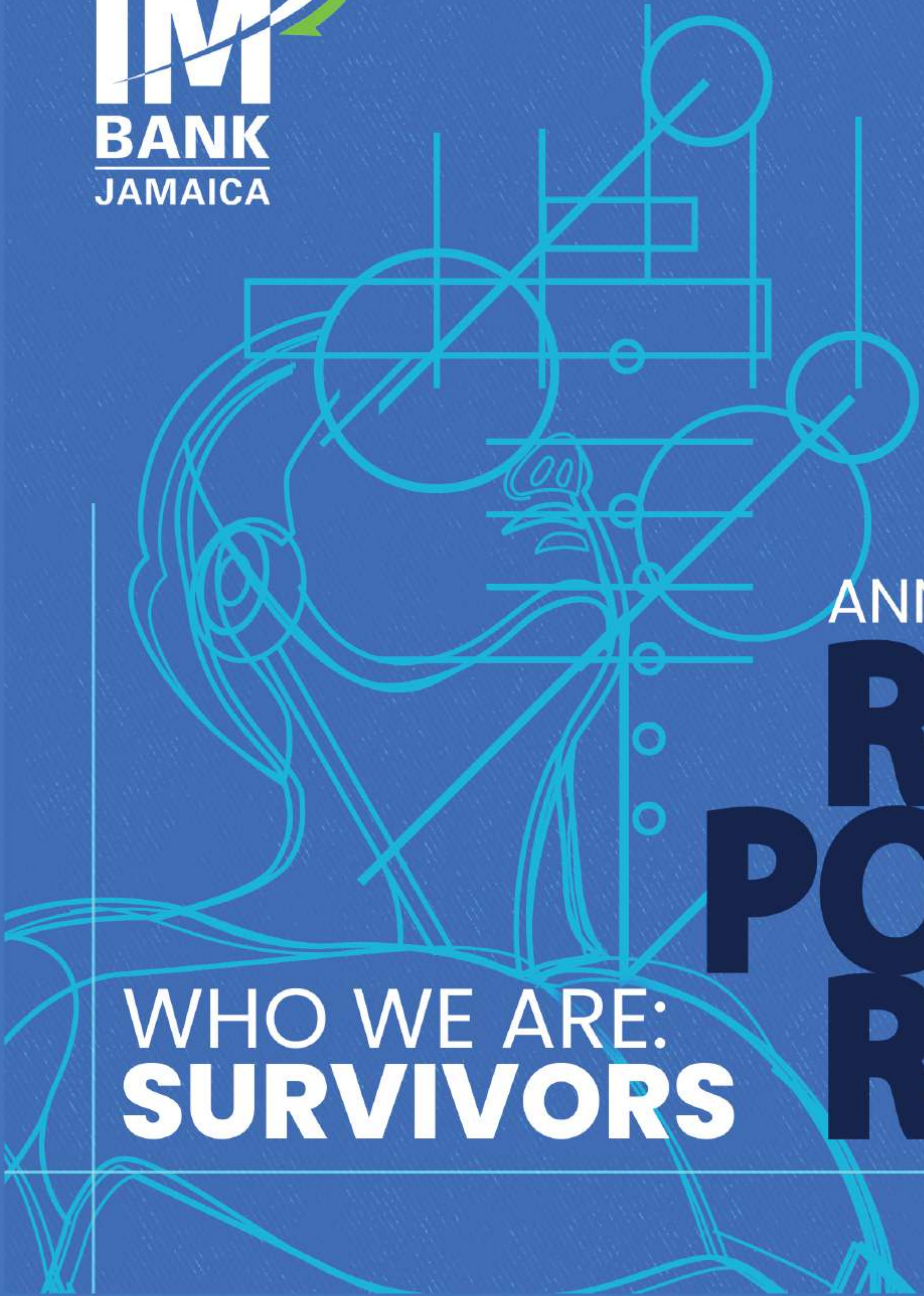
EXIM BANK JAMAICA

ANNUAL REPORT 2022



WHO WE ARE: SURVIVORS

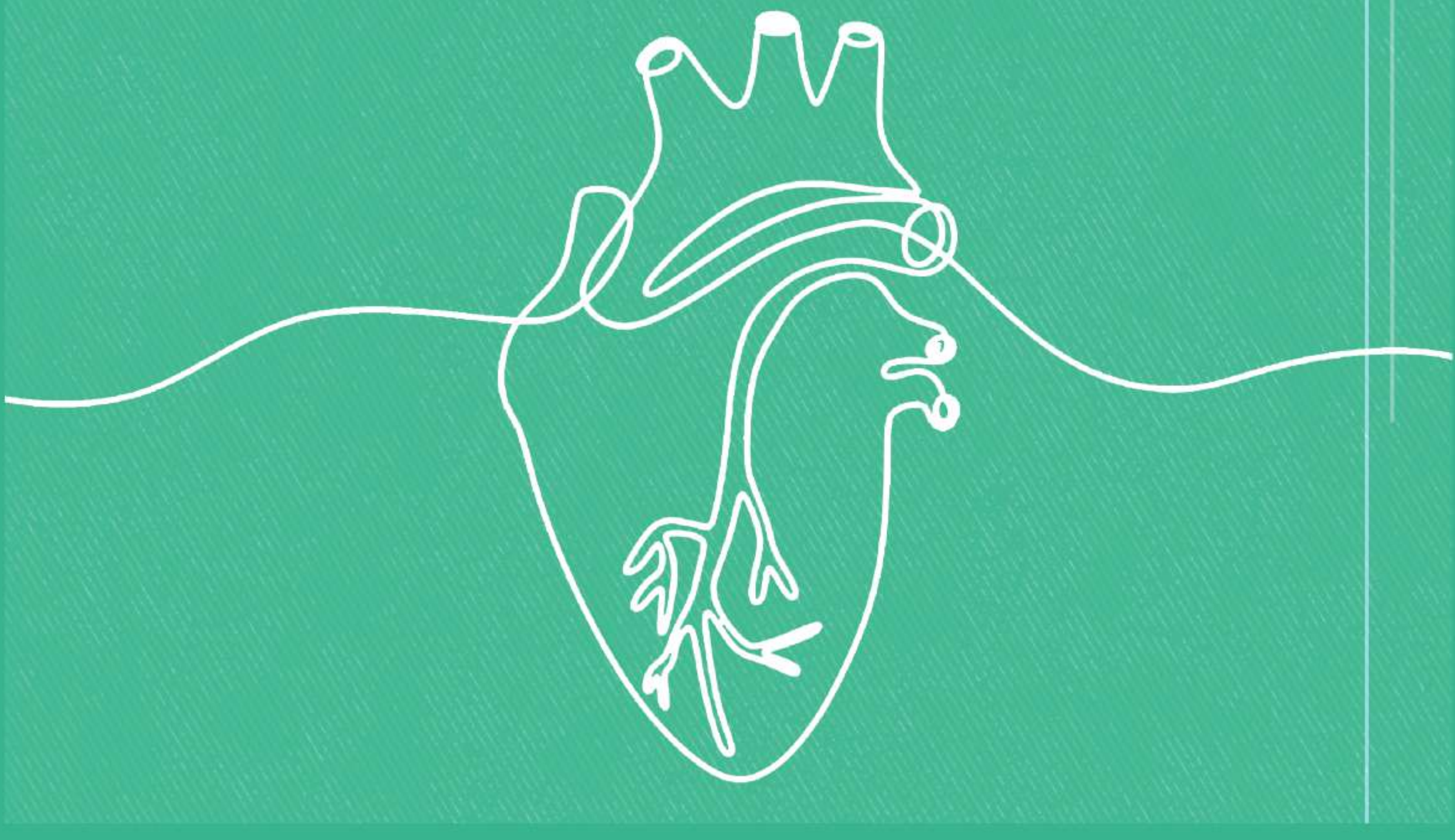
EXIM BANK

SERVING OVER 3000 SMES FOR OVER 36 YEARS

WHO WE ARE: SURVIVORS

We are the heartbeat of our country,
a key driver of innovation,
a pillar supporting our people through employment, economic growth, and productive activity,

Emboldening that swoosh of change a country needs for its competitive advantage,



CORPORATE DATA

OFFICE

National Export-Import Bank of Jamaica Limited
85 Hope Road, Kingston 6
St Andrew, Jamaica
West Indies

Phone: 876 630 1400
Email: info@eximbankja.com
Website: www.eximbankja.com

BANK OF JAMAICA

PRIMARY BANKER
Nethersole Place
P.O. Box 621, Kingston
Jamaica, West Indies

AUDITORS

Ernst & Young Chartered Accountants

8 Oliver Road, Kingston 8
Jamaica, West Indies

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OUR 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 of exporters.

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

OUR VISION

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

Our values

provide direction and energy to what we do every day; they serve as the guiding principles of individual and organizational behaviour. At EXIM Bank we believe in:

CORE VALUES

CUSTOMER CENTRICITY

We understand the value of our brand and consistently deliver it to our customers by focusing on what they value most, in keeping with our overall business strategy.

PROFESSIONALISM

We conform with generally accepted formal standards portrayed by our mannerism, deportment, business conduct and individual dealings with each other, our business partners and customers.

RESPECT

We treat each other with kind consideration and politeness irrespective of position or economic status being mindful at all times of the other person's feelings.

INNOVATION

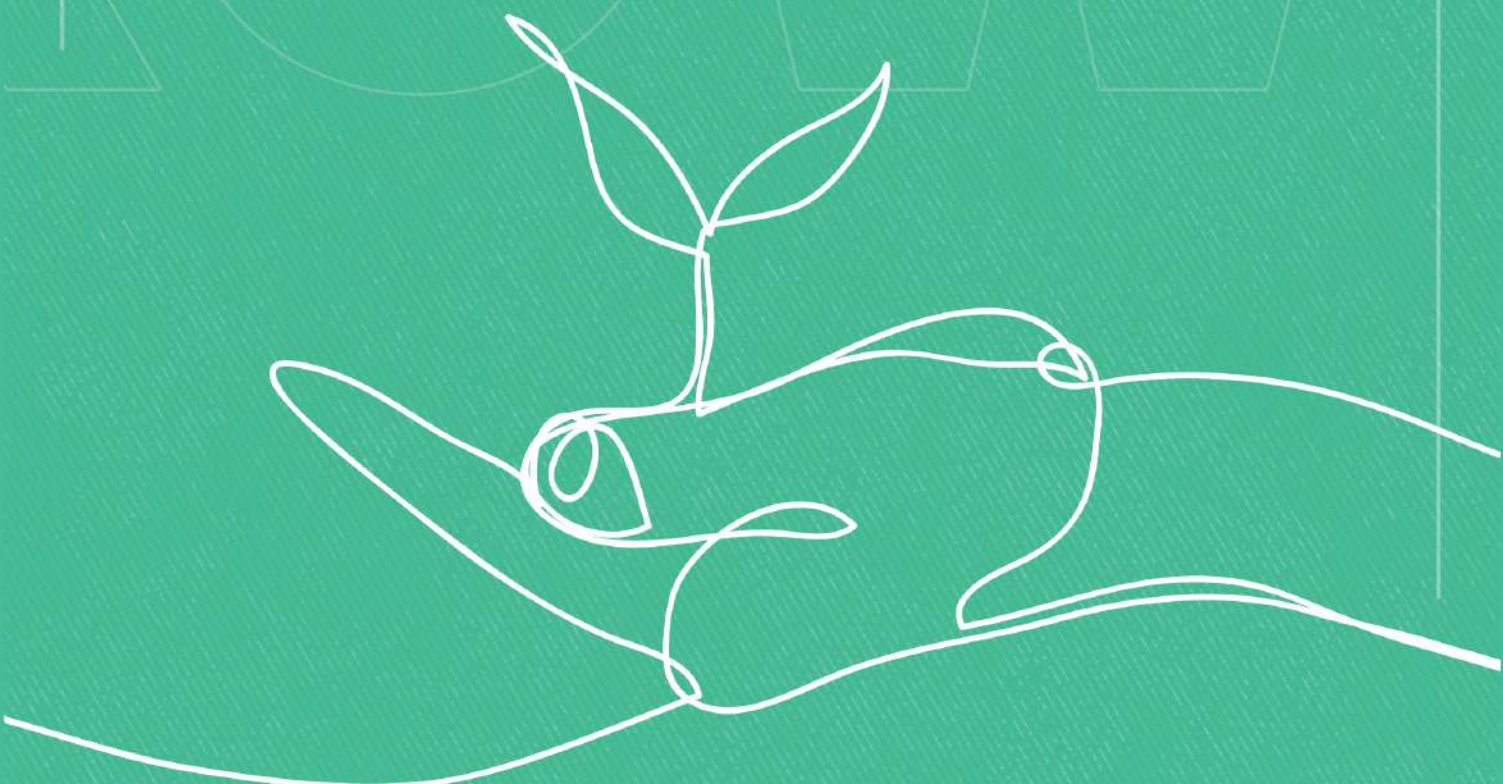
We understand the value of our brand and consistently deliver it to our customers by focusing on what they value most, in keeping with our overall business strategy.

INTEGRITY

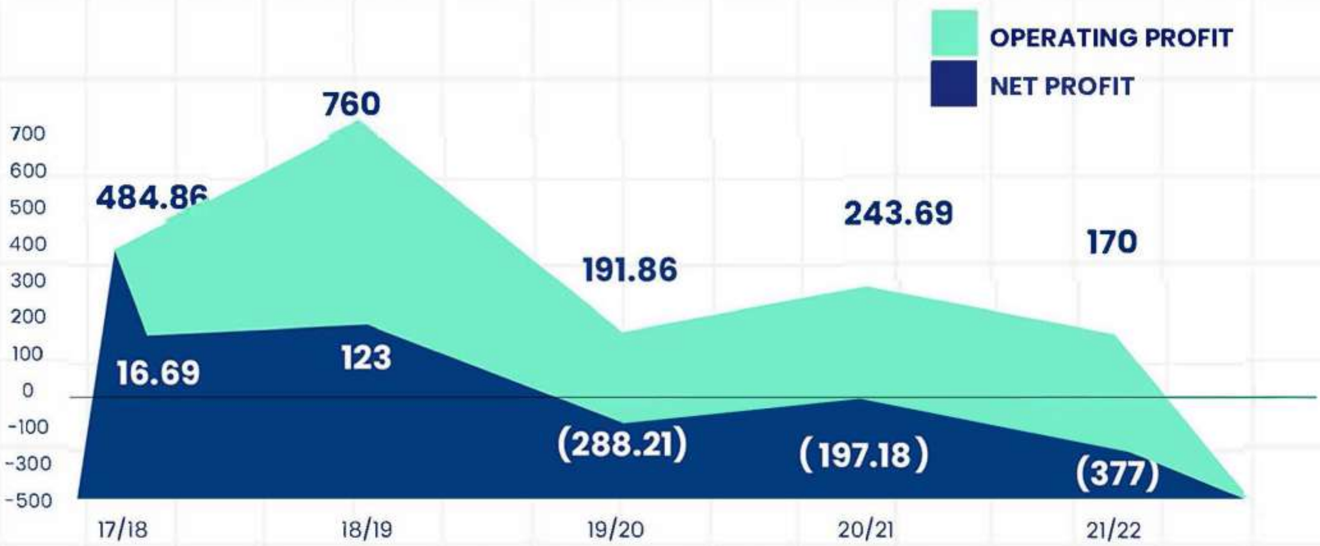
We maintain a strict adherence to a moral code of honesty and a strong sense of morality.

WHO WE ARE:
SURVIVORS

Sometimes we disrupt long-standing industries
with our ingenuity
And birth new avenues for **GROWTH,**
With the staunch realization that *things cannot
be as they always have been...*



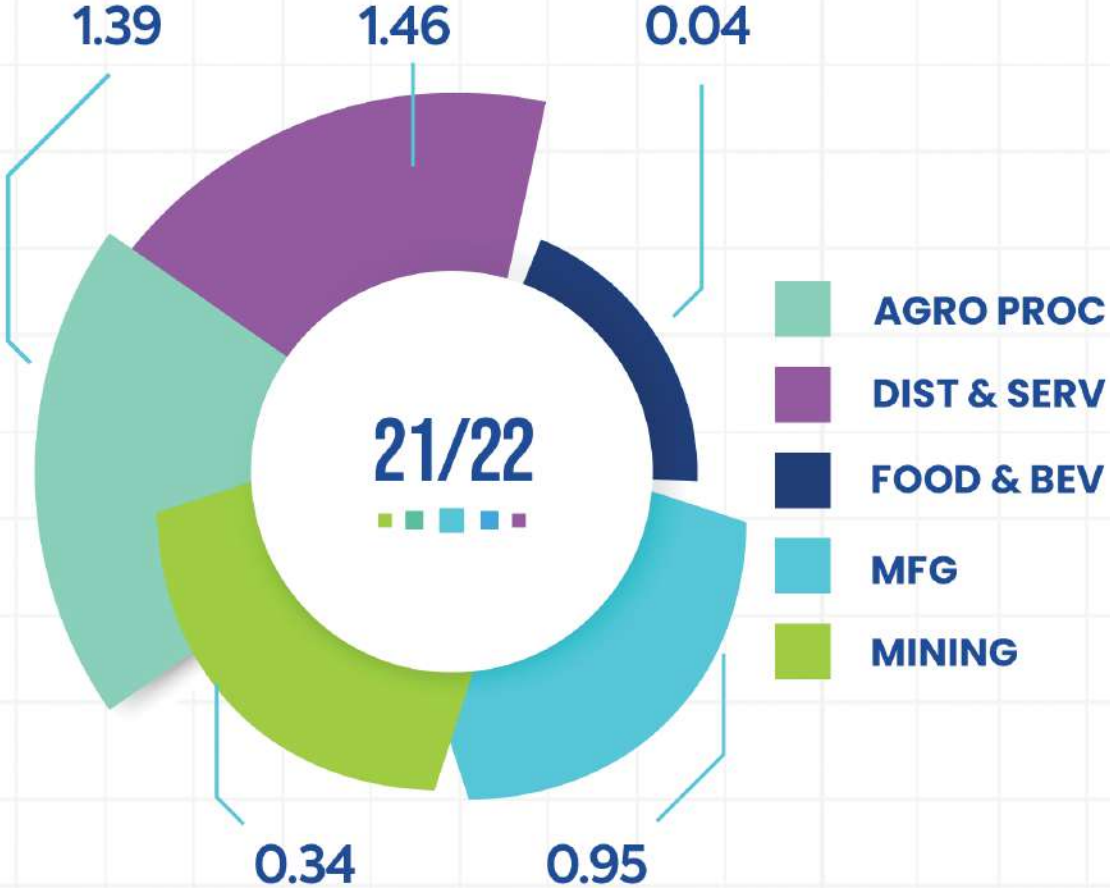
5 YEAR FINANCIAL HIGHLIGHTS



PROFITABILITY (J$MILLIONS)

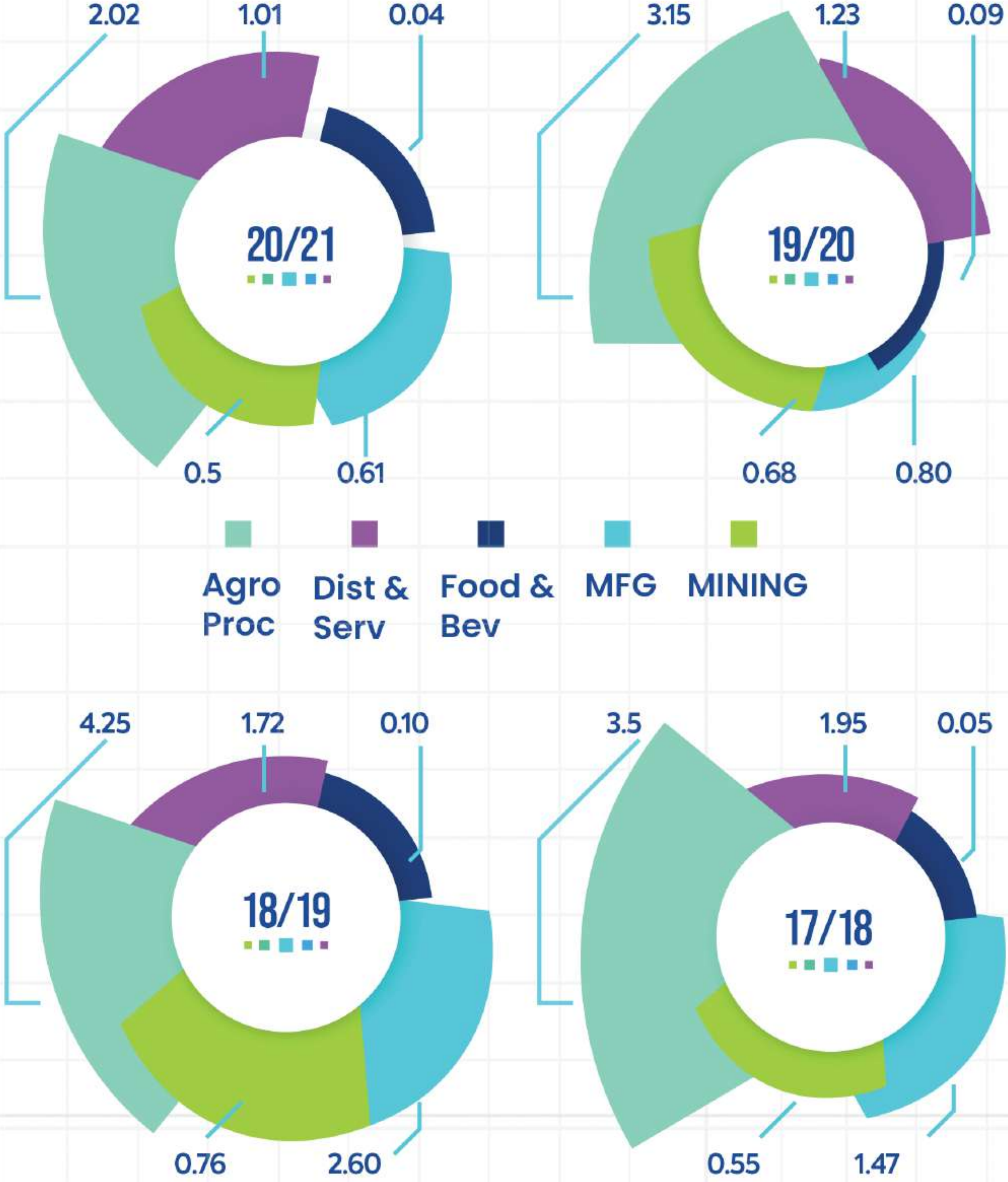
LOAN UTILIZATION (J$BILLIONS)

5 YEAR FINANCIAL HIGHLIGHTS



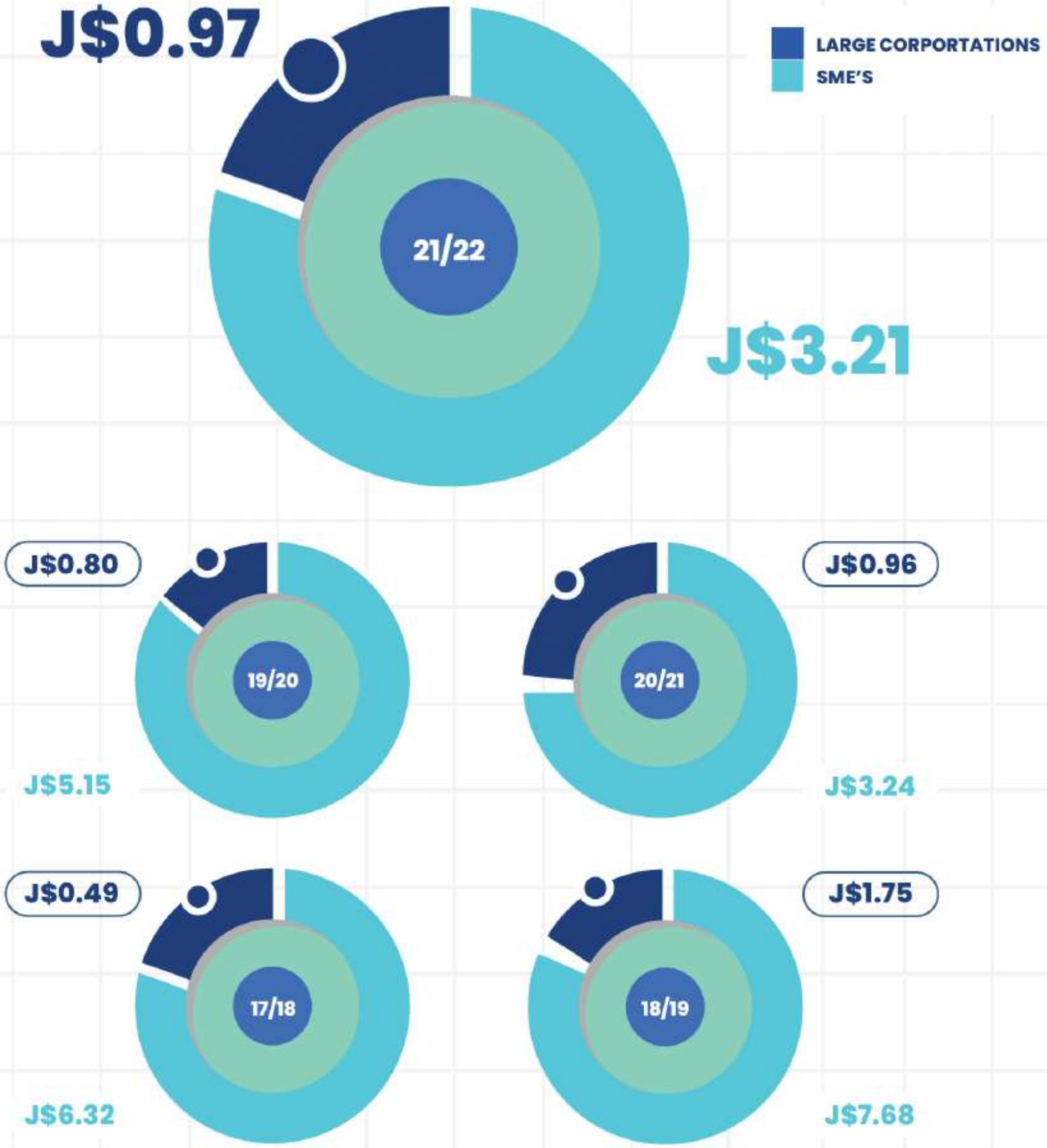
LOANS DISBURSED BY SECTOR
(J$ BILLIONS)

LOANS DISBURSED BY SECTOR
(J$ BILLIONS)



LOANS DISBURSED
TO SMES VS. LARGE CORPORATES

(J$ BILLIONS)

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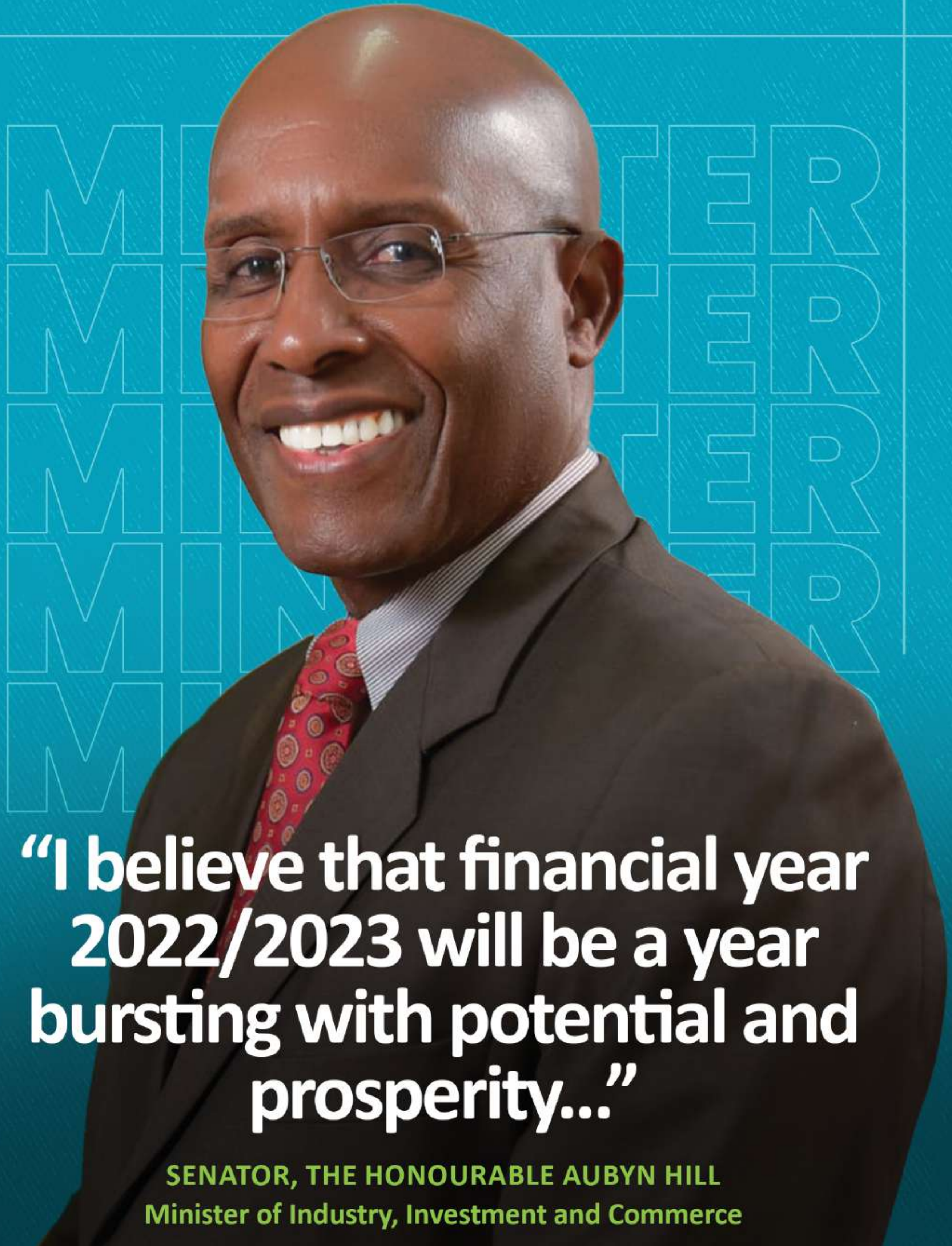


"I believe that financial year 2022/2023 will be a year bursting with potential and prosperity..."

