JN FINANCIAL GROUP LIMITED

FINANCIAL STATEMENTS

MARCH 31, 2024

KPMG
Chartered Accountants
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INDEPENDENT AUDITORS' REPORT

To the Member of
JN FINANCIAL GROUP LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the separate financial statements of JN Financial Group Limited ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), set out on pages 5 to 191, which comprise the statements of financial position as at March 31, 2024, the statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company as at March 31, 2024, and of the Group's and Company's financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and the Jamaican Companies Act.

Basis for Opinion

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Member of
JN FINANCIAL GROUP LIMITED

Report on the Audit of the Financial Statements (Continued)

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Member of
JN FINANCIAL GROUP LIMITED

Report on the Audit of the Financial Statements (Continued)

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

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

- 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 Group's and Company's internal control.

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Member of
JN FINANCIAL GROUP LIMITED

Report on additional matters as required by the Jamaican Companies Act

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

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

KPMG

Chartered Accountants
Kingston, Jamaica

January 27, 2025

JN FINANCIAL GROUP LIMITED

Consolidated Statement of Financial Position
March 31, 2024

	Notes	2024 $'000	2023 $'000 Restated*	2022 $'000 Restated*
ASSETS				
Cash resources	6	77,677,893	30,738,356	33,107,574
Securities purchased under resale agreements	7	6,247,803	3,376,094	14,716,900
Investments	8, 40(c)	82,491,366	92,017,305	99,769,306
Due from related entities	11, 40(c)	177,600	163,731	94,506
Taxation recoverable		2,150,026	1,629,915	1,413,892
Loans, after allowance for impairment losses	10, 40(c)	173,349,166	145,030,914	130,469,962
Other assets	12	3,539,630	2,768,215	1,893,143
Assets held for sale	13	-	33,467	84,232
Investment property	14	1,496,510	1,118,240	1,048,652
Property and equipment	16	4,955,893	5,112,726	5,147,176
Goodwill and other intangible assets	17	4,270,333	3,662,953	3,458,787
Right-of-use assets	15(a)(i)	1,358,108	830,871	813,792
Insurance contract assets	25(a)	88,483	6,155	-
Reinsurance contract assets	25(b)	1,617,158	787,906	1,080,732
Deferred tax assets	18	4,956,885	3,954,069	2,721,639
Total assets		364,376,854	291,230,917	295,820,293
LIABILITIES				
Bank overdraft	6(d)	-	39,564	404
Customer deposits	19, 40(c)	268,538,167	202,871,201	194,214,339
Due to related entities	11, 40(c)	354,337	554,187	283,103
Securities sold under repurchase agreements	20, 40(c)	32,517,556	30,394,760	34,745,021
Other payables	21	6,472,846	5,244,538	5,672,961
Margin loan payable	22	2,216,038	2,086,716	-
Due to specialised financial institutions	23	2,757,903	2,441,461	4,278,683
Taxation payable		200,132	264,829	330,105
Lease liabilities	15(a)(ii)	3,018,959	950,020	910,046
Employee benefits obligation	24(a)	1,198,998	797,845	1,413,169
Insurance contract liabilities	25(a)	7,351,080	5,493,563	4,433,948
Loans payable	26, 40(c)	7,857,706	7,249,631	18,235,668
Total liabilities		332,483,722	258,388,315	264,517,447
EQUITY				
Share capital	27	12,499,495	11,220,495	5,190,495
Reserve fund	28	7,782,851	7,656,668	7,600,000
Contractual savings reserve	29	14,223	14,223	14,223
Other reserves	30	4,556,991	3,911,572	6,325,519
Retained earnings		7,005,823	10,008,839	12,124,115
Total equity attributable to equity holder of the Company		31,859,383	32,811,797	31,254,352
Non-controlling interest	31	33,749	30,805	48,494
Total equity		31,893,132	32,842,602	31,302,846
Total liabilities and equity		364,376,854	291,230,917	295,820,293

The financial statements on pages 5 to 191 were approved for issue by the Board of Directors on January 24 2025, and signed on its behalf by:

Elizabeth Ann Jones Director
Elizabeth Jones, CD

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

Director
Dhiru Tanna, PhD

* See note 51

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

JN FINANCIAL GROUP LIMITED

Company Statement of Financial Position
March 31, 2024

	Notes	2024 $'000	2023 $'000
ASSETS			
Cash resources	6, 40(c)	10,519	16,743
Due from related entities	11, 40(c)	31,931	24,751
Taxation recoverable		2,196	1,934
Interest in subsidiaries	9	19,633,400	18,743,207
Other assets	12	19,237	14,849
Property and equipment	16	3,967	2,282
Goodwill and other intangible assets	17	-	1,335
Total assets		19,701,250	18,805,101
LIABILITIES			
Due to related entities	11, 40(c)	1,058	249,266
Other payables	21	247,361	129,253
Loans payable	26, 40(c)	7,841,628	6,862,536
Total liabilities		8,090,047	7,241,055
EQUITY			
Share capital	27	12,499,495	11,220,495
Retained earnings		(888,292)	343,551
Total equity		11,611,203	11,564,046
Total liabilities and equity		19,701,250	18,805,101

The financial statements on pages 5 to 191 were approved for issue by the Board of Directors on January 24 2025, and signed on its behalf by:

Elizabeth Ann Jones Director
Elizabeth Jones, CD

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

Dhiru Tanna Director
Dhiru Tanna, PhD

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

JN FINANCIAL GROUP LIMITED

Statements of Profit or Loss
Year ended March 31, 2024

	Notes	Group 2024 $'000	Group 2023 $'000 Restated*	Company 2024 $'000	Company 2023 $'000
Net financial result and other revenue:					
Net interest income calculated using the effective interest method:					
Interest on loans	40(d)	14,672,000	12,385,570	-	-
Interest on investments	40(d)	6,694,502	5,079,159	1,042	2,616
	40(d)	21,366,502	17,464,729	1,042	2,616
Interest expense	32, 40(d)	(6,894,879)	(4,113,667)	(714,034)	(503,927)
Net interest income/(expense)		14,471,623	13,351,062	(712,992)	(501,311)
Impairment losses on financial instruments	42(b)(ii)2F	(2,759,206)	(2,662,549)	-	-
Impairment losses on investment in subsidiaries	9	-	-	(1,278,157)	(3,629,576)
Net interest income after expected credit losses (ECL)		11,712,417	10,688,513	(1,991,149)	(4,130,887)
Net finance income from insurance contracts issued	34(A)	319,152	171,380	-	-
Net finance expenses from reinsurance contracts held	34(A)	(125,521)	(2,038)	-	-
Total insurance finance income		193,631	169,342	-	-
Net financial results		11,906,048	10,857,855	(1,991,149)	(4,130,887)
Other revenue:					
Insurance revenue	35	8,666,203	6,852,941	-	-
Insurance service expenses	37	(5,726,587)	(4,854,431)	-	-
Net expenses from reinsurance contracts	25A(ii), (iv)	(3,557,893)	(2,623,778)	-	-
Net insurance revenue		(618,277)	(625,268)	-	-
Other operating income	36	10,200,173	9,899,320	1,440,375	1,527,617
Other finance cost		(4,315)	3,037	-	-
Loss on loan payable modification		(144,985)	-	(144,985)	-
Unrealised foreign exchange gains/(losses)		148,633	174,429	(1,747)	(6)
Net gains/(losses) on investments	33	23,805	(51,537)	-	-
Operating expenses	37	(24,864,174)	(22,198,285)	(534,337)	(508,948)
Loss before taxation		(3,353,092)	(1,940,449)	(1,231,843)	(3,112,224)
Taxation	38	824,598	(584,157)	-	-
Loss for the year		(2,528,494)	(2,524,606)	(1,231,843)	(3,112,224)
Attributable to:					
Equity holder of the Company		(2,519,444)	(2,512,103)	(1,231,843)	(3,112,224)
Non-controlling interest (NCI)		(9,050)	(12,503)	-	-
		(2,528,494)	(2,524,606)	(1,231,843)	(3,112,224)

* See note 51

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

JN FINANCIAL GROUP LIMITED

Statements of Profit or Loss and Other Comprehensive Income
Year ended March 31, 2024

	Notes	Group 2024 $'000	Group 2023 $'000 Restated*	Company 2024 $'000	Company 2023 $'000
Loss for the year		(2,528,494)	(2,524,606)	(1,231,843)	(3,112,224)
Other comprehensive loss:					
Items that are or may be reclassified to profit or loss:					
Exchange differences on translation of foreign subsidiaries' balances		(17,259)	(320,043)	-	-
Realised losses on investments recognised in the statement of profit or loss	33	16,717	338	-	-
Increase/(decrease) in fair value of fair value through other comprehensive income (FVOCI) investment securities, net of impairment loss		312,204	(3,234,407)	-	-
Deferred tax on FVOCI investment securities and ECL	18	(93,120)	1,010,922	-	-
Revaluation gain on transfer to investment property	14, 30	266,870	-	-	-
Finance income from insurance/ reinsurance contracts	34(A)	9,495	47,201	-	-
Deferred tax on insurance and reinsurance contracts	18	(2,374)	(11,800)	-	-
		492,533	(2,507,789)	-	-
Item that will never be reclassified to profit or loss:					
Remeasurement of employee benefits obligation	24(d)	(288,738)	813,251	-	-
Deferred tax on employee benefits obligation	18	96,246	(271,083)	-	
		(192,492)	542,168	-	-
Total other comprehensive income/(loss) for the year		300,041	(1,965,621)	-	-
Total comprehensive loss for the year		(2,228,453)	(4,490,227)	(1,231,843)	(3,112,224)
Attributable to:					
Equity holder of the Company		(2,231,414)	(4,476,682)	(1,231,843)	(3,112,224)
Non-controlling interest		2,961	(13,545)	-	-
		(2,228,453)	(4,490,227)	(1,231,843)	(3,112,224)

* See note 51

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

JN FINANCIAL GROUP LIMITED

Group Statement of Changes in Equity
Year ended March 31, 2024

	Share capital $'000 (note 27)	Reserve fund $'000 (note 28)	Contractual savings reserve $'000 (note 29)	Other reserves $'000 (note 30)	Retained earnings $'000	Total $'000	Non - controlling interest $'000 (note 31)	Total equity $'000
Balances at March 31, 2022, as previously reported	5,190,495	7,600,000	14,223	6,725,128	11,284,205	30,814,051	48,494	30,862,545
Prior year adjustment [note 51]	-	-	-	(399,609)	399,609	-	-	-
Adjustment on initial application of IFRS 17 net of tax [note 51]	-	-	-	-	440,301	440,301	-	440,301
	-	-	-	(399,609)	839,910	440,301	-	440,301
Balance as at March 31, 2022, as restated	5,190,495	7,600,000	14,223	6,325,519	12,124,115	31,254,352	48,494	31,302,846
Total comprehensive loss for the year as restated:								
Loss for the year as previously stated	-	-	-	-	(3,013,392)	(3,013,392)	(12,503)	(3,025,895)
Prior year adjustment [note 51]	-	-	-	-	501,289	501,289	-	501,289
Loss for the year, as restated	-	-	-	-	(2,512,103)	(2,512,103)	(12,503)	(2,524,606)
Other comprehensive income:								
Exchange differences on translation of foreign subsidiaries' balances	-	-	-	(319,287)	-	(319,287)	(756)	(320,043)
Realised gains on investments recognised in the statement of profit or loss	-	-	-	338	-	338	-	338
Decrease in fair value of FVOCI investment securities, net of impairment losses and deferred tax	-	-	-	(1,849,173)	-	(1,849,173)	(538)	(1,849,711)
Net finance income from insurance and reinsurance contracts, net of deferred tax	-	-	-	35,401	-	35,401	-	35,401
Remeasurement of employee benefits obligation, net of deferred tax	-	-	-	-	541,916	541,916	252	542,168
Total other comprehensive (loss)/income, as previously reported	-	-	-	(2,132,721)	541,916	(1,590,805)	(1,042)	(1,591,847)
Prior year adjustment (note 51)	-	-	-	(373,774)	-	(373,774)	-	(373,774)
Total comprehensive (loss)/income as restated	-	-	-	(2,506,495)	(1,970,187)	(4,476,682)	(13,545)	(4,490,227)
Movement between reserves:								
Transfer to credit loss reserve	-	-	-	92,548	(92,548)	-	-	-
Transfer to reserve fund	-	56,668	-	-	(56,668)	-	-	-
	-	56,668	-	92,548	(149,216)	-	-	-
Transactions with owner:								
Dividends (note 49)	-	-	-	-	-	-	(17)	(17)
Issue of shares	6,030,000	-	-	-	-	6,030,000	-	6,030,000
Change in NCI	-	-	-	-	4,127	4,127	(4,127)	-
Balances at March 31, 2023, as restated	11,220,495	7,656,668	14,223	3,911,572	10,008,839	32,811,797	30,805	32,842,602

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

Group Statement of Changes in Equity
Year ended March 31, 2024

	Share capital $'000 (note 27)	Reserve fund $'000 (note 28)	Contractual savings reserve $'000 (note 29)	Other reserves $'000 (note 30)	Retained earnings $'000	Total $'000	Non - controlling interest $'000 (note 31)	Total equity $'000
Balances at March 31, 2023, as restated	11,220,495	7,656,668	14,223	3,911,572	10,008,839	32,811,797	30,805	32,842,602
Total comprehensive loss for the year:								
Loss for the year	-	-	-	-	(2,519,444)	(2,519,444)	(9,050)	(2,528,494)
Other comprehensive income:								
Exchange differences on translation of foreign subsidiaries' balances	-	-	-	(18,122)	-	(18,122)	863	(17,259)
Realised losses on investments recognised in the statement of profit or loss	-	-	-	16,717	-	16,717	-	16,717
Increase in fair value of FVOCI investment securities, net of impairment losses and deferred tax	-	-	-	207,998	-	207,998	11,086	219,084
Increase in value of investment property at transfer from property and equipment	-	-	-	266,870	-	266,870	-	266,870
Net finance income from insurance and reinsurance contracts, net of deferred tax	-	-	-	7,121	-	7,121	-	7,121
Remeasurement of employee benefits obligation, net of deferred tax	-	-	-	-	(192,554)	(192,554)	62	(192,492)
Total other comprehensive income/(loss)	-	-	-	480,584	(192,554)	288,030	12,011	300,041
Total comprehensive income/(loss)	-	-	-	480,584	(2,711,998)	(2,231,414)	2,961	(2,228,453)
Movement between reserves:								
Transfer to credit loss reserve	-	-	-	164,835	(164,835)	-	-	-
Transfer to reserve fund	-	126,183	-	-	(126,183)	-	-	-
	-	126,183	-	164,835	(291,018)	-	-	-
Transactions with owner:								
Dividends (note 49)	-	-	-	-	-	-	(17)	(17)
Issue of shares	1,279,000	-	-	-	-	1,279,000	-	1,279,000
Balances at March 31, 2024	12,499,495	7,782,851	14,223	4,556,991	7,005,823	31,859,383	33,749	31,893,132

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

JN FINANCIAL GROUP LIMITED

Company Statement of Changes in Equity
Year ended March 31, 2024

	Share capital $'000 (note 27)	Retained earnings $'000	Total $'000
Balances at March 31, 2022	5,190,495	3,455,775	8,646,270
Total comprehensive loss for the year:			
Loss for the year, being total comprehensive loss	-	(3,112,224)	(3,112,224)
Transaction with owners of the Company:			
Issues of shares	6,030,000	-	6,030,000
Balances at March 31, 2023	11,220,495	343,551	11,564,046
Total comprehensive loss for the year:			
Loss for the year, being total comprehensive loss	-	(1,231,843)	(1,231,843)
Transaction with owners of the Company:			
Issues of shares	1,279,000	-	1,279,000
Balances at March 31, 2024	12,499,495	(888,292)	11,611,203

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

JN FINANCIAL GROUP LIMITED

Group Statement of Cash Flows
Year ended March 31, 2024

	Notes	2024 $'000	2023 $'000 Restated*
Cash flows from operating activities			
Loss for the year		(2,528,494)	(2,524,606)
Adjustments to reconcile loss to net cash (used in)/provided by operating activities:			
Depreciation – property and equipment	16	508,055	471,545
Depreciation on right-of-use assets	15(a)(i)	422,427	288,413
Amortisation of intangible assets	17	222,414	204,834
Write-off of intangible assets	17	-	3,007
(Gains)/losses on disposal of property and equipment		(1,935,776)	24,306
Increase in fair value of investment property		(14,408)	(79,499)
Gains on disposal of foreclosed property		(135)	(6,101)
Loss on disposal of investments		16,717	338
Gains from foreign exchange rate changes		(77,358)	(670,569)
Translation differences		12,322	44,646
Dividend income	36	(66,959)	(40,897)
Interest income		(21,366,502)	(17,464,729)
Interest expense	32	6,743,871	4,062,567
Interest expense on lease liabilities	15(a)(ii),32	151,008	51,100
Current tax expense	38(a)(i)	176,936	1,089,844
Deferred tax credit	38(a)(ii)	(1,001,534)	(505,687)
Benefits paid	24(b)	(16,500)	(19,814)
Current service cost	24(b)	26,570	81,712
Interest cost	24(b)	102,345	136,030
Loss on loan modification		144,985	-
Impairment losses on financial instruments		2,759,206	2,662,549
		(15,720,810)	(12,191,011)
Changes in operating assets and liabilities:			
Cash reserves with Bank of Jamaica (BOJ)	6	(2,895,527)	450,683
Due (to)/from related entities		(215,717)	199,236
Net additions to loans		(29,691,964)	(17,545,093)
Other assets		(1,410,450)	(914,702)
Net reinsurance contract assets		(902,085)	333,872
Net insurance contract liabilities		1,857,517	1,059,615
Customer deposits		62,676,713	11,220,303
Other payables		1,217,030	(408,561)
Margin loan payable		129,322	2,086,716
Interest received		14,470,950	12,365,430
Interest paid		(5,083,534)	(4,332,084)
Income tax paid		(761,744)	(1,371,144)
Net cash provided by/ (used in) operating activities (page 13)		23,669,701	(9,046,740)

* See note 51
To be read in conjunction with the accompanying notes to the financial statements.

