM Brand continues to be highly respected across the broad spectrum of Jamaica's productive sector and is considered as a viable source of affordable trade and medium term financing for Jamaican businesses. A key strategy employed this year included deepening the relationship with complementary private and public sector entities, which allowed us to partner on strategic initiatives thereby benefiting from cost-sharing while maintaining reach to our target group. The Bank worked extensively with JAMPRO with its Meet Jamaica 2012 Olympic initiative, EXPORT MAX, JAPEX and a series of exporters' forums. Other significant partnerships were with ACTIONCoach Jamaica in the staging of the Bank's Six Steps to Better Business seminars for SMEs and with the Jamaica Exporters' Association in the promotion of the FSMA and the Bank's corollary loan programme.

"The Business Advisory Service... opened to the public this year... was born out of a need to provide SMEs with a holistic approach to readying themselves for financing and positioning for growth."

The Business Advisory Service (BAS), a new value-added service offering by the Bank was opened to the public this year. The decision to offer this service was born out of a need to provide SMEs with a holistic approach to readying themselves for financing and positioning for growth. It is envisaged that the BAS will also be used as a tool to increase business prospects for the Bank.

Through more effective use of Information Technology, several initiatives were undertaken to automate internal processes to improve efficiencies to both internal and external customers.

In furtherance of the development and implementation of an organizational culture change, the Bank engaged in team building and leadership exercises. The team building exercises, in particular, resulted in recommendations for improved efficiency and costs savings, some of which have been implemented and have yielded significant savings.

Managing Director's Report

The Bank maintained its commitment to the continuous identification, analysis, reporting, monitoring and management of risks. This was accomplished through the Bank's risk governance structure which ensured that frequent risk control and assessment of operations were executed.

International Associations

Since its formation in 1986 the EXIM Bank has been a member of the Berne Union (an Association of International Credit and Investment Insurers). Through this Association, the Bank has gained invaluable information on the operation methodologies of Credit Insurance worldwide as well as international best practices. The Bank is also a member of ALASECE (the Latin American Association of Credit Insurance), a non-profit entity comprising 14 active members in the Latin American and Caribbean regions offering Trade Credit Insurance. As the country expands its trade relations particularly in the Latin American regions, it is expected that this relationship will allow for the sharing of vital information to expand trade developments in the region.

> "A new financing window was made available for food exporters to the USA to implement/upgrade their food safety systems to meet the requirements of the FSMA."

Future Projects

The present economic climate dictates the need for further innovation and meaningful intervention for our existing and potential clients particularly in sub sectors which show the greatest potential for export earnings such as the creative industries, tourism (including health tourism), niche manufacturing and sports. The Bank will also support the expansion of opportunities to allow customers to access both existing and new markets, This support is hinged, however, on the strengthening of the Bank's capital base through the receipt of increased equity capital as the sources of low cost for onlending have become increasingly limited. The Bank in seeking to improve its levels of efficiency will be exploring increased partnerships with its Approved Financial Intermediaries (AFIs). In recognition of the benefits to be derived from the utilization of the TCI policy as collateral by SMEs requiring working capital financing, the Bank proposes also to promote the expanded utilization of this product to its AFIs.

I take this opportunity on behalf of the Management and Staff of the EXIM Bank to express sincere thanks and appreciation to the Board of Directors for its direction and guidance throughout this financial year. The levels of performance achieved would not have been possible without their invaluable support and the dedication and commitment of the staff.

As we approach the new financial year 2013, we welcome the Bank's new Board of Directors and look forward to a close working relationship and a year with even higher levels of performance.

Mr. Douglas Orane, Chairman, Grace, Kennedy & Co. Ltd., makes a presentation to EXIM Bank's Senior Officers at the 2012 Strategic Planning Retreat.

Lisa Simone Bell
Managing Director

Keeping our Sectors

Growing

Operations Review

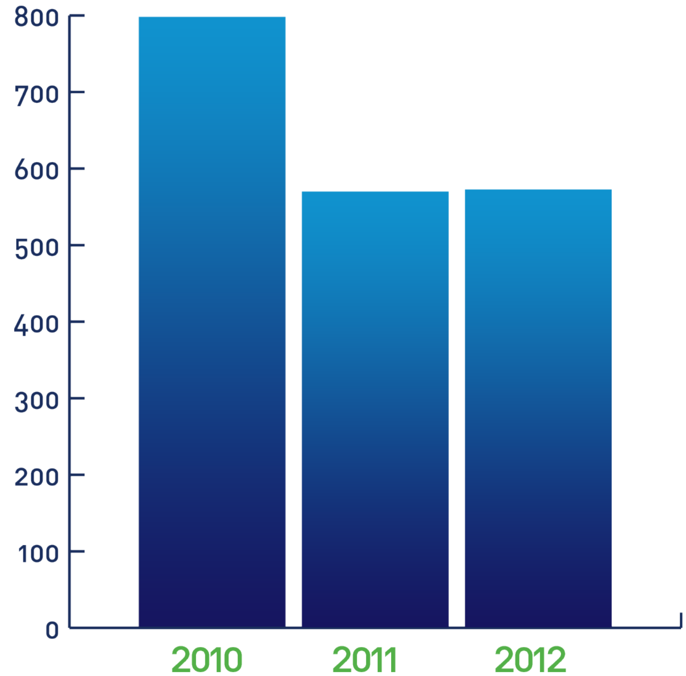
Review of Operations

The EXIM Bank recorded loan utilization of J$7.08 billion, surpassing its projected utilization target of J$7.0 billion for the period, and achieving an increase of 17.0% over the 2011 results. Of the sum of J$7.08 billion, US$50.5 million (J$4.4 billion) or 62% was disbursed under the Foreign Currency facilities, while J$2.7 billion or 38% represented Jamaica dollar loans, primarily to Small and Medium-sized enterprises. The 2012 performance was achieved against the background of the sluggish demand for loans in the local banking system, and the lingering effects of the global financial crisis which continues to impact the domestic economy. Despite these challenges and its limited Jamaica dollars resources to meet the increased demands of its customers, the EXIM Bank through strategic marketing and leveraging its strong reputation in the exporting community, achieved its key performance targets and recorded a profit before tax of J$167.5 million.

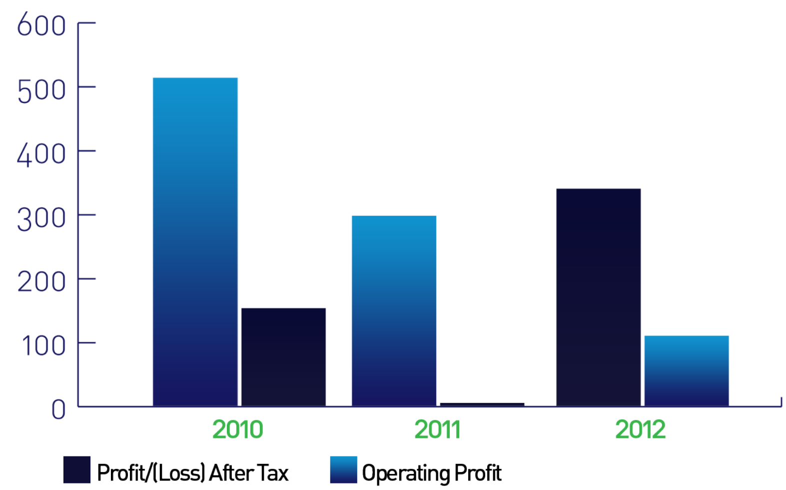
Revenue

For the financial year ended March 31, 2012, the Bank recorded total revenue of J$572.0 million, marginally above the J$569.3 million achieved in the previous financial year. Net interest income reported at J$320.9 million at year-end 2012, represented an increase of 21.3% over the J$264.6 million recorded at year-end 2011. The Bank's efforts at sourcing lower cost funds to reduce its borrowing cost is reflected in a reduction of 17% in interest expenses, which moved from J$260.3 million in 2011 to J$216 million at year-end March 2012. As a result of the reduced interest expense, the Bank's Operating Profit recorded an increase, moving from J$289.9 million in 2011 to J$339.7 million at year-end 2012, reflecting a positive movement of 17.2%.

Total Revenue (J$'M)



Profitability



Review of Operations

Profit

Profit before tax for the year was reported at J$167.5 million a significant improvement over the J$7.4 million recorded in 2011. This position was due largely to cost containment measures coupled with gains from the IAS 19 valuation of the Pension Fund. An after tax profit of $109.6 million was realized significantly above the J$4.5 million recorded in 2011.

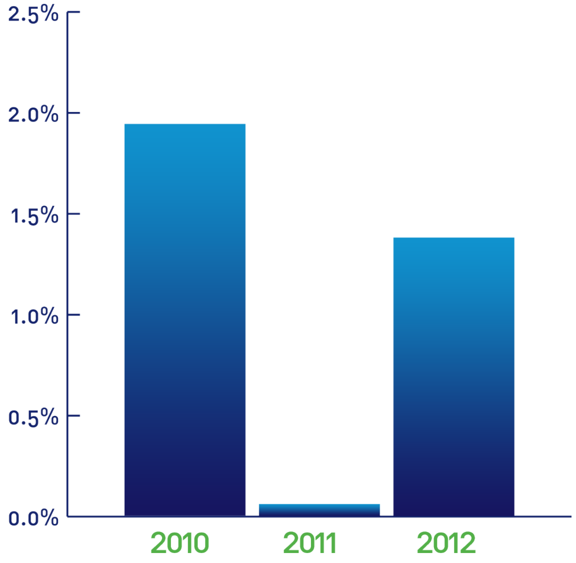
Earning Assets

The Bank's total assets for the financial year ended March 31, 2012 were reported at J$7.9 billion. Medium term loans recorded the highest growth increasing by 67%, from J$1.5 billion in March 2011 to J$2.5 billion as at 31 March 2012 and was the second largest contributor to total assets. Although declining marginally, short term notes discounted also contributed to the results achieved, ending the year at J$2.7 billion, 10% below the J$3.0 billion recorded in 2011. On the other hand Cash and Cash Equivalents reflected a reduction, as funds were utilized to meet the strong demand for loans experienced during the year.

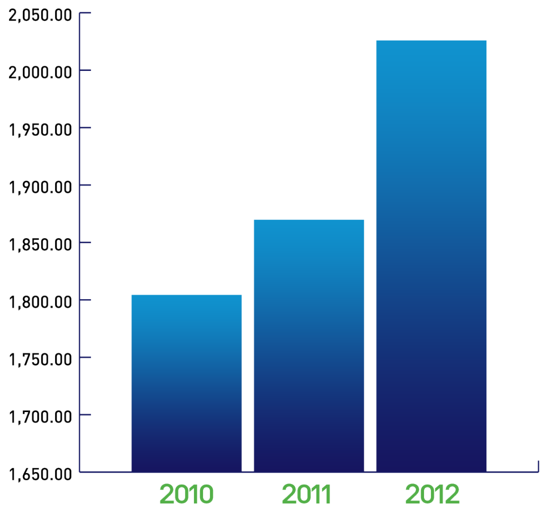
Shareholder's Equity

The strong profit performance recorded during the financial year resulted in an increase in Shareholder's Equity reported at just over J$2.0 billion, supported mainly by Retained Earnings of J$1.1 billion.

Return on Assets (%)



Shareholders Equity ($)



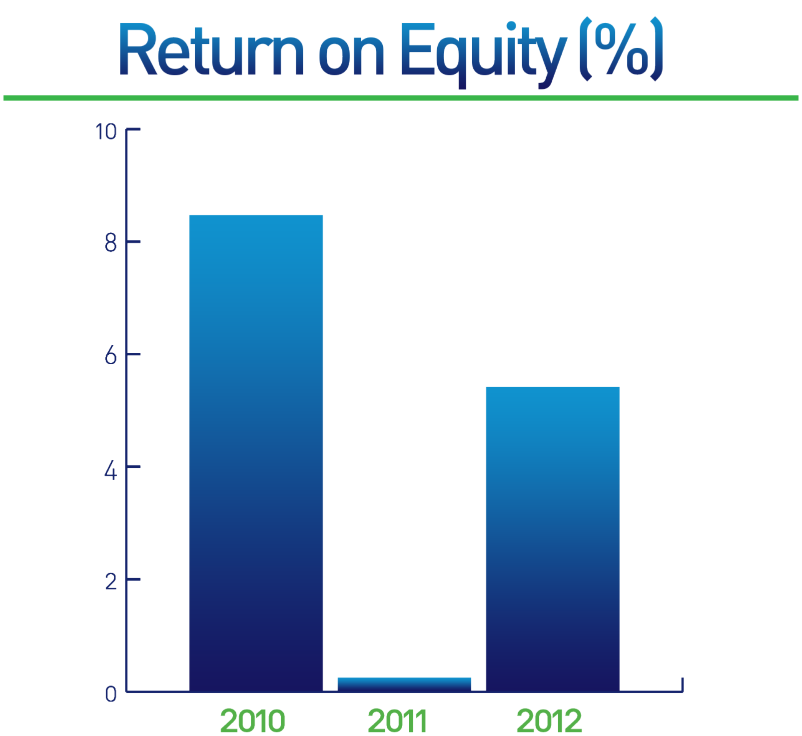
Review of Lending Activities

In aligning its strategy with Government's objective to provide financial support to the growth sectors of the economy, the Bank increased its lending to sectors such as manufacturing, agro processing, the creative industries and services such as tourism and its linkages, Information Communication Technology and shipping. The manufacturing and agro processing sectors accounted for just under J$5.0 billion or 71% of total loans, while the services and distributive sectors accounted for the remaining portion. Loans were used mainly for the acquisition of capital equipment for modernization and plant expansion and the procurement of raw materials, to meet the demands from new and existing markets, as well as for efficiency improvements.