SENATOR, THE HONOURABLE AUBYN HILL
Minister of Industry, Investment and Commerce

SENATOR, THE HONOURABLE AUBYN HILL

Minister of Industry, Investment and Commerce (MIIC)

THIS ANNUAL REPORT REPRESENTS THE BANK'S PERFORMANCE IN THE 2021/2022 FINANCIAL YEAR WHICH WAS A PERIOD DURING WHICH THE COVID-19 PANDEMIC ENSURED THAT THE INSTITUTIONS OPERATIONS TOOK PLACE AMIDST THE SECOND YEAR OF CONTINUING UNCERTAINTIES AND DIFFICULT CHALLENGES. THERE WERE CONTINUED DISRUPTIONS TO COMPANIES, INDUSTRIES AND TO ECONOMIES BOTH LOCALLY AND INTERNATIONALLY.

The Bank remained dedicated to its mandate and provided financing and financial assistance to SMEs to give them support during this trying period. The Bank disbursed over 433 loans valuing approximately J$4.2 billion, through relief and recovery and other targeted loan programmes, to businesses in the productive sector, including exporting and export-related entities.

The Bank continued to support the country's SMEs in sectors such as Manufacturing, Agro-Processing, Tourism and its Linkages, Mining, Information and Communication Technology, and Services, so that businesses in the productive sector could remain operational and even resilient against the backdrop of an uncertainty and shortage-ridden commercial environment.

TRIM 0.5INCH

THE COMMERCIAL AND FINANCIAL CHALLENGES FACED BY MANY OF EXIM BANKS CLIENTS WERE MORE THAN THEY COULD MANAGE AND THAT HAS HAD A KNOCK-ON EFFECT ON THE BANK'S FINANCIAL STATEMENTS.

The shareholder of the Bank – the Government of Jamaica – has begun a thorough review of the Bank's financial position with a view to arrive at a strategy for the future of the institution.

SENATOR, THE HONOURABLE **AUBYN HILL**

Minister of Industry, Investment and Commerce

"EXIM Bank recognized that the business landscape has become more dynamic..."

DEVETA MCLAREN, CD.
CHAIRPERSON

The role and function of the EXIM Bank

support and encourage Jamaica's economic growth through the provision of development financing, particularly to Small and Medium-sized Enterprises (SMEs). This has been the driving force behind the Bank for the last thirty-five years.

This past year presented many opportunities for the local economy as it experienced positive changes on its road to recovery from the pandemic. Despite increased inflationary pressures, selected macroeconomic indicators showed improvement. SMEs also attained varying degrees of recovery, as they endeavoured to recuperate from the effects of the COVID-19 pandemic, and in the face of this dynamic business landscape, **the Bank remained agile in responding to changing market conditions** through continual reassessment of its business model and strategic focus.

Not withstanding the foregoing, depressed demand, high interest cost and Expected Credit Losses (ECLs) associated with a large national interest account continued to adversely impact the Bank's financial performance, resulting in another year of unprofitable operations. These results occurred despite roboust credit monitoring and strong goverance which supported the responsible execution of the Bank's mandate.

As the new financial year approaches, I charge our Small and Medium-sized Enterprises (SMEs) to remain undaunted by current challenges and uncertainties as we continue to navigate this

'new normal'.

The Bank's relentless commitment to the spirit of entrepreneurship, SME growth and job creation, through the provision of superior trade financing products and services, continues to be its primary focus, and the upcoming financial year will be approached with renewed vision and strategy, persistent innovation, strong brand representation and a deeper connection with all stakeholders.

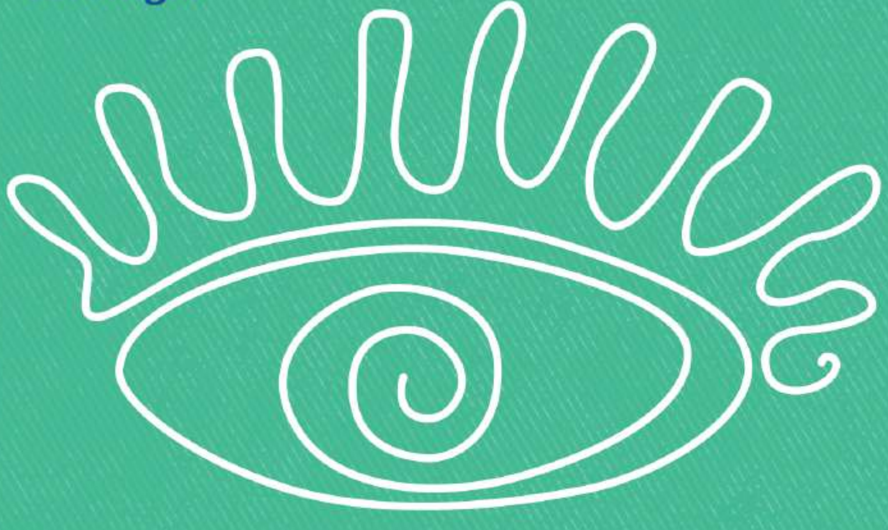
It is with a great sense of enthusiasm that I have commenced my first year with the Bank and it is my distinct pleasure to be given the opportunity to serve the Bank and its stakeholders. I express gratitude to our clients who have been the bedrock of EXIM's existence, the Management and Staff who continue to support the Bank's mandate and my fellow Directors whose support has been invaluable. I am confident that the EXIM Bank with a keen focus on its goal of being a visionary, innovative and creative trade financing institution, will continue to bolster Jamaica's productive sector to achieve even more unprecedented

levels of growth and economic diversity.

DEVETA MCLAREN, CHAIRPERSON

WHO WE ARE: **SURVIVORS**

We epitomize Progress,
Evolution,
Transformation,
Through our daily triumphs, and even through our failures,
which in due season may spawn our greatest achievements yet –
the next success, the one we didn't see coming…



BOARD OF **DIRECTORS**

DEVETA MCLAREN
Chairperson

Deveta is an experienced business professional whose focus is managing people, processes, and the development and execution of strategies. She is currently the Sales and Marketing Manager for ACCESS Financial Services Limited (AFS) having joined the Company in February 2012. Prior to joining AFS, she worked as Special Projects Coordinator in the Office of the Prime Minister, Marketing Manager for Western Union Jamaica, and prior to that, with the GraceKennedy group.

She has served on the Boards of the Jamaica Social Investment Fund (JSIF), the Child Development Agency and the National Irrigation Commission. She is currently serving on the Board of JAMPRO.

GARY HENDRICKSON CD, JP
Chairman for 6 years; Retired in October 2021

EXIM's Chairman, Gary 'Butch' Hendrickson, is also the Chairman and CEO of Continental Banking Company Limited and Coconut Bay Beach Resort & Spa in St Lucia. Additionally, he serves as the President of the Council of Voluntary Social Services (CVSS), a former Vice President of the Private Sector Organization of Jamaica (PSOJ), and sits on the Boards of Rainforest Seafoods, Stationery & Office Supplies Limited, the King's House Foundation, and the Bank of Jamaica (BOJ).

BOARD OF **DIRECTORS**

LISA BELL, JP
Managing Director for 12 years

Lisa Bell has held the position of Managing Director since May 2010. She has over twenty-five years' experience in providing financial, analytical, project and general management expertise in both the private and public sectors. Prior to joining the EXIM Bank, Lisa Bell held the position of Deputy President of Jamaica Promotions Corporation (JAMPRO). She holds a Masters of Business Administration with a specialisation in Finance and a Bachelor of Business Administration from the University of Miami, Florida, USA.

BEVAN CALLAM, JP
Director for 5 years

Bevan Callam is a retired banker, who spent 45 years with one of Jamaica's leading commercial banks; his last post being Senior Vice President, Credit Risk Management (Acting). During his banking career, he held management positions in several areas of the bank, including operations, finance, branch banking, corporate and commercial banking and credit risk management. He is a Fellow of the Institute of Canadian Bankers and serves on a number of boards and Committees, including Lasco Microfinance Limited, and Scojampen Limited.

BOARD OF **DIRECTORS**

RACQUELL BROWN
Director for 4 years

Racquell Brown's professional focus is in Marketing and International Business. She holds a Professional Postgraduate Diploma from the Chartered Institute of Marketing and a Bachelor of Science Degree in Marketing & International Business from the University of Technology. She possesses 14 years of Marketing experience.

GEOFFREY ZIADIE
Director for 5 years

Geoffrey Ziadie, Founder and CEO of Chad-Ad Distributors, is a graduate of the University of Florida, where he obtained a Bachelor of Science Degree in Business Administration and Finance. With over 25 years of experience in business, he currently serves as a Director of Newport Forklift Services Limited and Kingston Industrial Garage Limited.

BOARD OF **DIRECTORS**

LACEY ANN BARTLEY
Director for 4 years

Lacey Ann Bartley currently holds the position of Managing Director of Bartley's All in Wood (Bartley's Craft), a family business offering 20 years of experience in wood-work and furniture building. She has also worked at the UWI Regional Headquarters in the capacity of UWISTAT Facilitator and Communications Officer. She has a Bachelor of Science Degree in Management Studies in Governance from the University of the West Indies. Lacey Ann is an active member of her professional community through membership, leadership roles and various awards recognising her contributions.

NORMAN REID, JP
Director for 5 years

Norman Reid is a retired banker with over 40 years' experience in the financial services sector. He served in the capacity of Senior Assistant General Manager at his last post and his areas of expertise span credit analysis, underwriting, sales, internal audit, change management, operations and training. Norman holds a Bachelor of Science in Banking and Finance, an Associateship of the Chartered Insititute of Bankers and is a Fellow of the London Institute of Banking and Finance. He serves on a number of Boards and is Chairman of the Board of Ports Security Corps Limited and Sam Sharpe Teachers' College. He is also the Chair of National Education Trust and First Rock Capital Holdings.

BOARD OF **DIRECTORS**

WADE MARS
Director for 1 year

Wade Mars is Chief Investment Officer of CXN Direct Investments Inc, a private equity firm with registered offices in St. Lucia. Mr. Mars has over 18 years' experience in the financial industry, specializing in financial analysis, asset management and trading. He serves on the Board of numerous public and private sector entities including Trade Board of Jamaica and Quality Systems Solutions & Initiatives Limited (QSSI). He has also served as a member of the Standards Council of the Bureau of Standards Jamaica where he was Chairman of the Council's Executive Committee.

DR. GUNA S. MUPPURI
Director for 1 year

Dr. Guna Muppuri is a Medical Doctor with almost 30 years of experience in the medical field, serving in both India and Jamaica. Dr. Muppuri also has experience in entrepreneurship, investment and real estate, and is a social capitalist and philanthropist at heart. He is the founder of Bioprist Group & Pharmaceuticals (India, Latin America and North America), Indies Pharma Jamaica Limited, WINFRA Development Consortium Limited, Las Marias – Resort Condominiums and Bioprist Knowledge Parks (BPO ICT, Medical & Healthcare). He also serves on the President's Advisory Board for the University of the Commonwealth Caribbean (UCC), and previously held various advisory positions on councils such as the National Information and Communications Technology Advisory Council, Jamaica.

CORPORATE GOVERNANCE

STRONG GOVERNANCE

ENSURES THAT EXIM BANK CARRIES OUT ITS MANDATE RESPONSIBLY AND EFFECTIVELY WHILST SAFEGUARDING THE ASSETS AND INTERESTS OF ITS 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, PROCEDURES AND PRACTICES FOR THE YEAR ENDED 31 MARCH 2022. 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 recognises that corporate governance is a constantly evolving concept and therefore regularly reviews and updates the Company's governance charters and policies in reference to national and international public sector guidelines and best practices.

The role of the Board of Directors is to oversee and guide the management team with the aim of protecting and enhancing the interests of its

Shareholder and achieving the Company's Mission and Vision. With the exception of the Managing Director, the Board is made up of Independent Directors who possess a varied mix of skills, experience and qualifications, to the benefit of the Company, its stakeholders and clients.

THE MEMBERS OF THE BOARD ARE:

Mr. Gary Hendrickson
(Chairman, retired Nov. 2021),
Ms. Deveta McLaren
(Chairperson, Feb. 2022),
Mrs. Lisa Bell
(Managing Director)
Mr. Geoffrey Ziadie,
Mr. Bevan Callam,
Mr. Norman Reid,
Ms. Racquell Brown,
Ms. Lacey Ann Bartley,
Mr. Wade Mars and
Dr. Guna Muppuri.

The Board meets at least every two months

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 that affect the Company on a day-to-day basis. The committees meet regularly and are charged to work with the Senior Management Group to implement the decisions of the Board. The three (3) committees which operate within defined regularly reviewed Terms of Reference laid down by the Board are as follows: the Enterprise Risk Management Committee, the Audit & Corporate Governance Committee and the Human Resources & Pension Committee.

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 JUDGEMENT. DIRECTORS ARE REQUIRED TO AVOID CONFLICTS OF INTEREST AND TO IMMEDIATELY INFORM THE BOARD SHOULD A CONFLICT OF INTEREST ARISE.

CORPORATE **GOVERNANCE**

ENTERPRISE RISK MANAGEMENT COMMITTEE (ERMC).

The broad mandate of this Committee is to assist the Board of Directors in fulfilling its oversight responsibilities regarding the Bank's risk appetite, its risk management and compliance framework and governance structure that supports it. Risk appetite is defined as the level and type of risk which the Bank is able and willing to assume in its exposures and business activities, given its business objectives and obligations to its Shareholder and stakeholders.

The ERMC's members are:

Mr. Bevan Callam (Chairman)
Mr. Gary Hendrickson
Ms. Lacey Ann Bartley
Ms. Racquell Brown
Mr. Norman Reid
Mr. Geoffrey Ziadie.

The Committee met 7 times between April 1, 2021 and March 31, 2022 and in keeping with its Terms of Reference, undertook, among other things, the following:

- **Approval of credit applications within its designated authority.**
- **The recommendation of credit applications outside of its designated authority to the Board of Directors for approval.**
- **Approval of the booking of net changes in expected credit losses.**
- **The review of significant financial and other risk exposures and the steps taken by Management to monitor and control same.**
- **The review of the effectiveness of the Bank's risk management framework and monitoring of enterprise-wide risks.**

CORPORATE GOVERNANCE

AUDIT & CORPORATE GOVERNANCE COMMITTEE (ACGC)

The broad mandate of this Committee is to assist the Board of Directors in fulfilling its oversight responsibilities for: (1) the integrity of the Bank's Financial Statements; (2) the Bank's compliance with corporate governance, legal and regulatory requirements; (3) the independent Auditor's qualifications and independence; (4) the performance of the Bank's internal audit function and independent Auditors; (5) the achievement of operational efficiencies; and (6) the approval of the Budget and Corporate Plan, pursuant to the Public Bodies Management & Accountability Act.

The Directors who are members of the Committee are:

Mr. Norman Reid (Chairman)
Mr. Geoffrey Ziadie
Mr. Wade Mars

The Committee met 5 times for the year.

Among the matters considered by the ACGC during the 2021-2022 financial year were:

- THE IMPACT AND IMPLEMENTATION OF THE NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS, (IFRS) 9 AND 16, ON THE BANK'S OPERATIONS
- THE BANK'S 2020-2021 AUDITED FINANCIAL STATEMENTS
- THE INDEPENDENT AUDITORS' REPORT FOR THE FINANCIAL YEAR 2020-2021
- EXIM BANK'S PERFORMANCE AGAINST CORPORATE KEY PERFORMANCE INDICATORS FOR THE 2020-2021 FINANCIAL YEAR
- EXIM BANK'S 2022-2023 CORPORATE PLAN AND BUDGET
- THE EFFICIENCY AND EFFECTIVENESS OF VARIOUS SYSTEMS OF INTERNAL CONTROL

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CORPORATE GOVERNANCE

HUMAN RESOURCE & PENSION COMMITTEE (HRPC)

The mandate of this Committee is to assist the Board in fulfilling its oversight responsibilities for the appointment, performance evaluation and compensation of the Bank's Managing Director and Senior Management, succession planning and other human relations issues. The HRPC also overseas the administration of the National Export-Import Bank of Jamaica's pension fund.

The Committee members are:

Mr. Geoffrey Ziadie (Chairman)
Mr. Gary Hendrickson (prior to his resignation effective October 29, 2021)
Ms. Lacey Ann Bartley

Due to the COVID-19 pandemic, meetings of the HRPC were held on an ad hoc basis and subsumed at regular Board meetings. Among the matters considered by the HRPC were:

- HUMAN RELATIONS ISSUES AFFECTING THE STAFF GENERALLY
- THE IMPACT OF THE COVID-19 PANDEMIC ON STAFF
- MATTERS RELEVANT TO THE ADMINISTRATION OF EXIM BANK'S PENSION FUND
- THE REVIEW AND RECOMMENDATION OF THE BANK'S CORPORATE SOCIAL RESPONSIBILITY AND SOCIAL INTERACTION POLICIES, PRIOR TO THE APPROVAL OF BOARD OF DIRECTORS.

BOARD ANNUAL SELF EVALUATION

The Bank's Board of Directors, in keeping with the Corporate Governance Framework for Public Bodies in Jamaica, completed an annual self-evaluation of performance during the 2021-2022 financial year. An electronic survey containing questions categorised under five (5) broad headings was administered to Directors. The categories covered were:
Degree of Fulfillment of the Board's Responsibilities.
Quality of the Board-Management Relationship
Effectiveness of Board Processes, Meetings and Board Evaluation.
Effectiveness of Individual Director.
Contributions to the Board.

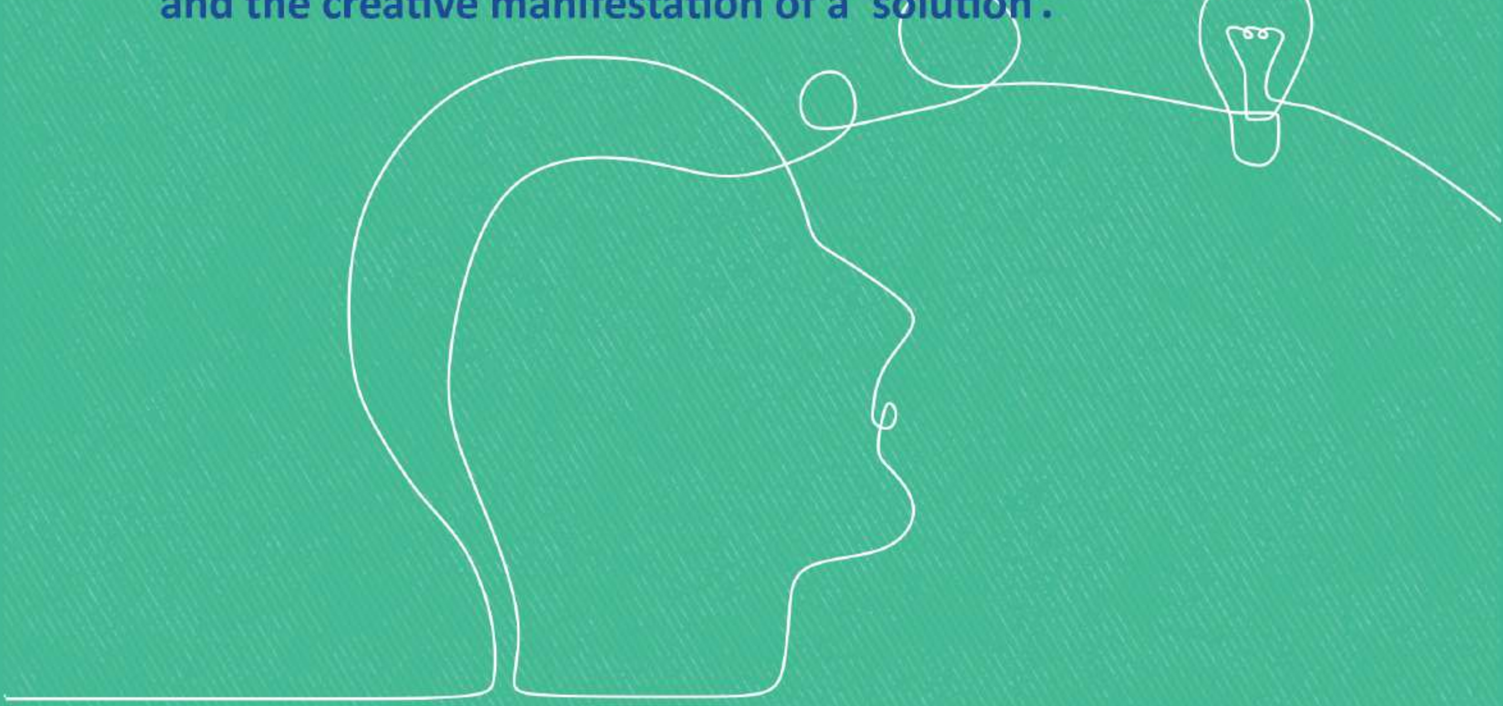
The results of the survey were reviewed and discussed by the members of the Board and a plan of action charted to address issues raised.

EXIM Bank is dedicated to its adherence to good corporate governance and remains stalwart in its compliance with corporate governance policies, procedures and practices.

WHO WE ARE:
SURVIVORS

Some may say ‘victory by happenstance’,
But they have not travelled our road - the one that made us who we are – the experience which released the breadcrumbs to our greatness
Our tenacity
Our defiance amidst disappointments.

This is our life and livelihood,
intimately tied to our identity,
our passions,
and the creative manifestation of a ‘solution’.



DIRECTORS' ATTENDANCE RECORDS

NUMBER OF MEETINGS	ANNUAL GENERAL MEETTING	BOARD MEETINGS	ENTERPRISE RISK MGMT COMMITTEE	AUDIT & CORPORATE GOVERNANCE COMMITTEE	HUMAN RESOURCES & PENSION	REQUIRED	ATTENDED
	-1	8	7	5	0		
Gary Hendrickson (outgoing Chairman of the Board)*	0	3	2	■	0	9	5
Deveta Mclaren (Incoming Chairperson of the Board)*	■	1	■	■	■	1	1
Lisa Bell (Managing Director)	1	8	7 ▲	5 ▲	0 ▲	21	21
Bevan Callam	1	8	7	1***	■	16	17
Norman Reid	1	8	7	5	■	21	21
Geoffrey Ziadie	1	7	7	4	0	21	19
Lacey Ann Bartley	1	6	6	■	0	16	13
Racquell Brown	1	8	7	■	■	16	16
Wade Mars	1	8	■	4	■	14	13
Guna Muppuri	1	4	■	■	■	9	5

■ **Not Applicable**

▲ **Non-member**

*** **Co-opted**

* **Mr. Gary Hendrickson resigned from the Board of Directors effective October 29, 2021.**
Ms. Deveta McLaren was appointed Chairperson of the Board of Directors on March 21, 2022.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WHO WE ARE: SURVIVORS

We Understand - YOUR BUSINESS MATTERS.
Its rewards go deeper than profits,
beyond what eyes can see,

IT'S PERSONAL.
We stand tall behind sustainable development,
building on a framework under which economies coincide,
global industries align and a nation spanning 10,990
square kilometres understands how it feels to be
undergirded by your existence,

Bare-faced Black Green and Gold pride

“The year presented many opportunities for the EXIM Bank to continue extending its unwavering support to businesses...”

LISA BELL, MANAGING DIRECTOR

The 2021/2022 financial year during which the National Export-Import Bank of Jamaica (EXIM Bank), marked its thirty-fifth year of operations, provided opportunities for the Bank's continued, steadfast support to businesses in the productive sector, while navigating economic and social challenges created by the COVID-19 pandemic. Sustained focus on improving access to finance by the Small and Medium-sized Enterprises (SME) sector throughout the year, spurred the introduction of innovative new products, improved service delivery, along with deepened stakeholder engagement.

ABOUT THE YEAR

Year 2021/2022 marked, what many described as the beginning of recovery from the pandemic for many developed and emerging markets, as vaccination campaigns in these countries saw successes signalling that the return to normal economic activity would be on the horizon. Indeed, the global economy also displayed signs of recovery occasioned by a rise in vaccination rates, government stimulus spending and the relaxation of COVID-19 restrictions. However, setbacks related to fluctuations in positivity rates continued. The global recovery was uneven, due to stimulus scale, differences in infection control and vaccination speed, with stalled recovery in key sectors such as Travel & Tourism, which saw international tourist arrivals increasing by only 5% in 2021, as mobility restrictions remained in place for protracted periods in several countries worldwide.

Other variables which impacted global recovery included supply chain disruptions, macroeconomic concerns related to rising geopolitical tensions between Russia and Ukraine, and the tightening of monetary policies in order to moderate inflation.

The impact of global recovery was also experienced domestically, as the local economy also began to reflect favourable shifts in its performance, especially during the third and fourth quarters, the most notable of which were robust foreign reserves and a decreasing unemployment rate. Government's decision to relax COVID-19 containment measures at the end of Q3 2021/22, resulted in increased consumer and business confidence, both of which impacted the economy positively, with increased visitor, cruise ship passenger and stop-over arrivals. This uptick in tourism had positive effects on the agriculture and services industries along with the hotel and restaurants sub-sectors, all of which recorded growth. Resulting however from the fire at JAMALCO in August 2021 and the subsequent closure of the refinery during the last half of fiscal 2021/22, the mining and quarrying industry experienced sharp decline. Contraction was also recorded in the manufacturing industry because of reduced output by the local petroleum refinery.

Against this backdrop, rising inflationary pressures resulting partly from rising supply-chain costs, occasioned BOJ's monetary policy review in September 2021, leading to increases in policy rates and the implementation of other measures to contain liquidity and retain stability in the foreign exchange market. Despite these efforts, by fiscal year-end, annual inflation which was recorded at 7.3% in December 2021 (an 11% improvement on prior quarter results), increased to 9.2%. This was also driven by global increases in prices for crude oil and liquified natural gas - adverse consequences of the Russia/Ukraine incursion.