JN FINANCIAL GROUP LIMITED

Group Statement of Cash Flows (Continued)
Year ended March 31, 2024

	Notes	2024 $'000	2023 $'000 Restated*
Net cash provided by/ (used in) operating activities (page 12)		23,669,701	(9,046,740)
Cash flows from investing activities			
Purchase of investments		(103,944,784)	(72,644,686)
Interest received		6,547,160	4,971,793
Dividends received	36	66,959	40,897
Acquisition of securities purchased under resale agreements		(330,841,913)	(358,384,734)
Proceeds from sale of securities purchased under resale agreements		328,154,878	369,650,273
Assets held for sale		14,411	19,158
Increase in right-of-use assets due to sale and lease back		(571,372)	-
Acquisition of intangible assets	17	(834,918)	(1,321,386)
Acquisition of investment property	14	(201,870)	-
Acquisition of property and equipment	16	(1,226,386)	(492,840)
Proceeds from disposal of investment property		230,000	-
Proceeds from sale of assets held for sale		19,191	37,708
Proceeds from disposal of intangible assets		188	889,308
Proceeds from disposal of property and equipment		2,678,962	16,179
Proceeds from disposal of investments		114,566,241	76,043,330
Net cash provided by investing activities		14,656,747	18,825,000
Cash flows from financing activities			
Dividends paid		(17)	(17)
Proceeds from issuance of securities sold under repurchase agreements		156,891,155	132,436,463
Repayment of securities sold under repurchase agreements		(155,238,219)	(136,563,101)
Repayment on lease liabilities	15(a)(iv)	(651,325)	(316,618)
Increase in lease liabilities due to sale and lease back		2,190,964	-
Repayment to specialised financial institutions		(486,595)	(1,453,551)
Proceeds from specialised financial institutions		803,037	(383,671)
Repayment of loan liabilities		-	(15,250,450)
Proceeds from loan liabilities		463,090	4,264,413
Proceeds from issuance of share capital		1,279,000	6,030,000
Net cash provided by/ (used in) financing activities		5,251,090	(11,236,532)
Net increase / (decrease) in cash and cash equivalents		43,577,538	(1,458,272)
Cash and cash equivalents at beginning of year		15,979,498	17,930,430
Effects of exchange rate changes on cash and cash equivalents		503,065	(492,660)
Cash and cash equivalents at end of year		60,060,101	15,979,498
Comprised of:			
Cash and cash equivalents	6	60,060,101	16,019,062
Bank overdraft	6, 6(d)	-	(39,564)
		60,060,101	15,979,498

* See note 51

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

JN FINANCIAL GROUP LIMITED

Company Statement of Cash Flows
Year ended March 31, 2024

	Notes	2024 $'000	2023 $'000
Cash flows from operating activities			
Loss for the year		(1,231,843)	(3,112,224)
Adjustments to reconcile loss to net cash used in operating activities:			
Interest income		(1,042)	(2,616)
Dividend income	36	(539,836)	(1,114,556)
Depreciation of property and equipment	16	1,566	5,659
Amortisation of intangible assets	17	1,335	1,481
Transaction costs on long-term loan		-	(17,017)
Impairment losses on investment in subsidiaries	9	1,278,157	3,629,576
Loss on loan modification	26	144,985	-
Interest expense	32	714,034	503,927
		367,356	(105,770)
Due (to)/from related entities		(255,388)	262,458
Other assets		(4,388)	15,484
Other payables		118,108	96,981
Interest paid		(642,959)	(503,927)
Interest received		1,042	2,616
Income tax paid		(262)	(653)
Net cash used in operating activities		(416,491)	(232,811)
Cash flows from investing activities			
Dividends received	36	539,836	1,114,556
Interest in subsidiary	9	(2,168,350)	(11,215,500)
Acquisition of property and equipment	16	(3,251)	(475)
Net cash used in investing activities		(1,631,765)	(10,101,419)
Cash flow from financing activities			
Proceeds from issuance of share capital		1,279,000	6,030,000
Proceeds from long-term loan		763,032	4,300,000
Net cash provided by in financing activities		2,042,032	10,330,000
Net decrease in cash and cash equivalents		(6,224)	(4,230)
Cash and cash equivalents at beginning of year		16,743	20,973
Cash and cash equivalents at end of year	6	10,519	16,743

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements
March 31, 2024

1. The Company

JN Financial Group Limited ("the Company") was incorporated on August 18, 2016, under the Jamaican Companies Act and is domiciled in Jamaica. The Company is a wholly-owned subsidiary of The Jamaica National Group Limited ("the parent") incorporated in Jamaica. The registered office of the Company and its parent is located at 2-4 Constant Spring Road, Kingston 10.

Its principal activity is that of a financial holding company.

"Group" refers collectively to the Company and its subsidiaries, which are as follows:

Subsidiaries	Country of incorporation	Percentage ownership **2024**	Percentage ownership **2023**	Nature of business
JN Bank Limited	Jamaica	100	100	Banking services.
JN Bank UK Limited	England	100	100	Banking services.
JN Cayman	Cayman Islands	95.89	95.89	Mortgage lending on residential properties and other financial services.
JN Fund Managers Limited	Jamaica	100	100	Provision of investment services, pension management and administration services, credit facilities and investment banking and stock brokerage services.
JN Money Services Limited and its subsidiaries:	Jamaica	100	100	Money transfer services, including remittances, bill payments, mobile credit top up and sale of foreign currencies.
JN Money Services (UK) Limited	England	100	100	Money transfer services, including remittances, bill payments and mobile credit top up.
JN Money Services (USA) Inc.	United States of America	100	100	Money transfer services, including remittances, bill payments and mobile credit top up.
JN Money Services (Canada) Limited	Canada	100	100	Money transfer services, including remittances, bill payments and mobile credit top up.

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

1. The Company (continued)

"Group" refers collectively to the Company and its subsidiaries, which are as follows (continued):

Subsidiaries (continued)	Country of incorporation	Percentage ownership **2024**	Percentage ownership **2023**	Nature of business
JN Money Services (Cayman) Ltd. [1]	Cayman Islands	80	80	Money transfer services including remittances, bill payments, sale of foreign currency and mobile credit top up.
JN Life Insurance Company Limited (JNLIC)	Jamaica	100	100	Life insurance services.
JN General Insurance Company Limited (JNGI)	Jamaica	99.64	99.64	General insurance services.
JN Small Business Loans Limited (JNSBL)	Jamaica	100	100	Granting of loans to small and micro business for periods not exceeding 260 weeks (see note 9).

2. Licence and regulations

JN Bank Limited is licensed, and its financial statements are delivered, under the Banking Services Act, 2014 and the Banking Services Regulations 2015. JN Bank UK Limited is an authorised institution under the Financial Services and Market Act 2000 of the United Kingdom and is required to submit its financial statements to the regulators annually.

JN Money Services Limited is licensed under section 22G(2) of the Bank of Jamaica Act and its overseas based subsidiaries, as money transmitters, are licensed in the countries in which they are incorporated. JN Fund Managers Limited is designated as a primary dealer by the Bank of Jamaica and is licensed and authorised by the Financial Services Commission. JN General Insurance Company Limited and JN Life Insurance Company Limited are licensed by the Financial Services Commission and registered under the Insurance Act 2001. JN Cayman is licensed by Cayman Islands Monetary Authority.

3. Statement of compliance and basis of preparation

(a) Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS Accounting Standards") and comply with the relevant provisions of the Jamaican Companies Act.

This is the first set of the Group's annual financial statements in which IFRS 17 *Insurance Contracts* have been applied. The related changes to material accounting policies are described in note 50. Details of the Group's material accounting policies are included in note 48.

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

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

(a) Statement of compliance (continued)

New and amended standards that became effective during the year:

Certain new and amended standards came into effect during the current financial year. The Group has assessed them and has adopted those which are relevant to the financial statements. Details of the Group's material accounting policies, including changes during the year, are included in notes 48 and 50.

(b) Basis of preparation

The financial statements are prepared on the historical cost basis, except for the following:

- Financial instruments at fair value through profit or loss are measured at fair value;
- Financial instruments at fair value through other comprehensive income are measured at fair value;
- The liability for defined-benefit obligations is recognised as the present value of the defined-benefit obligations; and
- Investment property is measured at fair value, subsequent to initial recognition, with any change there in recognised in profit or loss.
- Insurance and reinsurance contracts are measured at fulfilment cash flows.

The preparation of the financial statements in conformity with IFRS assumes that the Company will continue in operational existence for the foreseeable future. This means that the statements of financial position and profit or loss and other comprehensive income assume no intention or necessity to liquidate or curtail the scale of operations. This is commonly referred to as the going concern basis.

(c) Functional and presentation currency

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The financial statements are presented in Jamaica dollars ($), which is the functional currency of the Company. The financial statements of other entities included in the consolidated financial statements that have different functional currencies are translated into Jamaica dollars in the manner set out in note 48(o). Amounts are rounded to the nearest thousand unless otherwise stated.

(d) Use of estimates, assumptions and judgements

The preparation of the financial statements in conformity with IFRS requires management to make estimates, assumptions and judgements that affect the reported amounts of, and disclosures relating to, assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the year then ended. Although these estimates are based on management's best knowledge of current events and actions, actual amounts could differ from these estimates.

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

(d) Use of estimates, assumptions and judgements (continued)

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

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

4. Accounting estimates and judgements

(a) Key sources of estimation uncertainty:

The key assumptions about the future and other major sources of estimation uncertainty that have a significant risk of the carrying amounts of assets and liability at the reporting date being materially adjusted in the next financial year are as follows:

(i) Post-retirement benefits [note 24]

The amounts recognised in the statements of financial position and profit or loss and other comprehensive income for certain post-retirement benefits are determined actuarially using several assumptions. The primary assumptions used in determining the amounts recognised include the discount rate used to determine the present value of estimated future cash flows required to settle the post-retirement obligations and the expected rate of increase in medical costs for post-retirement medical benefits.

The discount rate is determined based on the estimate of yield on long-term government securities that have maturity dates approximating the terms of the Group's obligation. In the absence of such instruments in Jamaica, it has been necessary to estimate the rate by extrapolating from the longest-tenor security on the market. The estimate of expected rate of increase in medical costs is determined based on inflationary factors. Any changes in these assumptions will impact the amounts recorded in the financial statements for these obligations.

(ii) Allowance for impairment losses [notes 42(b) and 48(a)]

Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance (ECL) for financial assets measured at amortised cost and fair value through other comprehensive income (FVOCI) requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). The explanation of the inputs, assumptions and estimation techniques used in measuring ECL is detailed in notes 42(b) and 48(a).

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

4. Accounting estimates and judgements (continued)

(a) Key sources of estimation uncertainty (continued)

(ii) Allowance for impairment losses [note 42(b) and 48(a)] (continued)

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

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

Detailed information about the judgements and estimates made by the Group in the above-listed areas is set out in note 42(b) and 48(a).

Sensitivity of ECL to future economic conditions

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

(iii) Insurance and reinsurance contracts

Applicable from April 1, 2023

Areas of potential judgement	**Applicable to the general insurance subsidiary**
For insurance contracts issued measured under the Premium Allocation Approach (PAA), management judgement might be required to assess whether facts and circumstances indicate that a group of contracts has become onerous. Further, judgement is required to assess whether facts and circumstances indicate that any changes in the onerous group's profitability and whether any loss component remeasurement is required.	This area of judgement is potentially applicable to the general insurance subsidiary which sets premiums considering recent experience. There are no recent circumstances where there have been onerous contracts. In 2022 and 2023, the general insurance subsidiary reviewed gross combined ratios which indicated that contracts are expected to be profitable. All contracts measured by the general insurance subsidiary in 2022 and 2023 under the PAA were determined to be non-onerous on initial recognition.

4. Accounting estimates and judgements (continued)

(a) Key sources of estimation uncertainty (continued)

(iii) Insurance and reinsurance contracts (continued)

Applicable from April 1, 2023

Areas of potential judgement	**Applicable to the general insurance subsidiary**
An entity can use judgement to determine which cash flows within the boundary of insurance contracts are those that relate directly to the fulfilment of the contracts.	The general insurance subsidiary performs regular expense studies and uses judgement to determine the extent to which fixed and variable overheads are directly attributable to fulfilling insurance contracts.

In applying IFRS 17 measurement requirements, certain inputs and methods were used that include significant estimates. These include estimates of future cash flows to fulfil insurance contracts, mortality, morbidity and persistency assumptions rates, discount rates including any illiquidity premiums, risk adjustment for non-financial risk and assumptions used in the measurement of contractual service margin (CSM).

I. Fulfilment cash flows (FCF)

Fulfilment cash flows comprise:
- estimates of future cash flows;
- an adjustment to reflect the time value of money and the financial risks related to future cash flows, to the extent that the financial risks are not included in the estimates of future cash flows; and
- a risk adjustment for non-financial risk.

The Group's objective in estimating future cash flows is to determine the expected value of a range of scenarios that reflects the full range of possible outcomes.

The Group estimates certain FCF at the portfolio level or higher and then allocates such estimates to groups of contracts. The Group uses consistent assumptions to measure the estimates of the present value of future cash flows for the group of reinsurance contracts held and such estimates for the groups of underlying insurance contracts.

Estimates of future cash flows

Included in the measurement of each group of contracts within the scope of IFRS 17 are all of the future cash flows within the boundary of each group of contracts. The estimates of these future cash flows are based on probability-weighted expected future cash flows. The Group estimates which cash flows are expected and the probability that they will occur as at the measurement date. In making these expectations, the Group uses information about past events, current conditions and forecasts of future conditions. The Group's estimate of future cash flows is the mean of a range of scenarios that reflect the full range of possible outcomes. Each scenario specifies the amount, timing and probability of cash flows.

4. Accounting estimates and judgments (continued)

(a) Key sources of estimation uncertainty (continued)

(iii) Insurance and reinsurance contract (continued)

Applicable from April 1, 2023 (continued)

I. Fulfilment cash flows (FCF) (continued)

Estimates of future cash flows (continued)

The probability-weighted average of the future cash flows is calculated using a deterministic scenario representing the probability-weighted mean of a range of scenarios.

Where estimates of expenses-related cash flows are determined at the portfolio level or higher, they are allocated to groups of contracts on a systematic basis, such as activity-based costing method. The Group has determined that this method results in a systematic and rational allocation. Similar methods are consistently applied to allocate expenses of a similar nature.

Uncertainty in the estimation of future claims and benefit payments and premium receipts arises primarily from the unpredictability of changes in the mortality rates, the variability in policyholder behaviour, and uncertainties regarding future inflation rates and expenses growth. Assumptions used to develop estimates about future cash flows are reassessed at each reporting date and adjusted where required.

The Group projects estimates of future expenses relating to fulfilment of contracts within the scope of IFRS 17 using current expense levels adjusted for inflation. Possible increases in expense assumptions increase estimates of future cash outflows and thus decrease the Contractual Service Margin (CSM) within the Liability for Remaining Coverage (LRC) for contracts measured under the General Measurement Model (GMM), and they increase the Liability for Incurred Claims (LIC) for contracts measured under the Premium Allocation Approach (PAA).

Contract boundaries

The assessment of the contract boundary, which defines which future cash flows are included in the measurement of a contract, requires judgement and consideration of the Group’s substantive rights and obligations under the contract.

The assessment of the contract boundary, which defines which future cash flows are included in the measurement of a contract, requires judgement and consideration of the Group's substantive rights and obligations under the contract.

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

4. Accounting estimates and judgments (continued)

(a) Key sources of estimation uncertainty (continued)

(iii) Insurance and reinsurance contract (continued)

Applicable from April 1, 2023 (continued)

I Fulfilment cash flows (FCF) (continued)

Mortality and morbidity

The Group derives mortality and morbidity rate assumptions from credible mortality and morbidity tables published by actuarial institutes including the Canadian Institute of Actuaries. An investigation into the Group's experience is performed, and statistical methods are used to adjust the assumptions tables to produce the probability-weighted expected rates in the future over the duration of the insurance contracts. Rates are differentiated between policyholder groups, based on gender. A possible increase in mortality rates increases estimates of future cash outflows and thus decreases the CSM.

Persistency

The Group derives assumptions about lapse and surrender rates based on Group and industry experience. Historical lapse and surrender rates are derived from the Group's policy administration data. An analysis is then performed of the Group's historical rates in comparison to the assumptions previously used. Statistical methods are used to derive adjustments to reflect the Group's own experience and any trends in the data, to arrive at the probability-weighted expected lapse and surrender rates. Possible increases in lapse and surrender rates could increase or decrease estimates of future cash outflows and thus decrease or increase the CSM.

The following assumptions about lapse and surrender rates were used:

	2024	2023
Life risk	**0-18%**	**0-18%**

Discount rates

For the life insurance subsidiary, the top-down approach was used to derive the discount rates. Under this approach, the discount rate is determined as the yield implicit in the fair value of a reference portfolio adjusted for differences between the reference portfolio of assets and respective liability cash flows(known as an 'illiquidity premium'). The risk-free yield is derived using Government of Jamaica bond rates available in the market denominated in the same currency as the product being measured. For the general insurance subsidiary, the bottom-up approach. The Group's portfolio comprises Government of Jamaica (GOJ) bonds. The assets were selected in order to match the liability cash flows. The yield from the reference portfolio was adjusted to remove both expected and unexpected credit risk, and to reflect the illiquidity of insurance contracts. These adjustments were estimated using information from observed historical levels of default relating to the bonds included in the reference portfolio and observed corporate bond spreads over GOJ bonds.

4. Accounting estimates and judgments (continued)

(a) Key sources of estimation uncertainty (continued)

(iii) Insurance and reinsurance contract (continued)

Applicable from April 1, 2023 (continued)

I. Fulfilment cash flows (FCF) (continued)

Discount rates (continued)

Observable market information is available for up to 20 years for the life insurance subsidiary. For the unobservable period, the yield curve was interpolated the last observable point and an ultimate spot rate at 60 years using linear interpolation.