The Small and Medium-Sized sector, generally recognized as the main driver of economic activity, continued to be the focus of the Bank. During the review period, loans disbursed under the Small Business facility were recorded at J$526 million, 16% above the J$452 million achieved in 2011. Several new initiatives aimed at preparing the sector to take advantage of emerging opportunities have been developed. These include the London 2012 Meet Jamaica Loan Programme which provides financing for the export of locally produced goods to capitalize on opportunities arising from the Summer Olympic Games in London, England. To ensure compliance with the requirements of the Food Safety and Modernization Act, imposed by the United States of America, a special loan financing window at competitively priced rates of interest was established for exporters of food products to the USA. Beneficiaries under this loan programme can access financing for the purchase and upgrade of plant and equipment, as well as training and technical assistance.

In keeping with its strategic focus to develop new export markets for Jamaican goods, the Bank is pleased that the Cuban Line of Credit reflected strong utilization during the year, as transactions totaling CDN$7.1 million were recorded, representing an increase of 107% over the results for the corresponding period 2011. The Bank expects that the Line will continue to achieve similar or greater levels of utilization in the 2013 financial year.

Bottling plant at Lethe Spring Water Ltd. Located in the parish of Hanover.
Client since October 2007.



Trade Credit Insurance

Trade Credit Insurance (TCI) which encourages the expansion of trade through the insurance of receivables operates under the co-insurance principle and covers 85% (commercial risk) and 90% (political risk). The insurance policy facilitates access to working to working capital through the discounting of receivables under the Bank's Insurance Policy Discounting Facility (IPDF). To ensure greater utilization of this product, the Bank continued to work with its stakeholders to sensitize them to the benefits of the product, particularly as it relates to new markets and collateral support.

Reinsurance Quota Share Treaty

As a part of its risk mitigation strategy, the EXIM Bank reinsures the insurance portfolio under a Quota Share Agreement, whereby the Bank cedes 60% of its premium income for 60% coverage of its insurable risk,. Under the Agreement, both commercial and political risks are covered.

Human Resource & Administration

Cognizant of the importance of qualified and motivated staff, quality of service and professionalism, EXIM Bank implemented special training programmes aimed at honing skills in sales techniques, leadership management, technological development, performance management evaluation, industrial relations and team building. These initiatives positively impacted the Bank's operations resulting in greater departmental synergies and improved operating efficiencies.

The Bank continued its programme of assisting staff with educational advancement through a specially crafted education loan scheme. Through this assistance staff members have attained tertiary level and professional qualifications.

Corporate Citizenship

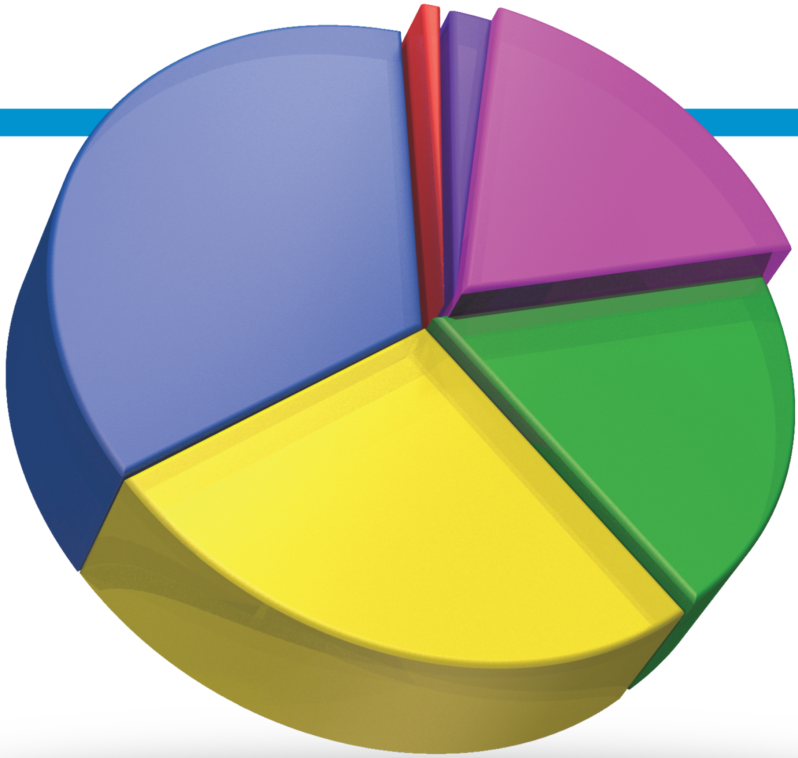
Despite the economic constraints, the Bank continues to be benevolent by its acts of financial contributions to assist organizations, especially those involved in the education and care of children. We continue to give support to the Leila Tomlinson Wareika Hill Basic School, Best Care Foundation, Merrion Basic School and the Christian Boys Home.

EXIM Bank participated in the PanCaribbean Sigma Corporate Run 2012. Seen left to right are EXIM staff members: Carren Phillips, Jennifer Wright, Vinell Francis and Debbie-Ann Young.

Loans Disbursed by Industry

April 2011 - March 2012

- Mining - 1%
- Textile & Apparel - 2%
- Distribution/Service - 17%
- Food & Beverage - 19%
- Agro Processing - 26%
- Other Manufacturing - 35%



Senior Management

L-R
Geta Wright-Jarrett
Finance & Information Systems

Valerie Crawford
Trade Financing & Risk Management

Camille Reid-Burrell
Legal & Corpporate Secretarial

Dennis Cunningham
Human Resource & Administration

Angela Pennant
Internal Audit

Chief Officers

L-R

Paul Carroll
Accounts

Lorraine Fuller
Finance

Audrey Morris
Risk Management

Charles Lewis
Credit

Shernett Manning
Credit Operations

Hamlin Pagon
Information Systems

Ann Marie Walter-Allen
Marketing

OMPETENT DEDICATED

LEXIBLE BOLD DEDICATED PIONEERING

NEERING

DICATED

COMPETENT

Enterprise Risk **Management**

The EXIM Bank is committed to the continuous identification, analysis, reporting, monitoring and management of risks and takes an enterprise wide approach to risk management. The Bank's risk management framework which focuses on the attainment of an appropriate balance between risk and return and the mitigation of adverse effects on the Bank's financial value, ensures compliance with regulatory requirements and standards of best practice, as well as conformity with the Board's risk appetite. An unwavering commitment by the Board of Directors and Senior Management to actively manage risks is supported by an ever strengthening risk management culture among staff. The framework incorporates a risk governance structure and appropriate policies and procedures.

The Bank's risk governance structure includes administrative controls which are effected through relevant Committees of the Board (Audit Committee, Credit Committee, Product Development Committee) and Executive Management, and manages risk by ensuring that lending activities are compliant with its risk appetite/tolerance.

The Internal Audit Division independently and objectively monitors the effectiveness of risk management policies, procedures and internal controls. The Risk Management and Compliance Officer works with each Division and Senior Management to ensure continuous focus on key risks and trends which may influence risk oversight.

The principal risks affecting the conduct of the Bank's activities are credit, liquidity, market and operational risks. Further details of these risks are provided in Note 3 of the Financial Statements.

Corporate Statements

Mission

To facilitate sustainable economic growth through increased exports and sustained job creation by providing competitively-priced trade financing solutions to the productive sector including exporters, potential exporters and direct suppliers to exporters.

This we will achieve by being visionary, innovative, creative, customer-focused and viable with a highly efficient, motivated and performance-driven team.

Vision

To facilitate Jamaica becoming a net exporting country by being a visionary, innovative and creative trade financing institution.

Core Values

Our values provide direction and energy to what we do every day; they serve as the guiding principles of individual and organizational behavior.

At EXIM Bank we believe in:

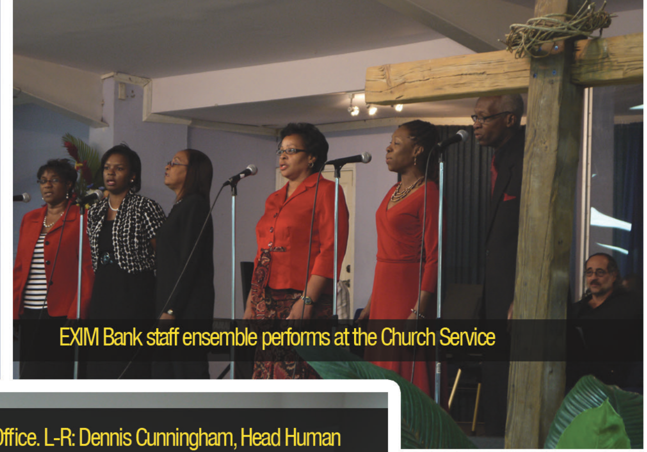
- Customer-Centricity
- Integrity
- Innovation
- Professionalism

EXIM BANK JAMAICA

25th ANNIVERSARY

Celebrating 25 Years

Several events marked EXIM Bank's 25th anniversary. The celebration started with a church service at the Swallowfield Chapel in Kingston followed days later by a live, on-location, Power 106 FM radio broadcast during the programme Independent Talk with Ronnie Thwaites. A commemorative newspaper supplement was also published by the Gleaner Company which showcased the Bank's achievements and successes over the years. The celebrations culminated with a gala dinner and awards function at the Terra Nova Hotel, where both staff and customers were recognized.


EXIM Bank staff ensemble performs at the Church Service


Staff interviews at EXIM Bank Office. L-R: Dennis Cunningham, Head Human Resource, Ronnie Thwaites (radio host), Ralston Hyman and Pauline Small.


Valerie Crawford being interviewed by Ronnie Thwaites, during the Bank's live outside radio broadcast.


Ann Marie Walter-Allen, Chief Officer for Marketing and Stacie-Ann Wiggan, Senior Credit Officer hard at work during the radio broadcast.

Charles Lewis (Chief Officer, Credit) Stacie-Ann Wiggan (Senior Credit Officer)at JAPEX Trade Show.

Divisional Champions pose for the camera. L-R: Karen Wilson (Finance & Information Systems), Omar Bennett (Internal Audit), Debbie-Ann Young (Trade Finance), Chairman Hendrickson, Lisa Bell (Managing Director), Jennifer Wright (Managing Director's Office), Tanya-Kay Williams (Human Resource & Administration) and Hyacinth Rhoden (Legal).

Champion Boss Valerie Crawford shares a special moment with Managing Director Lisa Bell, as she accepts her award.

Long Service awardees (25 years) pose with the Managing Director, Lisa Bell. L-r: Front row – Lorraine Fuller, Sharon Powell, Shernette Manning, Lisa Bell, Fayval McCallum, Donalee Wright. Back row – Vernon Rhoden, Gennora Salmon, Charles Lewis, Venitia Hawthorne, Audrey Morris, Pauline Small, Angela Pennant.

Long service awardees, Bridget Powell and Kelly-Ann Miller share a happy time with Managing Director Lisa Bell.

Staff members Fayval McCallum, Audrey Morris and Sharon Powell listen keenly to what their Managing Director, Lisa Bell, has to say.

Chairman Butch Hendrickson presents the EXIM 2012 Champion Award to Ms. Debbie-Ann Young.

EXIM Family in rapt attention at the gala awards banquet.

Champions

EXIM Champion — Debbie-Ann Young

Runner Up
Tanya-Kay Williams

Divisional Champions

Finance & Information Systems	Karen Wilson
Human Resource & Administraton	Tanya-Kay Williams
Audit	Omar Bennett
Legal	Hyacinth Rhoden
Managing Directors Office	Jennifer Wright
Trade Financing & Risk Mgmt	Debbie-Ann Young

Other Champions

Citizenship	Debbie-Ann Young
Leadership	Debbie-Ann Young
Leadership (runner up)	Jennifer Wright
Champion Boss	Valerie Crawford

Long Service Awardees

10 Years of Service

Sharlton Bedward
Valerie Crawford
Dennis Cunningham
Sandra Foster
Kelly-Ann Miller
Bridget Powell

15 Years of Service

Paul Carroll
Rose Daay
David Green
Michelle Small
Jennifer Wright
Geta Wright-Jarrett
Debbie-Ann Young

20 Years of Service

Donovan Anglin
Megan Barrett
Arleen Ducasse
Junior Gordon
Melrose Mason
Hamlin Pagon
Jannette Spence
Urcelia Thelmington
Joseph Williams
Karen Wilson

25 Years of Service

Lorraine Fuller
Venitia Hawthorne
Charles Lewis
Shernett Manning
Audrey Morris
Angela Pennant
Sharon Powell
Vernon Rhoden
Gennora Salmon
Pauline Small
Avery Wilson
Donalee Wright
Effeline Brown-Ferguson
Fayval McCallum

Stories of

Success

Entrepreneurs Great
Growth SuccessBusiness work
Hard Champions Prosperity
Dedication BIG Leaders
Stalwarts Revenue Profit

The great ones believe they cannot fail…
they can only learn and grow.