Despite an increase in economic activity throughout the year locally, the impact of the pandemic continued to be evident throughout the small business sector which grappled with its own recovery. The Bank therefore embarked on crafting financial solutions, loan restructuring, rescheduling, and the extension of payment holidays, all aimed at providing relief and recovery support.

FINANCIAL HIGHLIGHTS

Against the foregoing backdrop, the Bank recorded loan utilisation of J$4.2 billion, with local disbursements accounting for J$2.4 billion, and foreign currency disbursements the equivalent of US$12 million. Year over year, utilisation was flat

(2020/21- $4.3 billion), and this resulted from borrowing apathy in the marketplace as businesses recovered slowly. In furtherance of the strategy to increase focus on SME's, the Bank recorded disbursement of 415 loans valued at J$3.2 billion **to small and medium sized enterprises**, which represented 77.14% of overall loan utilisation.

Total losses for the period were recorded at $377.06 million, 179.30% higher than the projected loss of J$135 million. Two major factors continued to contribute to increased levels of losses, viz, increased Expected Credit Losses booked against a large national interest account and penalty interest incurred in relation to the PetroCaribe loan which pending restructing.

STRATEGIC INITIATIVES

Despite external challenges, the Bank remained resolute it its efforts to ensure that its support to SMEs was impactful in a challenging economic environment, notwithstanding shifts in local and international demand, supply chain disruptions and the rising geopolitical tensions. To further ensure that product offerings were aligned with the environment, the Bank enhanced its existing product suite, through the conceptualization and launch of three (3) new products, all created within the context of relief and recovery and geared at increasing access to export-related financing for companies in the export value-chain, increasing digitization opportunities for SMEs, and facilitating agility in the marketplace: EXIM/Ministry of Industry, Investment & Commerce (MIIC) Reset Loan, the Export Guarantee Programme and the E-Commerce Funder. The Bank also participated in the Development Bank of Jamaica (DBJ)/Ministry of Finance and the Public Service (MOFPs) Serve Programme.

Collaboration with key private and public stakeholders

within the productive eco-system to better meet the changing demands of the SME sector continued. For increased efficiency and impact, the Bank sought to strengthen partnerships with Jamaica Promotions Corporation (JAMPRO), Jamaica Manufacturers and Exporters Association (JMEA), the Jamaica Business Development Corporation (JBDC), the Ministry of Tourism, Jamaica Chamber of Commerce (JCC), the Jamaica Hotel and Tourist Association (JHTA) and the Ministry of Agriculture and Fisheries.

Market development was also a critical area of focus for the Bank during the year. This was actualised through the expansion of the Business Advisory Services (BAS) Unit which provided SMEs with more targeted sector and industry relevant information aimed at assisting with business transformation. Other marketing programmes were launched to drive leads and promote the Bank's relief and recovery products under the 'By Helping Businesses, We Save Lives and Livelihood' marketing campaign. The Bank was therefore able to engage its clientele through solicited and unsolicited media exposures.

During the year, strategies to improve operational efficiency continued. This included the strengthening of our Corporate Governance Framework, through proactive risk identification and mitigation, and strong strategic planning in the face of an uncertain business environment. To further ensure stakeholder satisfaction through quality assurance measures, the Bank successfully pursued re-certification of its ISO quality management system, which was first implemented in April 2020.

Further product enhancements were also made to the Bank's Core Banking System, which are expected to result in internal efficiencies and productivity in most areas. Although the expected efficiency improvements have not yet been realized, it is expected that these will position the Bank positively for improved processing but also enhanced customer service delivery.

LOOKING AHEAD

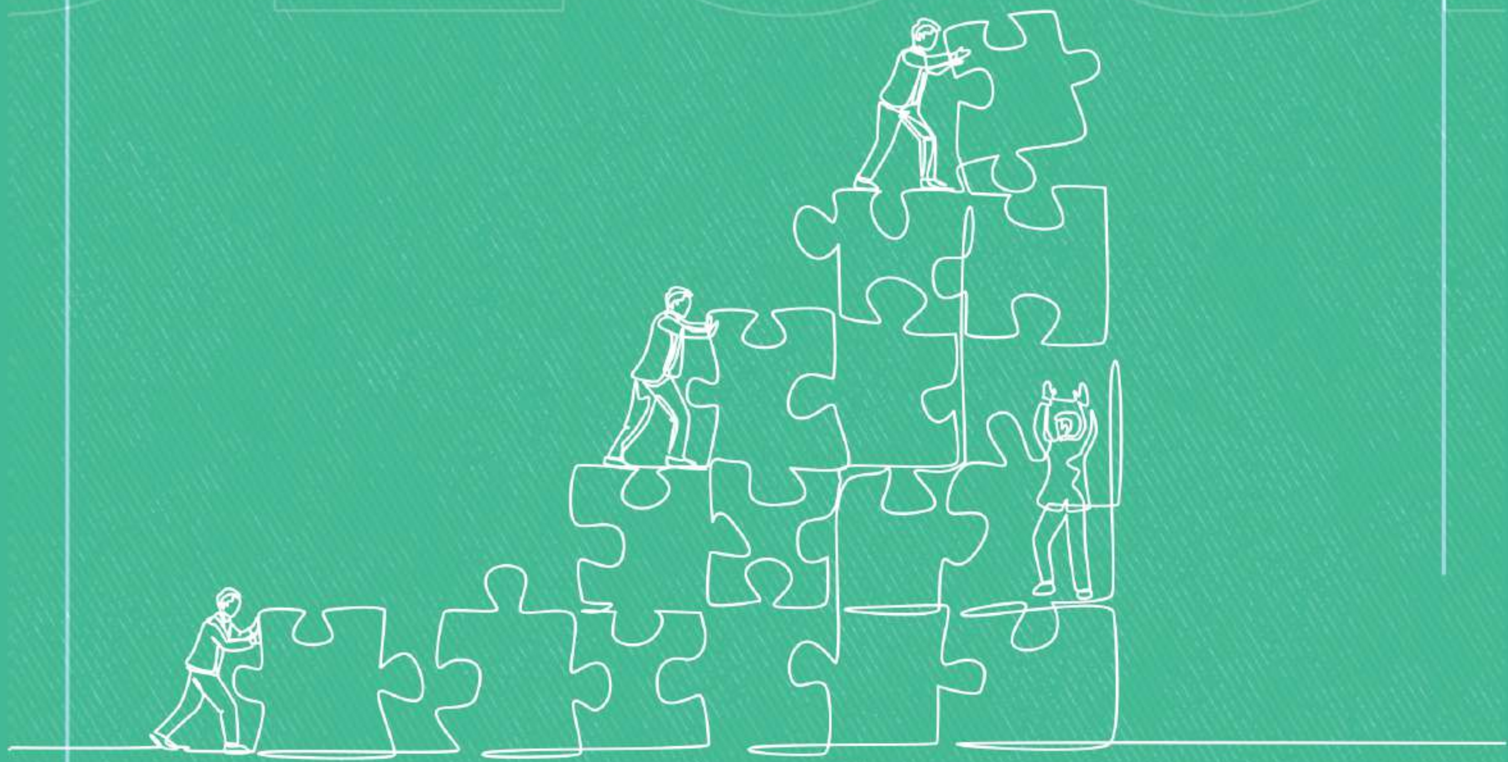
The Bank projects to on-lend approximately J$7 billion to the SME sector for fiscal year 2022/2023. We recognise that the year will pose challenges, especially in light of emerging macroeconomic and rising geopolitical hurdles. We will remain resolute however in the pursuit of our mandate to expand access to financing and further national development, through our product offerings and continued collaboration with private and public stakeholders (particularly those operating in the export sector). Continued targeted marketing initiatives and keen focus on emerging market needs will also be maintained, and guided by environmental conditions. **The Bank will ensure agility in its response to market demand.**

LISA BELL - MANAGING DIRECTOR

TRIM 0.5INCH

WHO WE ARE: SURVIVORS

Indeed, we embody 'likkle but tallawah",
demonstrating our power as we support expansion,
sustainable and inclusive national development,
Proving that the words 'Small' and 'Medium' should never be underestimated.



SENIOR MANAGERS

LISA BELL
Managing Director

MARIA BURKE
Legal & Corporate Secretarial (served until November 2021)

COLIN EBANKS
Corporate Services

ERROL BARNABY
Finance

MAXINE BROWN COWAN
Trade & Commercial Lending

SENIOR **MANAGERS**

DEBBIE BROOKS
Risk Management & Compliance

WINSTON LAWSON
Business Development Consultant, Lending

ANETTE COLLIER -MURRAY
Internal Audit

STACY-ANN DEWAR
Legal & Corporate Secretarial (started February 2022)

WHO WE ARE: SURVIVORS

TOGETHER WE MAKE A DIFFERENCE -
Locally, Regionally, Globally.

You are the reason ***we*** exist –
to offer creative trade financing, so that you can become who we believe you have always been –
a catalysts for growth, nation-builders, a well of unyielding potential.

MANAGERS

VENITIA HAWTHORNE
Accounts

CASSANDRA NICHOLSON
Information Systems

MELROSE MASON
Finance

JANICE HALL
Marketing

MANAGERS

ROCKQUEL CAMPBELL
Administration

STACIE- ANN WIGGAN
Loan Administration

AUDREY MORRIS
Risk Management & Compliance

ALLAN THOMAS
Loan Origination

AWARDS & HONOURS

THE BANK CONTINUES TO HIGHLIGHT THE HIGH PERFORMERS THROUGHOUT THE ORGANIZATION AND TAKES AN ACTIVE STEP IN REWARDING AND PROMOTING EXCELLENCE.

The Pandemic did not allow for a traditional function, but instead called for an innovative approach, which saw us focusing on the strength of not only our employees, but the teams they engage in to provide the critical services we deliver.

The EXIM Bank's team members continue to be its most valuable asset. As such, the Bank prioritized rewarding its high performers, highlighting excellence and encouraging goal attainment. We continued to recognize individual talent, team contributions and overall successes in the Bank, despite the limitations imposed by the Pandemic.

EXTERNAL AWARDS

2016

The Jamaica Exporters' Association: **Fantastic 50 Exporter Award (2016)**

2018

The 2018 Public Bodies Corporate Governance Awards: **Compliance and Disclosure of Information (Winner)**

The 2018 Public Bodies Corporate Governance Awards: **Best Website (2ND Runner Up)**

2019

The 2019 Public Bodies Corporate Governance Awards: **Compliance and Disclosure of Information (Winner)**

The 2019 Public Bodies Corporate Governance Awards: **Risk Measurement, Management and Internal Controls (Winner)**

The 2019 Public Bodies Corporate Governance Awards: **Excellence in Public Bodies Corporate Governance (Winner)**

ISO 9001:2015 Certification (Achieved in 2019)

The 2019 Public Bodies Corporate Governance Awards: **Best Annual Report (2nd Runner Up)**

The 2019 Public Bodies Corporate Governance Awards: **Corporate Governance Policies, Procedures & Practices (2nd Runner Up)**

The 2019 Public Bodies Corporate Governance Awards: **Board Composition, Function & Structure (2nd Runner Up)**

2020

The 2020 Public Bodies Corporate Governance Awards: **Risk Measurement, Management and Internal Controls (Winner)**

The 2020 Public Bodies Corporate Governance Awards: **Corporate Governance, Policies, Procedure and Practices (Winner)**

WHO WE ARE: **SURVIVORS**

Our *'productive promise'* inspires us to be better stewards of our success,
We stare into the looking glass of who we are too becoming, with you.

WE ARE EVOLVING SIDE-BY-SIDE,
Our commitment to vitality remains unwavering –
Yesterday, today and tomorrow.

EXIM BANK RECERTIFIED

"The ISO 9001 Certification Programme is a strategic intervention (vision 2030) aimed at strengthening Government agencies islandwide by implementing the requirements of the ISO 9001:2015 Quality Management System (QMS) Standard. On April April 22, 2020 the EXIM Bank became the first of several Ministries, Departments and Agencies under the Strategic Public Sector Transformation Project of the Ministry of Finance and the Public Service, to become ISO 9001:2015 CERTIFIED. EXIM Bank has since then maintained its certification, of which the scope includes all products and services offered by the Bank to SMEs within the productive sector.

The certification ensures EXIM Bank's principal objectives maintain effectiveness and efficiency of internal and external processes in order to improve both internal and external customer satisfaction. Re-certification annually has served to provide renewed impetus to support critical KPIs as it requires that the Bank:
Demonstrate the ability to consistently provide products and services that meet the customer and applicable statutory and regulatory requirements, and

Enhance customer satisfaction through the effective application of the system, including processes for improvement of the system and the assurance of conformity to customer.

Our successful re-certification is a testament to the commitment and involvement of management and staff of EXIM at every level on the organization.

MANAGEMENT DISCUSSION & ANALYSIS

5 Year Financial Highlights

FINANCIAL POSITION (J$ MILLIONS)	2018	2019	2020	2021	2022
Total Assets	8,621.31	7,962.65	7,692.99	8,076.10	8,324.93
Cash and Cash Equivalents	1,570.84	797.51	1,150.32	1,601.60	1,324.95
Notes Discounted	2,591.33	2,176.64	1,460.87	1,170.97	1,131.79
Investments	587.20	404.01	235.14	334.25	383.91
Shareholder's Equity	4,098.26	3,960.40	3,447.26	3,423.52	3,039.32
EARNINGS (J$ MILLIONS)					
Total Revenue	645.08	842.31	498.05	549.16	426.16
Operating Profit	451.29	760.24	191.85	243.69	170.09
Profit/(Loss) Before Tax	12.9	126.96	(318.06)	(115.06)	(377.06)
Profit/(Loss) After Tax	16.69	122.99	(288.21)	(197.18)	(377.06)
FINANCIAL RATIOS					
Return on Assets	0.19%	1.59%	(4.13%)	(1.42%)	(4.54%)
Return on Equity	0.41%	3.21%	(9.23%)	(3.36%)	(12.41%)
Admin. Expense Ratio	67.96%	63.75%	113.07%	109.88%	153.33%
Operating Profit Margin	69.96%	90.26%	38.52%	44.37%	39.91%

The Management Discussion and Analysis (MDA) is intended to give key stakeholders and other interested parties, an objective overview of the Bank's operational results and overall strategic focus, as it continues to give tangible support to the sectors it serves. It further allows management to review its performance and to identify areas requiring enhancement and corrective actions towards the broader objective of ensuring that the organization remains relevant and responsive to the needs of its customers and meets its mandate of supporting the Government's growth agenda and ultimately, national development.

Our Bank

We are the premier trade financing institution in Jamaica and the Caribbean's first Export-Import Bank. The Bank plays a leading role in national development, by providing a wide range of short- and medium-term financing solutions to the productive sector. Loans are denominated in local and foreign currencies for the acquisition of equipment, intermediary goods, raw materials and working capital support. We remain the only institution in Jamaica to offer Trade Credit Insurance, protecting policyholders against the risk of non-payment by buyers locally and overseas. An added feature of the Trade Credit Insurance is that policyholders with established buyers having a proven track record, may obtain receivables financing under the Insurance Policy Discounting Facility (IPDF) for goods sold to approved buyers.

Established in May 1986, the Bank has developed a strong and enviable reputation within the financial landscape as an institution which provides excellent customer service, and has been identified over the years as the "Exporters' Bank' due to our significant contribution to the growth of the non-traditional export sectors. We are proud of our partnerships with the Jamaica Manufacturers' and Exporters' Association (JMEA), the Ministry of Industry, Investment and Commerce (MIIC), JAMPRO, the Tourism Enhancement Fund(TEF) and associations which have allowed us to broaden the country's export drive into new and emerging markets. The Bank also supports the country's thrust to develop and foster entrepreneurship and continues to support the Government's SME growth agenda in targeted sectors such as Tourism, Manufacturing, Agro-Processing, Mining, Services, Information Communication & Technology and the Creative Industries.

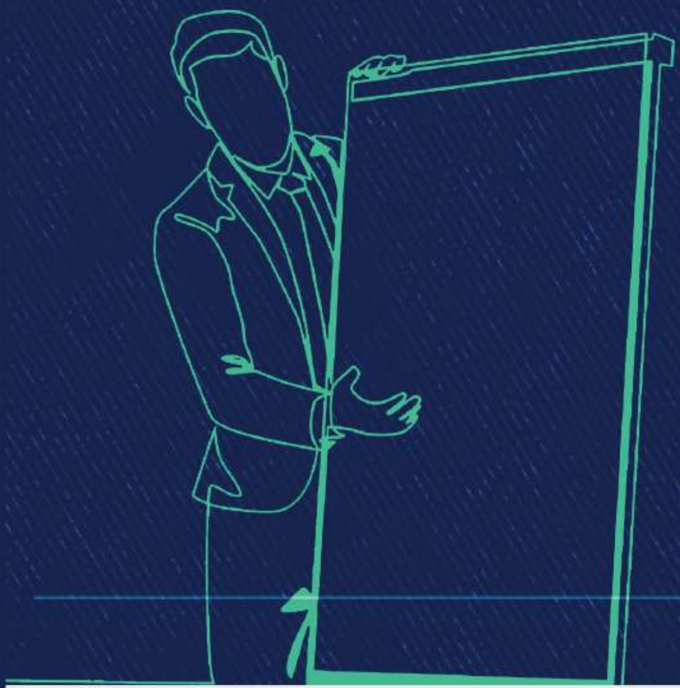
Strategy Management

The Bank uses a

3-year strategic planning review framework

in order to establish its corporate roadmap with the attendant strategic initiatives, thereby ensuring that its mandate to provide financing solutions to the export and productive sectors (particularly SMEs) is attained.

The Balanced Scorecard Methodology, is used to set, measure and assess performance standards across the institution, using both qualitative as well as quantitative measures covering key areas of impact, including financial profitability and sustainability, customer satisfaction, staff satisfaction and internal efficiency. It also assists the Bank in fulfilling its overarching strategy to create sustained value to its stakeholders by monitoring organizational goals and objectives and in ensuring that strategic initiatives are aligned with corporate strategies. This is done in accordance with the Bank's organizational Vision, Mission, and Core Values.



Our Financial Performance

Financial year 2021/2022 was characterized as an unprecedented and extremely challenging year with the Bank's loan utilization being significantly impacted by the COVID 19 pandemic and the resulting economic fallout for businesses. Well needed interventions including restructuring, loan rescheduling and the application of moratoria were employed by the Bank as it sought to support and help to keep SMEs afloat during the pandemic. The economic fallout within the Tourism sector was significant, and clients benefiting from financing under the SMTE loan programme funded by the Tourism Enhancement Fund, benefitted from moratoria on both principal and interest payments for the duration of the financial year.

The Bank initially projected to **on-lend J$5.59 billion to SMEs** during the 2021/2022 financial year, however this target was reduced to J$4.2 billion based on both the fallout in economic activities in key sectors and the non-receipt of anticipated capital injection to the tune of J$2 billion from our shareholder.

Income

As at 31 March 2022, the Bank recorded loan interest income of **J$299.43 million,** which is **22.02% lower than the J$383.98 million** reported for the previous financial year.

Other Income (including foreign exchange gains of J**$106.29) million** reflected a decrease, moving from **J$386.88 million in the prior year to J$184.81 million** for the current period.

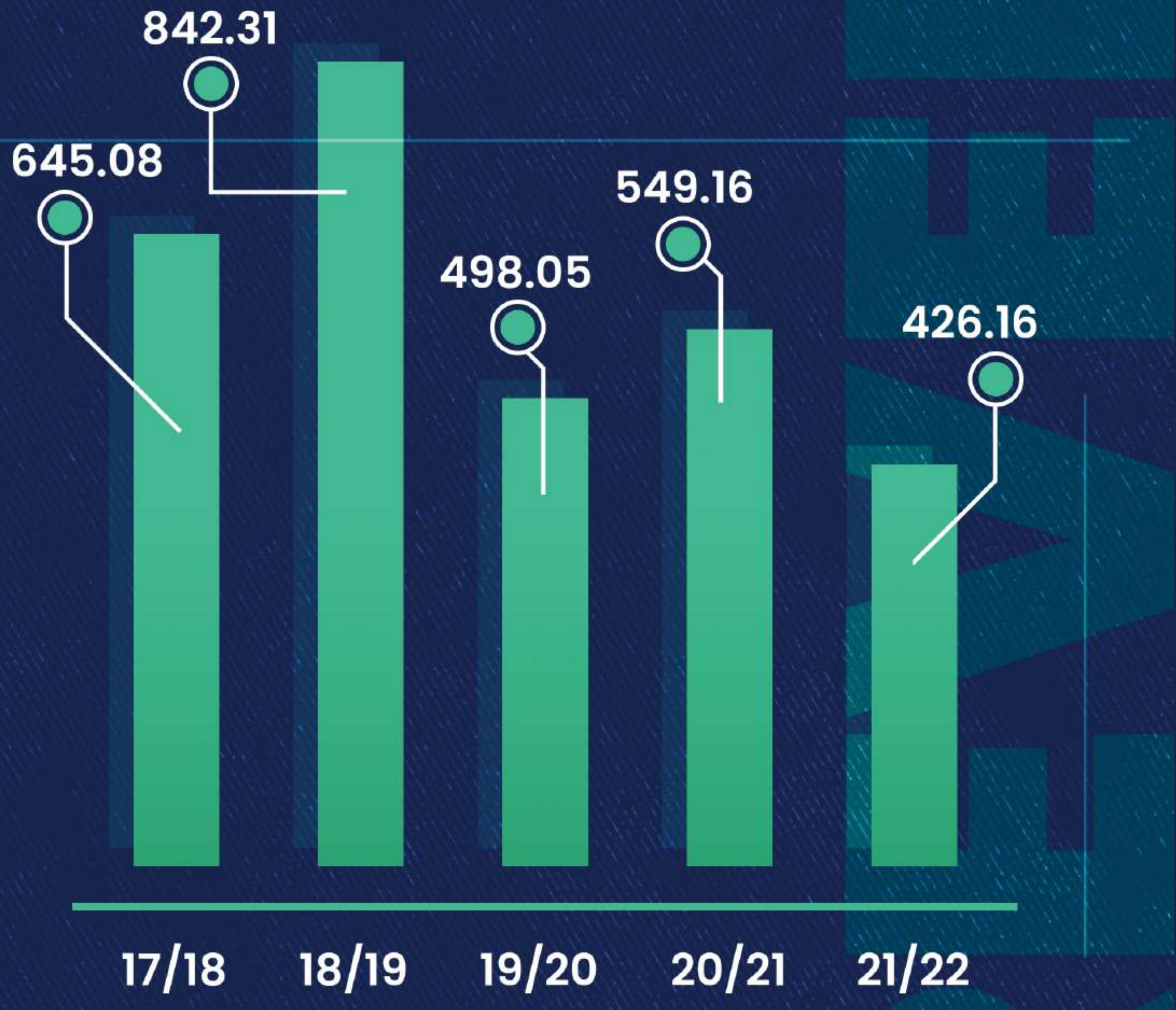
Income

The Bank's Total Revenue was recorded at $426.16 million reflecting a 22.39% decrease when compared to revenues of J$549.16 million reported for the financial year ended March 2021. This decrease was primarily driven by low levels of loan utilization resulting from the economic downturn which originated from the COVID 19 pandemic. Operating Profit decreased, moving from $243.69 million as at 31 March 2021 to $170.09 million as at 31 March 2022.

The Bank reported net loss of J$377.06 million for the financial year ended March 2022, which reflected a deterioration over the loss of J$197.18 million recorded at year end March 2021. In addition to increased charges against the Bank's bottom line for ECLs particular with respect to the Cuban Line of Credit (J$136.50 million and PetroCaribe penalty fees J$79.53 million), the other main contributors to the Bank's loss position were (i) an increase in administration expenses resulting from IFRS 16 (Leases) and IAS 19 (Employee Benefits) adjustments, for a total of $77.07 million and (ii) a shortfall in revenue from core business.

TOTAL REVENUES

J$ MILLIONS



Expected Credit Losses (ECLs)

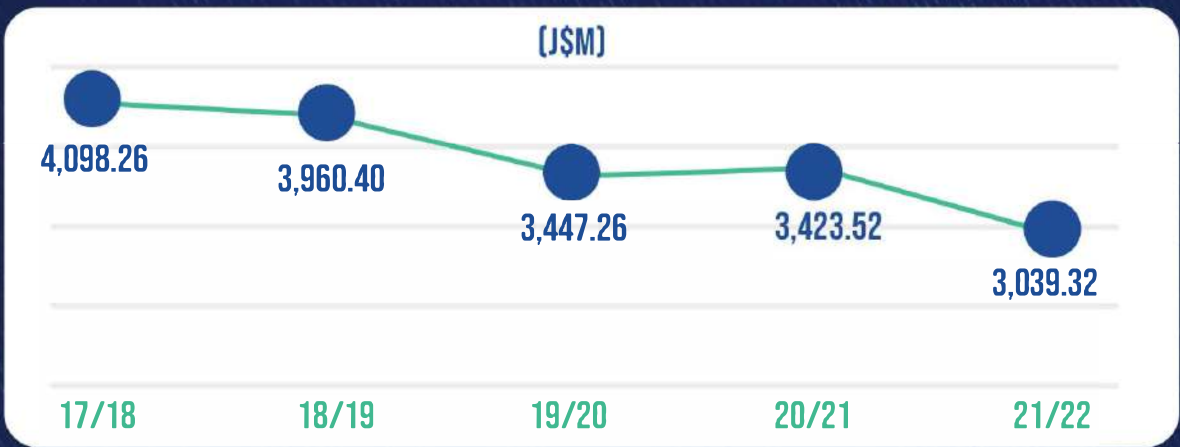
The Bank continued to maintain tight control over its credit assessment, risk management and loan monitoring processes and took the necessary pro-active steps to ensure the quality of its loan book. As at 31 March 2022, the Bank's ECL provision ratio as a percentage of the total loan portfolio was recorded at 6.13%, against a target of 10.66%.

Total Assets

At year-end 31 March 2022, the Bank recorded total assets of J$8.32 billion, a 2.7% increase over the $8.1 billion recorded in the previous year. Noted drivers in this category was the significant increase in the medium-term loan receivables.

Shareholder's Equity

Shareholder's Equity decreased from J$3.42 billion as at 31 March 2021 to $3.03 billion as at 31 March 2022 owing to reduced retained earnings.



Lending Operations

During the 2021/2022 financial year, the Bank recorded disbursements totaling J$4.18 billion (J$2.35 billion and US$12 million), which fell below revised projected utilization of J$4.3 billion by 2.79%. This financial year was extremely challenging, but the Bank remained steadfast in its commitment to provide affordable financing solutions and focused its attention on the relief and recovery efforts via restructuring of loan facilities and provision of payment holidays to clients primarily in the Tourism sector. Notwithstanding the contraction in the economy during the pandemic, the Bank saw increased opportunities to provide financing to clients engaged in sanitation and cleaning and manufacturing.

OVER THE LAST 36 YEARS THE BANK PROVIDED FINANCING OF J$133.53 BILLION TO THE PRODUCTIVE SECTOR AND ITS LINKAGES AND IN CONTINUATION OF ITS MANDATE TO EXPAND ACCESS TO FINANCING AND FURTHER NATIONAL DEVELOPMENT, THE BANK PROJECTS TO ON-LEND APPROXIMATELY J$7 BILLION TO THE SME SECTOR FOR THE FISCAL YEAR 2022/2023.

The Bank continued its strategic focus on growing the SME sector via its financing solutions with approximately 77.14% of its loan utilization being disbursed to that segment with the remaining 23.21% being disbursed to large corporates providing support to SMEs.

To further address the financing needs of the MSME sector, the Bank conceptualized and launched three (3) new products – The RESET Loan, Export Guarantee and the DBJ Serve Loan programmes. The Export Guarantee programme, which aims to facilitate exporting and export -related companies becoming competitive in international markets, is in partnership with Approved Financial Institutions (AFI's) in the financial sector which prioritize SME development.

In the upcoming financial year, emphasis will continue to be placed on providing even greater levels of innovative financial solutions to support growth in the SME sector which is vital to employment and sustained economic growth.