The yield curves that were used to discount the estimates of future cash flows are as follows:

	2024				
Product	1 year	5 years	10 years	20 years	30 years
Life risk (issued and reinsurance held)	7.54%	5.12%	6.26%	9.41%	8.31%

	2023				
Product	1 year	5 years	10 years	20 years	30 years
Life risk (issued and reinsurance held)	5.68%	5.02%	5.19%	8.74%	7.81%

Methods used to measure general insurance contracts

Judgement is involved in assessing the most appropriate technique to estimate insurance liabilities for the claims incurred. Estimates are performed on an accident year basis.

In its claims incurred assessments, the company uses internal data consisting of historical paid claims, case reserves, and allocated claims expenses. This information is used to develop ultimate incurred claims and allocated claim adjustment expense estimates by accident year. The Incurred Development, Bornhuetter-Ferguson and Expected Loss Ratio methods are used to arrive at the estimates of incurred but not reported claims, which are industry standards for this type of claim.

The Incurred Development method projects current reported incurred claims to their ultimate values by accident year based on historical incurred development patterns. The Bornhuetter-Ferguson gives some weight to historically based development patterns and the balancing weight to historically based expected ultimate loss ratios.

4. Accounting estimates and judgments (continued):

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

(iii) Insurance and reinsurance contracts (continued):

Applicable from April 1, 2023 (continued)

I. Fulfilment cash flows (FCF) (continued):

Methods used to measure general insurance contracts (continued)

The Expected Loss Ratio method derives the ultimate incurred losses by applying the expected loss ratios to the earned premium. This method gives no weight to the losses reported as at the valuation date.

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arise from non-financial risk as the insurance contract is fulfilled. Because the risk adjustment represents compensation for uncertainty, estimates are made on the degree of diversification benefits and expected favourable and unfavourable outcomes in a way that reflects the Group's degree of risk aversion. The Group estimates an adjustment for non-financial risk separately from all other estimates. The Group does not consider the effect of reinsurance in the risk adjustment for non-financial risk of the underlying insurance contracts.

For the life insurance subsidiary, the margin method was used to derive the risk adjustment for non-financial risk at the contract level. In the margin method, the risk adjustment is determined by applying margins to actuarial assumptions relating to non-financial risk. The risk adjustment is calibrated to a confidence level using the Life Insurance Capital Adequacy Test (LICAT) method. The LICAT method maps the relevant shocks for non-financial risks from the Jamaican LICAT capital framework to an 85th confidence level.

For the general insurance subsidiary, the risk adjustment was calculated at a line of business level and then allocated down to each group of contracts in accordance with their risk profiles. The confidence level method was used to derive the risk adjustment for non-financial risk.

In the confidence level method, the risk adjustment is determined by bootstrapping the loss distribution of the company's historical claims data. A correlation matrix was used to aggregate the risk adjustments to the entity level.

For the life insurance subsidiary, the resulting amount of the calculated risk adjustment corresponds to the confidence level of 88% (2023: 88%). For the general insurance subsidiary, the calculated risk adjustment corresponds to the confidence level of 75% (2023: 75%). The methods and assumptions used to determine the risk adjustment for non-financial risk were not changed in 2024.

4. Accounting estimates and judgments (continued)

(a) Key sources of estimation uncertainty (continued)

(iii) Insurance and reinsurance contracts (continued):

Applicable from April 1, 2023 (continued)

II. Contractual service margin (CSM)

Determination of coverage units and period

The amount of the CSM recognised in profit or loss for insurance contract services in the period is determined by the allocation of the CSM remaining at the end of the reporting period over the current and remaining expected insurance coverage period of the group of insurance contracts based on coverage units. The coverage period is defined as a period during which the entity provides insurance contract services.

For individual and creditor life contracts, the coverage period corresponds to the insurance coverage.

The total number of coverage units in a group is the quantity of service provided by the contracts in the group over the expected coverage period. The coverage units are determined at each reporting period-end prospectively by considering:

a. the quantity of benefits provided by contracts in the group;
b. the expected coverage period of contracts in the group; and
c. the likelihood of insured events occurring, only to the extent that they affect the expected coverage period of contracts in the group.

The Group uses the amount that it expects the policyholder to be able to validly claim in each period if an insured event occurs as the basis for the quantity of benefits with respect to insurance coverage. The Group reflects the time value of money in the allocation of the CSM to coverage units, using discount rates determined at initial recognition.

(iv) Outstanding claims:

Outstanding claims comprise estimates of the amount of reported losses and loss expenses, plus a provision for losses incurred but not reported, based on historical experience. The loss and loss expense reserves have been determined by the Group's actuary using the Group's past loss experience and industry data. Amounts recoverable in respect of claims from re-insurers are estimated in a manner consistent with the underlying liabilities.

4. Accounting estimates and judgments (continued)

(a) Key sources of estimation uncertainty (continued)

(iv) Outstanding claims (continued):

Management believes, based on the analysis completed by its actuary, that the provision for outstanding losses and loss expenses will be adequate to cover the ultimate net cost of losses incurred up to the reporting date. However, the provision is necessarily an estimate and may ultimately be settled for a significantly greater or lesser amount. Any subsequent differences arising are recorded in the period in which they are determined.

Note 48(w) gives information about the assumptions and uncertainties relating to insurance liabilities and discloses the risk factors in these contracts.

(v) Goodwill:

Goodwill is tested annually for impairment. Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

(vi) Impairment of subsidiary:

Impairment reviews may occur if there are any triggering events or changes in circumstances which may indicate that the carrying amount of the investment in subsidiary is not recoverable. The assessment of recoverable amount requires management to make assumptions to determine estimate of expected future cash flows and appropriate discount rate in order to calculate present value. Impairment losses are calculated on a cash generating unit (CGU) basis. An impairment arises when the recoverable amount of the CGU is less than the carrying amount of the CGU.

(vii) Measurement of fair values:

The Group's accounting policy on fair value measurements is set out in accounting policy note 48(b).

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

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

4. Accounting estimates and judgments (continued)

(a) Key sources of estimation uncertainty (continued)

(vii) Measurement of fair values (continued):

- Level 3 - Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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

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

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period in which the change has occurred.

(b) Critical accounting judgements (other than these involving estimation) that management has made in applying accounting policies and that have the most significant effect on amounts recognised in these financial statements:

(i) Classification of financial assets:

The assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest (SPPI) on the principal amount outstanding requires management to make certain judgements on its business operations.

In classifying financial assets, management makes judgements about whether the criteria are met. For example, the determination of whether a security may be classified as amortised cost or whether a security's fair value may be classified as 'Level 1' in the fair value hierarchy requires judgement as to whether a market is active.

(ii) Impairment of subsidiaries:

The valuation of a company is not an exact science and ultimately depends on what the company is worth to a serious investor or buyer. Profit and cash flow forecasts necessarily depend on subjective judgement, the company's underlying business continuing as a going concern and involves determining the company's relevant earnings and then capitalizing those relevant earnings at a rate which reflects the expected risks of achieving those earnings.

4. Accounting estimates and judgements (continued)

(b) Critical accounting judgements (other than these involving estimation) that management has made in applying accounting policies and that have the most significant effect on amounts recognised in these financial statements (continued):

(iii) Insurance and reinsurance contracts

Applicable from April 1, 2023

A number of significant judgements are made in relation to the following:

- Classification of insurance and reinsurance contracts: assessing whether the contract transfers significant insurance risk;
- Level of aggregation of insurance and reinsurance contracts: identifying portfolios of contracts and determining groups of contracts that are onerous on initial recognition and those that have no significant possibility of becoming onerous subsequently;
- Measurement of insurance and reinsurance contracts: determining the techniques for estimating risk adjustments for non-financial risk and the coverage units provided under a contract;

Detailed information about the judgements made by the Group in the above areas is set out in [note 48(w)]

(iv) Transitioning to IFRS 17

In transitioning to IFRS 17, management determines whether sufficient reasonable and supportable information is available to apply a full or modified retrospective approach or fair value approach. This is further described in note 50.

5. Responsibilities of the appointed actuaries and external auditors

Xavier Benarosch of Eckler Partners Limited, Constance Dalmadge Hall of Eckler Limited and Niala Saith-Deschamps of PricewaterhouseCoopers LLP, have been appointed actuaries by the Board of Directors pursuant to the Insurance Act 2001 or the requirement of IAS 19 where applicable. With respect to the preparation of financial statements, the actuary is required to carry out an actuarial valuation of management's estimate of the insurance subsidiaries' policy liabilities and one of the banking subsidiaries' group health and group life liabilities and report thereon to the shareholders and members. Actuarially determined insurance contract assets or liabilities consist of the provisions for, and reinsurance recovery of, unpaid claims and adjustment expenses on insurance policies in force, including provisions for salvage and subrogation. The valuations are made in accordance with accepted actuarial practice, as well as any other matter specified in any directive made by regulatory authorities. The actuary's report outlines the scope of his/her work and opinion. An actuarial valuation is prepared annually.

5. Responsibilities of the appointed actuaries and external auditors (continued)

The external auditors have been appointed by the shareholders pursuant to the Jamaican Companies Act to conduct an independent and objective audit of the financial statements of the Company in accordance with International Standards on Auditing, and report thereon to the shareholders. In carrying out their audit, the auditors also make use of the work of the actuaries and his/her report on the subsidiaries' actuarially determined policy liabilities, post-employment and other obligations. The auditors' report outlines the scope of their audit and their opinion.

6. Cash resources

	Group		Company	
	2024	2023	2024	2023
	$'000	$'000	$'000	$'000
Cash and cash equivalents for statement of cashflows [see (a)]	60,060,101	16,019,062	10,519	16,743
Restricted cash [see (c)]	96,428	93,457	-	-
	60,156,529	16,112,519	-	-
Cash reserves with Bank of Jamaica [see (b)]	17,521,364	14,625,837	-	-
	77,677,893	30,738,356	10,519	16,743

(a) Cash and cash equivalents represent cash on hand and balances with banks. Included in this amount is £242.67 million held at a central bank by an overseas banking subsidiary and cash of $27.78 million (2023: $28.53 million) received from National Housing Trust (NHT) for NHT members' contribution refund.

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

At March 31, 2024, the required percentage of the average prescribed liabilities was 6% (2023: 5%) for Jamaica dollar liabilities and 14% (2023: 13%) for foreign currency liabilities. JN Bank Limited met the cash reserve requirements at the year end.

(c) The foreign banking subsidiary had an amount of $96.43 million (2023: $93.46 million) held as a restricted deposit for minimum collateral deposit by a financial institution.

(d) Unsecured and secured overdraft facilities amounting to $145 million (2023: $145 million) and $Nil (2023: $Nil), respectively, are held by subsidiaries with a commercial bank. At the reporting date, the amount drawn under the secured overdraft facility was $Nil (2023: $39.56 million) and $Nil (2023: $Nil) under the unsecured facility.

(e) The expected credit loss on these balances is immaterial.

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

7. Securities purchased under resale agreements

	Group	
	2024	2023
	$'000	$'000
Principal	6,006,432	3,319,073
Interest receivable	241,371	57,021
	6,247,803	3,376,094

At March 31, 2024, securities obtained and held under resale agreements for the Group had a fair value of $9,502.62 million (2023: $6,285.08 million). The balance is shown net of expected credit losses of $0.19 million (2023: $0.51 million) [see note 42(b)(ii)].

The movement in expected credit losses on securities purchased under resale agreements is as follows:

	Group	
	2024	2023
	$'000	$'000
At beginning of year	514	514
(Decease)/increase in allowance	(324)	-
Balance at end of year	190	514

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

	Group	
	2024	2023
	$'000	$'000
Within 3 months	1,613,404	2,171,823
3 months to 1 year	4,393,028	1,147,250
	6,006,432	3,319,073

8. Investments

	Group	
	2024	2023
	$'000	$'000
Amortised cost		
Treasury bills	3,474,794	7,858,114
Corporate bonds	53,354	1,170,675
Certificates of deposit [see (iv), (v), (vii) below]	9,784,320	3,079,748
	13,312,468	12,108,537
Less expected credit losses on amortised cost investments [see note 42(b)(ii)].	(5,854)	(28,917)
	13,306,614	12,079,620

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

8. Investments (continued)

	Group	
	2024	2023
	$'000	$'000
Fair value through other comprehensive income		
Corporate and sovereign bonds	12,093,179	13,030,479
Government of Jamaica securities [see (iii), (viii) below]	51,138,255	58,364,708
Treasury bills	3,915,460	6,378,962
Promissory note	-	49,829
Quoted equities	201,062	275,222
Unquoted equities [see (i) below]	19,608	19,608
	67,367,564	78,118,808
Fair value through profit or loss		
Quoted equities	461,997	447,198
Mutual funds	286,919	266,399
	748,916	713,597
Sub-total	81,423,094	90,912,025
Interest receivable	1,068,272	1,105,280
	82,491,366	92,017,305

The movement in expected credit losses on investments measured at amortised cost and FVOCI is as follows:

	Group	
	2024	2023
	$'000	$'000
At beginning of year	321,290	295,541
Translation adjustments	(631)	-
Increase/(decrease) in allowance [note 42(b)(ii)]:		
Securities at amortised cost	2,822	(10,426)
Securities at FVOCI	132,181	36,175
Balance at end of year	455,662	321,290

(i) Unquoted equities comprise 5,020,000 (2023: 5,020,000) units of shares held by JN Bank Limited in Automated Payments Limited, an automated clearing house operator. These shares are classified as fair value through other comprehensive income.

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

8. Investments (continued)

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

	Group	
	2024	2023
	$'000	$'000
No specific maturity	969,586	1,008,427
Within 3 months	12,559,527	15,176,150
3 months to 1 year	6,889,507	17,191,878
1 year to 5 years	23,478,506	12,270,421
5 years and over	37,531,822	45,294,066
	81,428,948	90,940,942

(iii) Several investments of the general and life insurance subsidiaries, totalling $160.57 million (2023: $162.69 million), are held to the order of the Financial Services Commission (FSC), as required by the Insurance Act 2001.

(iv) The Group's USA-based indirect subsidiary, as a money transmitter, is licensed in the States of New York, Maryland, Connecticut, New Jersey, Georgia, Florida, California and Massachusetts, as well as in The District of Columbia, and the regulations require a total minimum net worth of US$3.22 million (2023: US$3.35 million). In addition, the regulations require surety bonds in favour of, and/or pledged funds to, the Superintendent of Banking of US$5.43 million (2023: US$5.53 million).

(v) An amount of US$0.03 million (2023: US$0.03 million), is held with Ghana Merchant Bank in respect of its provision of remittance services on behalf of an indirect subsidiary and are accordingly restricted.

(vi) At March 31, 2024, investments that are pledged by the Group as collateral for securities sold under repurchase agreements had a carrying value of $37.75 billion (2023: $35.30 billion).

(vii) A banking subsidiary pledged certificates of deposit amounting to $3.05 million (2023: $3.03 million) with a commercial bank to cover a third party guarantee.

(viii) A banking subsidiary pledged investments amounting to $883.98 million (2023: $768.49 million) to facilitate settlement of Multilink transactions. This represents the pledge of amounts to J.E.T.S Limited. It represents a proportional amount of the banking subsidiary's multilink transactions and is to cover J.E.T.S. Limited due to delayed/overnight and over weekend settlement by all financial institutions on the multilink network.

9. Interest in subsidiaries

	Company	
	2024	2023
	$'000	$'000
Investment in subsidiaries, at cost	24,541,133	22,372,783
Less: impairment provision [see (b) below]	(4,907,733)	(3,629,576)
	19,633,400	18,743,207

(a) Merger of business operations

In the prior year, the operations of JN Small Business Loans Limited (JNSBL) were integrated into the JN Bank Limited (the Bank) as part of a wider JN Group strategy effective July 1, 2022. The Group used the book-value method when accounting for business combinations under common control. The assets and liabilities of JNSBL that were merged into the Bank amounted to $4.1 million.

(b) Impairment of subsidiary:

In the current year, impairment losses for JN Bank UK were determined by imputing fair value of the subsidiary based on the consideration of £20 million paid, by an independent third party, for 80.1% interest. The fair value, determined at £25 million, net of the carrying value of £32.9 million, resulted in an impairment provision of J$1.3 billion.

In the prior year, impairment losses were calculated on a cash generating unit (CGU) basis. An impairment arises when the recoverable amount of the CGU is less than the carrying amount of the CGU, a single CGU identified for assessment being JN Bank UK. The recoverable amount is the higher of fair value less costs to sell (FVLCS) and value in use (VIU) where FVLCS is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal and the VIU being the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

The recoverable amount of the cash-generating unit was computed using a market approach for the purposes of determining the equity value at the valuation date, specifically a P/E ratio and P/B ratio, and taking an average of both methods to provide an indication of fair value. Using projections over a five (5) year period ended 2028, an assessment of maintainable earnings was established on profit after tax for financial year 2027 and 2028 and maintainable book value based on the net assets position at financial year 2027. The profit after taxes was discounted at the cost of equity and applied to selected P/E multiples to determine the equity value of the subsidiary. The P/B multiples were then used to determine an equity value based on the net assets of the subsidiary. Thereafter, an average of the results for both the P/E multiple approach and the P/B multiple approach were used to generate an indicative fair value of the equity of the subsidiary.

The carrying value of the equity investment in a subsidiary exceeded its fair value, as determined using this approach, resulting in an impairment charge of $3.6 billion being recognized in the prior year. Other factors included in the valuation were:

- the nature of the subsidiary, the risks to which it is subject, historical patterns of growth, and future considerations;

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

9. Interest in subsidiaries (continued)

(b) Impairment of subsidiary (continued):

Other factors included in the valuation were (continued):

- the general economic outlook and the position of the industry in the existing economy;
- the earnings history and earnings capacity of the subsidiary; and
- management's assessment of future growth and performance.