Steve Siebold

Morgan's Group of Companies
EXIM client since May 1986

Staying Ahead of the PACK

Aswad Morgan, Group Sales/Marketing Director

The Morgans Group of companies which is comprised of Ther-A-Pedic Caribbean, Polyflex Foam Limited & Jumbolon Jamaica Limited is one of the leading suppliers of bedding, foam, packaging materials to some of the largest furniture retail stores, hotels, hospitals and other institutions in the Caribbean. This ranking has come through years of experience, investment in research and development, awareness of the operating environment and a commitment to staying ahead of the competition

The Morgans Group is a foundation customer, having been with the Bank from its inception. "We have found EXIM Bank to be very focused on their clients' growth. They know how to keep in step with businesses and have responded to us efficiently. The low interest rate is very appealing," shared Aswad Morgan, Group Sales/Marketing Director. "We have used EXIM's products and services primarily to purchase raw materials and to re-tool our extensive manufacturing operations over the years. We have always had a major focus on equipping our plants with the most modern and efficient equipment available for our respective operations so that we can supply our customers' growing demands and high delivery/quality expectations," shared Mr. Morgan

Morgans Group is an excellent example of what is possible for Jamaican entrepreneurs who choose to follow their dreams. With a history that began with manufacturing mattresses for householders from as far back as 1958, the Group has grown to become a major exporter to the English and Spanish speaking Caribbean, South America and the USA.

Ther-A-Pedic Caribbean Ltd and Polyflex Foam Ltd. affiliated companies of the Morgans Group have over the years used several of the Banks facilities including the Bank's Foreign lines of credit to facilitate the importation of raw material and medium term loans to retool and upgrade facilities. Today Polyflex Foam is the largest manufacturer of polyurethane foam in Jamaica, with a 40,000 square foot production facility supplying the bedding, upholstery, insulation, and carpet under lay industries.

Designs by Marc
EXIM client since Dec 1998

EXIM Knows my Business inside & Out

*Literally and figuratively on the cutting edge, **Designs by Marc** is one of Jamaica's amazing little companies that is, through vision and innovation, doing great things on the global stage. Its work has become synonymous with the highest quality in corporate clothing and is the brand of choice for many leading Jamaican professionals.*

Designs by Marc was established in 1987 to create comfortable, fashion forward work wear. Its success and appeal soon meant expansion was critical for growth.

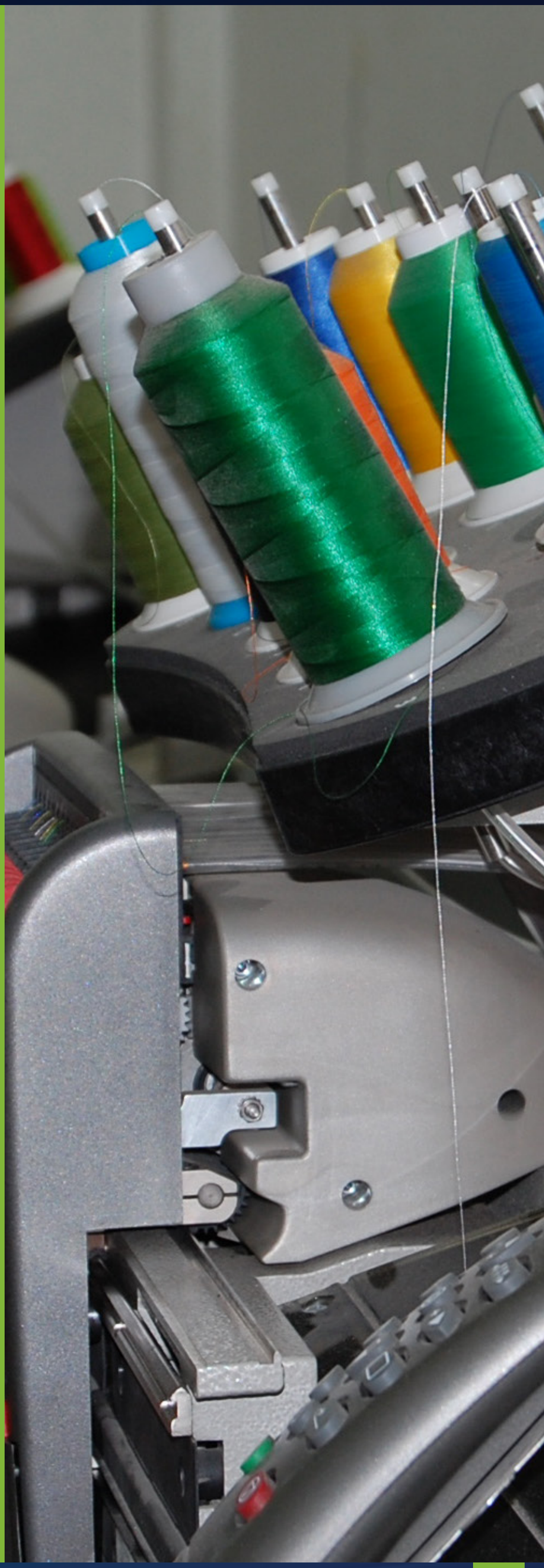
"During our partnership with the EXIM Bank we have been able to: create an in house design studio, acquire an industrial steam pressing facility, and upgrade our IT infrastructure," divulged Marc-Maurice Frankson, operations manager.

The company accessed several short term loans over the years. At one point they accessed a novel project based funding programme set up to provide special support to the apparel sector. However, all companies in the apparel manufacturing sector can access loans under EXIM's current range of financing options at the low interest rate of minimum 10 per cent. Terms are flexible and tailored to the needs of each client.

"The loans have allowed us to expand our business bit by bit. Because of the funding support we have been able to execute contracts that provide little or no advance. As we plan our company's future, it helps to know we can depend on the EXIM for support." Mr. Frankson said.

Designs by Marc has a Kingston based operation but serves companies island wide, as well as in the Caribbean and other markets. Its line has blazed several runways including the premier Caribbean Fashion Week held annually in Jamaica.

"The Bank is truly committed to the development of Jamaica through service to its clients. Not only are the rates competitive but our partnership has been successful this far, largely because the representatives know my business in and out. I trust their recommendations because I am confident that they really do have my company's best interest at heart," Mr. Frankson asserted.



Gray's Pepper Products
EXIM client since December 2000

Claiming our Success

Gray's Pepper achieves World Class Operation with EXIM Bank

The path of the entrepreneur is never smooth and is certainly not for the feint hearted. Andrew Gray, of Gray's Pepper Products Ltd, based in Westmoreland, will be the first to tell you that this path is rocky, steep, and that when at times it appears to be level; it can quickly turn into rugged terrain. For this reason, he is very careful to identify and address the opportunities and risks of the immediate, medium and long term. This foresight has kept the company on sure footing by capitalizing on services and products offered by the EXIM Bank. "EXIM provided working capital which allowed us to purchase excess pepper to carry us through the "famine" periods when local pepper supply was low," Mr. Gray said.

The factory is able to process one million pounds of pepper per annum and is the second largest agri-business of its kind in Jamaica. "We have a first world operation in Jamaica and our processing plant is fully automated. By upgrading our operations, we were able to become a more reliable and consistent supplier of finished products," Mr. Gray shared. To get to this remarkable point Mr. Gray accessed working capital loans under the Bank's Co-Pack facility, used largely to purchase raw material. Today, agro-processors like Gray's Pepper Products, can access similar Jamaica Dollar loans, both short and medium term, at rates as low as 10% p.a.

In over 43 years of operations, the company has developed premium and world famous sauces including: Gray's Spicy Sauce; Grays's Habanero Pepper Sauce and Gray's Hot Pepper Sauce. The brand has won local and international awards, including the Monde Selection Competition in 1982. The factory's lab is also approved by the Bureau of Standards to test its own products.

Although, there is much to be proud of, Mr. Gray cautions, "We still have our challenges but with the continued help from EXIM we expect to overcome. We are aware that we cannot afford to become complacent so are at all times looking to further modernize our plant to become more competitive globally." He encourages entrepreneurs to talk with EXIM Bank even when they do not think their balance sheet is attractive.

"I qualified for an EXIM loan during a period when we were operating at a loss. Yet they were willing to work with us. I appreciate the fact that they are not carte blanche about how they analyze clients' situations but deal with each on a case by case basis. This is important because entrepreneurs need that kind of flexibility."

Doing business with Jamaica's finest

MORGANS GROUP

JAMAICA BROILERS GROUP OF COMPANIES

WISYNCO GROUP

Sunlight Windows & Doors Ltd.

BENJAMINS
A trusted name for over a century

QUALITY SINCE 1922
Grace
Bringing Good Taste to Life

QUALITY DEALERS GROUP LTD.

JAMAICA STANDARD PRODUCTS

EXIM Bank has over 300 clients in its fold. Here we recognise but a few of these brands with whom we have partnered over the past 25 years. We extend a heartfelt thank you to these and all of our clients in export development.

25 **Years** of **Service**

1987 - 2012

EXIM BANK JAMAICA

Realising Your Productive Promise

Corporate Data

Offices

National Export-Import Bank of Jamaica Limited
11 Oxford Road, Kingston 5
Entrance on Norwood Avenue
Jamaica, West Indies
Phone: (876)960-9690
Fax: (876) 960-5956/906-9115
Email: info@eximbankja.com
Website: www.eximbankja.com

Primary Banker

Bank of Jamaica
Nethersole Place
P.O. Box 621, Kingston
Jamaica, West Indies

Auditors

PricewaterhouseCoopers
Scotia Bank Centre
Duke Street, Kingston
Jamaica, West Indies

Compensation Package

BOARD OF DIRECTORS

Directors are paid a fee for attendance at each meeting in accordance with Government Regulations, and for the year under consideration, compensation amounting to $842,000.00 was paid.

EXECUTIVE MANAGEMENT

(Summary)
Basic Salary Range of Executive Management- $3,297,365.72 - $8,560,000.08

Motor Vehicle Allowance:

Managing Director	-	$1,457,470.54
Managers	-	$335,879.42 - $582,000.00

Other Allowances:

Managers	-	$49,732.39 - $440,996.11
Performance Incentive Pay	-	$396,451.22 - $905,384.62

NOTES

1. Executive Management includes Managing Director and five (5) Managers.
2. The above figures represent actual amount paid.
3. Other Allowances for Managers consist of clothing and Assisted Passage.
4. All members of the Executive Management, except for two (2) Managers and the Managing Director who are Contract Officers are eligible to participate in a non-contributory pension plan. The Contract Officers receive a gratuity of $25% of basic salary in lieu of pension.
5. All members of the Executive Management are eligible to participate in the staff loan schemes and the Group Health and Life Insurance Schemes.

Financial

Statements

2012

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EXIM BANK JAMAICA

Independent Auditors' Report

To the Members of
National Export-Import Bank of Jamaica Limited

Report on the Financial Statements

We have audited the accompanying financial statements of National Export-Import Bank of Jamaica Limited, set out on pages 1 to 48, which comprise the statement of financial position as at 31 March 2012 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

pwc

Members of National Export-Import Bank of Jamaica Limited
Independent Auditors' Report
Page 2

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of National Export-Import Bank of Jamaica Limited as at 31 March 2012, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Jamaican Companies Act.