Small and Medium Tourism Enterprise (SMTE) Loans

In September 2016, the Bank signed an agreement with the Tourism Enhancement Fund (TEF) for a J$1 billion Line of Credit to be made available to companies in the Tourism Sector including small accommodations, attractions, water sports, bike/car rentals, domestic tours and networks such as gastronomy, spa and wellness, shopping, sports and entertainment. Loans are provided at a competitively priced interest rate of 4.5% per annum repayable over 7 years. The TEF has agreed for the Bank to on-lend the reflows from the Line of Credit to qualified beneficiaries in the interest of extending additional loan funds to SMTEs in the Tourism Sector.

To date, the Bank disbursed loans totaling J$1.51 billion to Small and Medium Sized Tourism Enterprises. Reflows as at 31 March 2022 totalled J$611.13 million which is available for on lending.

THE BANK CONTINUES TO PROMOTE THE LOAN PROGRAMME USING ALL FORMS OF MEDIA AS WELL AS THROUGH STAKEHOLDER ENGAGEMENTS AND ONE AND ONE MEETINGS.

Trade Credit Insurance

The Bank's Trade Credit Insurance (TCI) product provides policyholders with protection against the risk of non-payment by buyers and offers coverage at competitive premium rates. Under the TCI, policyholders can recover up to 85% (commercial risk) and 90% (political risk) of losses, occasioned by non-payment of receivables by approved buyers.

Total premium income reported at year-end March 2022, was J$6.78 million, 20.79% lower than the J$8.56 million recorded in the previous year. During the financial year, the insurance product was promoted in the commercial business space to offer a better understanding of the value of Trade Credit Insurance to secure market expansion and business development.

Key Stakeholders

LOCAL

Ministry of Industry, Investment and Commerce - The Bank, in keeping with the mandate of its parent Ministry to facilitate the development of MSMEs by providing financial support, has established a loan programme to utilize residual funds from the closure of the Micro Investment Development Agency (MIDA) to facilitate short and medium terms to MSMEs in the productive sectors to facilitate recovery efforts for MSMEs, support and espansion and drive economic diversification.

Tourism Enhancement Fund (TEF) – The Tourism Enhancement Fund was established in 2002 to fulfil its mandate of promoting growth and development in the tourism sector, encouraging better management of environmental resources in Jamaica, enhancing the country's overall tourist experience, and providing for the sustainable development of the tourism sector. To this end, EXIM Bank maintained its relationship with the Tourism Enhancement Fund as a key component of its operational strategy. An MOU signed by both parties facilitated the provision of J$1 billion for EXIM's on-lending to small and medium sized enterprises within the tourism sector at special interest rates. The Bank sought to capitalize on opportunities for the growth of SME's in the tourism sector by undertaking initiatives aimed at increasing the level of loans disbursed to the sector.

Jamaica Manufacturers' & Exporters' Association (JMEA) - The Bank continued to work closely with the Jamaica Manufacturers' and Exporters' Association, an entity formed by the merging of the Jamaica Manufacturers' Association and the Jamaica Exporters' Association. The Bank generally provides sponsorship for activities geared towards the development of the productive sector and participates in workshops aimed at capacity building for global competitiveness. The Bank also provides specially designed financing packages, facilitating the purchase of light equipment and working capital for the Association's membership.

Development Bank of Jamaica – The EXIM Bank maintains a strong relationship with the Development Bank of Jamaica (DBJ) through which it is able to provide financing support to companies particularly SMEs. The Credit Enhancement Fund (CEF), offered by the DBJ, has facilitated the expansion of access to financing for many business entities, particularly SMEs who are unable to provide adequate collateral. The EXIM Bank has been a major user of this special guarantee fund which has enabled it to increase loan offerings to its target market.

Key Stakeholders

INTERNATIONAL

BERNE Union - The Bank remains a member of the International Union of Credit and Investment Insurers (BERNE Union) which represents Export Credit Agencies from around the World, and continues to benefit from this affiliation. The Bank remains the only English-speaking Caribbean country to hold membership in this august body, and through this association, the Bank is able to benefit from the vast knowledge and experience of the Union.

Overseas reinsurers - The Bank has entered into a quota share arrangement with its overseas reinsurers as a part of its risk mitigation strategy for its Credit Insurance portfolio. Under this arrangement, the reinsurers underwrite up to 60% of the portfolio of the insurable risk in exchange for an equivalent amount of premium income. Both commercial and political risks are covered.

Banco Latinamericano de Exportaciones (Bladex) - The Bank has enjoyed a mutually beneficial relationship with this Panama based, Latin Trade Development Bank since its inception, both as one of its founding shareholders as well as a beneficiary of its lending programme.

Caribbean Export Development Agency (Caribbean Export) - This entity is a regional trade and investment agency involved in the provision of export development and investment promotion services to companies in the region through financial assistance in the form of grants to small and medium sized enterprises. This is aimed at strengthening their operational, financial, and marketing capabilities to improve their export performance. The Bank continues to work with Caribbean Export to foster continued growth of SMEs in Jamaica.

Multi-National Partners - The Bank has engaged both the Inter-American Development Bank (IADB) and the International Finance Corporation (IFC), a division of the World Bank, for financial and technical support from time to time. They are considered important partners as the Bank seeks to deepen and strengthen its relationship with the key sectors of the Jamaican economy.

WHO WE ARE: SURVIVORS

We understand that you face challenges,
And recognize that times have changed,
And that our mandate must mean, now more than ever –
that our gaze is fixed squarely on you –
your next move, next acquisition, **NEXT RENAISSANCE.**

RISK MANAGEMENT

THE EXIM BANK AIMS TO ACHIEVE AN APPROPRIATE BALANCE BETWEEN RISK AND RETURN, AND TO MINIMIZE THE POTENTIAL ADVERSE EFFECTS OF EXPOSURE TO RISK ON THE ENTITY. RISK, THEREFORE, IS MANAGED ON AN ENTERPRISE-WIDE BASIS TO ENSURE THAT RISK MITIGATION IS EMBEDDED AT THE STRATEGIC AND OPERATIONAL LEVELS OF THE ORGANIZATION.

Risk Management Philosophy

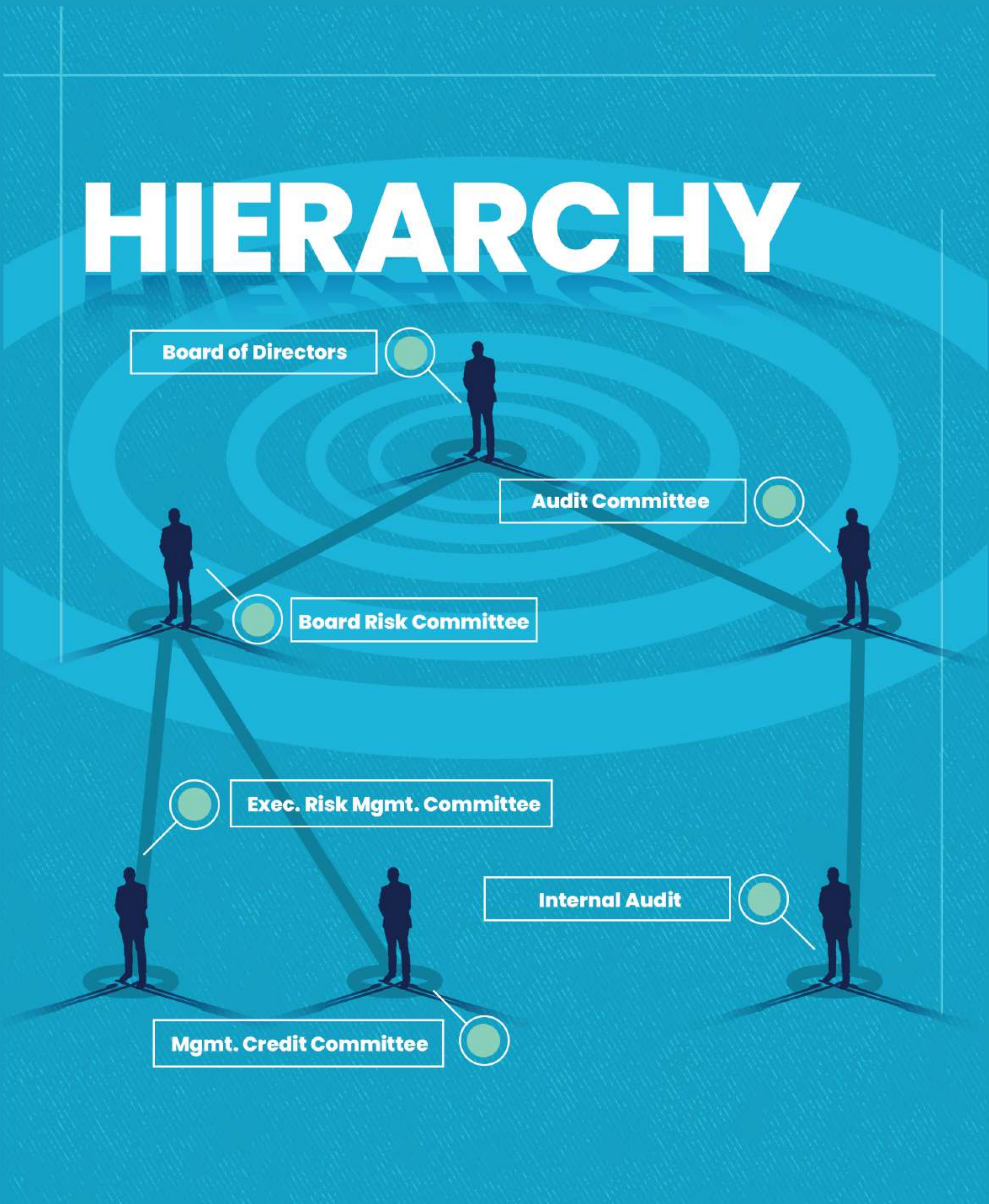
The Bank is committed to a structured approach in identifying, assessing, monitoring, controlling, and reporting on principal risk exposures across its entire operation. The practise of risk management within the Bank espouses the three lines of defence principle which promotes transparency, accountability, and consistency, mitigates risks taken by the organization, and monitors compliance.

The risk management programme is supported by a risk management framework which comprises the key requirements of the Committee of Sponsoring Organisation of the Treadway Commission (COSO), the Australian/New Zealand Standard on Risk Management (AS/NZS 31000:2009) as well as ISO 9001:2015 standards which encourage the application of risk-based thinking to all key processes and ensure that significant risks undertaken in executing strategic initiatives are adequately identified and managed.

The risk management framework is designed to ensure:

- effective internal audits and internal control mechanisms to deter or minimize identified risks,
- timely review and update of policies and procedures,
- continuous training and awareness to support compliance with risk management practices,

and is administered by the Risk Management and Compliance Division, which has responsibility for monitoring the Bank's portfolio of risks and ensures compliance with statutory, regulatory and all other reporting requirements.


HIERARCHY
Board of Directors
Audit Committee
Board Risk Committee
Exec. Risk Mgmt. Committee
Internal Audit
Mgmt. Credit Committee

The risk management framework is also supported by strong risk governance and operational structures, which ensure that the Bank's business activities are conducted within the context of the Board's risk appetite and tolerance levels. The risk governance structure includes policies, procedures, and administrative controls, which are monitored through relevant Committees namely: the Board Enterprise Risk Management, the Executive Risk Management and Management Credit Committees.

The Internal Audit Division independently and objectively monitors the effectiveness of risk management policies, procedures, and internal controls.

PRINCIPAL RISKS

Business units escalate appropriate risks from the bottom up to the Board. Principal risks are discussed and evaluated through monthly meetings with senior management. These risks are discussed regularly by the Board to provide oversight and ensure that they remain effectively managed and relevant.

The principal risks assumed in the conduct of the Bank's activities during the year were: credit risk, liquidity risk, operational risk, and market risk.

RISK TYPE	DEFINITION
Operational	Failure of people, processes, or technology. This may lead to other risks such as compliance and reputational.
Credit	Default on loan by customers or other counter parties failing to discharge their contractual obligations.
Market	Change in prices (foreign exchange rate, interest rates)
Liquidity	Unavailability of funds for disbursement and payment of expenses

The Bank's policies are designed to identify and analyze these risks and to set appropriate risk limits and controls. These policies and controls are reviewed annually and revised to reflect changes in the internal and external environment.

MITIGATING THE IMPACT OF COVID-19 & IFRS 9 REQUIREMENTS ON THE LOAN BOOK

During the financial year, as the COVID-19 pandemic continued to affect lives and livelihoods; the Bank maintained its focus on specific initiatives to mitigate against increases in loan default among customers. These efforts allowed the Bank to maintain stability in the rate of delinquency among vulnerable SME stakeholders.

Cognizant of the need for flexibility and proactivity in anticipating the ongoing impact of the IFRS 9 Standard on the loan portfolio, strategies to mitigate Expected Credit Losses (ECLs) including continuous review and refinement of the Bank's loan processing and monitoring procedures were explored. A strategy of enhanced monitoring of loan facilities to enable swift interventions and minimise opportunities for default was implemented along with prompt action in the deployment of recovery procedures.

FOR THE UPCOMING YEAR, RISK MITIGATION STRATEGIES WILL CONTINUE TO FEATURE EMPHASIS ON MONITORING ACTIVITIES AND THE MAINTENANCE OF RISK LIMITS AND ESTABLISHED CONTROLS.

WHO WE ARE: SURVIVORS

Our mandate mean service beyond compare,
creative financing solutions,
Relief and recovery,
Growth initiatives,
Passionate,
Answers to your questions, before they are even spoken.

MARKETING PROGRAMMES

BY HELPING BUSINESSES **WE SAVE LIVES & LIVELIHOOD**

When we think of 'saving lives and livelihood', we often align our imagery to the medical field; a doctor or nurse saving a life. This intervention is normally impactful on the livelihood of the person being saved- their dependents, family, business, friends etc. As an essential service provider to SMEs, EXIM equates the impact of its interventions to that sector to that of medical professionals on their patients, saving lives and livelihoods. Though EXIM Bank's medical impact is through our clients in this industry (pharmacies, clinics, medical services), our impact on the lives and livelihood of SMEs is ranked high as an essential service provider.

EXIM BANK UNDERSTANDS THAT THE SUCCESS OR FAILURE OF AN SME AFFECTS THE LIVES (HEALTH AND WELLNESS) AND LIVELIHOOD (EMPLOYEES, FAMILY, ECONOMY, EDUCATION, LIFESTYLE) OF OUR NATION

Our message/campaign name is to communicate that 'EXIM Bank cares about your business, EXIM cares about you' (the previous campaign name).

We diagnose....We provide solutions

BY HELPING **BUSINESSES**, WE SAVE LIVES & LIVELIHOOD.

A tsunami of cultural and socio-economic changes affected Jamaica and the financial services industry throughout the year 2021-2022. Amidst COVID-19, we were forced to rethink our current and future marketing strategies as the traditional marketing practises were impeded due to lockdowns and curfews. We adopted dynamic and agile marketing techniques to enable the retention of existing clients (by enhancing relations) and attracting new clients by intensifying marketing efforts (by meeting their needs and expectations).

Our shift in strategy sought the heavy reliance on digital marketing/advertising techniques, which resulted in:

- Cost effective marketing with a higher ROI,
- Greater reach in the remote areas,
- Increased numbers of potential clients and stronger relationships with existing clients
- More time spent on creating target-oriented and demography specified messages and ads.

To strive in the global market, combat crisis, handle clients' preferences and keep up to date in providing products and services to meet the needs of our SMEs, EXIM Bank has remained innovative in its step towards optimum brand awareness and a high customer satisfaction rating.

ABOVE THE LINE

Outdoor Media & Billboards

We continued the use of traditional marketing, while COVID measures were more relaxed. We maintained all outdoor real estate and updated with the main campaign. The billboards each has different imagery within the same campaign, positioning EXIM as the first line of help for businesses struggling to recover from COVID-19. Billboards were erected in the following locations:

- **MAY PEN ROUND-A-BOUT**
- **HWT ROOF**
- **OCR MILFORD ROAD**
- **VERTICAL BOARD MONTEGO BAY**
- **TRAFALGAR DECK**

Radio Programme

The Bank's Radio Programme was greatly condensed, considering budgetary constraints. Radio ads were focused on 2 selected products monthly on JIS, Nationwide News Network, Power 106, and Radio Jamaica. The message conveyed was intended to evoke a sense of understanding among the SME groupings, especially during their time of difficulty, while offering a solution in line with the market needs.

BELOW THE LINE

SMS Messaging Programme

The Bank begun the use of a SMS Messaging Programme by sending SMS messages to a database of over 3000 potential and current clients within different sectors (and segments such as government contractors, hospitality, etc). It was the SMS platform for communicating the core products was used for attracting new leads with a generated contacted sheet linked to each message In tandem with current product awareness strategies, SMS focused on 2 specific products for the month.

Business Advisory Service -
Money Moves & Your Business Matters

Money Moves, owned by EXIM Bank, for over 4 years have been our most consistent mainstream digital Business Advisory Service programme. Money Moves provide businesses with practical advice from leaders and experts in specialised areas. Each episode aired weekly on all digital and social platforms on Wednesdays at 7pm. Business Topics were strategically chosen based on current affairs and daily business challenges arising from the pandemic. This is an ongoing programme co-produced by Kalilah Reynolds, a social media influencer with a targeted audience in business and finance. The average views per episode, as reflected across all the social media channels averaged over 3,000 views per video on the social media sites across both EXIM's and Kalilah Reynolds' Media. Some of the topics discussed in money moves were:

- **RUNNING A FAMILY BUSINESS**
- **HOW TO BUILD YOUR PERSONAL BRAND**
- **WHY SHOULD COMPANIES GIVE BACK?**
- **WHY NO IS GOOD**
- **SCOUTING TALENT FOR YOUR BUSINESS**

Online Advertisements

The Bank executed a robust online advertising approach to drive leads and product exposure. Online ads were spread across Google display, Search ads and YouTube Advertising. This strategy drove additional users to the website and generated additional leads to the Trade Division.

Social Media

Our social media strategy was targeted at increasing not only our social media presence, but also at generating new leads for the Bank. This involved a more product-based approach to the social media marketing, in which EXIM's products were the main focus of the online advertising. To keep all of the social media channels engaging and informative, the Marketing department had to be agile in changing and adjusting the social media strategy, so as to promote more high-quality content.

OUR PEOPLE

THROUGHOUT THE PANDEMIC, THE BANK FOCUSED ON THE SAFETY OF OUR TEAM MEMBERS, ENSURING THAT ALL EMPLOYEES WERE ABLE TO OPERATE IN A SAFE ENVIRONMENT IN OFFICE AND WITH THE EFFECTIVE TOOLS TO WORK REMOTELY. THE PROVISION OF LAPTOPS AND IMPROVED BACKEND IT SERVICES WERE KEY TO ENSURING THIS OUTCOME.

This ensured that our clients and stakeholders experienced no disruption in service, our team met clients where they were, and efficiency was maintained all while keeping employees safe.

Transformational Leadership for the Management Team

The Management Team took a concerted effort to ensure improved employee engagement, despite continued high levels of staff turnover. The focus on good governance, innovation, and **maintaining our ISO 9001** certification through hands-on leadership, effective policy development, product development and prudent risk management were at the forefront of the actions taken by the leadership of the Bank.

Professional Development of Graduate Level Students

The Bank's internship programme, though scaled down, was able to engage graduate level students throughout the Bank. The exposure to Bank operations and internal process enabled these interns to bring new ideas to us, while garnering valuable experience, training and guidance in areas such as financial analysis, IT and our Records Management.

Rewards, Recognitions and Employee Engagement

The EXIM Bank's team members continue to be its most valuable asset. As such, the Bank prioritized rewarding its high performers, highlighting excellence and encouraging goal attainment. We continued to recognize individual talent, team contributions and overall successes in the Bank, despite the limitations imposed by the Pandemic.

Health and Wellness

The Bank engaged staff members throughout the year, using internal platforms to highlight the importance of health and wellness. This

culimanted in our annual health and wellness week of activities, which saw presentations from the Ministry of Health & Wellness, Heart Foundation of Jamaica, UWI Counselling Services and the NHF. Emphasis was placed on mental wellness as well as the reduction in non-communicable diseases.

Training and Development

The Bank continued to prioritize and utilize its e-learning platform to engage staff members and promote a culture of continuous learning. The e-learning platform facilitates staff members engaging in internal training material at any time of day on any day of the week. This has been found to be more convenient for team members and enables the delivery of information in a user-friendly manner. This will be expanded on in the coming year.

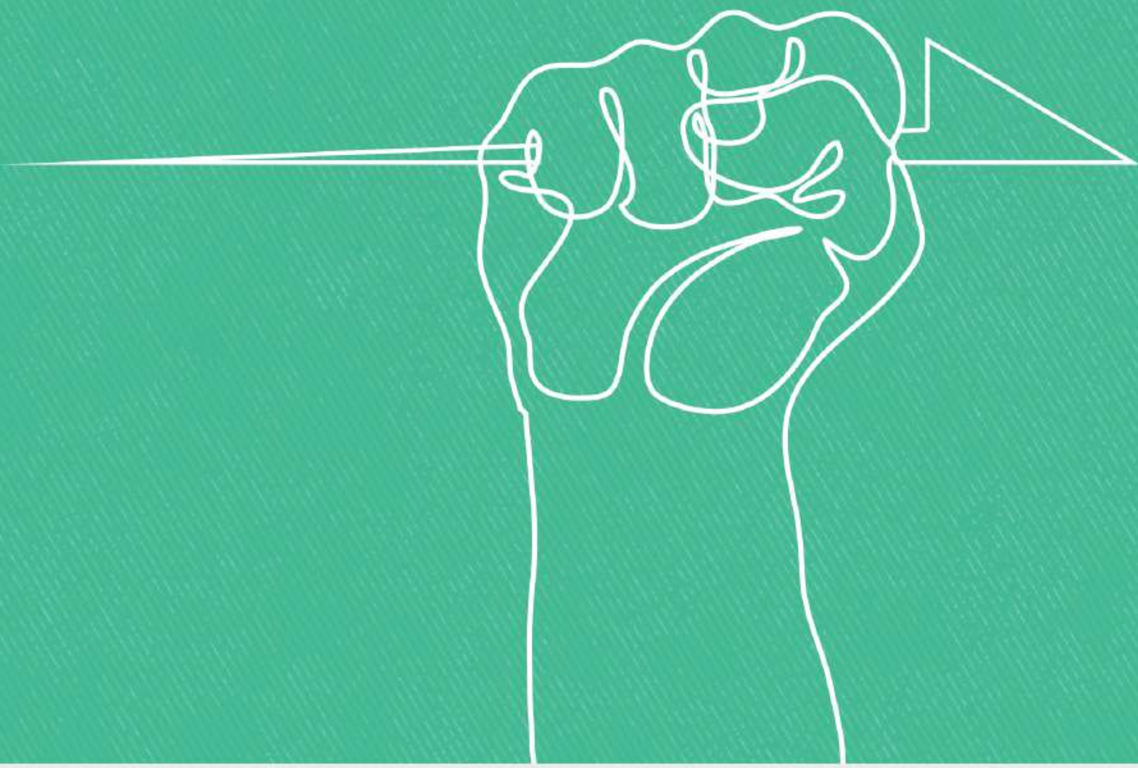
OUR CUSTOMERS

OUR CUSTOMERS

WHO WE ARE:
SURVIVORS

Our mandate means that we understand,
That you defy obstacles each day,
Ones we recognize with your capacity, that you sometimes should not have to face.

Today we remind you that we are 35 years strong,
in our allegiance to you.



CORPORATE SOCIAL **RESPONSIBILITY**

IN ITS EFFORT TO GIVE BACK, MEMBERS OF STAFF LED A CHRISTMAS TREAT FOR THE BROTHERS OF THE POOR.

Lunch was provided for residents at one of its shelters catering to physically and mentally challenged men. It was a rewarding experience for members of staff who fed, danced and entertained the shelter's residents.


St. Baldrick's
FOUNDATION
DFY

DIRECTORS' COMPENSATION

DIRECTORS	GROSS FEES	MOTOR VEHICLE UPKEEP/ MILEAGE TRAVELLING OR VALUE OF ASSIGNMENT OF MOTOR VEHICLE	HONORARIA	ALL OTHER COMPENSATION INCLUDING NON- CASH BENEFITS AS APPLICABLE	TOTAL
DEVETA MCLAREN	26,500.00	0.00	0.00	0.00	26,500.00
GARY HENDRICKSON	95,500.00	0.00	0.00	0.00	95,500.00
WADE MARS	199,100.00	0.00	0.00	0.00	199,100.00
GEOFFREY ZAIDIE	231,000.00	0.00	0.00	0.00	231,000.00
BEVAN CALLAM	281,400.00	0.00	0.00	0.00	281,400.00
NORMAN REID LACEY	185,900.00	24,569.80	0.00	0.00	210,469.80
ANN BARTLEY	175,200.00	7,547.40	0.00	0.00	182,747.40
RACQUELL BROWN	183,200.00	0.00	0.00	0.00	183,200.00
GUNA MUPPURI	79,500.00	0.00	0.00	0.00	79,500.00
LISA BELL	0.00	0.00	0.00	0.00	0.00
TOTAL	**1,457,300**	**32,111.20**	**0.00**	**0.00**	**1,489,417.20**

- Mrs Lisa Bell in her capacity as Managing Director did not receive Directors Compensation
- Sums payable to Chairman Hendrickson as Director's Compensation are donated to Charity, in keeping with the requests of the Director.

EXECUTIVE MANAGEMENT **COMPENSATION**

POS. OF SENIOR EXECUTIVE 2021/2022	NAMES	SALARY	GRATUITY	TRAVELLING ALLOWANCE	HONORARIUM	PENSION OR OTHER RETIREMENT BENEFITS	CLOTHING/ BLAZER PAYMENT	NON-CASH BENEFITS/ LUNCH	OTHER CASH BENEFITS/ INCENTIVE VACATION LEAVE PAY	TOTAL
MANAGING DIRECTOR	LISA BELL	12,789,718	3,838,432	1,297,977	0	0	0	16,722	2,614,762	**20,557,610**
FAD GENERAL MANAGER	ERROL BARNABY	7,631,430	3,479,142	2,022,523	0	0	52,000	0	0	**13,185,005**
GENERAL MANAGER CSD	COLIN EBANKS	6,841,890	3,240,813	2,022,523	0	0	52,000	0	0	**12,157,226**
GENERAL MAN. TRADE	MAXINE BROWN-COWAN	6,315,591	0	2,022,523	0	0	0	0	0	**8,338,114**
GENERAL MAN. LEGAL	MARIA BURKE	5,222,125	0	1,294,721	0	0	52,000	52,539	976,566	**7,597,951**
GENERAL MAN. LEGAL (2)	STACY-ANN DEWAR	1,228,032	0	337,087	0	0	0	0	0	**1,565,119**
GENERAL MAN. RISK MGMT	DEBBIE BROOKS	8,157,638	3,724,913	2,022,523	0	0	52,000	0	0	**13,957,074**
GENERAL MAN. INTERNAL AUDIT	ANETTE COLLIER-MURRAY	5,242,750	0	1,685,436	0	0	30,333	0	0	**6,958,519**
BUSINESS DEVELOPMENT CONSULTANT	WINSTON LAWSON	7,590,854	0	2,022,523	0	0	0	0	0	**9,613,377**
TOTAL		61,019,937	14,283,299	14,727,836	0	0	238,333	69,261	3,591,328	**93,929,995**

All Senior Executives are employed on Fixed Term Contracts hence $0.00 for Pension /Retirement Benefits.

And EXIM Bank stands in the market gap so that
you can do what you do best –
Increase productivity,
Increase investment,'
Diversify,
Innovate,
Change history,

And exemplify the notion that
Small and Medium Enterprises are, indeed, the gems of our economic development.

Written by **Tonya Barnes**
Customer Experience Ambassador 2022

NATIONAL EXPORT-IMPORT BANK OF JAMAICA LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

(Expressed in Jamaican dollars unless otherwise indicated)

Building a better
working world

Ernst & Young Chartered Accountants
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Jamaica W.I.

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Fax: 876 755 0413
http://www.ey.com

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Qualified Opinion
We have audited the financial statements of National Export-Import Bank of Jamaica Limited (the "Bank"), which comprise the statement of financial position as at 31 March 2022 and the statements of comprehensive loss, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, except for the effect of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 March 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and the Jamaican Companies Act.