Key assumptions used were as follows:

	2023
Discount rate:	25%
Median price/earnings (P/E) multiple:	4.7
Median price/book (P/B) multiple:	0.7
Cost of disposal range:	3-5%

The fair value measurement was categorised as level 3 in the fair value hierarchy.

10. Loans, after allowance for impairment losses

	Group	
	2024	2023
	$'000	$'000
Mortgage loans - principal [see (b) below]	113,408,733	92,734,647
Term loans	1,974,073	11,670,890
Other loans	57,049,333	39,909,400
	172,432,139	144,314,937
Accrued interest	917,027	715,977
	173,349,166	145,030,914

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

	Group	
	2024	2023
	$'000	$'000
Within 3 months	3,707,132	5,838,745
3 months to 1 year	6,323,537	1,619,625
1 year to 5 years	37,482,824	36,234,915
5 years and over	124,918,646	100,621,652
	172,432,139	144,314,937

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

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

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

	Group			
	Number of accounts		Value	
	2024	2023	2024 $'000	2023 $'000
Professional and other services	14,357	12,656	6,283,940	3,867,133
Individuals	76,629	65,177	139,181,532	123,029,364
Corporations	146	200	27,883,694	18,134,417
	91,132	78,033	173,349,166	145,030,914

Loans and advances on which interest is no longer accrued [see note 48(q)] amounted to $12,419.86 million (2023: $12,489.12 million) for the Group. This represents 7.01% (2023: 8.32%) of the gross loan portfolio for the Group. These loans are included in the financial statements, net of allowance for losses.

(a) Allowance for losses

Impairment losses on loans are as follows:

	Group	
	2024 $'000	2023 $'000
At beginning of year	5,782,692	3,256,169
Increase/(decrease) in allowance made during the year [note 42(b)(ii)]	1,965,261	2,667,459
Translation adjustment [note 42(b)(ii)]	459,311	(39,326)
Write-offs during the year [note 42(b)(ii)]	(3,361,293)	(101,610)
At end of year [note 42(b)(ii)]	4,845,971	5,782,692

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

	Group	
	2024 $'000	2023 $'000
Specific provision	4,024,906	4,687,922
General provision	1,569,678	1,678,548
	5,594,584	6,366,470

The total expected loss allowance is broken down as follows:

	Group	
	2024 $'000	2023 $'000
Expected loss allowance per IFRS [note 42(b)(ii)]	4,845,971	5,782,692
Additional allowance based on Bank of Jamaica and other provisioning requirements [note 30(c)]	748,613	583,778
	5,594,584	6,366,470

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

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

(b) Mortgage loans

Included in mortgage loans for the Group are balances due from directors and companies controlled by directors amounting to $208.67 million (2023: $154.51 million) and interest receivable on these loans of $95,862 (2023: $25,245).

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

11. Due from/(to) related entities

Due from/(to) related entities represent balances held by subsidiaries and other related entities in the ordinary course of business. The balances are unsecured, interest free and due within 3 months.

	Group		Company	
	2024	2023	2024	2023
	$'000	$'000	$'000	$'000
Due from related entities:				
Parent	123,754	16,200	13,211	-
Fellow subsidiary	11,856	2,851	8,156	-
Subsidiaries	-	-	4,224	3,321
Other related entities	41,990	144,680	6,340	21,430
	177,600	163,731	31,931	24,751
Due to related entities:				
Parent	35,537	354,675	-	199,266
Fellow subsidiary	-	-	308	-
Subsidiaries	-	-	-	50,000
Other related entities	318,800	199,512	750	-
	354,337	554,187	1,058	249,266

12. Other assets

	Group		Company	
	2024	2023	2024	2023
	$'000	$'000	$'000	$'000
		Restated*		
Other receivables [see (ii) below]	3,026,514	2,604,665	19,237	14,849
Deposits on property and equipment	-	136,903	-	-
Bond principal receivable (net of ECL) [see (iii) below]	481,461	-	-	-
Office supplies	31,655	26,647	-	-
	3,539,630	2,768,215	19,237	14,849

* See note 51

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

12. Other assets (continued)

(i) The balances are reflected net of expected credit loss allowance, as follows:

	Group	
	2024	2023
	$'000	$'000
At beginning of the year	19,741	50,400
Write off	(59,353)	-
Translation adjustment	(926)	-
Increase/(decrease) in allowance	659,266	(30,659)
At end of the year	618,728	19,741

(ii) A banking subsidiary pledged other assets amounting to $49.10 million (2023: $47.35 million) for bid collateral related to guarantees issued by other banks.

(iii) The Niquan Energy Trinidad Ltd 11% Secured Bond, which matured in 2023, and for which a new maturity date was not approved by the bondholders, was reclassified to Other Receivables at amortised cost. This is shown, net of expected credit loss of $610.99 million. All the other amounts are due to be recovered within 12 months.

13. Assets held for sale

	Group	
	2024	2023
	$'000	$'000
Foreclosed properties	-	490,376
Less impairment losses (see note below)	-	(456,909)
	-	33,467

Movement on impairment losses is as follows:

	Group	
	2024	2023
	$'000	$'000
At beginning of year	456,909	466,488
Write-off, being net movement for the year	(456,909)	(9,579)
At end of year	-	456,909

Note: The local banking subsidiary acquired real properties through foreclosure on collateral held as securities against loans. Foreclosed properties should be disposed of within 3 years of acquisition, in accordance with Section 53(1) of the Banking Services Act, 2014 [see note 48(h)].

Impairment loss of $456.9 million (2023: $9.6 million) for write-downs of the assets held for sale to the lower of its carrying amount and its fair value less costs to sell have been included in "Operating Expenses" (see note 37).

14. Investment property

(a) Reconciliation of carrying amount

	Group
	$'000
Balance at March 31, 2022	1,048,652
Change in fair value (note 36)	79,499
Translation adjustment	(9,911)
Balance at March 31, 2023	1,118,240
Additions	201,870
Disposals	(230,000)
Transfer to property and equipment (note 16)	(190,000)
Transfer from property and equipment (note 16)	313,655
Increase in value of investment property at transfer from property and equipment (note 30)	266,870
Change in fair value (note 36)	14,408
Translation adjustment	1,467
Balance at March 31, 2024	1,496,510

(b) Investment property comprises a number of commercial properties that are leased to third parties. Each of the leases is for an initial non-cancellable period of five years. Subsequent renewals are negotiated with the lessee and historically the average renewal period is four years. Further information about these leases is included in note 15.

(c) Changes in fair values are recognised in profit or loss and included in 'other operating income' or 'operating expenses'. All changes in fair value are unrealised.

(d) Amounts recognised in profit or loss

The property rental income earned by the Group from investment property which are leased under operating leases amounted to $42.44 million (2023: $46.21 million). Direct operating expenses, arising from the investment property that generated rental income during the year, amounted to $17.68 million (2023: $19.15 million).

14. Investment property (continued)

(e) Measurement of fair values

Fair value hierarchy

The fair value of investment property was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Group's investment property portfolio every three years and estimate the changes in fair value in the intervening periods. Also, the valuers have made reference to market evidence of transaction prices for similar properties, with appropriate adjustments for size and location. The appraised fair values are rounded within the range of values.

The fair value measurement for investment property has been categorised as level 3 in the fair value hierarchy based on the inputs to the valuation technique used.

Valuation technique	Significant unobservable/observable inputs	Inter-relationship between key inputs and fair value measurement
Income approach: The valuation model examines the price an investor would be prepared to pay for the right to receive a certain income stream. The model considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rate, and current rental rates. The estimated net cash flows are discounted using current yields. Among other factors, the yield estimation considers the quality of a building and its location, tenants' credit quality and lease terms.	• Expected market rental growth yields (7%-8.5%) • Occupancy rate (75%-65%) • Risk adjusted discount rate (9%)	The estimated fair value would increase/(decrease) if: • Expected market rental growth were higher/(lower); • The occupancy rates were higher/(lower); • Rent-free periods were shorter/(longer); or • Yields were lower/(higher)
Sales comparison method: The method considers transactions of comparable properties in the area and similar areas for which the price, size of the property, terms and conditions of sales are known.	Per square foot value was derived based on similar property values. The value per square foot in the property portfolio ranges from $10,000 to $12,000.	The estimated fair value would increase/(decrease) if comparable property values were higher /(lesser)

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

15. Leases

(a) The Group as lessee

The Group leases properties, which typically run for periods of 5 years and 2-3 years, respectively, with an option to renew the lease after that date. Lease payments are renegotiated at the time of lease renewal to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases that are short- term and/or leases of low-value items.

Information about leases for which the Group is the lessee is presented below.

(i) Right-of-use assets

	Group			Company
	Land and buildings $'000	Motor vehicle $'000	Total $'000	Land and buildings $'000
Cost:				
March 31, 2022	1,534,564	49,872	1,584,436	20,660
Additions	355,311	14,146	369,457	-
Translation adjustment	(43,284)	-	(43,284)	-
Lease termination adjustment	(48,848)	-	(48,848)	-
March 31, 2023	1,797,743	64,018	1,861,761	20,660
Additions	898,028	41,721	939,749	-
Translation adjustment	24,437	-	24,437	-
Lease termination adjustment	(241,886)	-	(241,886)	-
March 31, 2024	2,478,322	105,739	2,584,061	20,660
Depreciation:				
March 31, 2022	756,861	13,783	770,644	20,660
Charge for the year	277,260	11,153	288,413	-
Lease termination adjustment	(28,167)	-	(28,167)	-
March 31, 2023	1,005,954	24,936	1,030,890	20,660
Charge for the year	402,483	19,944	422,427	-
Lease termination adjustment	(242,357)	-	(242,357)	-
Translation adjustment	14,993	-	14,993	-
March 31, 2024	1,181,073	44,880	1,225,953	20,660
Net book values:				
March 31, 2024	1,297,249	60,859	1,358,108	-
March 31, 2023	791,789	39,082	830,871	-

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

15. Leases (continued)

(a) The Group as lessee (continued)

(ii) Lease liabilities

	Group 2024 $'000	Group 2023 $'000
Lease liabilities included in the statements of financial position at March 31	3,018,959	950,020
Lease liabilities are classified as follows:		
Current	574,426	231,445
Non-current	2,444,533	718,575
	3,018,959	950,020
Maturity analysis of contractual undiscounted cash flows:		
Less than one year	783,916	261,149
One to five years	1,753,185	521,475
Over five years	1,036,987	243,524
	3,574,088	1,026,148

(iii) Amounts recognised in profit or loss:

	Group		Company	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Interest expense on lease liabilities (note 32)	151,008	51,100	-	-
Depreciation on right-of-use assets	422,427	288,413	-	-
Expenses related to short-term leases	21,099	49,755	-	-

(iv) Amounts recognised in statements of cash flows:

	Group		Company	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Total cash outflow for leases	651,325	316,618	-	-

(v) Extension options

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Group has estimated that the potential future lease payments, should it exercise the extension option, would result in an increase in lease liabilities of $99.58 million (2023: $56.57 million). The Group did not have any leases that contain extension options.

(vi) On September 28, 2023, the local banking subsidiary entered into a sale and leaseback agreement with a third party to sell and lease back twenty-two (22) of its properties. The properties had a fair value of $4.55 billion. The subsidiary recognized a gain of $1.93 billion from the transaction (see note 36).

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

15. Leases (continued)

(b) The Group as lessor

The Group leases out property. The Group has classified most of these as operating leases because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Rental income recognised by the Group was $42.44 million (2023: $46.21 million), see note 14(d).

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

	Group	
	2024	2023
	$'000	$'000
Less than one year	47,713	105,380
One to five years	274,883	173,516
	322,596	278,896

The Company has no lease arrangements..

16. Property and equipment

	Group					
	Freehold land and buildings	Leasehold land and buildings improvements	Computers and office equipment	Motor vehicles	Work-in-progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost:						
March 31, 2022	3,798,181	817,538	5,318,803	630,393	885,160	11,450,075
Additions	405,115	144,550	651,294	10,288	(718,407)	492,840
Disposals	-	(59,023)	(142,215)	(87,666)	-	(288,904)
Translation adjustments	(10,318)	(12,731)	(23,315)	(1,215)	-	(47,579)
March 31, 2023	4,192,978	890,334	5,804,567	551,800	166,753	11,606,432
Additions	464,089	15,552	461,755	-	284,990	1,226,386
Disposals	(1,246,244)	(20,523)	(107,202)	(66,333)	(127,484)	(1,567,786)
Transfer to investment property (note 14)	(472,134)	-	-	-	-	(472,134)
Transfer from investment property (note 14)	190,000	-	-	-	-	190,000
Translation adjustments	11,970	11,102	9,303	706	-	33,081
March 31, 2024	3,140,659	896,465	6,168,423	486,173	324,259	11,015,979
Depreciation:						
March 31, 2022	1,048,926	717,478	3,980,705	555,790	-	6,302,899
Charge for the year	104,278	44,970	278,953	43,344	-	471,545
Eliminated on disposals	-	(52,770)	(123,062)	(72,587)	-	(248,419)
Translation adjustments	(3,257)	(12,166)	(16,429)	(467)	-	(32,319)
March 31, 2023	1,149,947	697,512	4,120,167	526,080	-	6,493,706
Charge for the year	101,502	54,522	330,144	21,887	-	508,055
Eliminated on disposals	(685,455)	(20,433)	(56,087)	(63,616)	-	(825,591)
Transfer to investment property (note 14)	(158,479)	-	-	-	-	(158,479)
Translation adjustments	4,616	8,519	32,125	(2,865)	-	42,395
March 31, 2024	412,131	740,120	4,426,349	481,486	-	6,060,086
Net book values:						
March 31, 2024	2,728,528	156,345	1,742,074	4,687	324,259	4,955,893
March 31, 2023	3,043,031	192,822	1,684,400	25,720	166,753	5,112,726

Include in freehold land and building is the cost of land at $98.06 million (2023: $98.06 million).

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

16. Property and equipment (continued)

	Company			
	Leasehold improvement and buildings	Computers and office equipment	Motor vehicles	Total
	$'000	$'000	$'000	$'000
Cost:				
March 31, 2022	28,493	6,730	22,395	57,618
Additions	-	475	-	475
March 31, 2023	28,493	7,205	22,395	58,093
Additions	-	3,251	-	3,251
March 31, 2024	28,493	10,456	22,395	61,344
Depreciation:				
March 31, 2022	28,493	3,648	18,011	50,152
Charge for the year	-	1,275	4,384	5,659
March 31, 2023	28,493	4,923	22,395	55,811
Charge for the year	-	1,566	-	1,566
March 31, 2024	28,493	6,489	22,395	57,377
Net book values:				
March 31, 2024	-	3,967	-	3,967
March 31, 2023	-	2,282	-	2,282

17. Goodwill and other intangible assets

	Group							
	Goodwill	Trademarks	Software	Non-compete agreement	Licence	Customer relationships	Work-in-progress	Total
	$'000	$'000	$'000 *Restated	$'000	$'000	$'000	$'000 *Restated	$'000
Cost:								
March 31, 2022	785,985	147,613	3,630,593	37,710	84,008	25,814	1,221,399	5,933,122
Additions	-	-	96,797	-	-	287	1,224,302	1,321,386
Disposal	-	-	(1,469,764)	-	-	-	-	(1,469,764)
Transfer	-	-	12,736	-	-	-	(12,736)	-
Write-off	-	-	-	-	-	-	(3,007)	(3,007)
Translation adjustments	-	(1,091)	(33,465)	-	(5,673)	-	6,734	(33,495)
March 31, 2023	785,985	146,522	2,236,897	37,710	78,335	26,101	2,436,692	5,748,242
Additions	-	-	674,103	-	-	-	160,815	834,918
Disposal	-	-	(55,735)	-	-	-	(964)	(56,699)
Transfers	-	-	1,477,679	-	-	-	(1,477,679)	-
Translation adjustments	-	(249)	(2,368)	-	(2,574)	(270)	-	(5,461)
March 31, 2024	785,985	146,273	4,330,576	37,710	75,761	25,831	1,118,864	6,521,000
Depreciation:								
March 31, 2022	-	5,954	2,394,987	37,710	21,140	14,544	-	2,474,335
Charge for the year	-	479	182,446	-	10,979	10,930	-	204,834
Eliminated on disposal	-	-	(580,456)	-	-	-	-	(580,456)
Translation adjustments	-	(252)	(12,074)	-	(1,098)	-	-	(13,424)
March 31, 2023	-	6,181	1,984,903	37,710	31,021	25,474	-	2,085,289
Charge for the year	-	374	210,437	-	11,547	56	-	222,414
Adjustment for write-offs	-	171	(56,682)	-	-	-	-	(56,511)
Translation adjustments	-	-	470	-	(995)	-	-	(525)
March 31, 2024	-	6,726	2,139,128	37,710	41,573	25,530	-	2,250,667
Net book values:								
March 31, 2024	785,985	139,547	2,191,448	-	34,188	301	1,118,864	4,270,333
March 31, 2023	785,985	140,341	251,994	-	47,314	627	2,436,692	3,662,953
March 31, 2022	785,985	141,659	1,235,606	-	62,868	11,270	1,221,399	3,458,787

*See note 51

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

17. Goodwill and other intangible assets (continued)

	Company $'000
Cost:	
March 31, 2023	5,061
Additions	-
Transfer in	-
March 31, 2024	5,061
Depreciation:	
March 31, 2022	2,245
Charge for the year	1,481
March 31, 2023	3,726
Charge for the year	1,335
March 31, 2024	5,061
Net book value:	
March 31, 2024	-
March 31, 2023	1,335

In testing goodwill and intangible assets for impairment, recoverable amounts of cash-generating units were estimated based on value in use. Where the recoverable amounts exceed the carrying amounts, no impairment allowance is made. The recoverable amount of the cash-generating unit, QuikCash, was computed by estimating its future cash flows and discounting those cash flows using long-term discount rates applicable to the Cayman Islands and Jamaica, as relevant. The fair value measurement is categorised as Level 3 in the fair value hierarchy. Future sustainable cash flows were estimated based on the most recent forecasts, past experience and management's plans.

These projections included specific estimates for 5 years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumption that a market participant would make.