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
28 June 2012
Kingston, Jamaica

Year ended 31 March 2012
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2012 $'000	2011 $'000
Interest and fee income:			
Loans		500,299	444,825
Investments		36,536	80,038
		536,835	524,863
Interest and fee expense:			
Loans		(193,991)	(244,645)
Lines of credit		(21,964)	(15,657)
		(215,955)	(260,302)
Net interest income		320,880	264,561
Credit losses	3	(16,374)	(19,114)
		304,506	245,447
Other income:			
Dividend income		9,969	7,871
Fees and other charges		674	4,038
Foreign exchange gains		14,155	19,739
Insurance premium		3,458	8,350
Other	5	6,921	4,409
		35,177	44,407
Operating Profit		339,683	289,854
Administration expenses		(172,218)	(282,487)
Profit before Taxation		167,465	7,367
Taxation	8	(57,887)	(2,907)
Net Profit		109,578	4,460
Other Comprehensive Income:			
Unrealised gain on available-for-sale financial assets, net of tax		46,492	65,018
Total Comprehensive Income		156,070	69,478

31 March 2012
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2012 $'000	2011 $'000
ASSETS			
Cash and deposits	9	576,917	1,299,466
Notes and other receivables	10	941,240	707,879
Notes discounted	11	2,698,706	2,965,265
Medium-term loans receivable	12	2,493,733	1,479,071
Demand and non-accrual loans	13	159,479	310,979
Investments	14	519,466	609,630
Letters of credit		15,827	98,735
Long-term loans receivable	15	16,487	17,284
Income tax recoverable		71,515	75,188
Post-employment benefit asset	16	297,252	196,458
Property, plant and equipment	17	103,947	103,654
Total assets		7,894,569	7,863,609
LIABILITIES			
Payables		39,057	27,678
Bank overdraft	9	-	542,397
Short- term loans and lines of credit	18	382,824	335,549
Deferred tax liabilities	19	70,752	40,884
Long-term loans	20	5,269,077	4,861,448
Letters of credit		15,827	98,735
Post-employment benefit obligation	16	91,392	87,348
Total liabilities		5,868,929	5,994,039
EQUITY			
Share capital	21	257,738	257,738
Capital reserve	22	352,458	352,458
Reserve fund	23	168,499	151,769
Reserve for trade credit insurance	24	7,802	7,644
Investment revaluation reserve	25	182,789	136,297
Retained earnings		1,056,354	963,664
Total equity		2,025,640	1,869,570
Total liabilities and equity		7,894,569	7,863,609

Approved for issue by the Board of Directors on 28 June 2012 and signed on its behalf by:

The Hon. William E. Clarke, OJ, CD, LLD (Hons.), FICB. Director

Lisa Bell Director

Year ended 31 March 2012
(expressed in Jamaican dollars unless otherwise indicated)

	Share Capital	Capital Reserve	Reserve Fund	Reserve for Trade Credit Insurance	Investment Revaluation Reserve	Retained Earnings	Total
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance at 31 March 2010	257,738	352,458	151,769	11,625	71,279	959,204	1,804,073
Comprehensive income –							
Net profit	-	-	-	-	-	4,460	4,460
Other comprehensive income:							
Unrealised fair value gain on available-for-sale investments	-	-	-	-	65,018	-	65,018
Total comprehensive income	-	-	-	-	65,018	4,460	69,478
Transactions with owners							
Transfer from insurance reserve	-	-	-	(3,981)	-	-	(3,981)
Balance at 31 March 2011	257,738	352,458	151,769	7,644	136,297	963,664	1,869,570
Comprehensive income –							
Net profit	-	-	-	-	-	109,578	109,578
Other comprehensive income:							
Unrealised fair value gain on available-for-sale investments	-	-	-	-	46,492	-	46,492
Total comprehensive income	-	-	-	-	46,492	109,578	156,070
Transactions with owners							
Transfer to reserve fund (Note 23)	-	-	16,730	-	-	(16,730)	-
Transfer to insurance reserve	-	-	-	158	-	(158)	-
Balance at 31 March 2012	257,738	352,458	168,499	7,802	182,789	1,056,354	2,025,640

Year ended 31 March 2012
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2012 $'000	2011 $'000
Cash Flows from Operating Activities			
Net profit		109,578	4,460
Adjustments for:			
Depreciation	16	8,777	9,366
Gain on disposal of property, plant and equipment		(25)	(1,080)
Interest and fee income		(536,835)	(524,863)
Interest and fee expense		215,955	260,302
Income tax expense	7	57,887	2,907
Post-employment benefits		(96,750)	35,085
		(241,413)	(213,823)
Changes in operating assets and liabilities -			
Notes and other receivables		(231,825)	761,065
Notes discounted		256,641	(570,550)
Medium-term loans receivables		(980,718)	(475,487)
Demand and non-accruals loans		150,471	37,417
Long-term loans receivable		797	536
Payables		11,379	(5,970)
		(1,034,668)	(466,812)
Income tax paid		(24,346)	(32,959)
Interest and fees received		512,481	407,810
Interest and fees paid		(197,400)	(222,306)
Net cash used in operating activities		(743,933)	(314,267)
Cash Flows from Investing Activities			
Purchase of property, plant and equipment	17	(9,126)	(3,067)
Proceeds from disposal of property, plant and equipment		81	1,119
Investments		136,477	(9,909)
Net cash provided by/(used in) investing activities		127,432	(11,857)
Cash Flows from Financing Activities			
Short-term loans and lines of credit		45,960	(216,382)
Long-term loans payable		390,389	(404,956)
Net cash provided by/(used in) financing activities		436,349	(621,338)
Net decrease in cash and cash equivalents for year		(180,152)	(947,462)
Cash and equivalents at beginning of year		757,069	1,704,531
Cash and Cash Equivalents at End of Year	9	576,917	757,069

31 March 2012
(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activity

National Export-Import Bank of Jamaica Limited (The Bank/EXIM) is a limited liability company incorporated and domiciled in Jamaica and is wholly owned by the Government of Jamaica (GOJ). The registered office is located at 11 Oxford Road, Kingston 5, St. Andrew Jamaica.

The Bank provides financial services which include pre- and post-shipment financing, lines of credit and trade credit insurance which are aimed at the development of the productive sector. Specifically, its activities are geared towards the development of the export sector, but it also assists other productive enterprises in the area of import substitution.

2. Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and have been prepared under the historical cost convention as modified by the revaluation of certain financial assets.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Bank's accounting policies. Although these estimates are based on management's best knowledge of current events and actions, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

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

Certain new and amended standards and interpretations to existing standards became effective during the current financial year, which have impacted the Bank's accounting policies and/or financial disclosures as follows. The pronouncements were effective from 1 January 2011, unless otherwise indicated.

IAS 1 (Amendment), 'Presentation of financial statements'

This amendment requires retrospective application. The amendment clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. The Bank has elected to continue analysis of other comprehensive income in the statement of changes in equity.

IAS 24 (Revised), 'Related party disclosures'

The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities by offering certain exemptions. Although it is a government-owned entity, the revised standard did not impact the Bank's related party disclosures.

IFRS 7, 'Financial Instruments Disclosures'

This amendment clarifies the disclosure requirement by emphasising the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments. Amendments were made to quantitative and credit risk disclosures in Note 3.

There are no other new and amended standards and interpretations effective in the current year which are expected to have a significant impact on the accounting policies or financial disclosures of the Bank.

31 March 2012
(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards not yet effective

The Bank has concluded that the following standards which are published but not yet effective, are relevant to its operations, and will impact the Bank's accounting policies and financial disclosures as discussed below. These pronouncements are effective for annual periods beginning on or after the dates noted, and will be applied by the Bank as of those dates, unless otherwise noted.

IAS 1 (Amendment), 'Presentation of financial statements' (effective for annual periods beginning on or after 1 July 2012). The main change resulting from this amendment is a requirement for entities to group items presented in other comprehensive income on the basis of whether they are potentially recycled to profit or loss. The amendment changes the disclosure of items presented in other comprehensive income in the statement of comprehensive income. The International Accounting Standards Board (IASB) originally proposed that all entities should present profit or loss and other comprehensive income together in a single statement of comprehensive income. The proposal has been withdrawn and IAS 1 will still permit profit or loss and other comprehensive income to be presented in either a single statement or in two consecutive statements. The amendment does not address which items should be presented in other comprehensive income and the option to present items of other comprehensive income either before tax or net of tax has been retained.

IFRS 9, 'Financial Instruments', (effective for annual periods beginning on or after 1 January 2015). IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. Classification under IFRS 9 is driven by the entity's business model for managing the financial assets and the contractual characteristics of the financial assets. IFRS 9 removes also the requirement to separate embedded derivatives from financial asset hosts. It requires a hybrid contract to be classified in its entirety at either amortised cost or fair value.

For financial liabilities, IFRS 9 retains most of the IAS 39 requirements, including amortised cost accounting for most financial liabilities and the requirement to separate embedded derivatives. The main change is where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than in profit or loss, unless this creates an accounting mismatch. The Bank is assessing the impact of future adoption of the standard on its financial statements.

IFRS 13, 'Fair Value Measurement', (effective for annual periods beginning on or after 1 January 2013). IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The requirements are similar to those in *IFRS 7, 'Financial instruments: Disclosures'*, but apply to all assets and liabilities measured at fair value, not just financial assets and liabilities. The Bank is assessing the impact of future adoption of the standard on its financial statements.

31 March 2012
(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards not yet effective (continued)

IAS 19 (Revised), 'Employee Benefits' (effective for annual periods beginning on or after 1 January 2013). These amendments eliminate the corridor approach and calculate finance costs on a net funding basis. The significant changes affecting the Bank are that actuarial gains and losses are renamed 'remeasurements' and will be recognised immediately in other comprehensive income. Actuarial gains and losses will no longer be deferred using the corridor approach or recognised in profit or loss. Remeasurements recognised in other comprehensive income will not be recycled through profit or loss in subsequent periods. The annual income or expense for funded benefit plans will include net interest expense or income, calculated by applying the discount rate to the net defined benefit asset or liability. This will replace the finance charge and expected return on plan assets. Additional disclosures are required to present the characteristics of benefit plans, the amounts recognised in the financial statements and the risks arising from defined benefit plans and multi-employer plans. The Bank will apply these amendments from 1 January 2013.

(b) Foreign currency translation

Functional and presentation currency

Items included in the financial statements 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 and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Changes in the fair value of monetary assets denominated in foreign currencies and classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the asset and other changes. Translation differences resulting from the changes in amortised cost are recognised in the profit or loss and other changes are recognised in equity.

(c) Financial assets

The Bank classifies its financial assets in the available for sale and loans and receivables categories. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any other category.

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2. Significant Accounting Policies (Continued)

(c) Financial assets (continued)

Regular purchases and sales of financial assets are recognised on the settlement date – the date on which an asset is delivered to or by the Bank. Financial assets are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Bank has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method. Changes in the fair value of investments classified as available-for-sale are recognised in equity.

When investments classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the statement of comprehensive income. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Bank's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active, the Bank establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Financial assets are assessed at each statement of financial position date 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 available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss.

(d) Loans and advances and provisions for credit losses

Loans and advances are recognised when cash is advanced to borrowers. They are initially recorded at cost, which is the cash given to originate the loan including any origination fees and transaction costs, and subsequently measured at amortised cost using the effective interest rate method.

A provision for credit losses is established if there is objective evidence that a loan is impaired. A loan is considered impaired when management determines that it is probable that all amounts due according to the original contractual terms will not be collected. When a loan has been identified as impaired, the carrying amount of the loan is reduced by recording specific provisions for credit losses to its estimated recoverable amount, which is the present value of expected future cash flows including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of the loan.

The provision for credit losses also covers situations where there is objective evidence that probable losses are present in components of the loan portfolio at the statement of financial position date. These have been estimated based upon historical patterns of losses in each component, the credit ratings allocated to the borrowers and the current economic climate in which the borrowers operate.

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2. Significant Accounting Policies (Continued)

(e) Customers' liability under letters of credit

Where the Bank is the primary obligor under letters of credit, the amounts are reported as a liability on the statement of financial position. There are equal and offsetting claims against customers in the event of a call on these commitments, which are reported as an asset.

(f) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation.

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 items can be measured reliably.

Depreciation is calculated on the straight-line basis at such rates as will write off the carrying value of the assets over the period of their expected useful lives. The expected useful lives are as follows:

Buildings	40 years
Office improvements	10 years
Motor vehicles	5 years
Equipment, furniture and fixtures	10 years
Computers	3 years

Gains or losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are included in administration expenses in profit or loss.

Repairs and maintenance expenses are charged to profit or loss during the financial period in which they are incurred.

(g) Securities purchased under resale agreements

Securities purchased under resale agreements are treated as collateralised financing transactions. The difference between the purchase and resale price is treated as interest and accrued over the life of the agreements using the effective yield method.

(h) Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost, and comprise cash at bank and on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less net of bank overdraft.

(i) Receivables

Receivables are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, discounted at the market rate of interest for similar borrowings.

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2. Significant Accounting Policies (Continued)

(j) Borrowings

Borrowings are recognised initially as the proceeds are received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method. Any differences between proceeds, net of transaction costs, and the redemption value is recognised in profit or loss over the period of the borrowings using the effective yield method.

(k) Payables

Payables are recorded at cost.

(l) Employee benefits

Pension obligations

The Bank operates a defined benefit plan. The plan is generally funded through payments to a trustee-administered fund as determined by periodic actuarial calculations. A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation.

The asset or liability in respect of defined benefit pension plans is the difference between the present value of the defined benefit obligation at reporting date and the fair value of the plan assets, together with adjustments for actuarial gains/losses and past service cost. Where a pension asset arises, the amount recognised is limited to the net total of any cumulative unrecognised net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reduction in future contributions to the plan.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The defined benefit obligation is measured at the present value of the estimated future outflows using discount rates based on market yields on government securities that have terms to maturity approximating the term of the related liability.