Basis for Qualified Opinion
The Bank recorded an expected credit loss of $310.34 million (2021: $173.8 million) for the outstanding Canadian dollar demand loan facility of $1.27 billion (2021: $1.20 billion). This facility, which was administered by the Bank in support of a broader financing agreement between the Government of Jamaica and the Government of Cuba, has been in default since 2019. Management has not been able to provide sufficient appropriate audit evidence to support the assumptions used in the determination of this estimate, in particular, the expected time to recover the outstanding amounts. As a result, we were unable to conclude on whether the expected credit loss recorded is fairly stated.

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

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

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

The Board of Directors are responsible for overseeing the Bank's financial reporting process.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Members of National Export-Import Bank of Jamaica Limited (Continued)

Report on the Audit of the Financial Statements (Continued)

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

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Members of National Export-Import Bank of Jamaica Limited (Continued)

Report on the Audit of the Financial Statements (Continued)

Report on Additional Requirements of the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements which are in agreement therewith, give the information required by the Jamaican Companies Act in the manner so required.

Ernst & Young

Chartered Accountants
Kingston, Jamaica

8 July 2022

NATIONAL EXPORT-IMPORT BANK OF JAMAICA LIMITED

Statement of Comprehensive Loss

Year ended 31 March 2022

(Expressed in Jamaican dollars unless otherwise indicated)

	Notes	2022 $'000	2021 $'000
Interest and fee income:			
Loans		299,431	383,978
Investments		48,211	22,974
		347,642	406,952
Interest and fee expense:			
Loans		(203,298)	(191,594)
Lines of credit		-	596
		(203,298)	(190,998)
Net interest income		144,344	215,954
Credit losses	3(a)	(52,770)	(114,475)
		91,574	101,479
Other income:			
Dividend income		20,802	20,131
Fees and other charges		1,590	1,314
Gain on revaluation of investment property	18	-	65,000
Insurance premium		6,782	8,558
Other	5	49,344	47,206
		78,518	142,209
Operating Profit		170,092	243,688
Administration expenses	6	(653,444)	(603,419)
Foreign exchange gains		106,292	244,672
Loss before taxation		(377,060)	(115,059)
Taxation	8	-	(82,124)
Net loss for the year		(377,060)	(197,183)
Other Comprehensive (Loss)/Income:			
Items that will not be reclassified to profit or loss:			
Remeasurement of pension and other employment benefit obligation, net of taxes	8	(33,678)	81,832
Net fair value gains on securities measured at fair value through other comprehensive income	8	7,998	71,771
Foreign exchange gains on securities measured at fair value through other comprehensive income	8	18,538	19,836
Total Other Comprehensive (Loss)/ Income		(7,142)	173,439
Total Comprehensive Loss		(384,202)	(23,744)

The accompanying notes form an integral part of these financial statements.

NATIONAL EXPORT-IMPORT BANK OF JAMAICA LIMITED
Statement of Financial Position
As at 31 March 2022
(Expressed in Jamaican dollars unless otherwise indicated)

	Notes	2022 $'000	2021 $'000
ASSETS			
Cash and deposits	9	1,324,948	1,601,596
Notes and other receivables	10	208,707	252,680
Notes discounted	11	1,131,787	1,170,974
Medium-term loans receivable	12	2,517,191	1,602,556
Demand and non-accrual loans	13	1,902,498	2,150,067
Investments	14	383,907	334,246
Long-term loans receivable	15	5,062	11,842
Income tax recoverable		213,061	200,110
Post-employment benefit asset	16(a)	73,839	129,707
Property and equipment	17	70,866	102,628
Right of use assets	29	193,067	219,697
Investment property	18	300,000	300,000
Total Assets		8,324,933	8,076,103
LIABILITIES			
Payables		91,048	110,143
Lease liability	29	237,580	252,136
Loans payable	20	4,630,571	3,989,859
Post-employment benefit obligation	16(b)	326,418	300,447
Total Liabilities		5,285,617	4,652,585
EQUITY			
Share capital	21	2,066,824	2,066,824
Capital reserve	22	352,626	352,626
Reserve fund	23	227,098	227,098
Reserve for trade credit insurance	24	7,802	7,802
Investment revaluation reserve	25	138,201	111,665
Property revaluation reserve		55,795	55,795
Retained earnings		190,970	601,708
Total Equity		3,039,316	3,423,518
Total Liabilities and Equity		8,324,933	8,076,103

The accompanying notes form an integral part of these financial statements.

Approved for issue on the Board of Directors on 8 July 2022 and signed on its behalf by:

Deveta McLaren — Chairman

Lisa Simone Bell — Managing Director

Norman Reid — Audit Committee Chairman

NATIONAL EXPORT-IMPORT BANK OF JAMAICA LIMITED

Statement of Changes in Equity
Year ended 31 March 2022
(Expressed in Jamaican dollars unless otherwise indicated)

	Share Capital $'000 (Note 21)	Capital Reserve $'000 (Note 22)	Reserve Fund $'000 (Note 23)	Reserve for Trade Credit Reserve $'000 (Note 24)	Investment Revaluation Reserve $'000 (Note 25)	Property Revaluation Reserve $'000	Retained Earnings $'000	Total $'000
Balance at 1 April 2020	2,066,824	352,626	227,098	7,802	20,058	55,795	717,059	3,447,262
Net loss	-	-	-	-	-	-	(197,183)	(197,183)
Other comprehensive income, net of taxes:								
Net fair value gains on securities measured at fair value through other comprehensive income	-	-	-	-	71,771	-	-	71,771
Foreign exchange gains on securities measured at fair value through other comprehensive income	-	-	-	-	19,836	-	-	19,836
Remeasurement of pension and other employment benefit obligation	-	-	-	-	-	-	81,832	81,832
Balance at 31 March 2021	2,066,824	352,626	227,098	7,802	111,665	55,795	601,708	3,423,518
Net loss	-	-	-	-	-	-	(377,060)	(377,060)
Other comprehensive (loss)/income, net of taxes:								
Net fair value gains on securities measured at fair value through other comprehensive income	-	-	-	-	7,998	-	-	7,998
Foreign exchange gains on securities measured at fair value through other comprehensive income	-	-	-	-	18,538	-	-	18,538
Remeasurement of pension and other employment benefit obligation	-	-	-	-	-	-	(33,678)	(33,678)
Balance at 31 March 2022	2,066,824	352,626	227,098	7,802	138,201	55,795	190,970	3,039,316

The accompanying notes form an integral part of these financial statements.

NATIONAL EXPORT-IMPORT BANK OF JAMAICA LIMITED
Statement of Cash Flows
Year ended 31 March 2022
(Expressed in Jamaican dollars unless otherwise indicated)

	Notes	2022 $'000	2021 $'000
Cash Flows from Operating Activities			
Net loss		(377,060)	(197,183)
Adjustments for:			
Depreciation	17	34,267	15,992
Amortisation right of use asset	29	26,630	26,630
Write off of loans provision	3(a)	(152,155)	-
Gain on revaluation of investment property	18	-	(65,000)
Foreign exchange gains		20,746	58,601
Interest and fee income		(347,642)	(406,952)
Dividend income		(20,802)	(20,131)
Interest and fee expense		203,298	190,998
Lease interest expense		17,001	17,934
Pension expense	29	69,675	62,043
Expected credit losses	16(a)(b)	52,770	114,475
Taxation	8	-	82,124
		(473,272)	(120,469)
Changes in operating assets and liabilities:			
Notes and other receivables		46,638	(154,398)
Notes discounted		69,460	322,893
Medium-term loans receivables		(861,399)	105,360
Demand and non-accruals loans		273,275	(113,417)
Long-term loans receivable		6,810	1,428
Post-employment benefit	16(a)(b)	(21,514)	(19,998)
Payables		(19,095)	37,903
		(979,097)	59,302
Income tax paid and increase in withholding tax recoverable		(12,951)	(31,497)
Interest and fees received		337,078	399,163
Dividend received		20,802	20,131
Interest and fees paid		(24,048)	(24,681)
Net cash (used in)/ provided by operating activities		(658,216)	422,418
Cash Flows from Investing Activities			
Purchase of property and equipment	17	(2,505)	(70,825)
Lease payments - principal		(14,556)	(11,697)
Investments		(24,558)	(5,253)
Net cash used in investing activities		(41,619)	(87,775)
Cash Flows from Financing Activities			
Loans payable, net		444,461	176,913
Net cash provided by financing activities		444,461	176,913
Net (decrease)/increase in cash and cash equivalents for year		(255,374)	511,556
Effect of foreign exchange rate changes on cash and cash equivalents		(19,683)	(62,676)
Cash and cash equivalents at beginning of year		1,599,282	1,150,402
Cash and Cash Equivalents at End of Year	9	1,324,225	1,599,282

The accompanying notes form an integral part of these financial statements.

NATIONAL EXPORT-IMPORT BANK OF JAMAICA LIMITED
Notes to the Financial Statements
Year ended 31 March 2022
(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") through the Accountant General. The registered office is located at 85 Hope Road, Kingston 6, Jamaica.

The Bank provides financial services which include pre- and post-shipment financing, lines of credit and trade credit insurance and medium-term financing, which are aimed at the development of the productive sector. Specifically, its activities are geared towards the development of the export sector; however, 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") as issued by the International Accounting Standards Board ("IASB") and have been prepared under the historical cost convention as modified by the revaluation of certain financial assets and investment property.

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. These standards and interpretations did not have an impact on the Bank's accounting policies and/or the presentation and disclosures in these financial statements. The pronouncements were effective from 1 April 2021, unless otherwise indicated. These standards have been summarised in the table below:

Amendments to Standards		Effective for annual periods beginning on or after
IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 – Amendment to IFRS 16	1 April 2021
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	1 January 2021

(Expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations, and amendments to published standards that are not yet effective

At the date of authorisation of these financial statements, certain new standards, amendments, and interpretations to existing standards have been issued which are not yet effective, and which the Bank has not early adopted. The Bank is currently reviewing the impact that these standards will have on the Bank's operation if they are deemed to be applicable. All applicable standards will be adopted on the effective date.

New and Revised Standards		Effective for annual periods beginning on or after
IAS 1	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2023
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use - Amendments to IAS 16	1 January 2022
IFRS 17	Insurance Contracts	1 January 2023
IFRS 3	Reference to the Conceptual Framework – Amendments to IFRS 3	1 January 2022
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	1 January 2022
IFRS 1, IFRS 9 and IAS 41	Amendments arising from 2018-2020 Annual Improvements to IFRS	1 January 2022
IAS 8	Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023
IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	Deferred indefinitely

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

Amendments to Standards in issue not yet effective that are relevant

The Bank has assessed the impact of all standards and interpretations in issue not yet effective and has concluded that the following are relevant to the operations of the Bank and are likely to impact amounts reported in the financial statements:

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Bank has not yet assessed the impact of the application of this amendment on the financial statements.

Amendments to IAS 16: Property, Plant and Equipment: Proceeds before Intended Use

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The Bank has not yet assessed the impact of the application of this amendment on its financial statements.

(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 profit or loss in the statement of comprehensive income (loss).

2. Significant Accounting Policies (Continued)

(b) Foreign currency translation (continued)

Changes in the fair value of monetary assets denominated in foreign currencies, analysed as translation differences resulting from the changes in amortised cost are recognised in the profit or loss in the statement of comprehensive income (loss) and other changes are recognised in other comprehensive income (loss) in the statement of comprehensive income (loss).

(c) Financial assets

Initial recognition and measurement

Financial assets are recognised when the Bank becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on settlement date or trade date.

Financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. All related transaction costs for financial assets recognised at fair value through profit of loss are expensed.

The Bank's financial assets include cash and deposits, notes and other receivables, notes discounted, loans receivable, demand and non accrual loans and investments.

Classification and subsequent measurement

Debt instruments and loans receivable
Subsequent to initial recognition, the Bank's debt instruments are measured in accordance with the business models determined by the Bank’s respective business units for managing the asset and the cash flow characteristics of the asset. There are two measurement categories in which the Bank classifies its debt instruments and loans receivable:

i. Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. The carrying amounts of these assets are adjusted by any expected credit loss allowance recognised. In addition to certain debt securities, the Bank's loans and receivables are carried at amortised cost.

ii. Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income (FVOCI) are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in the profit or loss in the statement of comprehensive income (loss) in the period in which it arises. The Bank may, on initial recognition, irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or fair value through other comprehensive income as fair value through profit or loss, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Financial assets held for trading or are managed and whose performance is evaluated on a fair value basis, are measured at fair value through profit or loss.

2. Significant Accounting Policies (Continued)

(c) Financial assets (continued)

Business model assessment

The Bank's business units determine their business models at the level that best reflects how it manages groups of financial assets to achieve its business objective. Factors considered by the business units in determining the business model for a group of assets include:

- the stated policies and objectives for the group of assets and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets with the duration of any related liabilities, or expected cash outflows or realising cash flows through sale of the assets;

- how performance of the group of assets is evaluated and reported to management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- the frequency, volume, and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

If cash flows after initial recognition are realised in a way that is different from original expectations, the business units do not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets.

The solely payment of principal and interest (SPPI) test
'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount). 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and other basic lending risks and costs, as well as a profit margin.

Where the business model is to hold assets and collect contractual cash flows or to collect contractual cash flows and sell, the Bank's business units assesses whether the financial assets' cash flows represent solely payments of principal and interest. In making this assessment, the business units consider whether the contractual cash flows are consistent with a basic lending arrangement i.e., the definition of interest. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Bank reclassifies debt instruments when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be infrequent.

Equity instruments

Subsequent to initial recognition, the Bank measures all equity investments at fair value through other comprehensive income, and changes in the fair value of equity instruments are recognised in the statement of other comprehensive income (loss).

2. Significant Accounting Policies (Continued)

(c) Financial assets (continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Bank's statement of financial position) when:

- The rights to receive cash flows from the asset have expired or
- The Bank has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Bank has transferred substantially all the risks and rewards of the asset, or (b) the Bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Bank has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Bank's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Bank could be required to repay.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received is recognised in the profit or loss, in the statement of comprehensive income (loss).

Impairment of assets

The Bank records an allowance for expected credit losses for all loans and debt financial instruments not held at FVPL along with loan commitments. Equity instruments are carried at FVOCI. See Note 3 (a) for detailed description of the Expected Credit Loss Model.

The ECL allowance is based on the credit losses that are expected to arise over the life of the assets, unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss. The 12 months' expected credit loss is the portion of the lifetime ECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

2. Significant Accounting Policies (Continued)

(d) Fair value measurement

The Bank measures financial instruments and non-financial assets at fair value at each statement of financial position date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Bank.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. See Note 27.

(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 and equipment

All property and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

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:

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

2. Significant Accounting Policies (Continued)

(f) Property and equipment (continued)

Gains or losses on disposal of property and equipment are determined by reference to their carrying amount and are included in administration expenses in the profit or loss in the statement of comprehensive income (loss).

Repairs and maintenance expenses are charged to the profit or loss in the statement of comprehensive income (loss) during the financial period in which they are incurred.

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the greater of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identified cash flows.

The residual values, useful lives, and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(g) Investment property

Investment property is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at fair value. The fair value is determined by an independent valuator every two (2) years and during the intervening period by the Bank using in-house valuation method.

Change in fair value is recorded in the profit or loss in the statement of comprehensive income (loss).

An investment property is de-recognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of the property (calculated on the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the statement of comprehensive income (loss) in the period in which the property is de-recognised.

The property rental income earned by the Bank from its investment property under an operating lease is recorded in the profit or loss in the statement of comprehensive income (loss).

2. Significant Accounting Policies (Continued)

(h) Leases

The Bank assesses at contract inception whether a contract is, or contains, a lease i.e., if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Bank as a lessee

The Bank applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Bank recognizes leases liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i. Right-of-use assets

The Bank recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated amortisation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets, as follows:

- Building - 10 years
  If ownership of the leased asset transfers to the Bank at the end of the lease term or the cost reflects the exercise of a purchase option, amortisation is calculated using the estimated useful life of the asset.

  Right-of-use assets are also subject to impairment.

ii. Lease liabilities

At the commencement date of the lease, the Bank recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including substance fixed payments) less incentives receivable, variable lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Bank and payments of penalties for terminating the lease, if the lease term reflects the Bank exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Bank uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a resulting modification, a change in the lease term, a change in the lease payments) e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

2. Significant Accounting Policies (Continued)

(i) Securities purchased under resale agreements

Securities purchased under resale agreements are treated as collateralised financing transactions, which may result in credit exposure in the event that the issuer of the underlying security to the transaction is unable to fulfill its contractual obligations. The difference between the purchase and resale price is treated as interest and accrued over the life of the agreements using the effective interest rate yield method.

(j) Cash and deposits

Cash and deposits 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.

(k) Staff loan receivables

Receivables are carried at anticipated realisable value less expected credit losses.

(l) 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 interest rate yield method. Any difference between proceeds, net of transaction costs, and the redemption value is recognised in the profit or loss in the statement of comprehensive income (loss) over the period of the borrowings using the effective interest rate yield method.

(m) Payables

Payables are recorded at cost. No interest is accrued on outstanding balances, as these are usually settled within a short period of time during which any interest charged would be immaterial.

(n) 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 plan 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 other comprehensive income (loss) in equity in the period in which they arise.

NATIONAL EXPORT-IMPORT BANK OF JAMAICA LIMITED
Notes to the Financial Statements
Year ended 31 March 2022
(Expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(n) Employee benefits (continued)

Pension obligations (continued)
Past-service costs are recognised immediately in profit or loss in the statement of comprehensive income (loss).

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 the 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.

(o) Income and expense recognition

Interest income and expense
Interest income and expense are recognised in the profit or loss in the statement of comprehensive income (loss) for all interest-bearing instruments using the effective interest rate method.

The effective interest rate 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 at initial recognition. 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.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for:

- Purchased or originated credit-impaired financial assets, for which the original credit-adjusted effective interest rate is applied to the amortized cost of the financial asset.

- Financial assets that are not purchased or originated credit-impaired but have subsequently become credit-impaired, for which interest revenue is calculated by applying the effective interest rate to their amortized cost i.e., net of the expected credit loss provision.

2. Significant Accounting Policies (Continued)

(o) Income and expense recognition (continued)

Fee income
Fee income is generally recognised on an accrual basis when the service has been provided.

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

(p) Income taxes

Taxation expense in the profit or loss in the statement of comprehensive income (loss) 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 and substantively 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 profit or loss in the statement of comprehensive income (loss) except, where they relate to items recorded in shareholders' equity, they are also charged or credited to other comprehensive income.

(q) 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.

(r) Financial liabilities

Financial liabilities - Initial recognition and measurement
All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and accounts payable, net of directly attributable transaction costs. The Bank's financial liabilities include payables, long-term debt and lease liability.

2. Significant Accounting Policies (Continued)

(r) Financial liabilities (continued)

Subsequent measurement
For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Bank has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost
This is the category most relevant to the Bank. After initial recognition, interest-bearing accounts payable, long-term debt and lease liability are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of comprehensive income (loss).

Derecognition
The Bank derecognises financial liabilities when, the Bank's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of comprehensive income (loss).

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.

3. Financial Risk Management (Continued)

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, 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 Board's Enterprise Risk Management Committee (ERMC) 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 ERMC is assisted in these functions by the Risk and Compliance Division along with Internal Audit, that undertake both regular and ad hoc reviews of risks, management controls and procedures, the results of which are reported to the ERMC.

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.

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.

(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 Statement of Financial Position 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.

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

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 Managers' 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, Risk & Compliance. 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 such as:

- Reviewing compliance of business units with agreed exposure limits. Reports are provided to the Bad Debt Committee, at least annually, on the credit quality of the 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.

The Trade and Commercial Lending Division (TCLD) 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's approval. The TCLD 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's approval.

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

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

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

The table below 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. Credit risk exposures are as follows:

	Maximum exposure	
	2022	**2021**
	$'000	**$'000**
Cash and deposits (Note 9)	1,324,948	1,601,596
Notes receivable (excluding prepayment)	193,444	218,249
Notes discounted (Note 11)	1,131,787	1,170,974
Medium-term loans receivable (Note 12)	2,517,191	1,602,556
Demand and non-accruals loans (Note 13)	1,902,498	2,150,067
Investments (Note 14)	90,586	67,461
Long-term loans receivable (Note 15)	5,062	11,842
Other receivables (Note 10)	632	484
	7,166,148	6,823,229

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty.

Collateral and other credit enhancements

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. The principal collateral types for loans and advances to customers are:

- Mortgages over real estate;
- Guarantee, Promissory Note, or other endorsed instruments with recourse, from the Bank of Jamaica, the Government of Jamaica, or an Approved Financial Institution;
- Negotiable instruments including Treasury Bills, Cash Deposits and Certificates of Deposits;
- Non-negotiable instruments including Debentures, Bills of Sale, Assignment of Receivables;
- Assignment of Stocks in publicly listed companies, Personal Guarantees and Corporate Guarantees, whether supported or unsupported.

Estimates of fair value of collateral are 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.

The Bank's credit risk management policies include requirements relating to collateral valuation and management, including verification requirements and legal certainty. Valuations are updated periodically depending upon the nature of the collateral.

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Collateral and other credit enhancements (continued)

Management monitors the market value of collateral and requests additional collateral in accordance with the underlying agreement during its periodic review of loan accounts in arrears. Policies are in place to monitor the existence of undesirable concentration in the collateral supporting the Bank's credit exposure.

Loans

Risk Rating Probability
Customers of the Bank are assigned risk ratings of 1 to 6 and 9 with 1 being the lowest default risk and 9 being the highest. The impaired ratio of loans of similar age were grouped and analysed by utilizing three different mathematical methods as follows:

- Arithmetic average
- Weighted average
- Geometric average

The risk rating code is a weighted average of four (4) fundamental considerations:

- Customer's finance structure and performance
- Customer's experience with the Bank and other creditors
- Customer's management structure and stability
- Customer's security to support loans from the Bank

These codes are used to determine the probability rate table to apply to IFRS 9 computations. They are also used to determine significant increase in credit risk.

Credit Quality
Upon approval of a loan application, each submission must carry a recommendation on the risk rating class of the applicant. The risk rating guidelines are as follows:

Risk Ratings	Industry Status	Management	Financial Performance	Funding	Overall Status
Class 1 Highest Quality	Favourable Industry trends	Strong management with depth	Business with high liquidity, excellent financial conditions, and history of stable and predictable earnings.	Available sources of alternate funding.	Could generally qualify for credit from lenders without any form of security.
Class 2 Good Quality	Favourable Industry trends	Strong management	Has good liquidity with history of stable and predictable earnings. However, earnings are more cyclical.	Moderate availability of alternate sources of funding in periods of economic distress.	Has strong present and future earnings potential and could qualify for credit from lenders without any form of security.
Class 3 Satisfactory Quality	Stable	Capable management	Has fair liquidity and a reasonable financial condition. Earnings may be erratic; a satisfactory repayment is expected, but not assured under all circumstances.	Modest debt capacity	Business is less likely to qualify for credit from lenders without any form of security.

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Loans (continued)

Risk Rating Probability (continued)

Credit Quality (continued)

Risk Ratings	Industry Status	Management	Financial Performance	Funding	Overall Status
Class 4 Fairly Satisfactory Quality	May be cyclical	Adequate to good management	Has fair liquidity, but with less than satisfactory financial conditions. Reflects the potential to grow and improve, given the necessary financial support.	Marginal debt capacity	Not likely to qualify for loans from lenders without security. Unlikely to be able to sustain major business setback.
Class 5 Below Average Quality	May be cyclical or company is unable to compete effectively.	Generally good with some management weaknesses.	Has poor liquidity, high leverage and erratic earnings or losses. The primary source of repayment is no longer realistic.	Asset or collateral liquidation may be the only source of repayment. Loans are marginal and require continuing and close supervision by responsible loan officer.	Not eligible for EXIM Bank financing.
Class 6 Poor quality	May be cyclical or company is unable to compete effectively.	Some management weaknesses or company not performing.	Capital base and cashflows are insufficient to support the level of borrowing. Sources of repayment are not readily identifiable.	Real possibility of full loss exists.	Not eligible for EXIM financing.
Recourse Code “9” (ICBS)	N/A	N/A	N/A	N/A	These are loans which have been assigned to the Legal Division for recovery.

The Bank groups its loans into Stage 1, Stage 2, and Stage 3 on a customer basis i.e., where a customer has multiple loans, once one loan had defaulted all loans are placed in Stage 3.

Stage 1 The Bank recognizes an allowance based on twelve (12) months ECLs. Stage 1 loans include loans reclassified from Stage 2 where the risk has improved. Loans are not in arrears for more than thirty (30) days and have credit risk rating of 1-4.

Stage 2 When a loan has shown a significant increase in credit risk since origination. The Bank records an allowance for lifetime expected credit losses. This stage also includes facilities where the credit risk has improved, and the loan has been reclassified from Stage 3 and they have arrears for over thirty (30) days but less than ninety (90) days.

Stage 3 Loans that are considered credit impaired and an allowance for lifetime is expected as credit losses. Loans are in default over ninety (90) days and have a credit risk rating of five (5), six (6) or nine (9).

In measuring ECL in accordance with IFRS 9 forward-looking information is considered**.**

The Bank establishes provisions for credit losses that are expected to arise over the life of the assets.

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Loans (continued)

Economic Indicators
An analysis of the correlation of the probabilities of default with key economic indicators was performed as follows:
- Growth in respective industries
- Gross domestic product
- Gross national income levels in Jamaica
- Leading five (5) nations that directly contribute to tourist arrival in Jamaica.
- Jamaica's annual inflation rate
- Value of United States dollar versus Jamaican dollar
- National employment rate

Credit Risk Grade
Pertinent information is collected on the borrower at the time of application. Some of these include the following:
a. Industry Status
b. Management of Company
c. Financial Performance
d. Environmental Risk
e. Value & Saleability of Collateral
f. Analysis of Debt
g. Repayment History

These are supplemented with external data such as credit bureau scoring information on individual borrowers and companies.

Approach to IFRS 9 Loan Loss Provisioning for Financial Year Ended 21/22

As apart of the ECL model consideration for the financial year ended 31 March 2022, the following actions were taken in deriving the calculation:
- Proactive assessment of emerging credit risk of customers who are unlikely to pay.
- Proactive reclassification of accounts with extended payment holidays and those unlikely to pay customers from Stages 1 and 2 to Stages 2 and 3.
- Updating economic forecasts quarterly in order to reflect more accurate information in the model.
- Employing the use of write-offs for some unrecoverable loans.
- Monitoring the Bank's exposure to vulnerable sectors (due to COVID 19 and now the Russia / Ukraine war).

The Bank also undertook a review of its experience with collateral recovery in an effort to accurately capture its loan loss provisioning.

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Loans (continued)

Risk Staging Adjustments – (Individual and Sector)
During the financial year, the Bank continued with the use of its customized IFRS 9 Model for the calculation of ECLs. In this model, staging is predicated on the number of days an account is delinquent and significant increases in credit risk. Loans which exceed the 30-day delinquency threshold are automatically moved to Stage 2, and those 90 days and more past due are automatically classified as Stage 3.

The Bank has consistently applied to prior and current years, a comprehensive assessment of its loan portfolio, paying particular attention to accounts falling in the vulnerable services being the tourism and mining sectors.

The Tourism Enhancement Fund (TEF) continued its moratoria offering to customers in the tourism sector and its linkages, throughout the financial year. This support came to an end after two years on 31 March 2022. At financial year end 20/21, approximately 30 customers with SMTE loans still accessed the moratorium, and as at 28 February 2022, this number fell to 10 customers, of which only 3 continue to avail of a moratorium on principal payments. All other clients have matriculated to regular monthly payments due to improvements in the tourism sector.

A review of staging for customers in the tourism industry revealed that all non-operational and likely to default customers were already at Stage 3. Based on better-than-expected performance and positive forecast supported by the full reopening of the Jamaican and world economies, further deterioration in the performance of this industry is not anticipated despite the war in Ukraine.

The mining sector has been impacted by the closure of Jamalco plant as well as the Russia/Ukraine war. To this end, BOS Blocks and Tiles was moved from to Stage 1 to Stage 2. No adjustment was required for the other impacted customer, Maxie Bell Limited, which was already at Stage 3 because of protracted delinquency.

(Expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Loans (continued)

Average Probability of Defaults (PDs) derived from IFRS 9 ECL Model

SECTOR	FY 20/21 12-Month Average	FY 21/22 11-Month Average	Variance %
Services	0.8196	0.7709	-5.94%
Tourism	0.8258	0.7665	-7.18%
ICT	1.0000	0.9925	-0.75%
Manufacturing	0.6470	0.7148	10.49%
Mining	0.8002	0.8358	4.45%
Food & Beverage	0.2629	0.5927	125.49%
Apparel	0.8255	0.8138	-1.43%
Agro-Processing	0.8759	0.9472	8.14%
Distribution	0.6118	0.5796	-5.25%

A year-on-year review of PDs by sector showed that except for the Food and Beverage sector, average PDs remained within a +/- 10% change. The anomaly with Food and Beverage sector was due to:

(i) the migration of loans for Bellefield Great House Limited (the largest of the five clients in that sector) from Stage 2 to 3 at the end of the 2020/21 financial year, with this status being maintained throughout financial year 2021/22 and

(ii) the gradual paydown of loans for Cure-Vac Manufacturing Limited's Stage 2 loans during the 2021/22 financial year. There were therefore no adjustments made to PDs for financial year 2021/2022.

Recovery Rate Adjustments
To improve the accuracy of provisioning by the IFRS 9 ECL model, the Bank reviewed its loan recovery experience under various collateral types using the procedure detailed in the IFRS 9 Consultant's report (2019).

The result of the review saw the following changes:

COLLATERAL TYPE	2019 RECOVERY	REVISED RECOVERY RATE
Development Bank of Jamaica Guarantee (Credit Enhancement Fund/Credit Enhancement Guarantee (CEF/CEG)	90%	100%
Corporate & Personal Guarantee (Corporate Guarantee/Personal Guarantee) (CUG/PGA)	30%	56%
Mortgage (MOR)	70%	73%

(Expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Loans (continued)

Economic Indicators

In an effort to improve the accuracy of provisioning in the IFRS 9 ECL model, the Bank has sought to make more frequent updates to the economic factors which influence the probability of default of co-related sectors. The most recent forecast of these indicators revealed that the most significant change for the year was the projected unemployment rate which moved from 8.5% - March 2021 to 6.2% - March 2022. Unemployment is negatively co-related to the agricultural sector.

INDICATOR	PROJECTION/ACTUAL	BASIS/RATIONALE
UNEMPLOYMENT RATE	6.2%	Statistical Institute of Jamaica (STATIN) through its Labor Force Survey conducted in March 2022 stated that the country's latest unemployment rate is recorded as 6.2%.
GROSS DOMESTIC PRODUCT (GDP)	15,302 $USD	Statista and Trading Economics has projected for the 2022 fiscal year, a growth rate of 2.7% on 2021 GDP of 14900.
GROSS NATIONAL INCOME (GNI)	29,687 Purchasing Power Parity ($PPP)	With the projected 2021 GNI figure 28,000; this figure was then adjusted by actual (growth) rate of 7% and expected growth in Diaspora's weighted average rate of 4.9%.
EXCHANGE RATE: USD: JMD	J$160.62	The actual weighted average exchange rate ($151.62) recorded as at 31 December 2021, as indicated by the Bank of Jamaica. This projection was then adjusted for the targeted inflation rate of (5%-6%) with the use of the upper limit for prediction.
EXCHANGE RATE: CAD: JMD	J$129.71	The actual weighted average exchange rate ($122.41) recorded as at 31 December 2021, as indicated by the Bank of Jamaica. This was then adjusted for the targeted inflation rate of (5%-6%) with the use of the upper limit for prediction.

Source: Trading Economics, Bank of Jamaica, World Economic Outlook, STATIN, PIOJ (Dec.2021)

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Loans (continued)

Cuban Line of Credit

The methodology used to determine the Default Rate for Cuban and the Recovery Rate for Cuban LOC transactions was the same as that used in the last financial year. Since the Cuban facility is in its third year of default with the Bank, a hair cut of 26% was applied to the principal balance owed to the Bank. The assumption was made that the Cuban facility would be regularized/restructured within 24 months and recover over an additional 3 years. The time to recover is therefore estimated to be 60 months based on current discussions taking place between the Government of Jamaica and the Government of Cuba.

COVID-19 Impact

The impact of the COVID-19 pandemic continued to be felt by the Jamaican macroeconomic environment for FY 2021/2022. Although several macroeconomic indicators fluctuated throughout the year, Jamaica began to experience a notable level of recovery from the pandemic in 2021. The rebounding of economic activity was met with increased inflationary pressures. More importantly, growth in the local economy was most noticeable in the third and fourth quarters of 2021/2022 financial year. This was relative to the devastating performance of the previous year. Most notably, was the activity recorded during the third quarter, which was marked by robust foreign reserves, decreasing unemployment rates and a resilient financial system. Positive changes also occurred in domestic trade as the overall local economy benefitted from the impact of the relaxing of the previously implemented COVID-19 containment measures. At September 2021, the second quarter's inflation rate was 4.7%, which was above the previous quarter's results of 1.4%. This demonstrated an upward trend, which resulted from a combined impact of weather-related costs, rise in oil prices and other food related costs. Subsequently, by fiscal year end this had increased to approximately 9.2%. This was directly related to the effects of higher than projected increases in electricity rates, which was driven by a global increase in prices for crude oil and liquified natural gas. The global economy also demonstrated signs of recovery in 2021, with growth estimates of 5.9% for the year. Despite this outlook, economic recovery was hindered by the low take up of vaccines in some countries as well as the rise of new variants of the COVID-19 pandemic. Although both the local and domestic market experienced shocks to its recovery which were induced by increased volatility in the financial markets during the first three quarters of the year, partial normalisation of key sectors in the local economy was evident, one such being the tourism sector. At the December quarter of 2021/2022, the local economy's recorded growth in real terms was 6%, relative to the previous quarter.

At December 2021, the unemployment rate fell to 7.1%. Regarding the recovery of the nominal GDP, the public sector debt to GDP ratio continued to decrease, and this ratio decreased below pre-pandemic level of 100%.

The economic impact was evident throughout the business sector, most notably, the Small and Medium-sized Enterprises' sector (SMEs), which continued to grapple with its own recovery, given the rapid changes in the economy.

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Loans (continued)

COVID-19 Impact (continued)

Tourism Sector:
As one of the country's primary earners of foreign exchange, accounting for 50% of foreign exchange profits, the tourism sector was hard-hit, by the COVID-19 pandemic. Tourism, which has been described as the 'lifeblood' of Jamaica, is a sector within the Services Industry, which accounts for 9.5% of GDP. Tourism activities largely occur within the Hotels and Restaurants subsector, which remained as resilient as possible throughout the pandemic, and recorded growth of over 100% in FY 2021/2022's third quarter, reflecting an increase in Total Stopover Arrivals, Cruise Passenger Arrivals and Total Visitor Expenditure, compared to the previous quarter. The uptick in the Tourism sector also had positive effects on its linkage sectors, such as Agriculture, Forestry and Fisheries. The economic recovery which was experienced in fiscal year 2021/2022 was largely due to the uptick in Tourism, which recorded overall growth of over 300% in the second quarter and more than 75% in the fourth quarter.

The Ministry of Tourism projected that by the end of 2023, "the number of visitors to Jamaica is predicted to reach 4.1 million, with 1.6 million cruise passengers, 2.5 million stopover arrivals, and US$4.2 billion in revenue". These growths in the industry are predicated on the COVID-19 mitigation measures, such as increased vaccination rates globally, and the success of several initiatives being put in place by the Ministry such as the Tourism Strategy and Action Plan (TSAP). The TSAP was created to help improve the competitiveness of Jamaica's destination and products, while enhancing the industry's resilience. Other initiatives are geared at promoting innovation and entrepreneurship within the sector.

Manufacturing:
Jamaica's Manufacturing Industry has reflected a varied performance throughout the 2021/2022 financial year. During the period April-September 2021, the industry recorded growth of 11.5%, due to higher output from the Other Manufacturing sub-industry, namely under the Chemical and Chemical Products and Petroleum Products divisions. However, in the December 2021 quarter, the Manufacturing industry contracted by 2.2%. This was again attributable to reduced output in the 'Other Manufacturing' sub-industry, which was primarily impacted by the closure of the Alpart petroleum refinery for over 1 month, due to maintenance activities and lower production rates in petroleum products. This outweighed consistent increases in the Food, Beverage & Tobacco sub-industry. Despite the downturn in activity throughout the duration of the COVID-19 pandemic (beginning in the fourth quarter of 2020/2021), the industry's performance may be categorized as maintaining moderate growth and is projected to rebound to pre-pandemic levels of growth over the short to medium term.

Agriculture, Forestry & Fisheries:
Jamaica's Agriculture, Forestry & Fishing sector is a critical contributor to the country's GDP, accounting for approximately 9%, and is also crucial for the development and sustenance of the Jamaican economy. Agriculture, Forestry and Fishing, forms part of the Good's Producing Industry, and recorded growth of 12.1% at the October-December 2021 quarter, relative to the corresponding quarter in fiscal year 2020/2021. This change reflected the increased demand from tourism-related activities, favourable weather conditions, and the impact of GOJ implemented measures to improve output in the industry. Additionally, increases in output growth was aided by farmers' rebounding from Tropical Storms Elsa and Grace, as a result of the continuation of the Productivity Incentive Programme, which provided fertilizer and seedlings following the storms.

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Loans (continued)

COVID-19 Impact (continued)

Agriculture, Forestry & Fisheries: (continued)
With the exception of the Mining sector, all other sectors of the Goods Producing Industry, including Agriculture, experienced growth during the last three quarters of fiscal year 2021/2022 financial year. Additionally, the Agriculture, Forestry & Fisheries sector is slated to benefit from improvements to plant infrastructure in some parishes through the Modernisation of the Agricultural Programme, in which $150 million has been allocated for these upgrades. Plans to develop a framework for agricultural public-private partnerships and other targeted priority programmes are to be implemented by the Government in fiscal year 2022/2023, to grow the sector.

The success of these initiatives is expected to have positive implications for the Agriculture, Forestry and Fisheries sector, given that external risks such as adverse weather conditions, increased COVID-19 threats, and rising input costs as a result of the Russia/Ukraine conflict, remain relatively low.

Mining & Quarrying:
Global relaxing of the COVID-19 containment measures facilitated increased demands globally and domestically, which increased overall economic activity. The third quarter of 2021/2022 financial year reflected an overall 6.0% growth in Real Value Added, with noticeable increases in the Goods Producing Industry which grew by 0.4%, reflecting growth in most of its sectors. Despite this performance in the industry, the Mining and Quarrying sub-industry saw a drastic decrease during the quarter by 64.7%. This decline in Mining & Quarrying reflected lower output in the Bauxite & Alumina sector due to the temporary closure of JAMALCO following a fire at the refinery in August 2021. According to the GOJ Fiscal Policy Paper, the Government of Jamaica forecasts medium-term growth within the Goods Producing Industry which will be based on stabilized supply chain related to irrigation projects, such as the Essex Valley Irrigation Infrastructure Development Programme, plus increased demand resulting from greater tourism activity. Similarly, the Mining and Quarrying sub-sector is also expected to contribute positively to GDP, due to anticipated increased production capacity, following the resumption of operations at the JISCO-Alpart refinery in 2022/23.

Services:
Jamaica's Services Industry was adversely affected by the COVID-19 pandemic, particularly due to the closure of Jamaica's international border during fiscal year 2020/2021 and the dormancy in the entertainment sector due to continued restrictions on public gathering throughout the duration of the pandemic. As these measures were eased, international travel resumed and COVID-19 containment measures reduced, the contribution of the Services Industry to economic growth increased. By the third quarter of 2021/2022 financial year, the Services Industry recorded growth of 7.8%, as all sectors within the industry recorded increased levels of output. This expansion was led by the Hotels & Restaurants, Other Services and Transport, Storage and Communication sub-industries, due to increased international travel, passenger/and cargo movements.

It is projected that there will be continued increases in output in fiscal year 2022/2023 to 2024/2025 in this industry, as global demand increases, given that local and international COVID-19 containment measures do not impact international passenger travel.

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Loans (continued)

COVID-19 Impact (continued)

Services: (continued)
Jamaica's macroeconomic outlook forecasts economic expansion in fiscal year 2022/2023 and throughout the medium term, as the economy continues to rebound from the coronavirus pandemic. Output in the short to medium term is expected to surpass pre-COVID levels. According to the GOJ Fiscal Policy Paper 2022/2023, global supply chain challenges are expected to ease and the demand for goods and services is expected to continue to increase in 2023/2024 to 2025/2026, which will positively contribute to GDP by an estimated 2.2%. It is also anticipated that inflation will stabilize at around 5.0% over the medium term. Jamaica's economic growth will be spurred by global growth, which was projected to average 3.6% between March 2022 and December 2023. According to the Bank of Jamaica, the projected growth in the economy is greatly attributable to the normalization of economic activity, supported by international demand. From the perspective of aggregate supply, growth is anticipated in Hotels & Restaurants, Other Services, Transport, Storage & Communication, Manufacture, Agriculture, Forestry & Fishing, Electricity & Water and Construction. The estimated growth in the Services Industry, particularly, the Hotels & Restaurants and Other Services sub-industries, reflects the continued output from the travel sector, given the improvement in the global economy.

Incorporation of Forward-Looking Information
According to the Government of Jamaica's 2021/2022 Fiscal Policy Paper, the Jamaican economy is projected to grow by an average of 4.1% over the next two fiscal years, subsequent to its 2020/2021 historic contraction, in which the economy declined by 14.6% during the first half of the fiscal year. Projected growth was based on an expected decrease in the economic effects of the COVID-19 pandemic, which is expected to also give way to greater demand for goods and services, increases in the country's tourism and services sector performance, along with the Goods Producing Industry and resumption of activity at the country's alumina Alpart refinery. Employment is also expected to increase which is expected to result in increased domestic demand. The Planning Institute of Jamaica has also projected that growth in fiscal year 2022/2023 will spur a full pre-pandemic economic recovery.

Risks to these growth projections include the impact of aged equipment in major industries, adverse weather conditions which will affect the agriculture industry and its linkages, slower than expected growth in the global economy as the COVID-19 pandemic continues to affect trade relations and escalating geopolitical tensions between Russia and Ukraine.

The Bank uses three quantitative and qualitative criteria to determine whether there has been a significant increase in credit risk.

a. Quantitative test based on movement in Probabilities of Default (PD), Credit risk is deemed to increase where the probability of default on a security or loan is one (1) and the credit risk rating is above five (5).

b. Qualitative Indicators
- Significant development in the industry in which borrower operates
- Issues or developments which could compromise the Bank's ability to realize the security.

c. Loans past due more than thirty (30) days

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Loans (continued)

Table 1: Stages, Description and Course of Action for Past Due Loans

Stages	**Description**	**Course of Action**
a) Stage 1 - recognizes expected credit losses within the next 12 months	These are customers: (i) with performing loans without signs of credit impairment, that is, loans that are not in arrears for more than 30 days (ii) that have a credit risk rating of 1- 4 (iii) loans formerly in Stages 2 and 3 with significant improvement in credit risk	(i) These accounts are monitored by Trade and Commercial Lending Division (ii) The regularity of monitoring will be in keeping with requirement of the Bank's Credit Policy.
b) Stage 2 - recognizes lifetime expected credit losses	These are customers with loans that: (i) have signs of credit impairment i.e., it is improbable that the Bank will collect all of the outstanding principal and interest (ii) are sub-performing loans which have been in arrears for over 30 days but less than 90 days at least once (iii) loans that have an initial credit risk rating of 5 Loans formerly in Stages 1 and 3 with deterioration and improvement in credit risk respectively	(i) These accounts are monitored by the Trade and Commercial Lending Division. (ii) The regularity of the monitoring will be in keeping with requirements of the Bank's Credit Policy. (iii) Once the account becomes 90 days past due, i.e., in default, the entire portfolio of loans for the Customer is to be referred to the Risk Management Division for Collection in keeping with the Credit Policy.

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Loans (continued)

Table 1: Stages, Description and Course of Action for Past Due Loans (continued)

Stages	Description	Course of Action
c) Stage 3 - recognizes lifetime expected credit losses	These are customers: (i) with non-performing loans/loans in default i.e., with arrears over 90 days (ii) with loans with serious credit impairment (iii) with a history of arrears (iv) with loans that have a credit risk rating of 6 and above (v) loans formerly in Stages 1 and 2 with a significant increase in credit risk	(i) These accounts are handled by the Risk Management and Compliance and Legal and Corporate Secretarial Divisions. (ii) The Risk Management Division will act with the view of effecting collections by way of immediate payment or payment arrangement acceptable to the Bank. (iii) If (ii) is not achieved within 30 days from the account being referred to the Risk Management Division (i.e., 120 cumulative days delinquent), the account must be passed to the Legal Department for liquidation of the collateral and effecting of any other legal actions required to recover the Bank's funds. All other actions on these accounts will be dealt with in keeping with the Bank's Credit Policy.

Write-off policy

Write-offs may be considered/requested in cases when one or more of the conditions listed below are satisfied.

a. The Bank has disposed of all securities held
b. There is compromised security value due to, for example, market conditions, delays in recovery process/sale of security
c. The business has ceased to be a going concern or is facing collapse
d. The business has failed

The Bank will also write off loan accounts in instances when delinquency exceeds twelve (12) consecutive months.

Additionally, if the provisions/estimated credit losses equate 80% or more of the General Ledger balance, then the loan may be written off.

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3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Loans (continued)

Loan write-offs

The Board has supported management's recommendation to write-off/write-down five (5) non-performing loans that are nearing full provision and/or are unlikely to be repaid. All accounts written off meet the write-off criteria according to policy.

Account	**Balance**
Cubana Limited	$29.47M
Federal Transformer Limited	$24.36M
Rupert Linton	$34.27M
Somerset Limited	$16.49M
Yono Distributors Limited	$46.87M
Other	$0.70M
Total	$152.16M

The credit quality of loans is summarised as follows:

	Stage 1	**Stage 2**	**Stage 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Loans receivable (Gross) as at 31 March 2022	2,224,317	781,390	3,111,716	6,117,423
Expected credit losses	(2,808)	(3,405)	(345,965)	(352,178)
Loans receivable as at 31 March 2022	2,221,509	777,985	2,765,751	5,765,245

	Stage 1	**Stage 2**	**Stage 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Loans receivable (Gross) as at 31 March 2021	1,596,304	947,637	3,094,721	5,638,662
Expected credit losses	(15,709)	(23,527)	(411,307)	(450,543)
Loans receivable as at 31 March 2021	1,580,595	924,110	2,683,414	5,188,119

Included in the analysis above are renegotiated loans of $381,204,000 (2021: $38,492,000).

The fair value of collateral that the Bank held as security for individually impaired loans was $823,133,597 (2021: $1,335,630,178).

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

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Loans (continued)

Analysis of Expected Credit Losses

	2022			
	Stage 1 $'000	**Stage 2 $'000**	**Stage 3 $'000**	**Total $'000**
Notes and other receivables	-	1,657	-	1,657
Notes discounted	-	-	8,139	8,139
Medium-term loans receivable	2,782	1,748	-	4,530
Demand and non-accrual loans	-	-	337,826	337,826
Long-term loans receivables	26	-	-	26
	2,808	3,405	345,965	352,178

	2021			
	Stage 1 $'000	**Stage 2 $'000**	**Stage 3 $'000**	**Total $'000**
Notes and other receivables	253	980	293	1,526
Notes discounted	86	153	34,963	35,202
Medium-term loans receivable	15,314	22,394	12,519	50,227
Demand and non-accrual loans	-	-	363,532	363,532
Long-term loans receivables	56	-	-	56
	15,709	23,527	411,307	450,543

- Expected impairment (i.e., expected credit loss, ECL) is derived by multiplying loans and investment facility balance by the Probability of ECL for each month and each given exposure. The projected credit loss in each future month is discounted to the present value using a discount rate between the mid-range of current market bond yield and the effective interest rate for the financial assets.

- In estimating the probability of default, EXIM's loan portfolio was grouped into groups of similar risk profile (i.e., having the same likelihood of default).

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Loans (continued)

Expected Credit Loss Model (continued)

Industry Groupings

Industry	Group No.
Manufacturing	2
Agro Processing	4
Services	1
Mining	5
Distribution	3
Tourism	1
Food & Beverage	5
Animation & IT	1
Staff	11

For each group, probabilities were determined based on classification of loans (scheduled or unscheduled). Repayment periods were split into calendar quarters and expected amounts in each quarter completed based on the loan details. Shortfalls were compared with corresponding expected payments. This was done over a ten (10) year period and normalized to remove impact of any special event. The annualized quarterly impairment ratio within each cohort and age bucket was then computed using the following formula:

Impairment amount
Expected amounts

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

	2022 $'000	2021 $'000
Agro Processing	1,812,455	1,415,913
Food and Beverage	40,693	68,125
Textiles and Apparel	3,621	6,546
Manufacturing	1,763,175	1,636,372
Distribution	229,598	248,011
Mining	380,718	491,050
Services and ICT	1,301,077	1,168,368
Tourism	144,659	124,248
Other	89,249	29,486
	5,765,245	5,188,119

The majority of the Bank's credit exposure are to customers in Jamaica, however there is 17% that relates to Cuba.

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3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Loans (continued)

Analysis of Expected Credit Losses (continued)

Movement in the provision for probable loan losses:

	2022	**2021**
	$'000	**$'000**
At beginning of year	450,543	339,352
IFRS 9 – Increase in provision	53,790	111,191
	504,333	450,543
Provision/adjustments written-off	(152,155)	-
	352,178	450,543

	2022	**2021**
	$'000	**$'000**
IFRS 9 - Increase in provision for loans receivable	53,790	111,191
IFRS 9 - (Decrease)/Increase in provision for cash and deposits	(663)	1,320
IFRS 9 - Increase in provision for investments	43	108
IFRS 9 - Decrease in provision for long term loans receivable	(30)	(23)
IFRS 9 - (Decrease)/Increase in provision rental receivable	(370)	1,879
	52,770	114,475

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Loans (continued)

Analysis of Expected Credit Losses (continued)

Provision for probable loan losses comprises:

	2022 $'000	2021 $'000
Notes discounted (Note 11)	8,139	35,202
Demand and non-accrual loans (Note 13)	337,826	363,532
Medium-term loans receivable (Note 12)	4,530	50,227
Notes and other receivables (Note 10)	1,657	1,526
Long-term loans receivable (Note 15)	26	56
	352,178	450,543

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 counter party to honour its obligation 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:

	2022 $'000	2021 $'000
Government of Jamaica (Note 14)	11,812	11,548
Securities purchased under agreements to resell (Note 14)	79,008	56,104
Short-term deposits (Note 9)	755,849	1,179,225
	846,669	1,246,877

	$'000
Debt securities (Gross) as at 31 March 2021	1,246,877
Expected credit losses	(2,047)
Debt securities as at 31 March 2021	1,244,830
Debt securities (Gross) as at 31 March 2022	846,669
Expected credit losses	(1,427)
Debt securities as at 31 March 2022	845,242

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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.

	2022				
	Within 3 Months $'000	**3 to 12 Months $'000**	**1 to 5 Years $'000**	**Over 5 Years $'000**	**Total $'000**
Payables	91,048	-	-	-	91,048
Loans payable	985,646	1,468,852	2,058,621	1,289,522	5,802,641
Lease liability	3,435	12,421	142,960	95,395	254,211
Total financial liabilities	1,080,129	1,481,273	2,201,581	1,384,917	6,147,900

	2021				
	Within 3 Months $'000	**3 to 12 Months $'000**	**1 to 5 Years $'000**	**Over 5 Years $'000**	**Total $'000**
Payables	80,743	-	-	-	80,743
Loans payable	476,682	710,142	1,857,060	1,056,000	4,099,884
Lease liability	2,502	9,301	112,198	128,135	252,136
Total financial liabilities	559,927	719,443	1,969,258	1,184,135	4,432,763

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3. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Assets available to meet all of the liabilities include cash and cash equivalents, investment securities, loans receivables and 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 maximizing 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:

	JA$ J$000	US$ J$000	CAD$ J$000	TOTAL J$000
Financial assets		2022		
Cash and deposits	324,866	998,322	1,760	1,324,948
Notes and other receivables	-	208,707	-	208,707
Notes discounted	475,913	655,874	-	1,131,787
Medium-term loans receivable	2,184,880	332,311	-	2,517,191
Demand and non-accrual loans	332,868	611,474	958,156	1,902,498
Investments	36,729	347,178	-	383,907
Long-term loans receivable	5,062	-	-	5,062
Total financial assets	3,360,318	3,153,866	959,916	7,474,100
Financial liabilities				
Loans payable	1,805,918	2,824,653	-	4,630,571
Lease liability	237,580	-	-	237,580
Payables	91,048	-	-	91,048
Total financial liabilities	2,134,546	2,824,653	-	4,959,199
Net financial position	1,225,772	329,213	959,916	2,514,901

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

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

Currency risk (continued)

	JA$ J$000	US$ J$000	CAD$ J$000	TOTAL J$000
Financial assets		2021		
Cash and deposits	786,134	813,722	1,740	1,601,596
Notes and other receivables	90,693	161,987	-	252,680
Notes discounted	481,484	689,490	-	1,170,974
Medium-term loans receivable	1,570,306	32,250	-	1,602,556
Demand and non-accrual loans	549,226	572,902	1,027,939	2,150,067
Investments	17,648	316,598	-	334,246
Long-term loans receivable	11,842	-	-	11,842
Total financial assets	3,507,333	2,586,949	1,029,679	7,123,961
Financial liabilities				
Loans payable	1,445,423	2,544,436	-	3,989,859
Lease liability	252,136	-	-	252,136
Payables	110,143	-	-	110,143
Total financial liabilities	1,807,702	2,544,436	-	4,352,138
Net financial position	1,699,631	42,513	1,029,679	2,771,823

Foreign currency sensitivity

The following table indicates the currencies to which the Bank had significant exposure on its monetary assets and liabilities and its forecast cash flows. The table below represents management's assessment of the possible change in foreign exchange rates and the impact on income. There is no direct impact on other components of equity. The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusts their translation for the possible change in foreign currency rates. The correlation of variables will have a significant effect on determining the ultimate impact on market risk, but to demonstrate the impact due to changes in variables, variables had to be on an individual basis.

	Change in Currency Rate	Effect on Pre-tax Profit		Change in Currency Rate	Effect on Pre-tax Profit
	2022			2021	
Currency	%	$'000		%	$'000
			Devaluation		
USD	8	26,337		6	2,551
CAD	8	76,793		6	61,781
			Revaluation		
USD	2	(6,584)		2	(850)
CAD	2	(19,198)		2	(20,594)

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

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

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.

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

	Within 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non-Rate Sensitive $'000	Total $'000
			2022			
Cash and deposits	1,324,948	-	-	-	-	1,324,948
Notes and other receivables	124,625	75,959	-	-	8,123	208,707
Notes discounted	102,257	753,900	101,915	-	173,715	1,131,787
Medium-term loans receivables	29,955	248,144	1,356,359	873,393	9,340	2,517,191
Demand and non-accrual loans	-	-	-	-	1,902,498	1,902,498
Investments	-	78,774	11,813	293,320	-	383,907
Long-term loans receivable	-	-	-	5,062	-	5,062
Total financial assets	1,581,785	1,156,777	1,470,087	1,171,775	2,093,676	7,474,100
Loans payable	311,411	733,656	2,533,173	1,052,331	-	4,630,571
Lease liability	3,210	11,608	133,608	89,154	-	237,580
Payables	91,048	-	-	-	-	91,048
Total financial liabilities	405,669	745,264	2,666,781	1,141,485	-	4,959,199
Total interest repricing gap	1,176,116	411,513	(1,196,694)	30,290	2,093,676	2,514,901
Cumulative gap	1,176,116	1,587,629	390,935	421,225	2,514,901	

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

Interest rate risk (continued)

	Within 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non-Rate Sensitive $'000	Total $'000
				2021		
Cash and deposits	1,601,596	-	-	-	-	1,601,596
Notes and other receivables	105,302	147,378	-	-	-	252,680
Notes discounted	209,056	957,405	-	-	4,513	1,170,974
Medium-term loans receivables	38,187	284,084	1,275,299	-	4,986	1,602,556
Demand and non-accrual loans	-	-	-	-	2,150,067	2,150,067
Investments	-	55,913	11,548	-	266,785	334,246
Long-term loans receivable	-	536	-	11,306	-	11,842
Total financial assets	1,954,141	1,445,316	1,286,847	11,306	2,426,351	7,123,961
Loans payable	298,846	705,378	1,951,317	1,034,318	-	3,989,859
Lease liability	2,502	9,301	112,198	128,135	-	252,136
Payables	110,143	-	-	-	-	110,143
Total financial liabilities	411,491	714,679	2,063,515	1,162,453	-	4,352,138
Total interest repricing gap	1,542,650	730,637	(776,668)	(1,151,147)	2,426,351	2,771,823
Cumulative gap	1,542,650	2,273,287	1,496,619	345,472	2,771,823	

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

3. Financial Risk Management (Continued)

(c) Market risk (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 fair value through other comprehensive income. 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 $29,332,000 (2021 - $26,678,000) in equity, through other comprehensive income (loss).