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

	Cayman Islands	
	2024 %	2023 %
Discount rate	15.53	14.98
Growth rates	4.00	4.00
Percentage of business in Cayman Islands attributable to QuikCash	40.00	40.00

Five years of cash flow projections from 2025 to 2029 (2023: from 2024 to 2028) were included in the discounted cash flow model.

Budgeted EBITDA was based on the assumption that Jamaica's historical portion of outbound transactions in Cayman of 98.2% (2023: 98.2%) will continue throughout the projection period.

The estimated recoverable amount of QuikCash exceeded its carrying amount by approximately CI $0.36 million as at March 31, 2024 (2023: CI $0.68 million).

Management has identified that reasonably possible changes at the reporting date in the following key assumptions could cause the estimated recoverable amount of goodwill to be equal to its carrying amount:

	2024 %	2023 %
Discount rate	17.37	16.98
Growth rate	0.98	(4.57)

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

18. Deferred tax assets

Deferred tax assets are attributable to the following:

	Group	
	Net assets	
	2024	2023
	$'000	$'000
		*Restated
Other assets	17,708	41,491
Interest receivable	69,054	(111,450)
Property and equipment	(8,161)	209,542
Employee benefits obligation	399,630	265,926
Other payables	170,619	171,187
Fair value movement on investment securities at FVOCI	2,936,188	2,725,836
Contractual savings reserve	(4,741)	(4,741)
Unused tax losses	396,078	362,022
Impairment losses on investment securities at FVOCI	1,440	74
Intangible assets	100,916	35,144
ECL receivable	42,833	19,738
Right-of-use assets	(284,328)	(102,533)
Lease liabilities	797,249	113,951
Impairment losses on loans	279,012	261,470
IFRS 17 adjustment	45,805	50,894
Fair value acquired loan portfolio	(14,950)	(45,926)
Insurance finance reserve	(14,166)	(11,800)
Reinsurance finance reserve	(8)	-
Unrealised foreign exchange gains/(losses)	26,707	(26,756)
Net deferred tax assets	4,956,885	3,954,069

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

	Group				
	2024				
	Balances at March 31, 2023	Recognised in profit	Recognised in other comprehensive income	Currency translation	Balances at March 31, 2024
	$'000	$'000	$'000	$'000	$'000
	*Restated	[Note 38(a)(ii)]			
Other assets	41,491	(23,783)	-	-	17,708
Interest receivable	(111,450)	180,504	-	-	69,054
Property and equipment	209,542	(217,703)	-	-	(8,161)
Employee benefits obligation	265,926	37,458	96,246	-	399,630
Other payables	171,187	(568)	-	-	170,619
Fair value movement on investment securities at FVOCI	2,725,836	303,472	(93,120)	-	2,936,188
Contractual savings reserve	(4,741)	-	-	-	(4,741)
Unused tax losses	362,022	34,056	-	-	396,078
Impairment losses on investment securities at FVOCI	74	1,366	-	-	1,440
Intangible assets	35,144	65,772	-	-	100,916
ECL receivable	19,738	23,095	-	-	42,833
Right-of-use assets	(102,533)	(181,795)	-	-	(284,328)
Lease liabilities	113,951	683,298	-	-	797,249
Impairment losses on loans	261,470	17,542	-	-	279,012
IFRS 17 adjustment	50,894	(5,089)	-	-	45,805
Fair value acquired loan portfolio	(45,926)	30,976	-	-	(14,950)
Insurance finance reserve	(11,800)	-	(2,366)	-	(14,166)
Reinsurance finance reserve	-	-	(8)	-	(8)
Unrealised foreign exchange (losses)/gains	(26,756)	52,933	-	530	26,707
Net deferred tax asset	3,954,069	1,001,534	752	530	4,956,885

*See note 51

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

18. Deferred tax assets (continued)

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

	Group				
	2023				
	Balances at March 31, 2022	Recognised in profit	Recognised in other comprehensive income	Currency translation	Balances at March 31, 2023
	$'000	$'000 [Note 38(a)(ii)]	$'000	$'000	$'000 *Restated
Other assets	77,658	(34,276)	-	(1,891)	41,491
Interest receivable	(88,350)	(23,100)	-	-	(111,450)
Property and equipment	299,934	(90,987)	-	595	209,542
Employee benefits obligation	471,057	65,952	(271,083)	-	265,926
Other payables	136,284	34,903	-	-	171,187
Fair value movement on investment securities at FVOCI	1,010,385	704,529	1,010,922	-	2,725,836
Contractual savings reserve	(4,741)	-	-	-	(4,741)
Unused tax losses	122,951	239,071	-	-	362,022
Impairment losses on investment securities at FVOCI	3,593	(3,519)	-	-	74
Intangible assets	46,527	(11,383)	-	-	35,144
ECL receivable	24,130	(4,392)	-	-	19,738
Right-of-use assets	(110,391)	7,858	-	-	(102,533)
Lease liabilities	121,994	(8,043)	-	-	113,951
Impairment losses on loans	578,389	(316,919)	-	-	261,470
IFRS 17 adjustment	43,313	7,581	-	-	50,894
Fair value acquired loan portfolio	-	(45,926)	-	-	(45,926)
Insurance finance reserve	-	-	(11,800)	-	(11,800)
Unrealised foreign exchange (losses)/gains	(11,094)	(15,662)	-	-	(26,756)
Net deferred tax asset	2,721,639	505,687	728,039	(1,296)	3,954,069

The Company did not have any movement in temporary differences during the year as the deferred tax assets were not recognised [see note 38(e)].

	Group	
	2024	2023
	$'000	$'000 *Restated
Net deferred tax asset at beginning of year	3,954,069	2,721,639
Recognised in other comprehensive income:		
Fair value movement on investment securities at FVOCI	(93,120)	1,010,922
Insurance finance reserve	(2,366)	(11,800)
Reinsurance finance reserve	(8)	-
Employee benefits obligation	96,246	(271,083)
	752	728,039
Currency translation impact	530	(1,296)
Recognised in statement of profit or loss [note 38(a)(ii)]	1,001,534	505,687
Net deferred tax asset at end of year	4,956,885	3,954,069

*See note 51

19. Customer deposits

	Group 2024 $'000	Group 2023 $'000
Deposits	266,960,484	202,483,995
Accrued interest	1,577,683	387,206
	268,538,167	202,871,201

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

	Group 2024 $'000	Group 2023 $'000
Within 3 months	181,013,791	166,395,536
From 3 months to 1 year	45,746,246	23,746,658
Over 1 year	41,778,130	12,729,007
	268,538,167	202,871,201

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

	Number of accounts		Value	
	2024	2023	2024 $'000	2023 $'000
Public authorities	626	663	4,851,526	3,245,267
Financial institutions	380	311	11,231,855	7,405,977
Commercial and business	9,884	9,829	18,338,166	15,907,636
Individuals	1,163,484	1,094,498	234,116,620	176,312,322
	1,174,374	1,105,301	268,538,167	202,871,202

As at March 31, 2024 and 2023, the building society subsidiary was compliant with Section 19 of the Cayman Islands Building Societies Law (2014 Revision).

20. Securities sold under repurchase agreements

	Group 2024 $'000	Group 2023 $'000
Principal	31,947,648	30,294,712
Interest payable	569,908	100,048
	32,517,556	30,394,760

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

	Group 2024 $'000	Group 2023 $'000
Within 3 months	19,400,603	21,237,654
From 3 months to 1 year	12,547,045	9,057,058
	31,947,648	30,294,712

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

20. Securities sold under repurchase agreements (continued)

At March 31, 2024, securities obtained under resale agreements and certain investments have been pledged by the Group as collateral for repurchase agreements. These financial instruments have a carrying value of $37.75 billion (2023: $35.30 billion).

21. Other payables

	Group		Company	
	2024	2023	2024	2023
	$'000	$'000 Restated*	$'000	$'000
Staff-related accrual	754,256	408,480	-	13,031
Insurance payable	344,001	432,369	-	-
Collected funds (i)	1,638,163	1,203,441	-	-
Trade payables	1,976,612	1,561,481	12,338	10,467
Accruals	551,999	582,780	32,833	25,196
TEF loan liability	215,219	-	-	-
Other	992,596	1,055,987	202,196	80,559
	6,472,846	5,244,538	247,367	129,253

(i) Collected funds include $27.78 million (2023: $28.53 million) received from National Housing Trust (NHT) for members contribution refund.

22. Margin loan payable

Margin loan payable represents a short-term debt facility provided by a brokerage firm to a banking subsidiary to acquire securities on its own account. At year end, this amounted to $2.2 billion (2023: $2.09 billion). The facility bears interest at 6.5% (2023: 6%) per annum. During the year, one of the banking subsidiaries pledged Global Bonds amounting to US$15 million (2023: US$15 million) for a margin loan facility.

23. Due to specialized financial institutions

	2024	2023
	$'000	$'000
National Housing Trust (NHT) (i)	2,406,964	1,821,123
The National Export-Import Bank (EXIM) (ii)	301,254	461,429
Development Bank of Jamaica (DBJ) (iii)	49,685	158,909
	2,757,903	2,441,461

(i) The NHT, in pursuance of its statutory function to, inter alia, make available to its contributors' loans to assist in the purchase, building, maintenance, repair or improvement of houses and makes arrangements with mortgage lending institutions (the Financial Partners/FPs) to originate, underwrite, fully finance, disburse and administer loans, representing the NHT contributors housing benefit.

(ii) The EXIM loan facility is available for on-lending to qualified Micro and Small and Medium sized Enterprise (MSME). Loans distributed under this facility are for a period of forty-eight (48) months.

(iii) The terms of the agreement are to offer funds for on-lending to qualified sub-borrowers in the Micro Small and Medium sized Enterprise (MSME) Sectors for eligible projects.

*See note 51

24. Employee benefits obligation

The Group provides for several post-retirement pension benefits through a defined-contribution scheme which replaced a prior defined-benefit pension scheme for employees of the Group. The pensioners in the defined-benefit scheme were transferred to a defined-contribution scheme, with the guarantee of their pension payments, and active members started to contribute on a defined-contribution basis. The scheme is funded by contributions from the Group and employees in accordance with the rules of the scheme.

Under the defined-contribution scheme, retirement benefits are based on the Group's and employees' accumulated contributions, plus interest and, therefore, the Group has no further obligation to fund pension benefits.

During a prior period, the trustees of the scheme purchased annuities for the transferring pensioners in the scheme, thereby removing the obligation of the guarantee of the pension payments from the scheme.

The following subsidiary and indirect subsidiaries participate in defined-contribution pension schemes in their respective jurisdictions:

	Subsidiary	Pension scheme
(i)	JN Cayman	Cayman National Pension Plan
(ii)	JN Money Services (USA) Inc.	401K retirement plan managed by Legg Mason Global Asset Management
(iii)	JN Money Services (Canada) Limited	Registered retirement services plan managed by Manulife Financial Corporation
(iv)	JN Money Services (Cayman) Limited	Cayman Islands Chamber of Commerce
(v)	JN Money Services (UK) Limited	Legal & General Assurance Society Limited Pension Plan

The total contributions made for the year are included in employee costs (note 39).

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

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

(a) Employee benefits obligation:

	Group	
	2024	2023
	$'000	$'000
Present value of unfunded obligations	1,196,580	795,530
Supplementary benefit [note 24(i)]	2,418	2,315
	1,198,998	797,845

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

24. Employee benefits obligation (continued)

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

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

	Group	
	2024	2023
	$'000	$'000
At beginning of year	797,845	1,413,169
Benefits paid	(16,500)	(19,814)
Service costs [note 24(c)]	26,570	81,712
Interest cost [note 24(c)]	102,345	136,030
Actuarial gain arising from:		
Experience adjustments	(59,192)	(140,688)
Demographic assumptions	(34,555)	96,540
Financial assumptions	382,485	(769,104)
Balances at end of year	1,198,998	797,845

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

	Group	
	2024	2023
	$'000	$'000
Current service costs	26,570	81,712
Interest cost on obligation	102,345	136,030
	128,915	217,742

(d) Items recognised in other comprehensive income:

	Group	
	2024	2023
	$'000	$'000
Remeasurement gain on obligation	288,738	(813,251)

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

	Group	
	2024	2023
	%	%
Discount rate at March 31	10.50	13.00
Health cost inflation rate	6.50	6.50
Interest on contributions	10.50	13.00

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

The calculation of the projected benefit obligation is sensitive to the assumptions used. The table below summarises how the projected benefit obligation measured at the end of the reporting period would have increased/(decreased) as a result of a change in the respective assumptions by one percentage point. In preparing the analyses for each assumption, all others were held constant. The economic assumptions are somewhat linked as they are all related to inflation.

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

24. Employee benefits obligation (continued)

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

	Group			
	2024		2023	
	1 % Increase $'000	1 % Decrease $'000	1 % Increase $'000	1 % Decrease $'000
Discount rate	(166,916)	217,233	(93,628)	118,282
Health inflation rate	223,996	(149,520)	123,900	(98,448)
Interest on contributions	37,261	(27,780)	17,389	(14,395)

(g) At March 31, 2024, the weighted average duration of the defined benefit obligation was 20.7 years (2023: 17.5 years).

(h) As mortality continues to improve, estimates of life expectancy are expected to increase. An increase of one year in life expectancy is expected to impact the employee benefit obligation as follows:

- Post-retirement health insurance plan: increase of $16.38 million (2023: $18.36 million).
- Group life plan: decrease of $11.79 million (2023: $10.07 million).

(i) Supplementary pension benefit:

This represents the defined-benefit obligation in respect of supplementary pension provided by a subsidiary for 2 (2023: 2) pensioners.

25. Insurance and reinsurance contracts

	2024			2023		
	Contracts not measured under PAA $'000	Contracts measured under PAA $'000	Total $'000	Contracts not measured under PAA $'000	Contracts measured Under PAA $'000	Total $'000
(a) Insurance contracts						
Insurance contracts liabilities:						
Insurance contracts balance	342,188	7,008,986	7,351,174	292,196	5,201,430	5,493,626
Assets for insurance acquisition cash flows	(94)	-	(94)	(63)	-	(63)
	342,094	7,008,986	7,351,080	292,133	5,201,430	5,493,563
Insurance contracts assets:						
Insurance contracts balances	84,711	-	84,711	2,578	-	2,578
Assets for insurance acquisition cash flows	3,772	-	3,772	3,577	-	3,577
	88,483	-	88,483	6,155	-	6,155
(b) Reinsurance contracts						
Reinsurance contract assets	645	1,616,513	1,617,158	370	787,536	787,906

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

25. Insurance and reinsurance contracts (continued)

(i) The following table sets out the carrying amounts of insurance and reinsurance contracts expected to be (recovered)/settled more than 12 months after the reporting date.

	2024 $'000	2023 $'000
Insurance contract assets	(453,976)	(203,896)
Insurance contract liabilities	(6,733,624)	(4,925,510)
Reinsurance contract assets	1,567,896	711,515
Reinsurance contract liabilities	-	36

(ii) At 31 March 2024, the maximum exposure to credit risks from insurance contracts is $79.23 million (2023: $53.62 million), which primarily relates to premiums receivable for services that the Group has already provided, and the maximum exposure to credit risk from reinsurance contract is $0.89 million (2023: $56.54 million).

A. Movements in insurance and reinsurance contract balances

Movement in insurance contract balances

	$'000
Carrying amounts at April 1, 2023	4,699,502
Premiums received	4,322,962
Claims and expenses paid	(1,201,725)
Acquisition cash flows	(2,365,672)
Insurance revenue	(3,478,488)
Insurance service expenses	3,913,047
Insurance finance expenses	(203,096)
Currency and other changes	(41,091)
Carrying amounts at March 31, 2024	5,645,439

The reconciliations in the following tables show how the net carrying amounts of insurance and reinsurance contracts in the reporting segment changed during the year as a result of cash flows and amounts recognised in statement of profit or loss and OCI.

The Group presents a table that separately analyses movements in the liabilities for remaining coverage and movements in the liabilities for incurred claims and reconciles these movements to the line items in the statement of profit or loss and OCI.

It separately analyses changes in the estimates of the present value of future cash flows, the risk adjustment for non-financial risk and the contract service margin (CSM).

For an explanation of how contracts were measured under the full retrospective approach and under the fair value approach on transition to IFRS 17, see note 51.