Actuarial gains and losses arising from experience adjustments, changes in actuarial assumptions and amendments to pension plans are charged or credited to income over the average remaining service lives of the related employees.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

Other post-employment obligations

The entitlement to these benefits is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment, using accounting methodology similar to that for defined benefit pension plans. These obligations are valued annually by independent qualified actuaries.

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 the 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 the statement of financial position date are discounted to present value.

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2. **Significant Accounting Policies (Continued)**

(m) Interest income and expense

Interest income and expense are recognised in profit or loss for all interest-bearing instruments using the effective interest method.

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 expense over the relevant period. The effective interest rate is the rate that exactly discounts 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 all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees 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.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Where collection of interest income is considered doubtful or payment is outstanding for 90 days or more, interest is taken into account on the cash basis. IFRS requires that when loans become doubtful of collection, they are written down to their recoverable amounts and interest income is thereafter recognised based on the rate of interest that was used to discount the future cash flows for the purpose of measuring the recoverable amount.

(n) Income taxes

Taxation expense in the statement of comprehensive income comprises current and deferred tax charges.

Current tax charges are based on taxable profits for the year, which differ from the profit before tax reported because it excludes items that are taxable or deductible in other years, and items that are never taxable or deductible. The Bank's liability for current tax is calculated at tax rates that have been enacted at reporting date.

Deferred tax is the tax that is expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognised to the extent it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Current and deferred taxes are recognised as income tax expense or benefit in the statement of comprehensive income except, where they relate to items recorded in shareholders' equity, they are also charged or credited to shareholders' equity.

(o) Trade credit insurance

Trade credit insurance contracts are financial guarantee contracts which require the issuer to make specified payments to reimburse the holder of the contract for a loss they incur because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. These amounts are recognised initially at fair value and subsequently remeasured at the higher of the specified payment obligation under the contract or the initial amount less any subsequent cumulative amortisation.

2. Significant Accounting Policies (Continued)

(p) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity of another entity.

Financial assets

Financial assets comprise cash and cash equivalents, notes and other receivables, notes discounted, loans receivable, demand and non-accrual loans, investment securities and securities purchased under resale agreements. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial liabilities

Financial liabilities comprise long and short-term loans payable, lines and letters of credit, amounts payable to Bank of Jamaica and other payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

The fair values of the Bank's financial instruments are discussed in Note 27.

3. Financial Risk Management

The Bank's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the Bank's business, and the operational risks are an inevitable consequence of being in business. The Bank's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Bank's financial performance.

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework and has established several committees with specific areas of responsibility for monitoring, evaluating and ensuring compliance. In keeping with the Bank's Credit Policy Guidelines, the Board has established Credit Committees both at the Managerial and Board levels to assess the risk exposure to which the Bank may be exposed.

The Bank's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Bank regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice. To bolster these activities, in January 2011, the Bank instituted an Enterprise Risk Management Framework (ERM) system which, among other things, provides the Bank with a risk management framework and embeds risk management principles and practices within the organisation. The main objectives of the ERM are to assist in reducing the number of operational, financial, strategic, compliance and other related risks. The Bank, through its training and management standards and procedures, ensures that a disciplined and constructively controlled environment exists in which all employees understand their roles and obligations.

The Bank has developed Anti-Money Laundering (AML) and Anti-Terrorist Financing (ATF) Policies and Procedures designed to prevent or detect any involvement in money laundering and financing of terrorism in accordance with the relevant statutes. The Compliance Officer is responsible for ensuring the effective implementation of the established policies, programmes, procedures and controls to achieve the objectives, and is required to prepare and submit a comprehensive report to the Board of Directors on a semi-annual basis. This report should include an overview and evaluation of the overall effectiveness of the Bank's anti-money laundering and anti-terrorism financing framework as well as the effectiveness of the AML/ATF measures implemented under each of the operational areas and/or product and service types.

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3. Financial Risk Management (Continued)

The Bank's Audit 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 the risks faced by the Bank. The Audit Committee is assisted in these functions by Internal Audit, which undertakes both regular and ad hoc reviews of risks, management controls and procedures, the results of which are reported to the Audit Committee.

The Bank is exposed to credit risk, liquidity risk, market risk and other operational risk. Market risk includes currency risk, interest rate and other price risk. There have been no other changes other than those identified above, to the manner in which the Bank manages and measures these risks.

(a) Credit risk

The Bank takes on exposure to credit risk, which is the risk that its customers, clients or counterparties will cause a financial loss for the Bank by failing to discharge their contractual obligations. Credit risk is an important risk for the Bank's business. Management therefore carefully manages its exposure to credit risk. Credit exposures arise principally in lending and investment activities. There is also credit risk in off-balance sheet financial instruments such as loan commitments. The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty or groups of related counterparties and by monitoring exposures in relation to such limits.

The Board of Directors has delegated responsibility for the management of credit risk to its Credit Committee. A separate Management Credit Committee (MCC), chaired by the Managing Director, is responsible for oversight of the Bank's credit risk, including:

- Formulating credit policies in consultation with the Senior Manager's Group, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- Establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits are allocated to the Managing Director and Manager, Trade Financing. Larger facilities require approval by the MCC and the Board of Directors, as appropriate.
- Reviewing and assessing credit risk. MCC assesses all credit exposures in excess of designated limits, prior to facilities being committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.
- Limiting concentrations of exposure to counterparties, and industries (for loans and advances).
- Developing and maintaining risk ratings in order to limit exposures according to the degree of risk of financial losses faced and to focus management on the attendant risks. The risk rating system is used in determining where impairment provisions may be required against specific credit exposures.

  The responsibility for setting risk ratings lies with the MCC. Risk grades are subject to regular reviews by the MCC.
- Reviewing compliance of business units with agreed exposure limits. Annual reports are provided to the Bad Debt Committee on the credit quality of loan portfolios and appropriate corrective action taken.
- Providing advice, guidance and specialist skills to analysts to promote best practice throughout the Bank in the management of credit risk.

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3. Financial Risk Management (Continued)

(a) Credit risk (continued)

The Trade Financing and Risk Management division (TFRM) is required to implement the Bank's credit policies and procedures, with credit approval authorities delegated from the Board of Directors.

The division has credit analysts supervised by the Manager of the division who reports on all credit related matters to the MCC for monitoring and controlling all credit risks in its portfolios, including those subject to Board approval. The TFRM is responsible for the quality and performance of the Bank's credit portfolio and for monitoring and controlling all credit risks in its portfolios, including those subject to Board approval.

Regular audits of business units and the Bank's credit processes are undertaken by Internal Audit.

Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of different types of collateral.

The Bank holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired. Collateral generally is not held over loans and advances to banks, except when securities are held as part of reverse repurchase and securities borrowing activities.

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

Credit risk exposures are as follows:

	Maximum exposure	
	2012	**2011**
	$'000	**$'000**
Cash and deposits	576,917	1,299,466
Notes receivables	890,870	659,364
Notes discounted	2,698,706	2,965,265
Medium-term loans receivable	2,493,733	1,479,071
Demand and non-accruals loans	159,479	310,979
Investments	269,294	406,378
Long-term loans receivable	16,487	17,284
Other receivables	46,358	33,577
	7,151,844	7,171,384

The above table represents a worst case scenario of credit risk exposure to the Bank at reporting date, without taking account of any collateral held or other credit enhancements.

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3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Loans

The Bank performs regular analysis of its loans which have become past due to determine their credit quality. The categories used for this analysis includes:

Past due but not impaired loans

Loans and securities where contractual interest or principal payments are past due but the Bank believes that impairment is not appropriate on the basis of the level of collateral available and/or the stage of collection of amounts owed to the Bank.

Impaired loans and securities

Impaired loans and securities are loans and securities for which the Bank determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan/securities agreement(s). These loans are categorised as:

(i) Delinquent/past due

- Principal sum and/or accrued interest remains unpaid for a period of up to 90 days;
- Prospects for recovery are considered good;
- Loan conditions are not expected to deteriorate.
- Each loan in this category is assessed for impairment which may result in a provision being made.

(ii) Protracted delinquency

- Principal sum and/or accrued interest remains unpaid for a period of 90 days or more, and
- Prospects for recovery still considered good but protracted and therefore legal action is not contemplated or recommended.
- Each loan in this category is assessed for impairment which may result in a provision being made.

(iii) Default

- The principal sum and/or accrued interest remains unpaid for a period of 90 days or more;
- The prospects for full or any recovery are considered to be remote;
- The account has been referred to the Bank's lawyers; and
- Bad debt provision has been made.

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 consistent payments are made on the loan it reverts to a normal loan. Should consistent payments not be made then the loan is categorised as a demand loan and remains in that category.

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3. Financial Risk Management (Continued)

(a) Credit risk (continued)

The Bank establishes an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio. The main components of this allowance are (1) a specific loss component that relates to individually significant exposures, and (2) a collective loan loss allowance established for groups of homogeneous assets in respect of losses that have been incurred but have not been identified on loans subject to individual assessment for impairment.

Write-off policy

The Bank writes off a loan/security balance (and any related allowances for impairment losses) when the loans/securities are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower's/issuer's financial position such that the borrower/issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For standardised loans with small balances, charge-off decisions generally are based on a product specific past due status.

The credit quality of loans is summarised as follows:

	2012	2011
	$'000	$'000
Neither past due nor impaired	5,967,243	4,578,238
Past due but not impaired loans	140,323	535,947
Impaired -		
Protracted delinquency	160,895	364,764
Default	86,446	35,555
	6,354,907	5,514,504
Less: Provision for credit losses	(51,332)	(44,082)
	6,303,575	5,470,422

Included in the analysis above are renegotiated loans of $408,962,000 (2011 - $469,366,000).

The fair value of collateral that the Bank held as security for individually impaired loans was $232,980,000 (2011 - $313,810,000).

There are no financial assets other than loans that are considered past due.

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3. Financial Risk Management (Continued)

(a) Credit risk (continued)

The following table summarises the Bank's credit exposure for loans at their carrying amounts, as categorised by the industry sectors:

	2012	2011
	$'000	$'000
Agro Processing	1,238,043	1,390,875
Food and Beverage	535,495	296,130
Textiles and Apparel	41,733	7,079
Manufacturing	1,986,030	1,746,771
Distribution	790,127	794,584
Mining	159,335	192,292
Services	901,060	576,928
Tourism	578,665	333,121
Other	73,087	132,726
	6,303,575	5,470,506
Less: Prepayments	-	(84)
	6,303,575	5,470,422

Movement in the provision for probable loan losses:

	2012	2011
	$'000	$'000
At beginning of year	44,082	100,981
Provision made during the year	25,574	30,001
Bad debt recovered	(9,200)	(10,887)
	16,374	19,114
Provision/adjustments written-off	(9,124)	(76,013)
At end of year	51,332	44,082

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3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Provision for probable loan losses comprises:

	2012	2011
	$'000	$'000
Notes discounted (Note 11)	9,900	19,690
Medium-term loans (Note 12)	2,042	925
Demand and non-accrual loans (Note 13)	39,390	23,467
	51,332	44,082

Settlement risk

The Bank's activities may give rise to risk at the time of settlement of transactions and trades. Settlement risk is the risk of loss due to the failure of counterparty to honour its obligations to deliver cash, securities or other assets as contractually agreed.

For certain types of transactions the Bank mitigates this risk by conducting settlements through Approved Financial Institutions (AFIs).

Debt securities

The following table summarises the Bank's credit exposure for debt securities at their carrying amounts, as categorised by issuer:

	2012	2011
	$'000	$'000
Government of Jamaica (Note 14)	11,527	14,162
Securities purchased under agreements to resell (Note 14)	257,767	392,216
Short-term deposits (Note 9)	160,962	1,123,370
	430,256	1,529,748

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3. Financial Risk Management (Continued)

(b) Liquidity risk

Liquidity risk is the risk that the Bank is unable to meet its payment obligations associated with its financial liabilities when they fall due.

Management of liquidity risk

The Bank's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation.

The Treasury Unit receives information from other business units regarding the liquidity profile of their financial assets and liabilities, and details of other projected cash flows arising from projected future business. Treasury then maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities, to ensure that sufficient liquidity is maintained within the Bank as a whole. The liquidity requirements of the Bank are met through encashment of investments to cover any short-term fluctuations. The accessing of loans is used to address longer term funding.

A cash flow budget is prepared at the beginning of the year and any expected cash shortfall is identified. The Bank then seeks additional funding to address funding needs. The daily liquidity position is monitored by the Treasury/Disbursement Units. The TFRM Division is required to submit to Treasury all expected disbursements at least two days before disbursement.

Financial liabilities cash flows

The tables below present the undiscounted cash flows payable, including principal and interest, of the Bank's financial liabilities, based on contractual repayment obligations and maturity dates.