(d) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Bank's processes, personnel, technology, and infrastructure, and from external factors other than credit, market, and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. 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 authorization of transactions
- Requirements for the reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- 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 and Conduct Committee and senior management of the Bank.

3. Financial Risk Management (Continued)

(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 capital structure of the Bank consists of share capital, capital reserve, reserve fund, reserve for trade credit insurance, investment revaluation reserve, property revaluation reserves and retained earnings.

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. (Notes 8 and 19).

Fair value of financial instruments
The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Bank uses its judgement to select a variety of methods and makes assumptions that are mainly based on market conditions existing at the end of each reporting period. For investment securities that are not traded in active markets, the Bank used valuation techniques that include inputs for the instrument that are based on observable market data. Changes in assumptions used in valuations could affect reported fair value of financial assets. Key assumptions are based on current market yields. (Note 27).

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

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 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. (Note 16).

Impairment losses on financial assets
The measurement of expected credit loss allowance for financial assets measured at amortised cost and fair value through other comprehensive income requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Bank’s expected credit loss calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the expected credit loss models that are considered accounting judgements and estimates include:

- The Bank’s criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime expected credit loss basis and the qualitative assessment
- Development of ECL models, including the various formulas and the choice of inputs
- Selection of forward-looking macroeconomic scenarios to derive the economic inputs into the expected credit loss models
- Determination of associations between macroeconomic scenarios and, economic inputs and the effect on probabilities of default, exposure at default and loss given default.

The Bank regularly reviews its internal models in the context of actual loss experience and adjust when necessary.

Investment property revaluation
The property was revalued using the market comparison approach which estimates the fair value based on sale prices of properties of similar nature or in similar locations with price adjustments being made for any notable differences between the sample and subject property (Note 18).

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

Investment property revaluation (continued)
The fair value is determined by an independent valuator every two (2) years and during the intervening period by the Bank using an in-house valuation method.

Incremental borrowing rate on lease liability
The Bank cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the Bank would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Bank 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Bank estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific adjustments to reflect the terms and conditions of the lease.

5. Other Income

	2022 $'000	2021 $'000
Rental income (Strata and Training rooms) and Strata maintenance	23,007	29,388
Interest on bank account	2,628	331
Other income	21,712	15,797
Income from loans written off	1,997	1,690
	49,344	47,206

6. Expenses by Nature

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

	2022 $'000	2021 $'000
Auditor's remuneration	4,294	4,524
Depreciation	34,267	15,992
Right of use – finance lease interest expense	17,001	17,934
Right of use – amortisation expense	26,630	26,630
Directors' emoluments-		
Fees	1,577	1,495
Management (included in staff costs - Note 7)	21,885	23,318
Other staff costs (included in staff costs - Note 7)	404,929	367,798
Other operating expenses	142,861	145,728
	653,444	603,419

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7. Staff Costs

	2022 $'000	2021 $'000
Salaries and wages	282,380	271,943
Statutory payroll taxes-employer portion	29,797	28,016
Pension asset (Note 16)	30,766	31,173
Pension obligation (Note 16)	38,909	30,870
Other staff costs	44,962	29,114
	426,814	391,116

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

	2022 No.	2021 No.
Trade	16	15
Administration	53	44
	69	59

8. Taxation

Taxation is based on loss for the year adjusted for taxation purposes and comprises:

	2022 $'000	2021 $'000
Deferred tax:		
Origination and reversal of temporary differences	-	82,124
	-	82,124

The tax on the loss before tax differs from the theoretical amount that would arise using the basic statutory rate of 25% as follows:

	2022 $'000	2021 $'000
Losses before tax	(377,060)	(115,059)
Tax calculated at a rate of 25%	(94,265)	(28,765)
Adjustment for the effects of:		
Expenses not deductible for tax purposes	12,964	641
Valuation allowance	20,567	97,189
Tax effect of losses not recognised	71,987	-
Other	(11,253)	13,059
	-	82,124

8. Taxation (Continued)

Subject to the agreement of the Commissioner General, Tax Administration Jamaica, tax losses aggregating approximately $727.99 million (2021: $440.041 million) are available for a set off against future taxable profits. The amounts that can be utilised in any one assessment year is restricted to 50% of chargeable income (before utilising any prior year losses). No deferred tax asset has been recognised in respect of these tax losses.

The tax charge relating to components of other comprehensive income (loss) are as follows:

	2022		
	Before tax	**Tax charge**	**After tax**
	$'000	**$'000**	**$'000**
Items that will not be reclassified to profit or loss:			
Net fair value gains on securities measured at fair value through other comprehensive income	7,998	-	7,998
Foreign exchange gains on securities measured at fair value through other comprehensive income	18,538	-	18,538
Remeasurement of pension and other employment benefit obligation	(33,678)	-	(33,678)
	(7,142)	-	(7,142)

	2021		
	Before tax	**Tax charge**	**After tax**
	$'000	**$'000**	**$'000**
Items that will not be reclassified to profit or loss:			
Net fair value gains on securities measured at fair value through other comprehensive income	71,771	-	71,771
Foreign exchange gains on securities measured at fair value through other comprehensive income	19,836	-	19,836
Remeasurement of pension and other employment benefit obligation	109,109	(27,277)	81,832
	200,716	(27,277)	173,439

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9. Cash and Deposits

	2022 $'000	2021 $'000
Cash	569,099	422,371
Short-term deposits – 90 days or less (excluding interest receivable)	755,126	1,176,911
Cash and cash equivalents	1,324,225	1,599,282
Interest receivable	723	2,314
	1,324,948	1,601,596

	2022 $'000	2021 $'000
Cash and deposits (Gross) at start of year	1,326,141	1,603,452
Expected credit losses	(1,193)	(1,856)
Cash and deposits at end of year	1,324,948	1,601,596

Included in short-term deposits above is interest receivables amounting to $723,000 (2021: $2,314,000). Average interest rates – local 2.41% and foreign 2.33% (2021: local 1.91% and foreign 1.96%).

Movement in expected credit losses on cash and short-term deposits is as follows:

	$'000
Expected credit losses – 1 April 2020	(536)
Net movement during current year - Increase	(1,320)
Expected credit losses – 31 March 2021	(1,856)
Net movement during current year - Decrease	663
Expected credit losses – 31 March 2022	(1,193)

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10. Notes and Other Receivables

Commitments

Assumptions

- The Bank must approve and receive all collaterals related to undrawn commitment.
- All undrawn commitments at the end of the previous year was either used or cancelled in the current year.
- All undrawn commitments at the end of the current period are either from newly approved loans and from undrawn commitments brought forward into the current period.

	2022 $'000	2021 $'000
Notes receivable	208,075	252,216
Premiums receivable	632	484
	208,707	252,680

	$'000
Notes and other receivables (Gross) at 31 March 2022	210,634
Expected credit losses	(1,657)
Notes and other receivables as at 31 March 2022	208,707
	$'000
Notes and other receivables (Gross) at 31 March 2021	254,206
Expected credit losses	(1,526)
Notes and other receivables as at 31 March 2021	252,680

The staging analysis of notes and other receivables at the end of the reporting period is as follows:

	2022			
	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
Notes and other receivables	68,101	111,517	30,746	210,364
Expected credit losses	-	(1,657)	-	(1,657)
	68,101	109,860	30,746	208,707

	2021			
	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
Notes and other receivables	140,265	113,213	728	254,206
Expected credit losses	(253)	(980)	(293)	(1,526)
	140,012	112,233	435	252,680

10. Notes and Other Receivables (Continued)

Movement in expected credit losses on notes and other receivables is as follows:

	$'000
Expected credit losses – 1 April 2020	(869)
Net movement during current year - Increase	(657)
Expected credit losses – 31 March 2021	(1,526)
Net movement during current year - Increase	(131)
Expected credit losses – 31 March 2022	(1,657)

Maturing as follows:

	2022 $'000	2021 $'000
In less than 12 months	208,707	252,680

Included in notes and other receivables above is interest receivable amounting to $44,329,000 (2021: $41,533,000).

Notes receivable represent amounts due from customers 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 7% - 10% per annum (2021: 8 % - 10% per annum).

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11. Notes Discounted

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

	Principal $'000 2022	Interest Receivable $'000 2022	Expected Credit Losses $'000 2022	Carrying Value $'000 2022	Principal $'000 2021	Interest Receivable $'000 2021	Expected Credit Losses $'000 2021	Carrying Value $'000 2021
(a) Insurance Policy Discount Facility (IPDF)	-	-	-	-	-	23	-	23
(b) Pre-Shipment Facility (PSF)	516,043	6,720	-	522,763	676,814	12,675	-	689,489
(c) Jamaican Dollar Short-Term Loans	78,788	920	-	79,708	37,047	452	(549)	36,950
(d) Development Bank of Jamaica Limited Loan (DBJ#3)	-	45	-	45	-	45	-	45
(e) J$ Working Capital Facility	393,973	16,516	(4,067)	406,422	413,147	7,798	(33,233)	387,712
(f) Tourism Enhancement Fund	67,916	299	(894)	67,321	46,086	283	(1,338)	45,031
(g) Jamaica Export Manufacturing Association	4,989	25	(1,309)	3,705	466	5	-	471
(h) Exim Express	3,933	-	(1,869)	2,064	11,301	34	(82)	11,253
(i) Exim Reset (MIDA)	49,759	-	-	49,759	-	-	-	-
	1,115,401	24,525	(8,139)	1,131,787	1,184,861	21,315	(35,202)	1,170,974

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11. Notes Discounted (Continued)

Maturing as follows:

	2022 $'000	2021 $'000
In less than 12 months	1,033,810	1,170,974
In greater than 12 months	97,977	-
	1,131,787	1,170,974

The staging analysis of notes discounted at the end of the reporting period is as follows:

	2022			
	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
Notes discounted	52,990	242,830	844,106	1,139,926
Expected credit losses	-	-	(8,139)	(8,139)
	52,990	242,830	835,967	1,131,787

	2021			
	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
Notes discounted	612,552	289,905	303,719	1,206,176
Expected credit losses	(86)	(153)	(34,963)	(35,202)
	612,466	289,752	268,756	1,170,974

Movement in expected credit losses on notes discounted is as follows:

	$'000
Expected credit losses – 1 April 2020	(67,735)
Net movement during current year - Decrease	32,533
Expected credit losses – 31 March 2021	(35,202)
Net movement during current year - Decrease	27,063
Expected credit losses – 31 March 2022	(8,139)

		Interest Rate	
		2022	2021
(a)	Insurance Policy Discount Facility (IPDF) - Secured by insurance policy	12%	12%
(b)	Pre-shipment Facility (PSF) – Secured	7-12%	8%-12%
(c)	Jamaican Dollar Short-Term Loans – Secured	7-12%	8%-12%
(d)	Development Bank of Jamaica Limited Loan (DBJ#3) -Secured	5%	10%
(e)	J$ Working Capital Facility	7-12%	8%-12%
(f)	Tourism Enhancement Fund (SMTE)	4.5%	4.5%
(g)	Jamaica Export Manufacturing Association (JMEA)	12%	12%
(h)	Exim Express	11%	11%
(i)	Exim Reset (MIDA)	5%	-

11. Notes Discounted (Continued)

a) Insurance Policy Discount Facility (IPDF)
The facility represents amounts loaned for working capital financing and is available for small to medium-sized exporters who are the holders of a trade credit insurance policy from the Bank.

b) Pre-Shipment Facility
This is a working capital facility which provides financing to assist customers with the filling of orders by purchasing raw materials. The customer can borrow up to 65% of the specific order. Loans are for 90 days on a revolving basis.

c) J$ Short Term Facility
The J$ working capital facility is for customers with a revolving J$ denominated line of credit. The loan facility provides working capital support to procure supplies from overseas providers and is targeted to non-earners of foreign currency. Loans are primarily for a period up to 180 days; in exceptional circumstances the loan tenor may be up to 360 days.

d) Development Bank of Jamaica Limited Loan (DBJ#3)
The facility represents funds on-lent from DBJ, to be used to provide financing to small and medium-sized enterprises, under two programmes DBJ Serve Recovery Line (5% p.a.) and the Go Digital Line (2% p.a.)

e) The J$ Working Capital Facility
The J$ working capital facility is for customers with a revolving J$ denominated line of credit. The loan facility provides working capital support to procure supplies from overseas providers and is targeted to non-earners of foreign currency. Loans are primarily for a period up to 180 days; in exceptional circumstances the loan tenor may be up to 360 days.

f) SMTE Facility - Tourism Enhancement Fund
This loan programme is funded by the Tourism Enhancement Fund and is to qualified small and medium sized tourism enterprises within the Tourism Sector and linkages networks. J$ facility is available for, raw material purchase, capital equipment acquisition, finance infrastructure development, working capital support and for expansion of tours and attraction. Customers can borrow up to J$25 million at an interest rate of 4.5% per annum for a maximum period of 180 days. Loans can be on short term basis for a tenor up 180 days and for medium term loans up to 7 years.

The notes discounted that are defined as secured above, are backed by securities such as: Bank Guarantees from the Bank's Approved Financial Intermediaries (AFIs), Bills of Sale on serialized equipment, Mortgages over Real Estate, Hypothecation of Final Instruments, Corporate Guarantees and Personal Guarantees of principal shareholders, Assignment of Life Insurance, Guarantors of acceptable net worth and Assignment of Receivables.

g) JMEA Loan Facility
This is to finance working capital requirements as well as purchase raw materials, receivables financing and purchase of small capital equipment. The short-term loans are for 180 days and the medium-term loans up to 30 months. The loan ceiling is J$3.5 million for JMEA members.

h) EXIM EXPRESS
"EXIM Express" which is a receivables financing solution geared to Small and Medium-sized Entities (SMEs) seeking working capital support. It will allow small companies to leverage their receivables from Government entities and publicly traded entities to release resources needed to finance the day-to-day operations of the business. EXIM Express covers 75% of receivables with a maximum tenure of 90 days. Businesses can borrow up to $10 million with a turnaround time of 7 working days if all conditions are met. All entities must have a valid Tax Compliance Certificate to access the loan facility.

11. Notes Discounted (Continued)

h) EXIM EXPRESS (continued)

Interest Rate:
2.75% per 90 days
1.12% per 90 days (Small & Medium-sized Tourism Enterprises)

Eligibility:
- Tourism linkage entities
- SMEs in the productive sector with good credit standing
- SMEs with Government contracts

*i) EXIM RESET (*MIDA Funds*)*

The facility is funded by Ministry of Industry Investment & Commerce (MIIC) during the year and is a low-cost funding facility to support MSME's in the productive sector and to assist in:

- Recovery efforts for MSMEs in the productive sectors
- Support and expand inclusive growth
- Drive economic diversification
- Promote alternative livelihood

Loans are between J$5 million to J$25 million at an interest rate of 4.75% per annum for maximum tenure up to 270 days.

MSME's are categorised as per:

Category	Number of Employees	Annual Revenue Turnover
Small	Less than 5	J$15M – J$75M
Medium	21-50	J$75M – J$475M

12. Medium-Term Loans Receivable

	2022			
	Principal $'000	Interest Receivable $'000	Expected Credit Losses $'000	Carrying Value $'000
(a) Modernisation Fund for Exporters	693,954	4,259	-	698,213
(b) National Insurance Fund SME	-	20	-	20
(c) US Dollar Medium-Term Loans	332,297	14	-	332,311
(d) Other Medium-Term Loans	11,982	80	-	12,062
(e) SME Growth Initiative Loans (SME) formerly (SBDF)	758,837	6,251	(2,782)	762,306
(f) Tourism Enhancement Fund (TEF)	504,036	453	(1,748)	502,741
(g) EXIM Reset-MIDA	165,470	354	-	165,824
(h) Serve Recovery (DBJ)	43,647	67	-	43,714
	2,510,223	11,498	(4,530)	2,517,191

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12. Medium-Term Loans Receivable (Continued)

		2021			
		Principal $'000	**Interest Receivable $'000**	**Expected Credit Losses $'000**	**Carrying Value $'000**
(a)	Modernisation Fund for Exporters	154,022	303	-	154,325
(b)	National Insurance Fund SME	617	19	-	636
(c)	US Dollar Medium-Term Loans	32,643	20	(412)	32,251
(d)	Other Medium-Term Loans	16,291	-	-	16,291
(e)	SME Growth Initiative Loans (SME) formerly (SBDF)	866,917	3,289	(20,578)	849,628
(f)	Tourism Enhancement Fund (TEF)	578,334	328	(29,237)	549,425
		1,648,824	3,959	(50,227)	1,602,556

Maturing as follows:

	2022 $'000	**2021 $'000**
In less than 12 months	283,527	327,257
In greater than 12 months	2,233,664	1,275,299
	2,517,191	1,602,556

The staging analysis of medium-term loans receivable at the end of the reporting period is as follows:

	2022			
	Stage 1 $'000	**Stage 2 $'000**	**Stage 3 $'000**	**Total $'000**
Medium-term loans receivables	1,459,231	419,358	643,132	2,521,721
Expected credit losses	(2,782)	(1,748)	-	(4,530)
	1,456,449	417,610	643,132	2,517,191

	2021			
	Stage 1 $'000	**Stage 2 $'000**	**Stage 3 $'000**	**Total $'000**
Medium-term loans receivables	831,588	544,519	276,676	1,652,783
Expected credit losses	(15,314)	(22,394)	(12,519)	(50,227)
	816,274	522,125	264,157	1,602,556

12. Medium-Term Loans Receivable (Continued)

Movement in expected credit losses on notes discounted is as follows:

	$'000
Expected credit losses – 1 April 2020	(48,150)
Net movement during current year - Increase	(2,077)
Expected credit losses – 31 March 2021	(50,227)
Net movement during current year - Decrease	45,697
Expected credit losses – 31 March 2022	(4,530)

(a) The Modernisation Fund for Exporters is a medium-term facility that was designed to meet the upgrading and retooling needs of businesses in the Export sector and linkage companies. Loans are secured and attract an interest rate of 7% to 11% per annum over a tenure of 60 months.

(b) This represents loans to small and medium-sized enterprises (SME) from financing received from the National Insurance Fund and are 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.

(c) The United States Dollar Medium-Term Loans are extended at a rate of 7% - 11% (2021: 8.5% - 11%) and are for periods of up to sixty months. All loans are secured.

(d) Other Medium-Term Loans include loans to staff members which bear interest at 3% per annum, and a loan facility which bears interest at 0.5%. These loans are for a period of up to five years. Included in this amount is an adjustment of $714,924 (2021: $751,349) representing the difference between the total principal amount outstanding and the carrying amount, being the present value of expected cash flows, discounted at the market rate of interest for similar borrowings.

(e) SME Growth Initiative Loan programme – (SME) (formerly Small Business Discount Facility (SBDF)) – Secured 7%-12% (2021: 8%-12%) – Under this Medium-Term loan facility customers can borrow up to Jamaican equivalent of US$500,000 to access working capital, purchase equipment, improve and upgrade existing facilities. Loans are normally for 48 months but in exceptional circumstances may be extended for 5 years. The loan facility can be accessed directly or via Approved Financial Institutions (AFIs).

(f) SMTE Facility – Tourism Enhancement Fund: This loan programme is funded by the Tourism Enhancement Fund and is to qualified small and medium sized tourism enterprises with the Tourism Sector and linkages networks. J$ facility is available for, raw material purchase, capital equipment acquisition, finance infrastructure development, working capital support and for expansion of tours and attraction. Customers can borrow up to J$25 million at an interest rate of 4.5%-5% per annum for a maximum period of 180 days for short term and up to 7 years for medium term loans.

The medium-term loans receivable, that are defined as secured above, are backed by securities mentioned in Note 11(f).

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13. Demand and Non-Accrual Loans

	2022 $'000	2021 $'000
Demand loans (J$)	360,450	739,000
Demand loans (US$)	611,474	572,902
Demand loans (CAD$) – Cuban Line of Credit	1,268,400	1,201,697
Expected credit losses	(337,826)	(363,532)
	1,902,498	2,150,067

Movement in expected credit losses on demand and non-accrual loans receivable is as follows:

	$'000
Expected credit losses – 1 April 2020	(222,534)
Net movement during current year - Increase	(140,998)
Expected credit losses – 31 March 2021	(363,532)
Net movement during current year - Decrease	25,706
Expected credit losses – 31 March 2022	(337,826)

Cuban Line of Credit

The Governments of Jamaica (via The Ministry of Finance) and Cuba (via Banco Nacional de Cuba - BNC) signed a bilateral Line of Credit Agreement in 1997 for CAD$5 million, aimed at promoting and facilitating export of Jamaican manufactured goods to Cuba. Based on the uptake on the Line of Credit, in 2003 the facility was increased by an additional CAD$5 million, financed through Bank of Nova Scotia Limited (BNS), bringing the total facility to CAD$10 million. EXIM Bank has administered the Line of Credit since inception.

Based on the Agreements signed between BNC and the Ministry of Finance, Jamaican manufactured goods exported under the credit facility must meet the eligibility criteria outlined in the Agreements, that is a minimum local value-added content of 35% and be included on the list of approved goods. The Line of Credit facilitates immediate payment to local exporters while affording BNC a credit period of up to one year to repay EXIM Bank.

The Line of credit has contributed to the development of trade in a wide range of locally manufactured goods, and it has generated significant foreign exchange earnings and provided a critical payment support system for Jamaican exporters.

Towards the end of 2018 calendar year, as a result of worsening economic conditions in Cuba, the Cuban Government indicated its intention to default on certain loan repayments during 2019. As at 31 March 2021 and 31 March 2022, the Cuban Line of Credit reflected an outstanding balance of CAD$10.3 million (J$1 billion) and BNC affirmed its commitment to honoring the debt and indicated that EXIM would be appropriately advised when it was in a position to do so. In the meantime, EXIM Bank is awaiting feedback from the Ministry of Finance to have this debt settled and the Bank's liquidity position replenished as it is functionally an Account of National Interest.

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13. Demand and Non-Accrual Loans (continued)

Cuban Line of Credit (Continued)
As at 31 March 2022, the Bank recorded an expected credit loss amounting to J$310.34 million (2021: J$173.76 million) for the Cuban Line of Credit with the recovery rate being maintained at 100% and 74% (2021: 100% and 79.5%) for the two tranches respectively. The provision made is based on the Bank's best estimate at this time.

14. Investments

Investments at fair value through other comprehensive income (FVOCI)

	Number of shares held 2022	Number of shares held 2021	2022 $'000	2021 $'000
Bladex:				
Class 'A' common stock	107,065	107,065	224,337	204,028
Class 'B' common stock	28,971	28,971	68,984	62,757
			293,321	266,785

Investment at Amortised Cost

	2022 $'000	2021 $'000
Securities purchased under resale agreements	79,008	56,104
Government of Jamaica securities (FRANS)	11,812	11,548
Expected credit losses	(234)	(191)
	90,586	67,461
	383,907	334,246

The movement is expected credit losses at the end of the reporting period is as follows:

	$'000
IFRS 9 Expected credit losses – 1 April 2020	(83)
Net movement during current year – Increase	(108)
IFRS 9 Expected credit losses – 31 March 2021	(191)
Net movement during current year – Increase	(43)
IFRS 9 Expected credit losses – 31 March 2022	(234)

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14. Investments (Continued)

	2022	2021
Interest rates:		
Securities purchased under resale agreements	1.96%	1.91%
Government of Jamaica securities (FRANS)	10%	10%

	2022 $'000	2021 $'000
Remaining term to maturity:		
From three months to one year	78,774	55,913
Over five years	11,812	11,548
	90,586	67,461

Included in investments is interest receivable amounting to $1,327,000 (2021: $2,717,000).

The fair value of the underlying securities held as collateral for securities purchased under resale agreements at 31 March 2022 was $1,107,010,000 (2021: $1,333,191,000).

15. Long-Term Loans Receivable

Long-term loans receivable represents staff loans which bear interest at 1% to 3% per annum and are for periods of up to twenty-five years. The amount due at 31 March 2022 includes $Nil (2021: $437,053) receivable within twelve months.

Included in this amount is an adjustment of $1,152,000 (2021: $3,077,000), representing the difference between the amortised cost and the net present value, as required under IFRS.

Probability of Default Staff Loans

In the ten (10) years under review, there were no defaults on staff loans. Staff loans do not necessarily have zero credit risks but based on the method of repayment being salary deductions, another method was used to assess its credit risk. It was assumed that staff loans would only be in default if staff was not paid their salaries. EXIM being owned by the Government of Jamaica (GOJ), the Standard and Poor (S & P) default rate was assumed as the probability of default on staff loans.

Expected credit losses on staff loans for 2022 is assessed to be $26,000 (2021: $56,000).

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 has recognised as an expense for the year in the profit or loss in the statement of comprehensive (loss) of $69,675,000 (2021: $62,043,000). The employer's contribution paid for the year amounted to $14,148,000 (2021: $14,015,000) and benefits paid of $7,366,000 (2021: $5,983,000).

The Board of Trustees of the pension fund is comprised of representatives from both the employer and members of the plan. The Board of Trustees of the pension fund is required by law to act in the interest of the pension fund and all relevant stakeholders. The Board of Trustees of the pension fund is responsible for the investment policy with regard to the assets of the pension fund. The plan was managed by Guardian Life Limited up to the 31 December 2021. Effective 1 January 2022, JMMB Fund Managers Limited and the Trustees of the National Export-Import Bank of Jamaica Limited Pension Fund entered into an Administrative Services Agreement for a period of two years with a further extension of one year thereafter.

The Bank also provides post-employment medical and life insurance benefits to employees who satisfy the minimum service requirements. The post-employment benefit asset and post-employment benefit obligations is valued by independent actuaries, Eckler Consulting Limited.

	2022 $'000	2021 $'000
Assets/(Liabilities) recognised in the statement of financial position –		
Post-employment benefit asset	73,839	129,707
Post-employment benefit obligations	(326,418)	(300,447)
Amounts recognised in other comprehensive income (loss)		
Post-employment benefit asset	(39,250)	103,709
Post-employment medical benefit obligation	5,572	5,400
Tax effect	-	(27,277)
	(33,678)	81,832

(a) Post-employment benefit asset

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

	2022 $'000	2021 $'000
Present value of funded obligations	(1,081,667)	(1,052,086)
Fair value of plan assets	1,155,506	1,181,793
Asset recognised in statement of financial position	73,839	129,707

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16. Post-Employment Benefits (Continued)

(a) Post-employment benefit asset (continued)

The movement in the defined benefit obligation was as follows:

	2022 $'000	2021 $'000
At beginning of year	1,052,086	1,090,361
Interest cost	87,027	69,694
Current service cost	36,974	33,206
Voluntary contributions	6,429	5,888
Benefits paid during year	(53,635)	(34,655)
Remeasurements:		
Gains from changes in financial assumptions	(1,974)	(116,313)
Experience adjustment	(45,240)	3,905
At end of year	1,081,667	1,052,086

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

	2022 $'000	2021 $'000
At beginning of year	1,181,793	1,133,517
Interest income on plan assets	98,823	72,954
Contributions paid	20,577	19,903
Benefits paid	(53,635)	(34,655)
Administrative expense	(5,588)	(1,227)
Remeasurement of plan assets	(86,464)	(8,699)
At end of year	1,155,506	1,181,793

The movement in the post-employment benefit asset was as follows:

	2022 $'000	2021 $'000
At beginning of year	129,707	43,156
Pension cost	(30,766)	(31,173)
Employer's contributions	14,148	14,015
Remeasurements recorded in other comprehensive income (loss)	(39,250)	103,709
	73,839	129,707

16. Post-Employment Benefits (Continued)

(a) Post-employment benefit asset (continued)

The amounts recognised in the statement of comprehensive (loss) were:

	2022 $'000	2021 $'000
Current service cost	36,974	33,206
Interest cost	87,027	69,694
Interest income on plan assets	(98,823)	(72,954)
Administrative expense	5,588	1,227
Total included in staff costs (Note 7)	30,766	31,173

The net cost is recognised in administration expenses in the statement of comprehensive income (loss).