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

25. Insurance and reinsurance contracts (continued)

A. Movements in insurance and reinsurance contract balances (continued)

(i) Insurance contracts not measured under PAA

Analysis by remaining coverage and incurred claims

	2024			
	Liabilities for remaining coverage			
	Excluding loss component	Loss component	Liabilities for incurred claims	Total
	$'000	$'000	$'000	$'000
Opening assets	(7,523)	4,706	(3,338)	(6,155)
Opening liabilities	260,334	-	31,799	292,133
Net opening balance	252,811	4,706	28,461	285,978
Changes in the statement of profit or loss and OCI:				
Insurance revenue (note 35)	(346,506)	-	-	(346,506)
Insurance service expenses:				
Incurred claims and other insurance service expenses	-	(9,250)	100,386	91,136
Amortisation of insurance acquisition cash flows	29,026	-	-	29,026
Losses and reversals of losses on onerous contracts	-	12,944	-	12,944
Adjustments to liabilities for incurred claims	-	-	(12,191)	(12,191)
	29,026	3,694	88,195	120,915
	(317,480)	3,694	88,195	(225,591)
Insurance service result:				
Net finance expenses from insurance contracts (note 34)	10,197	397	-	10,594
Finance expenses from insurance contracts issued recognised in OCI	(9,464)	-	-	(9,464)
Total changes in the statement of profit or loss and OCI	(316,747)	4,091	88,195	(224,461)
Insurance acquisition cash flows assets	(8,996)	-	-	(8,996)
Pre-recognition cash flows derecognised and other changes	8,769	-	32	8,801
Cash flows				
Premiums received	415,079	-	-	415,079
Claim and other insurance service expenses paid, including investment components	-	-	(77,754)	(77,754)
Insurance acquisition cash flows	(145,036)	-	-	(145,036)
Total cash flows	270,043	-	(77,754)	192,289
Net closing balance	205,880	8,797	38,934	253,611
Represented by:				
Closing assets	(101,475)	8,797	4,195	(88,483)
Closing liabilities	307,355	-	34,739	342,094
Net closing (assets)/ liabilities balance	205,880	8,797	38,934	253,611

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

25. Insurance and reinsurance contracts (continued)

A. Movements in insurance and reinsurance contract balances (continued)

(i) Insurance contracts not measured under PAA (continued)

Analysis by remaining coverage and incurred claims (continued)

	2023			
	Liabilities for remaining coverage			
	Excluding loss component $'000	Loss component $'000	Liabilities for incurred claims $'000	Total $'000
Opening assets	-	-	-	-
Opening liabilities	285,398	-	31,572	316,970
Net opening balance	285,398	-	31,572	316,970
Changes in the statement of profit or loss and OCI:				
Insurance revenue (note 35)	(205,418)	-	-	(205,418)
Insurance service expenses:				
Incurred claims and other insurance service expenses	-	(66)	85,748	85,682
Amortisation of insurance acquisition cash flows	6,198	-	-	6,198
Losses and reversals of losses on onerous contracts	-	4,778	-	4,778
Adjustments to liabilities for incurred claims	-	-	(9,590)	(9,590)
	6,198	4,712	76,158	87,068
	(199,220)	4,712	76,158	(118,350)
Insurance service result:				
Net finance expenses from insurance contracts (note 34)	8,189	(6)	-	8,183
Finance expenses from insurance contracts issued recognised in OCI	(47,201)	-	-	(47,201)
Total changes in the statement of profit or loss and OCI	(238,232)	4,706	76,158	(157,368)
Insurance acquisition cash flows assets	(8,701)	-	-	(8,701)
Pre-recognition cash flows derecognised and other changes	8,330	-	(282)	8,048
Cash flows				
Premiums received	310,067	-	-	310,067
Claim and other insurance service expenses paid, including investment components	-	-	(78,987)	(78,987)
Insurance acquisition cash flows	(104,051)	-	-	(104,051)
Total cash flows	206,016	-	(78,987)	127,029
Net closing balance	252,811	4,706	28,461	285,978
Represented by:				
Closing assets	(7,523)	4,706	(3,338)	(6,155)
Closing liabilities	260,334	-	31,799	292,133
Net closing (assets)/ liabilities balance	252,811	4,706	28,461	285,978

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

25. Insurance and reinsurance contracts (continued)

A. Movements in insurance and reinsurance contract balances (continued)

(i) Insurance contracts not measured under PAA (continued)

Analysis by measurement component-contracts not measured under the PAA

	2024					
			Contractual service margin			
	Estimates of present value of future cashflows	Risk adjustment for non-financial risk	Contracts under fair value transaction approach	Other contracts	Subtotal	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Opening assets	(259,740)	138,354	92,907	22,324	115,231	(6,155)
Opening liabilities	226,059	31,514	15,521	19,039	34,560	292,133
Net opening balance	(33,681)	169,868	108,428	41,363	149,791	285,978
Changes in the statement of profit or loss and OCI:						
Changes that relate to current services:						
CSM recognised for services provided (note 35)	-	-	(20,823)	(34,861)	(55,684)	(55,684)
Change in risk adjustment for non-financial risk for risk expired	-	(56,071)	-	-	-	(56,071)
Experience adjustments	(119,293)	-	-	-	-	(119,293)
	(119,293)	(56,071)	(20,823)	(34,861)	(55,684)	(231,048)
Changes that relate to future services:						
Contracts initially recognised in the year [note 25C (i)]	(331,628)	151,739	-	186,912	186,912	7,023
Changes in estimates that adjust the CSM	(20,855)	(6,326)	20,305	6,876	27,181	-
Changes in estimates that result in losses and reversals of losses on onerous contracts	4,194	1,727	-	-	-	5,921
	(348,289)	147,140	20,305	193,788	214,093	12,944
Changes that relate to past services:						
Adjustments to liabilities for incurred claims	(10,159)	(2,032)	-	-	-	(12,191)
Experience adjustments – arising from premiums received in the period that relates to past service	4,704	-	-	-	-	4,704
	(5,445)	(2,032)	-	-	-	(7,487)
	(473,037)	89,037	(518)	158,927	158,409	(225,591)
Insurance service result						
Net finance expenses from insurance contracts (note 34)	(8,490)	8,772	2,613	7,699	10,312	10,594
Finance expenses from insurance contracts issued recognised in OCI	(13,081)	3,617	-	-	-	(9,464)
Total changes in the statement of profit or loss and OCI	(494,608)	101,426	2,095	166,626	168,721	(224,461)
Insurance acquisition cash flows assets	(8,996)	-	-	-	-	(8,996)
Pre-recognition cash flows derecognised and other changes	8,801	-	-	-	-	8,801
Cashflows						
Transfer to other items in the statement of financial position	192,289	-	-	-	-	192,289
Net closing balance	(336,195)	271,294	110,523	207,989	318,512	253,611
Represented by:						
Closing assets	(578,416)	237,230	99,139	153,564	252,703	(88,483)
Closing liabilities	242,221	34,064	11,384	54,425	65,809	342,094
Net closing balance at end of year	(336,195)	271,294	110,523	207,989	318,512	253,611

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

25. Insurance and reinsurance contracts (continued)

A. Movements in insurance and reinsurance contract balances (continued)

(i) Insurance contracts not measured under PAA (continued)

Analysis by measurement component-contracts not measured under the PAA (continued)

	2023					
			Contractual service margin			
	Estimates of present value of future cashflows	Risk adjustment for non-financial risk	Contracts under fair value transaction approach	Other contracts	Subtotal	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Opening assets	-	-	-	-	-	-
Opening liabilities	98,260	138,943	79,767	-	79,767	316,970
Net opening balance	98,260	138,943	79,767	-	79,767	316,970
Changes in the statement of profit or loss and OCI:						
Changes that relate to current services:						
CSM recognised for services provided (note 35)	-	-	(22,007)	(4,270)	(26,277)	(26,277)
Change in risk adjustment for non-financial risk for risk expired	-	(37,139)	-	-	-	(37,139)
Experience adjustments	(52,973)	-	-	-	-	(52,973)
	(52,973)	(37,139)	(22,007)	(4,270)	(26,277)	(116,389)
Changes that relate to future services:						
Contracts initially recognised in the year [note 25C (i)]	(180,359)	97,535	-	84,934	84,934	2,110
Changes in estimates that adjust the CSM	7,526	(14,169)	48,028	(41,385)	6,643	-
Changes in estimates that result in losses and reversals of losses on onerous contracts	2,412	256	-	-	-	2,668
	(170,421)	83,622	48,028	43,549	91,577	4,778
Changes that relate to past services:						
Adjustments to liabilities for incurred claims	(7,992)	(1,598)	-	-	-	(9,590)
Experience adjustments – arising from premiums received in the period that relates to past service	2,851	-	-	-	-	2,851
	(5,141)	(1,598)	-	-	-	(6,739)
	(228,535)	44,885	26,021	39,279	65,300	(118,350)
Insurance service result						
Net finance expenses from insurance contracts (note 34)	(1,211)	4,670	2,640	2,084	4,724	8,183
Finance expenses from insurance contracts issued recognised in OCI	(28,571)	(18,630)	-	-	-	(47,201)
Total changes in the statement of profit or loss and OCI	(258,317)	30,925	28,661	41,363	70,024	(157,368)
Insurance acquisition cash flows assets	(8,701)	-	-	-	-	(8,701)
Pre-recognition cash flows derecognised and other changes	8,048	-	-	-	-	8,048
Cashflows						
Transfer to other items in the statement of financial position	127,029	-	-	-	-	127,029
Net closing balance	(33,681)	169,868	108,428	41,363	149,791	285,978
Represented by:						
Closing assets	(259,740)	138,354	92,907	22,324	115,231	(6,155)
Closing liabilities	226,059	31,514	15,521	19,039	34,560	292,133
Net closing balance at end of year	(33,681)	169,868	108,428	41,363	149,791	285,978

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

25. Insurance and reinsurance contracts (continued)

A. Movements in insurance and reinsurance contract balances (continued)

(ii) Reinsurance contracts not measured under PAA

Analysis by remaining coverage and incurred claims

	2024			
	Assets for remaining coverage			
	Excluding loss component $'000	Loss component $'000	Assets for incurred claims $'000	Total $'000
Opening assets	(161)	531	-	370
Opening liabilities	-	-	-	-
Net opening balance	(161)	531	-	370
Changes in the statement of profit or loss and OCI:				
CSM recognised for the services received	40	-	-	40
Expected incurred claims and other directly attributable expenses recovery	261	-	-	261
Amounts recoverable from reinsurers:				
Recoveries of incurred claims and other insurance service expenses	-	(373)	(1,743)	(2,116)
Recoveries of losses on onerous underlying contracts on initial recognition	-	1,342	-	1,342
Recoveries and reversals of recoveries of losses on onerous underlying contracts	-	(151)	-	(151)
Changes that relate to past service i.e. changes in the FCF relating to incurred claims recovery	(268)	-	-	(268)
Effect of changes in non-performance risk of reinsurers	(162)	-	-	(162)
Net expenses from reinsurance contracts:	(129)	818	(1,743)	(1,054)
Insurance service result:				
Net finance expenses from insurance contracts (note 34)	(10)	107	-	97
Effect of movements in exchange rates	31	-	-	31
Total changes in the statement of profit or loss and OCI	(108)	925	(1,743)	(926)
Other pre-recognised cash flow derecognised and other changes	-	-	138	138
Cash flows				
Insurance acquisition cash flows	352	-	711	1,063
Total cash flows	352	-	711	1,063
Net closing balance	83	1,456	(894)	645
Represented by:				
Closing assets at end of year	83	1,456	(894)	645
Closing liabilities at end of year	-	-	-	-
Net closing (assets)/liabilities balance	83	1,456	(894)	645

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

25. Insurance and reinsurance contracts (continued)

A. Movements in insurance and reinsurance contract balances (continued)

(ii) Reinsurance contracts not measured under PAA (continued)

Analysis by remaining coverage and incurred claims (continued)

	2023			
	Assets for remaining coverage			
	Excluding loss component $'000	Loss component $'000	Assets for incurred claims $'000	Total $'000
Opening assets	-	-	-	-
Opening liabilities	-	-	-	-
Net opening balance	-	-	-	-
Changes in the statement of profit or loss and OCI:				
CSM recognised for the services received	19	-	-	19
Expected incurred claims and other directly attributable expenses recovery	32	-	-	32
Amounts recoverable from reinsurers:				
Recoveries of incurred claims and other insurance service expenses	-	(47)	-	(47)
Recoveries of losses on onerous underlying contracts on initial recognition	-	418	-	418
Recoveries and reversals of recoveries of losses on onerous underlying contracts	-	160	-	160
Changes that relate to past service i.e. changes in the FCF relating to incurred claims recovery	(82)	-	-	(82)
Effect of changes in non-performance risk of reinsurers	(46)	-	-	(46)
Net expenses from reinsurance contracts:	(77)	531	-	454
Insurance service result:				
Net finance expenses from insurance contracts (note 34)	(84)	-	-	(84)
Effect of movements in exchange rates	-	-	-	-
Total changes in the statement of profit or loss and OCI	(161)	531	-	370
Other pre-recognised cash flow derecognised and other changes	-	-	-	-
Cash flows				
Insurance acquisition cash flows	-	-	-	-
Total cash flows	-	-	-	-
Net closing balance	(161)	531	-	370
Represented by:				
Closing assets at end of year	(161)	531	-	370
Closing liabilities at end of year	-	-	-	-
Net closing (assets)/liabilities balance	(161)	531	-	370

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

25. Insurance and reinsurance contracts (continued)

A. Movements in insurance and reinsurance contract balances (continued)

(ii) Reinsurance contracts not measured under PAA (continued)

Analysis by measurement component

	2024					
			Contractual service margin			
	Estimates of present value of future cashflows $'000	Risk adjustment for non-financial risk $'000	Contracts under fair value transaction approach $'000	Other contracts $'000	Subtotal $'000	Total $'000
Opening (assets)	72	1,048	-	(750)	(750)	370
Opening liabilities	-	-	-	-	-	-
Net opening balance	72	1,048	-	(750)	(750)	370
Changes in the statement of profit or loss and OCI:						
Changes that relate to current services:						
CSM recognised for services provided	-	-	-	40	40	40
Change in risk adjustment for non-financial risk for risk expired	-	(162)	-	-	-	(162)
Experience adjustments	(380)	-	-	-	-	(380)
Changes that relate to future services:						
Contracts initially recognised in the year [note 25C (i)]	(568)	1,474	-	436	436	1,342
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	-	-	-	(429)	(429)	(429)
Changes in estimates that adjust the CSM	(11)	(351)	-	362	362	-
Changes in estimates that result in losses and reversals of losses on onerous contracts	80	550	-	-	-	630
Changes that relate to past services:						
Adjustments to liabilities for incurred claims	(1,743)	-	-	-	-	(1,743)
Net finance expenses from insurance (contracts note 34)	(20)	148	-	-	-	128
Total changes in the statement of profit or loss and OCI	(2,642)	1,659	-	409	409	(574)
Other pre-recognised cash flows derecognised and other changes	138	-	-	-	-	138
Cash flows [note 25A(i)]	711	-	-	-	-	711
Net closing balance	(1,721)	2,707	-	(341)	(341)	645
Represented by:						
Closing assets	(1,721)	2,707	-	(341)	(341)	645
Closing liabilities	-	-	-	-	-	-
Net closing(assets)/liabilities balance	(1,721)	2,707	-	(341)	(341)	645

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

25. Insurance and reinsurance contracts (continued)

A. Movements in insurance and reinsurance contract balances (continued)

(ii) Reinsurance contracts not measured under PAA (continued)

Analysis by measurement component (continued)

	2023					
			Contractual service margin			
	Estimates of present value of future cashflows $'000	Risk adjustment for non-financial risk $'000	Contracts under fair value transaction approach $'000	Other contracts $'000	Subtotal $'000	Total $'000
Opening (assets)	-	-	-	-	-	-
Opening liabilities	-	-	-	-	-	-
Net opening balance	-	-	-	-	-	-
Changes in the statement of profit or loss and OCI:						
Changes that relate to current services:						
CSM recognised for services provided	-	-	-	19	19	19
Change in risk adjustment for non-financial risk for risk expired	-	(46)	-	-	-	(46)
Experience adjustments	(97)	-	-	-	-	(97)
Changes that relate to future services:						
Contracts initially recognised in the year [note 25C (i)]	(668)	1,848	-	(762)	(762)	418
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	54	106	-	-	-	160
Changes in estimates that adjust the CSM	-	-	-	-	-	-
Changes in estimates that result in losses and reversals of losses on onerous contracts	-	-	-	-	-	-
Changes that relate to past services:						
Adjustments to liabilities for incurred claims	-	-	-	-	-	-
Net finance expenses from insurance contracts (note 34)	783	(860)	-	(7)	(7)	(84)
Total changes in the statement of profit or loss and OCI	72	1,048	-	(750)	(750)	370
Other pre-recognised cash flows derecognised and other changes	-	-	-	-	-	-
Cash flows [note 25A(i)]	-	-	-	-	-	-
Net closing balance	72	1,048	-	(750)	(750)	370
Represented by:						
Closing assets	72	1,048	-	(750)	(750)	370
Closing liabilities	-	-	-	-	-	-
Net closing(assets)/liabilities balance	72	1,048	-	(750)	(750)	370

25. Insurance and reinsurance contracts (continued)

A. Movements in insurance and reinsurance contract balances (continued)

(iii) Insurance contracts measured under PAA

Analysis by remaining coverage and incurred claims

	2024					2023				
			Liabilities for incurred claims					Liabilities for incurred claims		
			Contracts under PAA					Contracts under PAA		
	Liabilities for remaining coverages	Loss component	Estimates of present value of future cashflow	Risk adjustment for non-financial risk	Total	Liabilities for remaining coverages	Loss component	Estimates of present value of future cashflow	Risk adjustment for non-financial risk	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Opening liabilities	1,589,535	-	3,408,783	203,112	5,201,430	1,379,714	-	2,584,411	152,980	4,117,105
Changes in the statement of profit or loss and OCI:										
Insurance revenue – Contracts measured under PAA (note 35)	(8,319,697)	-	-	-	(8,319,697)	(6,647,523)	-	-	-	(6,647,523)
Insurance service expenses:										
Incurred claims and other insurance service expenses	-	-	4,151,220	103,033	4,254,253	-	-	3,984,402	60,562	4,044,964
Amortisation of insurance acquisition cash flow	1,427,899	-	-	-	1,427,899	784,978	-	-	-	784,978
Adjustments to liabilities for incurred claims	-	-	(63,807)	(12,673)	(76,480)	-	-	(52,149)	(10,430)	(62,579)
	1,427,899	-	4,087,413	90,360	5,605,672	784,978	-	3,932,253	50,132	4,767,363
Insurance service result:	(6,891,798)	-	4,087,413	90,360	(2,714,025)	(5,862,545)	-	3,932,253	50,132	(1,880,160)
Net finance expenses/(income) from insurance contracts	-	-	(329,746)	-	(329,746)	-	-	(179,563)	-	(179,563)
Effect of movements in exchange rates	(40,727)	-	-	-	(40,727)	(24,883)	-	-	-	(24,883)
	(40,727)	-	(329,746)	-	(370,473)	(24,883)	-	(179,563)	-	(204,446)
Total changes in the statement of profit or loss and cash flows	(6,932,525)	-	3,757,667	90,360	(3,084,498)	(5,887,428)	-	3,752,690	50,132	(2,084,606)
Cash flows										
Premiums received	8,906,628	-	-	-	8,906,628	6,880,706	-	-	-	6,880,706
Claims and other insurance service expenses paid, including investment components	(1,465,494)	-	(2,549,080)	-	(4,014,574)	(783,457)	-	(2,928,318)	-	(3,711,775)
Total cash flows	7,441,134	-	(2,549,080)	-	4,892,054	6,097,249	-	(2,928,318)	-	3,168,931
Closing (asset)/liabilities balance	2,098,144	-	4,617,370	293,472	7,008,986	1,589,535	-	3,408,783	203,112	5,201,430