	Within 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Total
	$'000	$'000	$'000	$'000	$'000
			2012		
Short-term loans and lines of credit	352,789	31,072	-	-	383,861
Long-term loans payable	699,848	226,156	2,759,658	2,234,289	5,919,951
Payables	37,751	-	-	-	37,751
Total financial liabilities	1,090,388	257,228	2,759,658	2,234,289	6,341,563

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3. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

	Within 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Total $'000
			2011		
Short-term loans and lines of credit	289,629	63,723	-	-	353,352
Long-term loans payable	191,764	1,706,258	1,403,550	2,773,614	6,075,186
Payables	25,788	-	-	-	25,788
Bank overdraft	542,397	-	-	-	542,397
Total financial liabilities	1,049,578	1,769,981	1,403,550	2,773,614	6,996,723

Assets available to meet all of the liabilities include cash and cash equivalents, investment securities, securities purchased under agreements to resell. The Bank is also able to meet unexpected net cash outflows by selling securities and accessing additional funding sources from other financing institutions.

(c) Market risk

The Bank takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates and interest rates.

Currency risk

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

The Bank ensures that the net exposure is kept to an acceptable level by monitoring the level of its exposure on a daily basis against approved limits. The Bank further manages this risk by maximising foreign currency earnings and holding foreign currency balances.

The tables below summarise the currencies in which the Bank's assets and liabilities are denominated as at year end.

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

Currency risk (continued)

	JA$ J$'000	US$ J$'000	GBP J$'000	CAN$ J$'000	Total J$'000
			2012		
Financial assets					
Cash and deposits	60,513	483,044	1,277	32,083	576,917
Notes and other receivables	50,371	283,529	-	607,340	941,240
Notes discounted	1,079,939	1,618,767	-	-	2,698,706
Medium-term loans	1,449,087	1,044,646	-	-	2,493,733
Demand and non-accrual loans	136,587	22,892	-	-	159,479
Investments	175,556	343,910	-	-	519,466
Long-term loans receivable	16,487	-	-	-	16,487
Total financial assets	2,968,540	3,796,788	1,277	639,423	7,406,028
Financial liabilities					
Short-term loans and lines of credit	-	81,964	-	300,860	382,824
Long-term loans payable	2,534,487	2,734,590	-	-	5,269,077
Payables	37,620	131	-	-	37,751
Total financial liabilities	2,572,107	2,816,685	-	300,860	5,689,652
Net financial position	396,433	980,103	1,277	338,563	1,716,376
			2011		
Financial assets					
Cash and deposits	94,206	1,122,434	1,417	81,409	1,299,466
Notes and other receivables	45,502	243,261	-	414,310	703,073
Notes discounted	1,104,392	1,860,873	-	-	2,965,265
Medium-term loans	724,205	754,866	-	-	1,479,071
Demand and non-accrual loans	262,137	48,842	-	-	310,979
Investments	270,290	339,340	-	-	609,630
Long-term loans receivable	17,284	-	-	-	17,284
Total financial assets	2,518,016	4,369,616	1,417	495,719	7,384,768
Financial liabilities					
Short-term loans and lines of credit	-	31,117	-	304,432	335,549
Long-term loans payable	2,053,138	2,818,442	-	-	4,871,580
Payables	25,788	-	-	-	25,788
Bank overdraft	-	542,397	-	-	542,397
Total financial liabilities	2,078,926	3,391,956	-	304,432	5,775,314
Net financial position	439,090	977,660	1,417	191,287	1,609,454

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3. **Financial Risk Management (Continued)**

(c) **Market risk (continued)**

Currency risk (continued)

Foreign currency sensitivity

The following tables indicate the currencies to which the Bank had significant exposure on its monetary assets and liabilities and its forecast cash flows. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents the changes in carrying amounts of outstanding foreign currency denominated monetary items and the corresponding impact on the statement of comprehensive income and equity resulting from a 0.5% devaluation/1% revaluation (2011 – 0.5% devaluation/1% revaluation) in foreign currency rates. The effects on net profit and equity shown are the totals of the changes to the values for each foreign currency denominated monetary item. Sensitivity analyses were performed on an individual basis for each category.

	Change in Currency Rate	Effect on Pre-tax Profit	Effect on Pre-tax Profit
Currency	**%**	**$'000**	**$'000**
		2012	**2011**
		Revaluation	
USD	1	(9,801)	(9,777)
GBP	1	(13)	(14)
CAN	1	(3,386)	(1,913)
		Devaluation	
USD	-0.5	4,901	4,888
GBP	-0.5	6	7
CAN	-0.5	1,693	957

Interest rate risk

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

The Bank takes on exposure to the effects of fluctuations in the prevailing level of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise.

The Bank's interest rate risk policy requires it to manage interest rate risk by monitoring the maturities of its interest bearing financial assets and interest bearing financial liabilities on a daily basis.

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

Interest rate risk (continued)

The following tables summarise the Bank's exposure to interest rate risk. It includes the Bank financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	Within 3 Months	3 To 12 Month	1 To 5 Years	Over 5 Years	Non-Rate Sensitive	Total
	$'000	$'000	$'000	$'000	$'000	$'000
			2012			
Cash and cash equivalents	576,917	-	-	-	-	576,917
Notes and other receivables	529,322	387,013	11,056	-	13,849	941,240
Notes discounted	1,202,545	1,149,244	346,917	-	-	2,698,706
Medium-term loans	56,025	102,554	2,335,154	-	-	2,493,733
Demand and non-accrual loans	159,479	-	-	-	-	159,479
Investments	187,974	72,194	9,126	250,172	-	519,466
Long-term loans receivable	24	1,682	9,501	5,280	-	16,487
Total financial assets	2,712,286	1,712,687	2,711,754	255,452	13,849	7,406,028
Short-term loans and lines of credit	352,192	30,632	-	-	-	382,824
Long-term loans payable	652,433	128,904	851,942	3,635,798	-	5,269,077
Payables	37,751	-	-	-	-	37,751
Total financial liabilities	1,042,376	159,536	851,942	3,635,798	-	5,689,652
Total interest repricing gap	1,669,910	1,553,151	1,859,812	(3,380,346)	13,849	1,716,376
Cumulative gap	1,669,910	3,223,061	5,082,873	1,702,527	1,716,376	

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

Interest rate risk (continued)

	Within 3 Months	3 To 12 Month	1 To 5 Years	Over 5 Years	Non-Rate Sensitive	Total
	$'000	$'000	$'000	$'000	$'000	$'000
			2011			
Cash and cash equivalents	1,299,466	-	-	-	-	1,299,466
Notes and other receivables	238,551	459,272	-	-	5,250	703,073
Notes discounted	1,302,591	885,051	777,623	-	-	2,965,265
Medium-term loans	4,356	67,012	1,407,703	-	-	1,479,071
Demand and non-accrual loans	310,979	-	-	-	-	310,979
Investments	365,905	28,950	11,523	-	203,252	609,630
Long-term loans receivable	-	284	6,948	10,052	-	17,284
Total financial assets	3,521,848	1,440,569	2,203,797	10,052	208,502	7,384,768
Short-term loans and lines of credit	319,174	16,375	-	-	-	335,549
Long-term loans payable	143,419	1,605,078	838,266	2,284,817	-	4,871,580
Payables	-	-	-	-	25,788	25,788
Bank overdraft	542,397	-	-	-	-	542,397
Total financial liabilities	1,004,990	1,621,453	838,266	2,284,817	25,788	5,775,314
Total interest repricing gap	2,516,858	(180,884)	1,365,531	(2,274,765)	182,714	1,609,454
Cumulative gap	2,516,858	2,335,974	3,701,505	1,426,740	1,609,454	

The Bank's interest rate risk arises from, investments held, loan and advances to clients and borrowings.

At the end of the reporting period all investments held by the Bank were fixed rate instruments which the Bank intends to hold to maturity. Interest rates on all loans extended are fixed. The objective of the Bank is to support the productive sector and as such is not quick to vary interest rates extended to its customers.

Low cost funding is obtained from specialized institutions and the Government of Jamaica. Rates on loans are usually fixed and lenders are slow to vary interest rates applied to the loans.

The Bank's income and operating cash flows are not substantially dependent on changes in market interest rates.

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3. Financial Risk Management (Continued)

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Bank is exposed to equity price risk because of equity investments held and classified on the statement of financial position as available for sale. The Bank is not exposed to commodity price risk.

The impact of a 10% change in the quoted prices for these equities would be an increase or decrease in the carrying value of $25,017,000 (2011 - $20,325,000) in equity, through other comprehensive income.

(c) 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 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 the 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 of the Bank for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions
- Requirements for the reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures

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3. Financial Risk Management (Continued)

(d) Operational risk (continued)

- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- Requirements for the reporting of operational losses and proposed remedial action
- Development of contingency plans
- Training and professional development
- Ethical and business standards
- Risk mitigation, including insurance where this is effective.

Compliance with 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 Committee and senior management of the Bank.

(e) Capital management

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

(i) To safeguard the Bank's ability to continue as a going concern so that it can continue to provide benefits for the shareholder and other stakeholders; and

(ii) To maintain a strong capital base to support the development of its business.

The allocation of capital between specific operations and activities is driven by the Bank's Strategic Plan and Budget approved by the Board of Directors, the desire to fulfill the Bank's mandate, and support by the Bank for the Government's mission to enhance growth and development.

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

4. Critical Accounting Estimates and Judgements in Applying Accounting Policies

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Income taxes

Estimates are required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Bank recognises liabilities for possible tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

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4. Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

Estimates are required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Bank recognises liabilities for possible tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Pension and post-employment benefits

The cost of these benefits and the present value of the pension and the other post-employment liabilities depend on a number of factors that are to be determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net periodic cost/(income) for pension and post-employment benefits include the expected long-term rate of return on the relevant plan assets, the discount rate and, in the case of the post-employment medical benefits, the expected rate of increase in medical costs. Any changes in these assumptions will impact the net periodic cost/(income) recorded for pension and post-employment benefits and may affect planned funding of the pension plans. 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 pension and post-employment benefit obligations. In determining the appropriate discount rate, the Bank considered the interest rates of government securities that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

The expected rate of increase of medical costs has been determined by comparing historical relationship of the actual medical cost increases with the rate of inflation in the economy. Other key assumptions for the pension and post-employment benefits costs and credits are based in part on current market conditions.

Impairment losses on loans and advances

The Bank reviews its loan portfolio to assess impairment on a regular basis. In determining whether an impairment loss should be recorded in profit or loss, the Bank makes judgements 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. 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.

5. Other Income

	2012 $'000	2011 $'000
Trade credit insurance claim recovery	2,009	-
Other	4,912	4,409
	6,921	4,409

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6. Expenses by Nature

Expenses other than interest and credit losses comprise administration expenses as follows:

	2012 $'000	2011 $'000
Auditors' remuneration	1,840	1,643
Depreciation	8,777	9,366
Directors' emoluments -		
Fees	842	1,036
Management (Included in staff costs – Note 7)	12,166	10,229
Other staff costs (Included in staff costs – Note 7)	73,580	177,608
Other operating expenses	75,013	82,605
	172,218	282,487

7. Staff Costs

	2012 $'000	2011 $'000
Salaries and wages	144,572	133,006
Statutory payroll taxes – employer portion	13,781	11,809
Pension asset (Note 16)	(99,870)	24,013
Pension obligation (Note 16)	4,499	12,284
Other staff costs	22,764	6,725
	85,746	187,837

The average number of persons employed by the Bank during the year was:

	2012	2011
Trade	14	18
Administration	52	47
	66	65

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8. Taxation

Income tax is computed at 33⅓% of the profit/(loss) before income tax, as adjusted for taxation purposes, and is made up as follows:

	2012	2011
	$'000	$'000
Current income tax	28,019	47,820
Deferred income tax (Note 19)	29,868	(44,913)
Income tax charge	57,887	2,907

The tax on operating profit before tax differs from the theoretical amount that would arise using the basic statutory rate of 33 1/3% as follows:

	2012	2011
	$'000	$'000
Profit before tax	167,306	7,367
Tax calculated at a rate of 33 1/3%	55,769	2,456
Adjustment for the effects of:		
Expenses not deductible for tax purposes	146	351
Other	1,972	100
Income tax charge	57,887	2,907

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9. Cash and Cash Equivalents

	2012	2011
	$'000	$'000
Cash	415,955	176,096
Short-term deposits	160,962	1,123,370
	576,917	1,299,466
Bank overdraft	-	(542,397)
	576,917	757,069

10. Notes and Other Receivables

	2012	2011
	$'000	$'000
Notes receivable	890,870	659,365
Receivable EXBED	41,624	38,458
Premiums receivable	1,201	1,542
Other receivables	7,545	8,514
	941,240	707,879

Notes receivable represent amounts due from clients utilising foreign currency loans and lines of credit. The average period for line of credit transactions is 180 days. Interest rates on notes receivable depend on the particular line of credit utilised and range from 4.5% - 10% per annum.

Receivable EXBED represents amounts advanced to the Jamaica Exporters' Association and the Jamaica Manufacturers' Association for on-lending to their members. This facility bears interest at a rate of 12%. These loans are unsecured.