The Bank expects that it will contribute $14,220,000 to the plan in respect of the year ending 31 March 2023.

The distribution of the plan assets was as follows:

	2022		2021	
	$'000	%	$'000	%
Equities	580,282	50.2	607,584	51.4
Debt securities	415,243	35.9	428,169	36.3
Repurchase agreements	109,327	9.5	100,777	8.5
Other	50,654	4.4	45,263	3.8
	1,155,506	100.0	1,181,793	100.0

The average liability duration for each category of member is shown below:

	2022 years	2021 years
Active members	19.6	18.3
Deferred pensioners	18.5	18.0
Retirees	10.7	10.2

A one percent change in discount rate would result in the following total obligation:

	2022	
	1% Increase $'000	1% Decrease $'000
Present value of defined benefit obligation	944,087	1,254,290

	2021	
	1% Increase $'000	1% Decrease $'000
Present value of defined benefit obligation	916,656	1,222,056

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16. Post-Employment Benefits (Continued)

(a) Post-employment benefit asset (continued)

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

	2022		
	Impact on defined benefit obligations		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
		$'000	$'000
Discount rate	1%	(137,580)	172,623
Salary escalation rate	1%	33,211	(29,603)
Pension increases	1%	132,048	(110,560)

	2021		
	Impact on defined benefit obligations		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
		$'000	$'000
Discount rate	1%	(135,430)	169,970
Salary escalation rate	1%	34,056	(30,397)
Pension increases	1%	128,431	(107,539)

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

	2022 $'000	2021 $'000	2020 $'000	2019 $'000	2018 $'000
Fair value of plan assets	1,155,506	1,181,793	1,133,517	1,076,758	925,009
Defined benefit obligations	(1,081,667)	(1,052,086)	(1,090,361)	(959,286)	(799,629)
Surplus	73,839	129,707	43,156	117,472	125,380
Experience adjustments -					
Fair value of plan assets – decrease/(increase)	86,464	8,699	(8,063)	123,704	52,971
Defined benefit obligations	(45,240)	3,905	1,044	(10,674)	150,692

The principal actuarial assumptions used were as follows:

	2022 %	2021 %
Discount rate	8.0	8.50
Future salary increases	6.0	7.50
Pension increases	3.75	4.00

16. Post-Employment Benefits (Continued)

(b) Other post-employment benefit obligations

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

	2022 $'000	2021 $'000
Present value of obligation	326,418	300,447

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

	2022 $'000	2021 $'000
At beginning of year	300,447	280,960
Current service cost	13,652	12,789
Interest cost	25,257	18,081
Benefits paid	(7,366)	(5,983)
Remeasurements:		
Changes in demographic assumptions	11,560	40,651
Losses (gains) from changes in financial assumptions	182	(52,286)
Experience (gains) losses	(17,314)	6,235
At end of year	326,418	300,447

The amounts recognised in the statement of comprehensive income (loss) were as follows:

	2022 $'000	2021 $'000
Current service costs	13,652	12,789
Interest cost	25,257	18,081
Total included in staff costs (Note 7)	38,909	30,870

The average liability duration for each category of member is shown below:

	2022 Years	2021 years
Active members	22.6	20.6
Retirees	12.0	11.8

Assumed health care cost trends have a significant effect on the amounts recognised in the statement of comprehensive (loss). A one percent point change in assumed health care cost trend rates would result in the following obligations:

	2022	
	1% Increase $'000	1% Decrease $'000
Present value of defined benefit obligation (medical/life benefits)	282,787	381,245

16. Post-Employment Benefits (Continued)

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

	2021	
	1% Increase $'000	1% Decrease $'000
Present value of defined benefit obligation (medical/life benefits)	259,526	351,912

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

The sensitivity of the post-employment medical and life benefits to changes in the principal assumptions is:

	2022		
	Impact on other benefit obligations		
	Change in Assumption	Increase in Assumption $'000	Decrease in Assumption $'000
Discount rate	1%	(43,631)	54,827
Medical and dental trend rate	1%	53,467	(43,263)
Expected pension increase	1%	412	(375)

	2021		
	Impact on other benefit obligations		
	Change in Assumption	Increase in Assumption $'000	Decrease in Assumption $'000
Discount rate	1%	(40,921)	51,465
Medical and dental trend rate	1%	49,993	(40,412)
Expected pension increase	1%	413	(394)

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

	2022 $'000	2021 $'000	2020 $'000	2019 $'000	2018 $'000
Defined benefit obligations	326,418	300,447	280,960	198,826	197,130
Experience adjustments	(17,314)	6,235	5,593	(26,653)	(4,261)

The principal actuarial assumptions used were as follows:

	2022 %	2021 %
Discount rate	8.0	8.5
Future salary increases	6.0	6.5
Medical/ dental cost inflation	6.5	7.0

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16. Post-Employment Benefits (Continued)

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

The average life expectancy (in years) of a pensioner retiring at age 60 at the statement of financial position date are as follows:

	2022	**2021**
Male	25.0	25.0
Female	27.3	27.3

Mortality rate
Assumptions regarding future mortality experience are set based on advice, published statistics and experience.

	2022	
	Impact on defined benefit obligations – post-employment benefit assets	
	Increase in Assumption by One Year	**Decrease in Assumption by One Year**
	$'000	**$'000**
Life expectancy	23,500	(24,400)

	2021	
	Impact on defined benefit obligations – post-employment benefit assets	
	Increase in Assumption by One Year	**Decrease in Assumption by One Year**
	$'000	**$'000**
Life expectancy	22,000	(22,800)

	2022	
	Impact on defined benefit obligations – Other post-employment benefit obligations	
	Increase in Assumption by One Year	**Decrease in Assumption by One Year**
	$'000	**$'000**
Life expectancy	12,150	(12,030)

	2021	
	Impact on defined benefit obligations – Other post-employment benefit obligations	
	Increase in Assumption by One Year	**Decrease in Assumption by One Year**
	$'000	**$'000**
Life expectancy	11,060	(10,950)

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

16. Post-Employment Benefits (Continued)

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

Risks associated with pension plan and other employee benefit plan
Through its defined benefit pension plan and post-employment medical plan, the Bank is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility
The plan liabilities are calculated using a discount rate set with reference to Government of Jamaica bond yields; if plan assets underperform this yield, this will reduce the surplus or create a deficit.

As the plan matures, the Bank intends to reduce the level of investment risk by investing more in assets that better match the liabilities. This process includes monitoring and rebalancing the asset classes and the maturity profile of assets within these classes. The Government bonds largely represent investments in Government of Jamaica securities.

However, the Bank believes that due to the long-term nature of the plan liabilities, a level of continuing equity investment is an appropriate element of the Bank's long-term strategy to manage the plans efficiently.

Changes in bond yields
A decrease in Government of Jamaica bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plan bond holdings.

Inflation risk rate
Higher inflation will lead to higher liabilities in the event that discretionary pension increases are granted. The majority of the plan's assets are either unaffected by fixed interest securities or loosely correlated with inflation, meaning that an increase in inflation will reduce the surplus or create a deficit.

Life expectancy
The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant, where inflationary increases result in higher sensitivity to changes in life expectancy.

The Board of Trustees is ultimately responsible for the establishment and oversight of the plan's risk management framework. The Trustees have established an Investment Committee for managing and monitoring the overall risk management process, as well as implementing policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. The Committee is responsible for the formulating and monitoring of investment portfolios and investment strategies for the plan. The Committee is also responsible for the approval and monitoring of appropriate trading limits, reports, and compliance controls to ensure that the mandate is properly followed.

Up to 30 June 1990, members were required to contribute five percent (5%) of pensionable salary, defined as basic salary plus housing allowance. Members could elect to contribute a maximum of a further five percent (5%) of pensionable salary as additional voluntary contributions.

After 1 July 1990, the Fund was changed to become non-contributory. The employer's contributions is now ten percent (10%) as a result of a decrease from eighteen percent (18%) of pensionable salaries. Members still may elect to make contributions to the Fund as additional voluntary contributions of up to 10% of the member's gross taxable remuneration.

After 1 January 1999, the funding policy was amended to allow contributions to the Fund by the Bank at a rate of 10% of pensionable salaries.

16. Post-Employment Benefits (Continued)

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

Life expectancy (continued)

In the most recent actuarial valuation carried out for funding purposes as at 31 December 2019, the actuaries recommended an amendment to the contribution rate from 10 to 17.91% of members' pensionable salaries until 31 December 2022, when the next triennial valuation is due. The Bank contributed at a rate of 10%.

The weighted average duration of the defined benefit obligation is 15.3 years (2021: 15.8 years) for the Pension Fund and 16.1 years (2021: 17.1 years) for post-employment medical and life benefits.

17. Property and Equipment

	Office Improvements	Motor Vehicles	Equipment Furniture and Fixtures	Computers	Total
	$'000	$'000	$'000	$'000	$'000
Cost -					
1 April 2020	37,014	20,938	39,550	39,911	137,413
Additions	-	-	899	69,926	70,825
31 March 2021	37,014	20,938	40,449	109,837	208,238
Additions	-	-	717	1,788	2,505
Disposals	-	-	-	(2,235)	(2,235)
31 March 2022	37,014	20,938	41,166	109,390	208,508
Depreciation -					
1 April 2020	18,678	10,727	21,844	38,369	89,618
Charge for the year	3,701	3,090	3,469	5,732	15,992
31 March 2021	22,379	13,817	25,313	44,101	105,610
Charge for the year	3,707	3,089	3,427	24,044	34,267
Disposal	-	-	-	(2,235)	(2,235)
31 March 2022	26,086	16,906	28,740	65,910	137,642
Net Book Value					
31 March 2022	10,928	4,032	12,426	43,480	70,866
31 March 2021	14,635	7,121	15,136	65,736	102,628

18. Investment Property

(a) These comprise:

Fair Value of Land and Buildings:

	$'000
Balance as at 1 April 2020	235,000
Gain on revaluation of investment property	65,000
Balance as at 31 March 2021	300,000
Balance as at 1 April 2021	300,000
Gain on revaluation of investment property	-
Balance as at 31 March 2022	300,000

i. The fair value of the property amounting to $300 million was arrived at on the basis of valuations carried out by external independent valuators, David Thwaites & Associates. The property was valued at fair value considering the income approach and sales comparables, which is defined by the Internal Valuation Standards 2011, 9th Edition. Site inspection and associated market analyses were undertaken and completed on the 5th of February 2021. Discount rates applied to the model in 2021 ranging from 7.0% to 9.0% were deemed most appropriate by the valuator. The valuator is accredited in Jamaica specializing in the valuation of commercial, residential, and mixed-use properties. The surplus arising on the property revaluation was credited to profit or loss in the statement of comprehensive income (loss).

ii. Rental income in relation to investment property amounted to $23,007,000 (2021: $21,502,000). Direct expenses incurred in relation to these properties totalled $4,609,000 (2021: $5,004,000).

iii. With regards to loan received, Note 20 (c), Petrocaribe Development Fund has a lien on property; stamped initially to cover US$1 million.

19. Deferred Taxation

Deferred income taxes are calculated on all temporary differences under the liability method, using a tax rate of 25%. The movement in the deferred income tax (asset)/liability is as follows:

	2022 $'000	2021 $'000
At beginning of year	-	(109,401)
Recognised in the profit or loss in the statement of comprehensive loss	12,147	-
Recognised in the other comprehensive income (loss)	8,420	27,277
Reversal of deferred tax assets	(20,567)	82,124
At end of year	-	-

19. Deferred Taxation (Continued)

Deferred income tax arises as follows:

	2022 $'000	2021 $'000
Deferred income tax assets –		
Accrued vacation	6,500	7,092
Insurance provision	777	777
Leases	59,395	-
Accelerated tax depreciation	5,724	8,110
Tax losses	25,296	25,296
Foreign exchange loss	5,186	14,650
Post-employment benefit obligation	81,605	75,112
	184,483	131,037
Deferred income tax liabilities –		
Accelerated tax depreciation	-	(1,421)
Leases	(48,267)	
Post-employment benefit asset	(18,460)	(32,427)
	(66,727)	(33,848)
	117,756	97,189
Less Valuation allowance	(117,756)	(97,189)
	-	-

The deferred tax charge/(credit) in the profit or loss in the statement of comprehensive (loss) comprise the following temporary differences:

	2022 $'000	2021 $'000
Accrued vacation	592	(2,179)
Foreign exchange loss	9,464	3,289
Accelerated tax depreciation	965	(5,664)
Leases	(11,128)	-
Post-employment benefit asset	(4,154)	(4,289)
Post-employment benefit obligation	(7,886).	(6,222)
	(12,147)	(15,065)

The deferred tax charge/ (credit) in the other comprehensive income (loss) comprises the following temporary differences:

	2022 $'000	2021 $'000
Post-employment benefit asset	(9,813)	25,927
Post-employment benefit obligation	1,393	1,350
	(8,420)	27,277

20. Loans Payable

	2022 $'000	2021 $'000
(a) PetroCaribe Development Fund (12 & 6)	1,503,992	1,345,769
(b) PetroCaribe Development Fund	426,454	400,009
(c) PetroCaribe Development Fund	1,320,662	1,198,708
(d) Development Bank of Jamaica Limited (DBJ)	63,332	11,330
(e) Tourism Enhancement Fund (TEF)	1,052,330	1,034,318
(f) MIDA	264,088	-
(g) National Insurance Fund	-	417
	4,630,858	3,990,551
Deferred commitment fees	(287)	(692)
	4,630,571	3,989,859

Included in long-term loans is interest payable amounting to $502,386,627 (2021: $306,136,119).

The amount due at 31 March 2022 includes $1,045,067,000 (2021: $1,004,224,000) payable within twelve months.

(a) 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% (from July 2011- July 2013, this was reduced to 3%, however it was later returned to 5% in August 2013). The loan has a tenure of fifteen years, with a moratorium of one year on principal repayment. A further loan agreement for US$6 million was entered into with the Fund and the proceeds received during the year ended 31 March 2011, at a rate of 3%. This loan was restructured during the year where the government granted to a reduction in the penal interest to 2.5%. In addition, a proposal was sent to the Bank to extend the loan by five years, however this proposal has not yet been accepted by the Bank, the current maturity date is June 2022 before the extension.

(b) 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. This loan is due to be repaid by December 2023 and is unsecured.

(c) 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. The loan was fully drawn down as at the reporting date. The loan is secured by assignment over the portfolio of loans extended under this facility, and equitable mortgage over property located at Norwood Avenue, Kingston 5. This loan was restructured during the year where the government granted to a reduction in the penal interest to 2.5%. In addition, a proposal was sent to the Bank to extend the loan by five years, however this proposal has not yet been accepted by the Bank, the current maturity date is March 2022 before the extension.

The Bank failed to meet its loan repayments on twelve (12) of its obligations (June 2019, September 2019, December 2019, March 2020, June 2020, September 2020, December 2020, March 2021, June 2021, September 2021, December 2021 and March 2022). This did not result in a reclassification of the loan but was treated as an arrears based on correspondence received from the Ministry of Finance and the Public Service regarding the PetroCaribe Development Fund Loan amount. No timeline was issued to the Bank for the settlement of these arrears.

(d) The Bank entered into various loan agreements with the Development Bank of Jamaica (DBJ). The interest rates on these loans range from 4.25% to 6.50%. These loans have repayment dates ranging from March 2022 to 2031. The Bank is an AFI of the DBJ and all loans to the Bank are unsecured.

20. Loans Payable (Continued)

(e) The Bank entered into a loan agreement for $656 million with the Tourism Enhancement Fund (TEF) for on lending to Small and Medium Enterprise's organizations within the Tourism sector. This facility represents a Jamaican dollar pool of approximately J$1Billion. The loan is unsecured and ceiling per customer is J$25 million. As at 31 March 2022, the Bank had received no further drawdowns (2021: NIL). Interest expense of $18 million for the year was capitalized as at 31 March 2022.

(f) During the year, the Bank entered into a loan agreement with Ministry of Industry Investment & Commerce (MIIC) for a low cost funding to support MSME's in the productive sector and to assist in:

- Recovery efforts for MSMEs in the productive sectors.
- Support and expand inclusive growth.

The loan has a rate of 1.5% and tenure of seven years, with a moratorium of four months on principal repayment. This loan is due to be repaid by 1 July 2027 and is unsecured.

(g) This loan was fully repaid during the financial year ended 31 March 2022.

21. Share Capital

	Number of Shares Issued and Fully Paid	Share Capital $'000
Authorised-		
2,613,688 ordinary shares as at 1 April 2020, 31 March 2021 and 31 March 2022		
Balance as at 1 April 2020, 31 March 2021 and 31 March 2022 ($1,000 per share)	2,066,824	2,066,824

22. Capital Reserve

	2022 $'000	2021 $'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	8,210	8,210
	352,626	352,626

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% (2021: 11%) 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.

25. Investment Revaluation Reserve

This reserve comprises the fair value gains or losses recognised for financial instruments carried at fair value through other comprehensive income (loss). There was fair value and foreign exchange gains during the year amounting to $26.54 million (2021: foreign exchange gains of $91.61 million).

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:

	2022 $'000	**2021 $'000**
GOJ, entities owned by the GOJ and affiliates-		
Notes and other receivables	23,347	11,640
Investments (Note 14)	11,812	11,548
Loans payable (Note 20)	(4,630,571)	(3,989,859)

Transactions with related parties were as follows:

	2022 $'000	**2021 $'000**
GOJ entities owned by the GOJ and affiliates-		
Interest income	22,937	11,328
Interest expense	(203,298)	(191,594)

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

	2022 $'000	**2021 $'000**
Salaries and wages	73,372	52,307
Directors' emoluments-		
Fees	1,576	1,495
Other remuneration	21,885	23,318

27. Fair Values

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. However, market prices are not available for a significant number of the assets and liabilities held and issued by the Bank. Therefore, 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) The fair value of unquoted equity securities classified as fair value through other comprehensive (loss) income was determined by applying a marketability/liquidity discount to the quoted price of a class of shares within the same company that rank parri passu.

(ii) The carrying amounts of liquid assets and other assets maturing within one year are assumed to approximate their fair values. 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 the Government securities was determined based on the present value of the future cash flows using an appropriate discount rate, based on market yields on other such securities with similar maturity dates.

(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.

(v) The fair value of investment property is determined using the market comparison approach which estimates the fair value based on sale prices of properties of similar nature or in similar locations with price adjustments being made for any notable differences between the sample and subject property.

The following tables provide an analysis of assets held as at 31 March that, subsequent to initial recognition, are measured at fair value. The assets are grouped into levels 1 to 3 based on the degree to which the fair value is observable, as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical instruments;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the instrument, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the instrument that are not based on observable market data (unobservable inputs).

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27. Fair Values (Continued)

	2022			
	Level 1 $'000	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Unquoted investments (Note 14)	-	-	293,321	293,321
Government of Jamaica securities (Note 14)	-	11,812	-	11,812
Investment property (Note 18)	-	-	300,000	300,000
	-	11,812	593,321	605,133

	2021			
	Level 1 $'000	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Unquoted investments (Note 14)	-	-	266,785	266,785
Government of Jamaica securities (Note 14)	-	11,548	-	11,548
Investment property (Note 18)	-	-	300,000	300,000
	-	11,548	566,785	578,333

The Bank held no instruments classified as Level 1 during the year, and there were no transfers between levels during the year.

The movement in securities classified as Level 3 during the year was as follows:

	2022 $'000	**2021 $'000**
At start of year	566,785	410,177
Gain on revaluation of investment property recognized in profit or loss	-	65,000
Net fair value gains/(losses) on securities measured at fair value through other comprehensive income (loss)	7,998	71,772
Foreign exchange gains on securities measured at fair value through other comprehensive income	18,538	19,836
At end of year	593,321	566,785

28. Commitments

Loan commitments under the various loan programmes totaled $267,310,000 at 31 March 2022 (2021: $227,011,000).

Operating lease - Bank as lessor

At 1 November 2014, the Bank became a lessor of commercial lease for extended periods. The leases have an average life of three years with the option to renew for a further three years. There are no restrictions placed upon the lessee by entering into the leases.

28. Commitments (Continued)

Operating lease - Bank as lessor (continued)

Future minimum lease payments under non-cancellable operating leases as at 31 March are, as follows:

	2022 $'000	2021 $'000
Within one year	24,618	23,007
After one year but not more than five years	14,930	13,954
	39,548	36,961

During the year ended 31 March 2022, $23,007,000 (2021: $21,502,000) of lease payments was credited to net income.

29. Leases

The Bank entered into a ten (10) year lease agreement with Sagicor Life Limited for its occupied property at 85 Hope Road, Kingston 6 with an effective date of 1 July 2014 and ends on 30 June 2024, the annual interest rate is 7%. There is an option to renew for another five (5) years – ending 30 June 2029.

Set out below are the carrying amounts of right of use assets recognized and the movement during the period:

	$'000
Statement of Financial Position:	
Right-of-use asset	
Balance as at 1 April 2020	246,327
Accumulated depreciation	(26,630)
Balance as at 31 March 2021	219,697
Accumulated depreciation	(26,630)
Balance as at 31 March 2022	193,067

Set out below are the carrying amounts of lease liabilities and movements during the period:

	$'000
Lease liability	
Balance as at 1 April 2020	(263,833)
Interest expense on lease liabilities	(17,934)
Payments	29,631
Balance as at 31 March 2021	(252,136)
Interest expense on lease liabilities	(17,001)
Payments	31,557
Balance as at 31 March 2022	(237,580)

Current lease liability as at 31 March 2022	(18,201)
Non-current lease liability as at 31 March 2022	(219,379)
	(237,580)

Current lease liability as at 31 March 2021	(14,818)
Non-current lease liability as at 31 March 2021	(237,318)
	(252,136)

(Expressed in Jamaican dollars unless otherwise indicated)

29. Leases (Continued)

The maturity analysis of lease liabilities is disclosed in Note 3.

The following amounts are recognized in the statement of profit or loss:

Amounts recognized in the statement of profit and loss for the year ended 31 March 2022:	
Amortization of right-of-use assets	26,630
Interest on lease liabilities	17,001
Amounts recognized in the statement of profit and loss for the year ended 31 March 2021:	
Amortization of right-of-use assets	26,630
Interest on lease liabilities	17,934

The Bank had total cash outflows for leases of $31.56 million in 2022 and $29.63 million in 2021. The future cash outflows relating to leases that have not yet commenced are disclosed in Note 28.

30. COVID 19 Update

On 30 January 2020, the World Health Organization declared the outbreak of a novel strain of Coronavirus (COVID 19) to constitute a 'Public Health Emergency of International Concern'. This global outbreak, and the response of governments worldwide to it, has disrupted supply chains and activities across a range of industries.

The mandate of National Export-Import Bank of Jamaica is centered around supporting the Jamaican Government in its drive to improve the economy by strengthening the private sector. More specifically it is directly tied to addressing one of the key obstacles to economic growth, i.e., access to finance particularly to small and medium enterprises (SMEs) which have been acknowledged to be the engine of growth in developing economies.

Based on the feedback on the negative impact of COVID-19 on the MSMEs, it was expected that there would be continued low inflows from scheduled payments that would further affect the Bank's cash flow position. The Bank, through the Ministry of Tourism has suspended payments on (SMTE) loans to the tourism sector (from 1 April 2020 to 31 March 2022) and rescheduled all medium-term facilities for an additional two years.

It is anticipated that there will be an increased demand for new loans or disbursement of approved commitments over the next 90 days due to an approved funding injections in the FY 2022/23 from the Ministry of Industry, Investment and Commerce of approximately J$400m from the MIDA funds, to support MSMEs Capital and Business activities. This includes recovery efforts for MSMEs in the productive sectors, that will support and expand inclusive growth, drive economic diversification, and promote alternative livelihood.

31. Contingent liability

The Bank was awarded judgment in 2017 against Cubana Distributors in the amount of $60.96 million plus interest from January 24, 2019 (assessment date). Subsequently, Cubana Distributors, in contending that the Bank sold their property (loan collateral) at an undervalue sued EXIM for $507.74 million and USD$2.60 million. The Bank filed a Defence and the matter was referred to mediation, however, a date was not agreed between the Parties and EXIM awaits same from the Debtor's attorney. The Debtor made an Access to Information Act request for certain documentation and the Bank complied by providing those documents in its possession in conformity with the requirements of the Act. If mediation is dispensed with, a trial date will be set.

32. Subsequent Event

A decision has been taken by the Government of Jamaica to commence implementation process for the merger between the Bank and Development Bank of Jamaica (DBJ). The structure and framework have not yet been established.

WHO WE ARE: SURVIVORS

You are the heartbeat of our country,
a key driver of innovation,
a pillar supporting our people through
employment, economic growth, and
productive activity,
Emboldening that swoosh of change a country
needs for its competitive advantage,

Sometimes you disrupt long-standing
industries with your ingenuity
And birth new avenues for GROWTH,
With the stanch realization that things cannot
be as they always have been.

You epitomize Progress,
Evolution,
Transformation,
Through your daily triumphs, and even
through your failures,
in its due season may spawn your greatest
achievements yet –
the next success, the one you didn't see
coming...

Some may say 'victory by happenstance',
But they have not travelled your road - the one
that made you who you are – the experience
which released the breadcrumbs to your
greatness... your tenacity... your defiance
amidst disappointments.

This is your life and livelihood, intimately tied
to your identity, your passions, and the
creative manifestation of a 'solution'.

YOUR BUSINESS MATTERS.
Its rewards go deeper than profits,
beyond what eyes can see,

ITS PERSONAL.
You stand tall behind sustainable
development,
building on a framework in which economies
coincide,
global industries align and a nation spanning
10,990 square kilometres understand how it
feels to be undergirded by your existence,

Bare-faced Black Green and Gold pride.

Indeed, you embody 'likkle but tallawah'',
demonstrating your power as you support
expansion,
sustainable and inclusive national
development,
Proving that the words 'Small' and 'Medium'
should never be underestimated.

YOU MAKE A DIFFERENCE -
Locally, Regionally, Globally.

You are the reason we exist –
to offer creative trade financing, so that you
can become who we believe you have always
been –
a catalyst for growth, nation-builders, a well of
unyielding potential.

Your 'productive promise' inspires us to be
better stewards of your success,
We stare into the looking glass of who we
are too becoming, with you.

WE ARE EVOLVING SIDE-BY-SIDE,
Our commitment to your vitality remains
unwavering –
Yesterday, today and tomorrow.

We understand that you face challenges,
And recognize that times have changed,
And that our mandate must mean, now
more than ever –
that our gaze is fixed squarely on you –
your next move, next acquisition, NEXT
RENAISSANCE.

Our mandate mean service beyond
compare,
creative financing solutions,
Relief and recovery,
Growth initiatives,
Passionate,
Answers to your questions, before they are
even spoken.

Our mandate means that we understand,
That you defy obstacles each day,
Ones we recognize with your capacity, that
you sometimes should not have to face.

Today we remind you that we are 35 years
strong,
in our allegiance to you.

And EXIM Bank stands in the market gap
so that you can do what you do best –
Increase productivity,
Increase investment,'
Diversify,
Innovate,
Change history,

And exemplify the notion that
Small and Medium Enterprises are, indeed,
the gems of our economic development.

Written by *Tonya Barnes*
Customer Experience Ambassador 2022