25. Insurance and reinsurance contracts (continued)

A. Movements in insurance and reinsurance contract balances (continued)

(iv) Reinsurance contracts measured under PAA

Analysis by remaining coverage and incurred claims

	2024				2023			
	Assets for remaining coverage				Assets for remaining coverage			
	Assets for remaining coverage $'000	Estimates of present value of future cash flows $'000	Risk adjustment for non-financial risk $'000	Total $'000	Assets for remaining coverage $'000	Estimates of present value of future cash flows $'000	Risk adjustment for-non financial risk $'000	Total $'000
Opening assets	477,464	283,248	26,825	787,537	798,551	255,434	26,747	1,080,732
Changes in the statement of profit or loss and OCI:								
Allocation of reinsurance premiums paid	(5,371,733)	-	-	(5,371,733)	(2,922,422)	-	-	(2,922,422)
Amounts recoverable from reinsurers:								
Recoveries of incurred claims and other insurance service expenses	-	1,828,111	52,999	1,881,110	-	361,659	2,470	364,129
Adjustments to assets for incurred claims	2,746	(65,591)	(3,371)	(66,216)	-	(63,547)	(2,392)	(65,939)
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-	-	-	-
Net expenses from reinsurance contracts:	(5,368,987)	1,762,520	49,628	(3,556,839)	(2,922,422)	298,112	78	(2,624,232)
Insurance service result:								
Net finance expenses from insurance contracts	-	(125,618)	-	(125,618)	-	(1,954)	-	(1,954)
Effect of movement in exchange rates	-	-	-	-	1,678	-	-	1,678)
	-	(125,618)	-	(125,618)	1,678	(1,954)	-	(276)
Total changes in the statement of profit or loss and OCI	(5,368,987)	1,636,902	49,628	(3,682,457)	(2,920,744)	296,158	78	(2,624,508)
Cash flows								
Premiums paid	5,182,463	-	-	5,182,463	2,599,657	-	-	2,599,657
Recoveries from reinsurance	-	(671,030)	-	(671,030)	-	(268,344)	-	(268,344)
Total cash flows	5,182,463	(671,030)	-	4,511,433	2,599,657	(268,344)	-	2,331,313
Net closing (asset)/(liabilities)balance	290,940	1,249,120	76,453	1,616,513	477,464	283,248	26,825	787,537

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

25. Insurance and reinsurance contracts (continued)

B. Assets for insurance acquisition cash flows

	2024 $'000	2023 $'000
Balance at beginning of year	28,809	18,648
Amounts incurred during the year	53,868	53,572
Amounts derecognised and included in the measurement of insurance contracts	(24,148)	(43,411)
Balance at end of year	58,529	28,809
Assets for insurance acquisition cash flows are presented in the carrying amount of the related portfolio of insurance contracts as follows:		
Insurance contract assets	48,643	28,746
Insurance contract liabilities	94	63

(i) Expected timing of derecognition of insurance acquisition cash flows asset:

	Number of years until expected derecognition		
	1 year	2 years	3 years
As at March 31, 2024	58,529	-	-
As at March 31, 2023	28,809	-	-

C. Effect of contracts initially recognised in the year

The following tables summarise the effect on the measurement components arising from the initial recognition of insurance and reinsurance contracts not measured under the PAA in the year.

(i) Insurance contracts not measured at PAA

	2024			2023		
	Profitable contracts issued $'000	Onerous contracts issued $'000	Total $'000	Profitable contracts issued $'000	Onerous contracts issued $'000	Total $'000
Insurance acquisition cash flows	120,517	4,066	124,583	64,079	3,056	67,135
Estimates of present value of cash outflows	650,416	32,988	683,404	424,892	23,406	448,298
Estimates of present value of cash inflows	(1,100,865)	(38,751)	(1,139,616)	(664,298)	(31,494)	(695,792)
Risk adjustment for non-financial risk	143,020	8,720	151,740	90,393	7,142	97,535
CSM	186,912	-	186,912	84,934	-	84,934
	(120,517)	2,957	(117,560)	(64,079)	(946)	(65,025)
Losses recognised on initial recognition	-	7,023	7,023	-	2,110	2,110

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

25. Insurance and reinsurance contracts (continued)

C. Effect of contracts initially recognised in the year (continued)

The following tables summarise the effect on the measurement components arising from the initial recognition of insurance and reinsurance contracts not measured under the PAA in the year (continued).

(i) Insurance contracts not measured at PAA (continued)

	2024			2023		
	Contracts initiated without loss recovery components $'000	Contracts initiated with loss recovery components $'000	Total $'000	Contracts initiated without loss recovery components $'000	Contracts initiated with loss recovery components $'000	Total $'000
Estimates of present value of cash inflows	-	(5,451)	(5,451)	-	(10,148)	(10,148)
Estimates of present value of cash inflows	-	6,019	6,019	-	9,480	9,480
Risk adjustment for non-financial risk	-	(1,474)	(1,474)	-	(1,848)	(1,848)
CSM	-	2,042	2,042	-	1,180	1,180

D. Contractual service margin

The following table sets out when the Group expects to recognise the remaining CSM in profit or loss after the reporting date for contracts not measured under the PAA.

	Less than 1 year $'000	1 to 2 years $'000	2 to 3 years $'000	3 to 4 years $'000	4 to 5 years $'000	5 to 10 years $'000	More than 10 years $'000	Total $'000
March 31, 2024								
Insurance contract	56,696	46,021	36,405	28,688	22,186	63,260	65,256	318,512
Reinsurance contract	(51)	(44)	(39)	(35)	(30)	(101)	(41)	(341)
March 31, 2023								
Insurance contract	26,583	21,252	16,831	13,025	10,234	28,994	32,872	149,791
Reinsurance contract	(64)	(55)	(49)	(45)	(42)	(179)	(316)	(750)

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

26. Loans payable

	Group		Company	
	2024	2023	2024	2023
	$'000	$'000	$'000	$'000
Unsecured bond (i)	6,762,632	6,580,631	6,754,651	6,562,536
Jamaica Automobile Association (Services) Limited (ii)	133,996	-	133,996	-
JN Money Services Limited (iii)	-	-	355,725	-
The Jamaica National Group Limited (iv)	187,236	-	187,236	-
Total Credit Services Limited (v)	104,842	-	104,842	-
Subordinated debt [see (vi)]	669,000	669,000	-	-
JN Fund Managers Limited [see (vii)]	-	-	305,178	300,000
	7,857,706	7,249,631	7,841,628	6,862,536

(i) This represents the balance of an unsecured bond which bears interest at 7.75% per annum, with principal repayable upon maturity on September 30, 2024. Interest is repayable quarterly. The loan is disclosed net of deferred transaction cost, which is amortised over the life of the loan, $29.25 million of which was paid to a subsidiary at disbursement.

On August 16, 2022, an additional facility of $4 billion was acquired which bears interest at 10.30% per annum, with principal repayable in equal amounts semi-annually on interest payment dates, after an eighteen-month moratorium, until maturity on August 16, 2025. Interest is repayable semi-annually. The loan is disclosed net of deferred transaction cost, which is amortised over the life of the loan, $10 million of which was paid to a subsidiary at the disbursement. During the year, the maturity date of the loan was extended to August 16, 2028 and the interest rate increased to 12% per annum, resulting in a loss on modification of $145 million being recognized. This amortised cost of the loan before modification was $3.95 billion.

Compliance with a financial loan covenant was assessed after the year-end based on the financial results as at March 31, 2024, for an unsecured bond issued by the Company. The Company was in breach of the covenant and received approval from the bondholders for forbearance to become compliant with the covenant, having notified the trustees of the planned corrective actions to be taken, to include the execution of strategic initiatives to improve profitability.

(ii) This represents an unsecured debt issued by a related party on November 30, 2023, which matures on November 29, 2028. The notes bear interest at a rate of 11.75%. Interest is payable monthly and a bullet payment of principal at maturity.

(iii) This represents unsecured debts issued by a subsidiary on February 28, 2024, February 6, 2024, and May 29, 2023 and which mature on February 27, 2029, February 5, 2027 and May 28, 2028, respectively. The notes bear interest at rates of 6%, 6% and 2.5% respectively. Interest is payable monthly and a bullet payment of principal at maturity.

(iv) This represents an unsecured debt issued by the ultimate parent company on December 15, 2023, which matures on December 14, 2028. The note bears interest at a rate of 6%. Interest is payable monthly and a bullet payment of principal at maturity.

(v) This represents an unsecured debt issued by a related party on August 23, 2023 and which matures on August 22, 2028. The note bears interest at a rate of 8%. Interest is payable monthly and a bullet payment of principal at maturity.

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

26. Loans payable (continued)

(vi) This represents subordinated debt obligations maturing on September 30, 2026. The debt obligations were issued on March 31, 2022 at an interest rate of 7.75% per annum for 5.5 years. The obligations are secured by a basket of securities, and have fixed quarterly coupon payments and bullet payments of principal at maturity. This qualifies as Tier 2 capital in keeping with the requirements of the FSC for the investment management subsidiary.

(vii) This represents an unsecured bond which bears interest at 10.5% per annum. Interest is repayable monthly, with principal repayable at maturity on March 31, 2027 (2023: March 31, 2024). The bond is secured by a first demand debenture over the fixed and floating assets of the Company.

27. Share capital

	Group and Company	
	2024	2023
	$'000	$'000
Issued and fully paid:		
4,901,804,642 (2023: 4,901,804,639) ordinary shares of no par value	12,499,495	11,220,495

The number of shares which the Company is authorised to issue is unlimited. During the year, the Company issued 3 ordinary shares for $1,279,000,000 to The Jamaica National Group Limited.

28. Reserve fund

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

29. Contractual savings reserve

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

30. Other reserves

	Group	
	2024	2023
	$'000	$'000 Restated*
Capital reserve	83,076	83,076
Translation reserve (a)	595,987	614,109
Investment revaluation reserve (b)	(4,319,433)	(4,544,148)
Credit loss reserve (c)	748,613	583,778
Retained earnings reserve (d)	7,123,000	7,123,000
Insurance finance reserve (e)	42,522	35,401
Property revaluation reserve (f)	266,870	-
Other	16,356	16,356
	4,556,991	3,911,572

30. Other reserves (continued)

(a) Translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign subsidiaries to Jamaica dollar for consolidation purposes.

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

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

(d) The Banking Services Act, 2014 permits transfers from the Jamaican banking subsidiary's net profit to retained earnings reserve, which constitutes a part of the capital base. Transfers to the retained earnings reserve are made at the discretion of the Board of Directors. Such transfers must be notified to the Bank of Jamaica and any reversal must be approved by the Bank of Jamaica. During the year the local banking subsidiary transferred Nil (2023: Nil) from retained earnings to retained earnings reserve.

(e) The insurance finance reserve comprises the cumulative finance income and expenses recognised in other comprehensive income on insurance and reinsurance contracts.

(f) This reserve represents fair value gains arising from the reclassification of property and equipment to investment property.

31. Non-controlling interest

	Group	
	2024	2023
	$'000	$'000
Share capital	3,611	3,611
Share of profit and reserves	30,138	27,194
	33,749	30,805

This represents the non-controlling interest in the following direct subsidiaries.

Company	Non-Controlling Interest Holding	
JN Cayman	4.11%	(2023: 4.11%)
JN General Insurance Company Limited	0.36%	(2023: 0.36%)

32. Interest expense

	Group		Company	
	2024	2023	2024	2023
	$'000	$'000	$'000	$'000
Interest expense measured using the effective interest method:				
Specialised financial institutions	61,741	72,136	-	-
Customers deposits	3,179,700	1,442,078	-	-
Securities sold under repurchase	2,637,995	1,747,708	-	-
Lease liabilities [note 15a(iii)]	151,008	51,100	-	-
Loans payable	737,523	694,239	714,034	503,927
Other	126,912	106,406	-	-
	6,894,879	4,113,667	714,034	503,927

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

33. Net gains/(losses) on investments

	Group	
	2024 $'000	2023 $'000 Restated*
Unrealised gains on fair value through profit or loss (FVTPL) on investment securities	40,522	(51,199)
Loss on disposal of fair value through other comprehensive income (FVOCI) investment securities	(16,717)	(338)
	23,805	(51,537)

34. Net financial result

The following table analyses the Group's net financial result in profit or loss and OCl.

	Group	
	2024	2023
Investment return:	$'000	$'000
Net interest revenue calculated using the effective interest method	14,471,623	13,351,062
Other investment revenue/(expense)	23,805	(51,537)
Expected credit loss adjustment on financial assets	(2,759,206)	(2,662,549)
Amounts recognised in OCI	328,921	(3,234,069)
Total investment returns	12,065,143	7,402,907
Net finance income from insurance contracts:		
Interest accreted	319,152	171,380
Effect of changes in interest rates and other financial assumptions	9,464	47,201
Foreign exchange differences	-	-
Total net finance expenses from insurance contracts	328,616	218,581
Net finance expense from reinsurance contracts:		
Interest accreted	(125,587)	(1,954)
Other	97	(84)
Total net finance income from reinsurance contracts	(125,490)	(2,038)
	12,268,269	7,619,450
Represented by:		
Amounts recognised in profit or loss	11,929,853	10,806,318
Amounts recognised in OCI	338,416	(3,186,868)
	12,268,269	7,619,450
A. Insurance finance income and expenses:		
Net finance expenses from insurance contracts:		
Net finance expenses from reinsurance contracts-recognised in profit or loss	319,152	171,380
Net finance expenses from reinsurance contracts-recognised in in OCI	9,464	47,201
	328,616	218,581
Net finance income from reinsurance contracts:		
Net finance expenses from reinsurance contracts-recognised in profit or loss	(125,521)	(2,038)
Net finance expenses from reinsurance contracts-recognised in OCI	31	-
	(125,490)	(2,038)

* See note 51

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

34. Net financial result (continued)

The following table analyses the Group's net financial result in profit or loss and OCl (continued)

	Group	
	2024	2023
	$'000	$'000
B. Net finance income from reinsurance contracts:		
Investments measured at fair value through other comprehensive income (FVOCI)	538,529	391,606
Investments measured at amortised cost	233,287	252,649
Staff loans measured at amortised cost	363	469
	772,179	644,724

On transition to IFRS 17, for certain groups of insurance and reinsurance contracts in the life risk and life savings segments, the Group determined the cumulative insurance finance income and expenses recognised in OCI at April 1, 2023 using the fair value approach (see note 50). The movement in the fair value reserve for the debt investments at FVOCI financial assets related to those groups of contracts was as follows:

	2024	2023
	$'000	$'000
		Restated*
Balance at beginning of year	10,394	30,203
Net change in fair value	4,475	(26,326)
Net amount reclassified to profit or loss related income tax	(1,246)	6,517
Balance at end of year	13,623	10,394

35. Insurance revenue

	Group	
	2024	2023
	$'000	$'000
		Restated*
Contracts not measured under the PAA:		
Amounts relating to changes in liabilities for remaining coverage:		
CSM recognised for services provided [note 25A(ii)]	55,684	26,277
Change in risk adjustment for non-financial risk for risk expired	55,846	39,141
Expected incurred claims and other insurance service expenses	205,950	133,802
Recovery of insurance acquisition cash flows	29,026	6,198
Total insurance revenue for contracts not measured under PAA [note 25A(i)]	346,506	205,418
Contracts measured under the PAA [note 25A(iii)]	8,319,697	6,647,523
Total insurance revenue	8,666,203	6,852,941

* See note 51

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

36. Other operating income

	Group		Company	
	2024	2023	2024	2023
	$'000	$'000 Restated*	$'000	$'000
Fees and commission income:				
Commission income	14,007	78,225	-	-
Transaction fees	955,700	879,197	-	-
Loan fees	862,256	673,698	-	-
Money transfer fees	1,691,699	2,098,791	-	-
Mobile credit top up	12,777	13,000	-	-
Asset management fees	196,324	184,129	-	-
Corporate finance and advisory fees	148,380	30,053	-	-
Other fees and commission	94,854	112,206	-	-
	3,975,997	4,069,299	-	-
Realised gains on foreign exchange trading	3,604,901	3,874,436	-	-
Management fees	423,326	383,596	639,562	383,933
Dividends	66,959	40,897	539,836	1,114,556
Increase in fair value of investment property (note 14)	14,408	79,499	-	-
Gain on NHT loan sale [see (i) below]	-	943,222	-	-
Gain on disposal of property and equipment [note 15 (vi)]	1,935,894	-	-	-
Other	178,688	508,371	260,977	29,128
	6,224,176	5,830,021	1,440,375	1,527,617
	10,200,173	9,899,320	1,440,375	1,527,617

(i) In prior year, the local banking subsidiary settled its liability to the National Housing Trust (NHT) under the Joint Financing Mortgage Portfolio at a discount.