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11. Notes Discounted

These represent notes discounted under the pre- and post-shipment financing schemes and are made up as follows:

	Principal	Interest Receivable	Provision for Credit Losses	Carrying Value	Carrying Value
	$'000	$'000	$'000	$'000	$'000
	2012				2011
(a) Export Credit Facility (ECF)	180,490	2,351	-	182,841	152,247
(b) Bankers Export Credit Facility (BECF)	318,000	2,203	-	320,203	-
(c) Small Business Discount Facility (SBDF)	309,844	12,342	-	322,186	679,529
(d) Insurance Policy Discount Facility (IPDF)	-	-	-	-	12,189
(e) Pre-Shipment Facility (PSF)	587,895	6,336	(177)	594,054	751,700
(f) Apparel Sector Financing Scheme (ASFS)	48	786	(141)	693	656
(g) Jamaica Exporters' Association (JEA) ExBED	10,535	863	(7,283)	4,115	4,448
(h) Jamaican Dollar Short Term Loans	5,104	86	-	5,190	3,105
(i) Development Bank of Jamaica Limited Loan (DBJ#3)	82,791	853	-	83,644	92,303
(j) EXIM/IADB Facility	310,444	13,986	(2,299)	322,131	1,269,088
(k) PetroCaribe US$20m Short Term	851,465	12,184	-	863,649	-
	2,656,616	51,990	(9,900)	2,698,706	2,965,265

Maturing as follows:

	2012	2011
	$'000	$'000
In less than 12 months	2,351,789	2,187,642
In greater than 12 months	346,917	777,623
	2,698,706	2,965,265

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11. Notes Discounted (Continued)

		Interest Rate		Tenure
		2012	2011	
(a)	Export Credit Facility (ECF) – Unsecured	8% - 11%	8% - 11%	120 days
(b)	Bankers Export Credit Facility (BECF) – Secured by AFIs			
	Foreign	10%	10%	120 days
	Local	11%	11%	120 days
(c)	Small Business Discount Facility (SBDF) – Secured	11%	12%	48 months
(d)	Insurance Policy Discount Facility (IPDF) – Secured by insurance policy.	11%	11%	120 days
(e)	Pre-Shipment Facility (PSF) - Secured	11%	11%	90 – 120 days
(f)	Apparel Sector Financing Scheme (ASFS) – Unsecured.	11%	11%	90 – 120 days
(g)	Jamaica Exporters' Association (JEA) ExBED – Unsecured. This is a joint project with the JEA and loans are available to small exporters.	11%	12%	90 – 180 days
(h)	Jamaican Dollar Short-Term Loans – Secured.	11%	11%	Up to 180 days
(i)	Development Bank of Jamaica Limited Loan (DBJ#3) – Secured	10%	10%	Up to 60 months
(j)	EXIM/IADB Facility – Secured			
	Foreign	7% - 9%	7% - 9%	Up to 36 months
	Local	11%	12%	Up to 36 months
(k)	PetroCaribe US$20m Short Term - Secured			
	Foreign	7% - 9%	-	90 – 270 days
	Local	11%	-	90 – 270 days

Insurance Policy Discount Facility (IPDF)

The facility is available for small to medium-sized exporters who are the holders of an export credit insurance policy from the Bank.

Apparel Sector Financing Scheme (ASFS)

The facility represents amounts loaned to the apparel sector. A total of $99.8 million was made available by the Bank under this facility. Of this amount, the Government of Jamaica provided $45.8 million by way of a non-reimbursable grant (Note 22). The ASFS is an experimental and pioneering initiative designed to stabilise and rehabilitate the apparel sector. The grant funds were predicated against a high risk of default on these loans.

Development Bank of Jamaica Limited Loan (DBJ#3)

The facility represents funds on-lent from DBJ, to be used to provide pre-shipment export financing to small and medium-sized enterprises.

EXIM/IADB Facility

This facility represents US Dollar funds borrowed from the Inter American Development Bank through the Development Bank of Jamaica, and is for working capital and trade financing. Amounts are loaned in both foreign and local currencies. This loan was repaid during the year.

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12. Medium-Term Loans Receivable

		Principal	Interest Receivable	Provision for doubtful debts	Carrying Value	Carrying Value
		$'000	$'000	$'000	$'000	$'000
		2012				2011
(a)	Modernisation Fund	646,377	22,938	-	669,315	626,668
(b)	Information and Communication Technology (ICT) Medium Term	-	-	-	-	71
(c)	General Trade Line	33,704	383	-	34,087	63,942
(d)	National Insurance Fund SME (Note 20 (c))	3,569	17	-	3,586	20,613
(e)	US Dollar Medium Term Loans	480,227	3,817	-	484,044	754,866
(f)	PetroCaribe Medium Term	1,283,598	8,845	(2,042)	1,290,401	-
(g)	Other Medium Term Loans	12,300	-	-	12,300	12,911
		2,459,775	36,000	(2,042)	2,493,733	1,479,071

Maturing as follows:

	2012	2011
	$'000	$'000
In less than 12 months	161,429	71,368
In greater than 12 months	2,332,304	1,407,703
	2,493,733	1,479,071

(a) The Modernisation Fund is a medium-term facility introduced to assist exporters and manufacturers to retool. Amounts are lent at an interest rate of 10% to 11.5% per annum over a three-year period. All loans are secured and have a loan tenor up to 60 months.

(b) The ICT represents loans for software development, training and telecommunications and bears interest of 11%. The loans are secured and have a loan tenor up to 60 months.

(c) This facility is used for financing working capital in the commercial sector which supports the productive industries. These loans bear interest at 16% per annum and are for periods of up to four years. The loans are fully secured.

(d) This represents loans to small and medium-sized enterprises (SME) from financing received from the National Insurance Fund (Note 20(c)) and is secured by a deed of assignment of the underlying loans. These loans bear interest of 8% to 10% and are for periods of up to forty eight months. This loan facility has been fully disbursed and is now closed.

(e) The United States Dollar Medium Term Loans are extended at a rate of 7% - 9% (2011 – 7.20% to 9%) and are for periods of up to sixty months. All loans are secured.

(f) This represents loans to small and medium-sized enterprises (SME) from financing received from the PetroCaribe Development Fund. These loans are for a period of up to sixty months, at an interest rate of 10% to 11% and are fully secured.

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12. Medium-Term Loans Receivable (Continued)

(g) Other Medium-Term Loans include loans to staff members which bear interest at 5% per annum, and other loans which bear interest at 11%. These loans are for a period of up to five years. Included in this amount is an adjustment of $2,653,000 (2011 - $3,645,000) representing the difference between the carrying amount and the net present value, as required under IFRS.

13. Demand and Non-Accrual Loans

	2012 $'000	2011 $'000
Demand loans (J$)	175,977	285,605
Demand loans (US$)	22,892	48,841
Provision for credit losses	(39,390)	(23,467)
	159,479	310,979

14. Investments

	Number of shares held			
	2012	2011	2012 $'000	2011 $'000
Available-for-sale securities:				
Quoted equities:				
Bladex:				
Class 'A' common stock	107,065	107,065	196,894	159,966
Class 'B' common stock	28,971	28,971	53,278	43,286
			250,172	203,252
Loans and receivables:				
Fixed deposit			-	35,821
Securities purchased under resale agreements			257,767	356,395
Government of Jamaica securities			11,527	14,162
			269,294	406,378
			519,466	609,630

The fixed deposit was restricted for use, based on the agreement with the Bank of New York (BNY) for lines of credit facilities. All BNY accounts were closed during the year, and the fixed deposit was released.

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14. Investments (Continued)

	2012	2011
	$'000	$'000
Remaining term to maturity:		
Within three months	187,974	365,905
From three months to one year	72,194	28,950
One to five years	9,126	11,523
	269,294	406,378

Included in the investments above is interest receivable amounting to $1,642,000 (2011 - $1,821,000).

Government of Jamaica securities comprise benchmark investment notes issued by the Government of Jamaica.

The fair value of the underlying securities held as collateral for securities purchased under resale agreements at 31 March 2012 was $268,602,000 (2011 - $442,316,000).

15. Long-Term Loans Receivable

Long-term loans receivable represent staff loans which bear interest at 1% to 4% per annum and are for periods of up to twenty-five years. The amount due at 31 March 2012 includes $1,682,000 (2011 - $284,000) receivable within twelve months.

Included in this amount is an adjustment of $6,982,000 (2011 - $10,273,000), representing the difference between the carrying amount and the net present value, as required under IFRS.

16. Post-Employment Benefits

The Bank operates a non-contributory, defined benefit pension plan for permanent employees who are employed directly by the Bank. The assets of the plan are held independently of the Bank in a separate trustee administered fund. The Bank also provides post-employment medical benefits to employees who satisfy the minimum service requirements. The plan is valued by independent actuaries, Duggan Consulting Limited, annually using the projected unit credit method.

	2012	2011
	$'000	$'000
Assets/(liabilities) recognised in the statement of financial position –		
Post-employment benefit asset	297,252	196,458
Post-employment benefit obligations	(91,392)	(87,348)
Amounts recognised in profit or loss –		
Post-employment benefit asset	(99,870)	24,013
Post-employment medical benefit obligation	4,499	12,284

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16. Post-employment Benefit (Continued)

(a) Post-employment benefit asset

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

	2012	2011
	$'000	$'000
Present value of funded obligations	(317,979)	(429,113)
Fair value of plan assets	415,708	424,710
	97,729	(4,403)
Unrecognised actuarial losses	203,221	200,861
Asset recognised in statement of financial position	300,950	196,458

The movement in the defined benefit obligation:

	2012	2011
	$'000	$'000
At beginning of year	429,113	396,881
Interest cost	33,392	47,149
Current service cost	15,305	15,323
Voluntary contributions	1,461	1,287
Past Service cost – non-vested benefits	(4,034)	-
Past Service cost – vested benefits	(117,284)	-
Benefits paid during year	(11,618)	(5,708)
Actuarial losses on obligations	(28,356)	(25,819)
At end of year	317,979	429,113

The movement in the fair value of the plan assets during the year was as follows:

	2012	2011
	$'000	$'000
At beginning of year	424,710	445,863
Expected return on plan assets	44,110	51,067
Contributions paid	2,385	2,108
Benefits paid	(11,618)	(5,708)
Actuarial losses on plan assets	(43,879)	(68,620)
At end of year	415,708	424,710

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16. Post-employment Benefit Asset/Obligation (Continued)

(a) Post-employment benefit asset (continued)

The movements in the net asset recognised in the statement of financial position:

	2012	2011
	$'000	$'000
Net asset at beginning of year	196,458	219,650
Contributions paid	924	821
Total income/(expenses) – as shown below	99,870	(24,013)
Net asset at end of year	297,252	196,458

The majority of the plan assets are held in pooled investment funds. The distribution of those underlying assets was as follows:

	2012		2011	
	$'000	%	$'000	%
Equities	192,818	46	-	-
Debt securities	113,730	27	-	-
Repurchase agreements	78,354	19	-	-
Equity securities (Pooled Fund)	11,320	3	277,099	65
Debt securities (Pooled Fund)	7,712	2	113,923	27
Other	11,774	3	33,688	8
	415,708	100	424,710	100

The amounts recognised in profit or loss were:

	2012	2011
	$'000	$'000
Current service cost	15,305	15,323
Interest on obligation	33,392	47,149
Expected return on plan assets	(44,110)	(51,067)
Net actuarial gain recognised during the year	13,162	12,608
Past service cost – non-vested benefits	(336)	-
Past service cost - vested	(117,283)	-
	(99,870)	24,013
Actual return on plan assets	(231)	17,553

The amount is recognised in administration expenses in profit or loss.

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16. Post-employment Benefit Asset/Obligation (Continued)

(a) Post-employment benefit asset (continued)

The five-year trend for the fair value of plan assets, the defined benefit obligation, the surplus in the plan, and experience adjustments for plan assets and liabilities is as follows:

	2012 $'000	2011 $'000	2010 $'000	2009 $'000	2008 $'000
Defined benefit obligation –	(317,979)	(429,113)	(396,881)	(330,818)	(192,388)
Fair value of plan assets	415,708	424,710	445,863	403,784	492,913
Surplus/(deficit) in plan	97,729	(4,403)	48,982	72,966	300,525
Experience adjustments –					
Defined benefit obligation	(68,450)	25,556	28,986	2,405	(28,849)
Fair value of plan assets	(43,879)	(68,620)	(20,676)	(151,128)	4,698

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16. Post-employment Benefit Obligation (Continued)

(b) Other post-employment benefit obligations

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

	2012	2011
	$'000	$'000
Present value of obligations	64,008	91,123
Unrecognised past service cost - non-vested benefits	6,606	(311)
Unrecognised actuarial gains/(losses)	20,778	(3,464)
	91,392	87,348

The movement in the present value of obligation during the year was as follows:

	2012 $'000	2011 $'000
At beginning of year	91,123	70,730
Current service cost	4,223	3,703
Interest cost	8,407	8,537
Actuarial loss on obligations	(24,242)	8,544
Past Service cost – non-vested benefits	(7,498)	-
Past Service cost – vested benefits	(7,551)	-
Benefits paid	(454)	(391)
At end of year	64,008	91,123

The amounts recognised in profit or loss are as follows:

	2012	2011
	$'000	$'000
Current service costs	4,223	3,703
Past service costs - non-vested benefits	(581)	44
Past service costs – vested benefits	(7,550)	-
Interest cost	8,407	8,537
	4,499	12,284

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16. Post-employment Benefit Obligation (Continued)

(b) Other post-employment benefit obligations (continued)

Movements in the net liability recognised in the statement of financial position:

	2012	2011
	$'000	$'000
Net liability at start of the year	87,348	75,455
Contributions paid	(455)	(391)
Total expense – as shown above	4,499	12,284
Net liability at end of year	91,392	87,348

Assumed health care cost trends have a significant effect on the amounts recognised in profit or loss. A one percent point change in assumed health care cost trend rates would have the following effects:

	1% Increase	1% Decrease
	$'000	$'000
Increase/(decrease) on the aggregate service and interest cost	2,892	(2,288)
Increase/(decrease) in the defined benefit obligation	13,265	(10,388)

The five-year trend for the defined benefit obligation and experience adjustments is as follows:

	2012 $'000	2011 $'000	2010 $'000	2009 $'000	2008 $'000
Defined benefit obligation	64,008	91,123	70,730	49,896	48,522
Experience adjustments	24,093	(8,551)	(8,865)	10,257	4,130

(c) Principal actuarial assumptions used in valuing post-employment benefits

The principal actuarial assumptions used in valuing post-employment benefits were as follows:

	2012	2011
	%	%
Discount rate	10.00	10.50
Expected return on plan assets	10.00	10.50
Medical rates	9.00	9.50
Future salary increases	6.00	7.50
Future pension increases	2.50	5.00

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17. Property, Plant and Equipment

	Land, Buildings and Office Improvements	Motor Vehicles	Equipment Furniture and Fixtures	Computers	Total
	$'000	$'000	$'000	$'000	$'000
Cost -					
31 March 2010	100,502	7,967	10,604	30,017	149,090
Additions	268	-	400	2,399	3,067
Disposal	-	(1,832)	(755)	(6,035)	(8,622)
31 March 2011	100,770	6,135	10,249	26,381	143,535
Additions	171	2,482	3,460	3,013	9,126
Disposal	-	-	(26)	(1,134)	(1,160)
31 March 2012	100,941	8,617	13,683	28,260	151,501
Depreciation -					
31 March 2010	6,352	5,559	4,883	22,304	39,098
Charge for the year	2,582	805	924	5,055	9,366
Disposal	-	(1,832)	(723)	(6,028)	(8,583)
31 March 2011	8,934	4,532	5,084	21,331	39,881
Charge for the year	2,599	1,023	1,058	4,097	8,777
Disposal	-	-	(15)	(1,089)	(1,104)
31 March 2012	11,533	5,555	6,127	24,339	47,554
Net Book Value -					
31 March 2012	89,408	3,062	7,556	3,921	103,947
31 March 2011	91,836	1,603	5,165	5,050	103,654

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18. Short-Term Loans and Lines of Credit

	Rate of interest per annum	2012 $'000	2011 $'000
Banco Latinoamericano de Commercio Exterior, S.A. (BLADEX)	10%	81,964	16,548
Bank of New York	10%	-	14,569
Bank of Nova Scotia Jamaica Limited – Cuban loc	8.5%	300,860	304,432
		382,824	335,549

These unsecured amounts represent the drawn-down balances on lines of credit extended to the Bank for 180 days.

19. Deferred Taxation

Deferred income taxes are calculated on all temporary differences under the liability method, using a tax rate of 33⅓%. The movement in the deferred income tax balance is as follows:

	2012 $'000	2011 $'000
At beginning of year	40,884	121,500
Recognised in the profit or loss (Note 8)	29,868	(44,913)
Recognised in the components of other comprehensive income	-	(35,703)
At end of year	70,752	40,884

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19. Deferred Taxation (Continued)

Deferred income tax arises as follows:

	2012	2011
	$'000	$'000
Deferred income tax assets –		
Accrued vacation	2,645	2,258
Insurance provision	1,035	1,088
Post-employment benefit obligation	30,464	29,116
	34,144	32,462
Deferred income tax liabilities –		
Foreign exchange gain	4,718	6,580
Accelerated tax depreciation	1,094	1,280
Post-employment benefit asset	99,084	65,486
	104,896	73,346
	(70,752)	(40,884)

The deferred tax charge/(credit) in profit or loss comprises the following temporary differences:

	2012	2011
	$'000	$'000
Accrued vacation	(388)	(367)
Foreign exchange	(1,861)	(32,721)
Accelerated tax depreciation	(186)	(54)
Post-employment benefit asset	33,598	(3,964)
Post-employment benefit obligation	(1,348)	(7,731)
Other	53	(76)
	29,868	(44,913)

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20. Long-Term Loans

		2012	2011
		$'000	$'000
(a)	Government of Jamaica (1715 JM)	344,086	361,334
(b)	Government of Jamaica/EXIM	623,543	605,331
(c)	National Insurance Fund/SME	2,449	33,658
(d)	PetroCaribe Development Fund	1,285,400	1,337,970
(e)	PetroCaribe Development Fund	839,966	909,816
(f)	PetroCaribe Development Fund US$20M	1,449,191	-
(g)	Development Bank of Jamaica Limited (DBJ)	737,528	142,998
(h)	IADB/DBJ Loan	-	1,480,473
		5,282,163	4,871,580
	Deferred commitment fees	(13,086)	(10,132)
		5,269,077	4,861,448

(a) This represents the balance on the unsecured Government of Jamaica loan (Loan 1715 JM) from International Bank for Reconstruction and Development (IBRD), on-lent to Export Development Fund Jamaica Limited, assumed by the Bank. In agreement with the Ministry of Finance, the terms of IBRD Loan 1715 JM were restructured with effect from 13 September 1996.

Principal due but unpaid as at 31 December 1995, amounting to US$3.0 million, was converted to equity and the remaining loan balance of US$11.87 million was converted to Jamaican dollars with provisions for capitalisation of any shortfalls in interest payments.

The loan, which bears interest at 6% per annum, is repayable by fifty-eight semi-annual installments, the final installment being due on 30 December 2025.

The Minister of Finance by letter dated 4 July 2011, agreed to convert the principal balance to equity. At 31 March 2012, the conversion was incomplete.

(b) This represents a loan of US$3.5 million from the Jamaica Exporters' Association under its Export Growth Initiative Programme (EGI). This amount is to be on-lent to productive enterprises in United States dollars, at the discretion of the Bank. Loans to each customer should not exceed US$0.3 million. This loan, which bears interest at 3% per annum, is to be repaid within six years of the first disbursement.

(c) The facility comprises an amount not exceeding $138,297,000 for the sole purpose of making loans to 'Small and Medium-sized Enterprises', in accordance with NIF/SME Credit Facility Guidelines.

The loan facility is disbursed in tranches/advances and each advance has its own amortisation schedule and evidenced by a promissory note. The interest rate is fixed at 4% on the reducing balance. The term of the loan facility is 11 May 2007 to 31 March 2013. The facility was fully drawn down as at the reporting date with the last payment due in March 2013.

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20. Long-Term Loans (Continued)

(d) The Bank entered into a loan agreement with the PetroCaribe Development Fund to borrow US$12 million. It drew down the amount in three tranches between 8 August 2007 and 30 January 2008. The loan is unsecured, and bears initial interest at the rate of 5%, however, this was reduced to 3% during the current financial year. The loan has a tenure of fifteen years, with a moratorium of one year on principal repayment. A further loan of US$6 million was entered into with the Fund and received during the year ended 31 March 2011, at a rate of 3%.

(e) The Bank entered into a loan agreement with the PetroCaribe Development Fund to borrow $1 billion. The loan has a rate of 6% and tenure of fifteen years, with a moratorium of one year on principal repayment.

(f) The Bank entered into a loan agreement with the PetroCaribe Development Fund to borrow US$20 million. The loan has a rate of interest of 3% and tenure of 10 years at a rate of 3% per annum. The amount drawn down as at reporting date was US$16.57 million.

(g) The Bank entered into a loan agreement with the Development Bank of Jamaica (DBJ) to borrow $175 million during the financial year ended 31 March 2011. The loan has a rate of 7% and has tenure of five years, with a moratorium of one year on principal repayment. Additional loan agreements were signed during the 2012 financial year and the Bank received additional funds as follows: DBJ/Regular $500 million at an interest rate of 6.5%, DBJ/SME Line $35 million at 7%, DBJ/Energy Line $40 million at 6.75% and DBJ/FSMA Line at 4.5%.

(h) US$23 million was drawn down from this facility. The interest rate was based on six-month LIBOR plus 450 basis points. Quarterly interest payments commenced June 2009, and principal payments commenced March 2011 with the final payment of principal and interest in January 2012.

21. Share Capital

	2012	2011
	$'000	$'000
Authorised –		
300,000 ordinary shares		
Issued and fully paid –		
257,738 ordinary shares of no par value	257,738	257,738

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22. Capital Reserve

	2012	2011
	$'000	$'000
GOJ Budgetary Support	150,000	150,000
Apparel Sector Facility	45,842	45,842
JECIC Grant	148,574	148,574
Gain on Sale of Assets	8,042	8,042
	352,458	352,458

The GOJ budgetary support represents a non-reimbursable grant from the Government of Jamaica provided as budgetary support for the Bank.

The apparel sector facility represents a non-reimbursable grant from the Government of Jamaica, to be on-lent at an interest rate of 11% (2011 - 12%) per annum to the apparel sector under the Apparel Sector Financing Scheme.

The Jamaica Export Credit Insurance Corporation (JECIC) Grant represents the balance of investments being managed by National Export-Import Bank of Jamaica Limited for JECIC (in liquidation). The Bank of Jamaica approved the net investments balance as a grant to EXIM effective 1 April 2006.

23. Reserve Fund

15% of the profit after taxation each year is transferred to a reserve fund until the fund equals 50% of paid-up capital and, thereafter, 10% of the profit after taxation will be transferred until the amount in the fund is equal to the paid-up capital of the Bank.

24. Reserve for Trade Credit Insurance

This reserve represents amounts transferred from retained earnings to meet any future claims which may be incurred as a result of trade credit insurance contracts. The amounts transferred are calculated based on the difference between the movement in provision for trade credit insurance and 16% of premium income.

25. Investment Revaluation Reserve

This reserve comprises the fair value gains or losses on available-for-sale financial assets.

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26. Related Party Balances and Transactions

The statement of financial position includes balances, arising in the ordinary course of business, with the Government of Jamaica (GoJ), entities owned by the GoJ, key management personnel (directors and senior executives) and other related parties as follows:

	2012	2011
	$'000	$'000
GoJ, entities owned by the GoJ and affiliates -		
Notes and other receivables	-	3,521
Notes discounted	585,237	748,570
Medium-term loans receivable	103,711	-
Investments	11,527	14,162
Long-term loans	(5,269,077)	(4,861,488)

Transactions with related parties were as follows:

	2012	2011
	$'000	$'000
GoJ, entities owned by the GoJ and affiliates		
Interest income	38,293	82,715
Interest expense	(185,569)	(236,889)

Transactions with directors and key management personnel (including executive director) were as follows:

	2012	2011
	$'000	$'000
Salaries and wages	31,086	39,972
Post-employment benefits	(7,044)	3,212
Directors' emoluments –		
Fees	842	1,036
Other remuneration	13,087	10,229

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27. Fair Values of Financial Instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instrument. However, market prices are not available for a significant number of the financial assets and liabilities held and issued by the Bank. Therefore, for financial instruments where no market price is available, the fair values presented have been estimated using present values or other estimation and valuation techniques based on market conditions existing at reporting date.

The values derived from applying these techniques are significantly affected by the underlying assumptions used concerning both the amounts and timing of future cash flows and the discount rates. The following methods and assumptions have been used:

(i) Investment securities classified as available-for-sale are measured at fair value by reference to quoted market prices.

(ii) The fair value of liquid assets and other assets maturing within one year is assumed to approximate their carrying amount. This assumption is applied to liquid assets and the short-term elements of all other financial assets and financial liabilities.

(iii) The fair value of variable rate financial instruments is assumed to approximate their carrying amounts.

(iv) The fair value of loans payable which were obtained at concessionary rates (Note 20) has not been estimated as these loans are available to the Bank due to its special circumstances. Adequate market information is not available to determine the fair value of such loans.

The fair values of the following financial instruments differ from their carrying values as shown:

	Fair Value $'000	Carrying Value $'000	Fair Value $'000	Carrying Value $'000
	2012		2011	
Investments –				
Securities purchased under resale agreements	257,767	257,767	392,624	392,216
Government securities	13,885	11,527	15,562	14,162
	271,652	269,294	408,186	406,378

28. Commitments

Loan commitments under the Export Credit Facility, Modernisation and the Small Business Facilities totalled $925,884,000 at 31 March 2012 (2011 - $939,830,000).