* See note 51

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

37. Operating expenses

	Group		Company	
	2024	2023	2024	2023
	$'000	$'000 *Restated	$'000	$'000
Administrative	9,234,650	7,925,922	24,402	21,658
Employee costs (note 39)	10,180,911	9,856,660	415,794	351,896
Advertising and promotion	641,834	612,506	-	-
Audit fees	374,742	310,879	16,293	15,739
Non audit fees	4,637	5,561	-	-
Bad debts written-off for loans and other receivables (note 13)	590,553	328,753	-	-
Depreciation and amortisation (notes 15, 16 and 17)	1,152,699	964,792	2,901	7,151
Legal and other professional fees	4,151,037	3,329,410	62,597	100,112
Losses on onerous contracts	12,944	4,778	-	-
Directors' fees	170,251	138,276	12,350	12,392
Impairment on assets held for sale	7,614	-	-	-
Insurance claims and benefits	4,039,863	3,568,981	-	-
Amortization of insurance acquisition cash flows	29,026	6,198	-	-
	30,590,761	27,052,716	534,337	508,948
Represented by				
Insurance service expenses	5,726,587	4,854,431	-	-
Other operating expenses	24,864,174	22,198,285	534,337	508,948
	30,590,761	27,052,716	534,337	508,948

38. Taxation

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

	Group	
	2024	2023
	$'000	$'000
(i) Current tax expense:		
Charge on current year profit	233,296	1,081,943
Adjustment in respect of prior year's charge	(56,360)	7,901
	176,936	1,089,844
(ii) Deferred tax expense (note 18):		
Unused tax losses	(34,056)	(239,071)
Origination and reversal of temporary differences	(967,478)	(266,616)
Total deferred tax	(1,001,534)	(505,687)
Total taxation in statement of profit or loss	(824,598)	584,157

* See note 51

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

38. Taxation (continued)

(b) Reconciliation of effective tax charge:

Taxation is computed at rates of 33⅓% for the Company, 15%, 33⅓% and 25% for its local subsidiaries and 19%, 26½% and 40% for certain direct and indirect foreign subsidiaries. Dividends received from local subsidiaries and companies external to the Group are taxed at Nil% and 15%, respectively. Tax is computed on income at Nil% for Cayman Islands direct and indirect subsidiaries. The effective tax rate for the Group was (24.59%) of loss before taxation (2023: 30.10%) and Nil% (2023: Nil%) for the Company.

The actual tax charge differs from the "expected" tax charge for the year as follows:

	Group		Company	
	2024	2023	2024	2023
	$'000	$'000	$'000	$'000
		*Restated		
Loss before taxation	(3,353,092)	(1,940,449)	(1,231,843)	(3,112,224)
Computed "expected" tax expense at 15% & 19%	7,566	3,350	-	-
Computed "expected" tax (credit)/expense at 25%	32,026	(23,980)	-	-
Computed "expected" tax expense at 26½% & 30%	157,989	9,537	-	-
Computed "expected" tax expense at 33⅓% & 40%	(698,460)	766,534	(410,573)	(1,037,305)
	(500,879)	755,441	(410,573)	(1,037,305)
Tax effect of difference between profit for financial statements and tax reporting purposes on -				
Depreciation charge and capital allowances	117,741	104,392	(593)	1,192
(Gain)/loss on disposal of property, plant and equipment	(645,298)	3,482	-	-
Unfranked and exempt income	(212,473)	(403,005)	(179,927)	(301,582)
Loss on disposal of investments	4,961	354	-	-
Disallowed expenses, net	112,359	(50,886)	491,779	1,317,191
Change in estimates relating to prior years	-	204,588	-	-
Tax losses	33,003	69,479	97,085	17,796
Other	322,348	(107,589)	2,229	2,708
	(768,238)	576,256	-	-
Prior year under provision	(56,360)	7,901	-	-
Actual tax expense, net	(824,598)	584,157	-	-

(c) As at March 31, 2024, tax losses of approximately $261.44 million (2023: $40.36 million) for the Company and $Nil (2023: $Nil) for the Jamaican subsidiaries of the Group are available for set-off against future taxable profits, subject to agreement by the Commissioner General, Tax Administration Jamaica. The Company can utilise the full amount of tax loss, as it is within its first five years of assessment following the year of assessment in which it commenced business.

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

38. Taxation (continued)

(d) At March 31, 2024, a deferred tax liability of approximately $3.80 billion (2023: $3.56 billion), relating to investment in certain indirect subsidiaries and associated companies has not been recognised, as the Company controls, or significantly controls, whether any liability will be incurred and management is satisfied that it will not be incurred in the foreseeable future.

(e) No deferred tax asset was booked for the Company as management believes that the tax losses are not likely to be used in the foreseeable future based on the Company's current business model.

A deferred tax asset has not been booked in respect of the following:

	2024 $'000	2023 $'000
Property and equipment	1,306	2,119
Other payables	33,889	19,537
Unrealised foreign exchange losses	582	77
Tax losses	401,351	310,547
Total	437,128	332,280

39. Employee costs

	Group		Company	
	2024 $'000	2023 $'000 *Restated	2024 $'000	2023 $'000
Salaries	7,541,302	7,078,970	347,635	296,904
Group life, pension and health insurance contributions	840,380	881,200	29,735	22,450
Statutory payroll contributions	808,694	786,498	35,815	28,904
Staff welfare	389,357	486,425	-	-
Other	601,178	623,567	2,609	3,638
	10,180,911	9,856,660	415,794	351,896

40. Related party balances and transactions

(a) Definition of related party:

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

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

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

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or a parent of the Group.

B. An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

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

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

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

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

(b) Identity of related parties:

The Company has a related party relationship with its parent company, fellow subsidiaries, direct and indirect subsidiaries, associates, JN Group Pension Scheme, its directors and those of its parent, companies owned by directors, other key management personnel and JN Foundation.

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

40. Related party balances and transactions (continued)

(c) The statements of financial position include balances, arising in the ordinary course of business, with related parties, as follows:

	Group 2024 $'000	Group 2023 $'000	Company 2024 $'000	Company 2023 $'000
Cash resources				
Subsidiary	-	-	10,519	16,734
Investments				
Other related entities	264,611	247,163	-	-
Due from related entities:				
Ultimate parent	123,754	16,200	13,211	-
Fellow subsidiaries	11,856	2,851	8,156	-
Subsidiaries	-	-	4,224	3,321
Other related entities	41,990	144,680	6,340	21,430
Due to related entities:				
Ultimate parent	35,537	354,675	-	199,266
Fellow subsidiary	-	-	308	-
Subsidiary	-	-	-	50,000
Other related entities	318,800	199,512	750	-
Loans				
Directors [see note 10(b)]	208,766	154,536	-	-
Other key management personnel	264,176	151,132	-	-
Customer deposits				
Directors	302,934	284,123	-	-
Ultimate parent company	154,898	162,203	-	-
Other key management personnel	33,653	44,049	-	-
Other related entities	349,571	905,299	-	-
Loans payable				
Ultimate parent company	-	-	187,206	-
Subsidiary	-	-	663,753	300,000
Other related entities	-	-	238,838	-
Securities sold under repurchase agreements				
Directors	76,706	87,695	-	-
Other related entities	325,023	438,464	-	-

(d) The statements of profit or loss include income earned from, and expenses incurred in, transactions with related parties, in the ordinary course of business, as follows:

	Group 2024 $'000	Group 2023 $'000	Company 2024 $'000	Company 2023 $'000
Dividends:				
Subsidiaries	-	-	(539,836)	(1,114,556)
Interest income:				
Ultimate Parent	(88,103)	(11,244)	-	-
Fellow subsidiary	-	-	(1,042)	(2,616)
Other related entities	(74,760)	(8,251)	-	-
Directors	(96)	(25)	-	-

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

40. Related party balances and transactions (continued)

(d) The statements of profit or loss include income earned from, and expenses incurred in, transactions with related parties, in the ordinary course of business, as follows (continued):

	Group		Company	
	2024	2023	2024	2023
	$'000	$'000	$'000	$'000
Management fees income (i)				
Ultimate parent	(88,103)	(46,081)	(60,973)	(22,125)
Subsidiaries	-	-	(526,654)	(328,365)
Fellow subsidiaries	(24,210)	(10,475)	(24,209)	(10,476)
Other related entities	(28,894)	(174,138)	(27,725)	(26,226)
Interest expense				
Ultimate parent	3,426	88,397	3,236	-
Subsidiary	-	-	39,839	17,068
Other related entities	18,438	3,785	12,712	-
Directors	39,111	42,872	-	-
Management fees expense				
Ultimate parent	2,082,325	1,340,561	-	53,871
Other related entities	240	-	-	-
Computer related expense				
Other related entities	1,885,791	1,495,908	3,606	1,436
Marketing expense				
Other related entities	58,904	168,693	5	96
Commission expense				
Other related entities	368,032	298,116	-	-
Rental expense				
Other related entities	22,701	38,866	-	-
Fee income				
Other related entities	-	-	(252,625)	(11,485)
Contribution to JN Group Pension Fund	235,051	220,403	-	-
Contribution to JN Foundation	18,445	44,034	-	-

(i) Management fee income relates to charges for services provided to the ultimate parent, subsidiaries, fellow subsidiaries and other related parties. The fee is charged on a pre-determined, fixed rate basis for hours of service provided.

The related party transactions were conducted on an arm's length basis.

40. Related party balances and transactions (continued)

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

	Group		Company	
	2024	2023	2024	2023
	$'000	$'000	$'000	$'000
Directors emoluments (note 37)				
Fees	170,251	138,276	12,350	12,392
Directors' renumeration	54,729	54,357	54,729	44,132
Other key management compensation (note 38)				
Short-term benefits	318,010	244,703	61,814	60,338
Post-employment benefits	11,985	7,242	1,904	1,745
	554,975	444,578	130,797	118,607

41. Managed funds

A subsidiary acts as agent and earns fees for managing clients' funds on a non-recourse basis under a management agreement. The Group has no legal or equitable right or interest in these funds and, accordingly, these funds and the assets in which they are invested have been excluded from these financial statements. At March 31, 2024, these funds amounted to $50.77 billion (2023: $40.91 billion).

42. Financial risk management

(a) Overview

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

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

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

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board and management have established the Finance Committee, the Group Risk and Compliance Unit and Group Audit Committee, which are responsible for developing and monitoring risk management policies in their specified areas. These committees have both executive and non-executive members and report to the Board of Directors on their activities.

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

42. Financial risk management (continued)

(a) Overview (continued)

The goal of the investment management process is to, within the policy guidelines, optimise the after-tax investment income and total return by investing in a diversified portfolio of securities, whilst ensuring that the assets and liabilities are managed on a cash flow and duration basis.

A key aspect of the management of the Group's financial risk is matching the timing of cash flows relating to assets and liabilities. The Group actively manages its investments using an approach that balances quality, diversification, liquidity and return. The portfolio is reviewed on a periodic basis, as are investment guidelines and limits, with the objective of ensuring that the Group can always meet its obligations without undue cost and in accordance with the Group's internal and regulatory capital requirements.

The Group Audit Committee is responsible for monitoring compliance with the Group's risk management policies and procedures. The Group Audit Committee is assisted by the Group Internal Audit Department, which undertakes cyclical reviews of risk management controls and procedures, the results of which are reported to the head of the Group Risk and Compliance Unit, the Group Audit Committee and the Board of Directors.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and products and services offered. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(b) Credit risk:

Credit risk is the risk of suffering financial loss, should any of the Group's customers, clients or market counterparties fail to fulfil their contractual obligations to the Group. Credit risk arises mainly from interbank, commercial and consumer loans and advances and loan commitments arising from such lending activities, financial guarantees, letters of credit, endorsements and acceptances. The Group is also exposed to credit risks arising from investments in debt securities and other exposures arising from its trading activities ('trading exposures') including non-equity trading portfolio assets and derivatives as well as settlement balances with market counterparties and reverse repurchase agreements.

Credit risk is the single largest risk for the Group's business; management therefore carefully manages its exposure to credit risk. The credit risk management and control are centralised in the credit risk and treasury management teams which report regularly to the appropriate board committee.

(i) Credit risk measurement

A. Loans and advances (including loan commitments and guarantees)

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

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

42. Financial risk management (continued)

(b) Credit risk (continued):

(i) Credit risk measurement (continued)

A. Loans and advances (including loan commitments and guarantees) (continued)

Credit risk grading

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

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

The table below reflects the Group's internal rating classification currently used only to determine the applicant's credit worthiness:

Credit classification	Credit score	Credit risk rating
Excellent	789 – 866	R1
Very good	712 – 788	R2
Good	634 – 711	R3
Acceptable	557 – 633	R4
Marginal	479 – 556	R5
Potential problem	401 – 478	R6
Substandard	324 – 400	R7
NPL doubtful	246 – 323	R8

B. Investments

For debt securities in the Treasury portfolio, external rating agency credit grades are used to rate credit risk.

These published grades are continually monitored and updated. Though-the-Cycle (TTC) PD's associated with each grade are determined based on realised default rates over the prior 12 months, as published by the rating agency.

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

42. Financial risk management (continued)

(b) Credit risk (continued):

(i) Credit risk measurement (continued)

B. Investments (continued)

The Group's internal rating scale, and its mapping to external ratings, are set out below:

Group's internal rating	TTC PD as a percentage (Corporate)	TTC PD as a percentage (Sovereign)	S & P	Moody's	Description of Grade
1	0.03%	0.00%	AAA	Aaa	Investment Grade
2	0.10%	0.00%	AA+	Aa1	
3	0.10%	0.00%	AA	Aa2	
4	0.10%	0.00%	AA-	Aa3	
5	0.10%	0.01%	A+	A1	
6	0.10%	0.01%	A	A2	
7	0.10%	0.01%	A-	A3	
8	0.20%	0.08%	BBB+	Baa1	
9	0.20%	0.08%	BBB	Baa2	
10	0.20%	0.08%	BBB-	Baa3	
11	1.10%	0.42%	BB+	Ba1	Speculative Grade
12	1.10%	0.42%	BB	Ba2	
13	1.10%	0.42%	BB-	Ba3	
14	3.00%	2.44%	B+	B1	
15	3.00%	2.44%	B	B2	
16	3.00%	2.44%	B-	B3	
17	6.80%	12.61%	CCC+	Caa1	
18	6.80%	12.61%	CCC	Caa2	
19	6.80%	12.61%	CCC-	Caa3	
20	25.00%	12.61%	CC	Ca	
21	25.00%	12.61%	C	C to D	Default
22	100.00%	100.00%	D		
23	100.00%	100.00%	SD		

42. Financial risk management (continued)

(b) Credit risk (continued):

(ii) Expected credit loss measurement

1. Credit impairment modelling

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

Stage 1

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

Stage 2

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

Stage 3

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

Change in credit quality since initial recognition

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

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

A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information. Note 42(b)(ii)2D includes an explanation of how the Group has incorporated this in its ECL models.

42. Financial risk management (continued)

(b) Credit risk (continued):

(ii) Expected credit loss measurement (continued)

2. Key judgments and assumptions in determining impairment

The key judgements and assumptions adopted by the Group in addressing the requirements of the standard related to the determination of ECL are presented below:

A. Significant increase in credit risk (SICR)

Loans

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

Investments

External credit rating grades are used as the basis for the assessment of increases in credit risk of investment securities. Movements within investment grade are not construed as significant increases in credit risk; however, exceptional conditions may be taken into consideration. A movement by two notches will trigger a migration from Stage 1 to Stage 2.

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

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

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

42. Financial risk management (continued)

(b) Credit risk (continued):

(ii) Expected credit loss measurement (continued)

2. Key judgments and assumptions in determining impairment (continued)

A. Significant increase in credit risk (SICR) (continued)

Backstop

Regardless of other criteria listed above for determining whether there has been a significant increase in credit risk, delinquency is applied as a backstop, thus the financial instrument is considered to have experienced a significant increase in credit risk if the borrower or issuer is more than 30 days past due on its contractual payments.

The Group has used the low credit risk exemption for intra-group exposures in the years ended March 31, 2024 and 2023.

B. Definition of default and credit-impaired assets:

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

(1) The borrower is more than 90 days past due on its contractual payments (other number of days below 90 days in the case of the small business and remittance entities in the Group).

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

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

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the PD, EAD and LGD for the Group's expected credit loss calculations.

42. Financial risk management (continued)

(b) Credit risk (continued):

(ii) Expected credit loss measurement (continued)

2. Key judgments and assumptions in determining impairment (continued)

B. Definition of default and credit-impaired assets (continued):

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

C. Measuring ECL - Explanation of inputs, assumptions and estimation techniques

Expected credit losses are measured on either a 12-month (12M) or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition but without the asset being impaired, or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the PD, EAD, and LGD, defined as follows:

- PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired assets" above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).
- LGD represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD).

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

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

42. Financial risk management (continued)

(b) Credit risk (continued):

(ii) Expected credit loss measurement (continued)

2. Key judgments and assumptions in determining impairment (continued)

C. Measuring ECL - Explanation of inputs, assumptions and estimation techniques (continued)

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type, as follows:

- For amortising products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12-month or lifetime basis.
- For revolving products, the exposure at default is predicted by taking the current drawn balance and adding a "credit conversion factor" which allows for the expected drawdown of the remaining limit by the time of default. These assumptions vary by product type and current limit utilisation band, based on analysis of the Group's recent default data.

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type as follows.

- For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.
- For unsecured products, LGDs are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers.

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

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

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

D. Forward-looking information incorporated in the ECL models

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

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

42. Financial risk management (continued)

(b) Credit risk (continued):

(ii) Expected credit loss measurement (continued)

2. Key judgments and assumptions in determining impairment (continued)

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

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. The economic variables for each jurisdiction in which the Group operates (the "base economic scenario") were provided by the Group's Business Advisory Services Unit and are reviewed on an annual basis. The macro economic variables provided were then estimated against each entity's NPL ratios within the JN Group.

The macro-economic variables that were statistically significant with NPLs were then weighted and calibrated to the Through the Cycle (TTC) PDs of each entity by using the Vasicek Model. This model takes into consideration the effects of the business cycle to capture the changes in the macro-environment. Expert judgement was utilised in the process to help determine the impact the change in the macro-environment will have on the components of LGD and EAD. Forecasts provided by the International Monetary Fund along with historical assessments of losses during down times informed the possible impact on the Group's credit portfolio default rates.

In addition to the base economic scenario, the Group Risk and Compliance unit also provided other possible scenarios along with scenario weightings. The number of other scenarios used is set based on the analysis of each major product type to ensure non-linearities are captured. The number of scenarios and their attributes are reassessed on an annual basis.

At March 31, 2024 and March 31, 2023, the Group concluded that three scenarios appropriately captured non-linearities. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking account of the range of possible outcomes of which each chosen scenario is representative. The assessment of SICR is performed using the Lifetime PD under each of the base and the other scenarios, multiplied by the associated scenario weighting, along with qualitative and backstop indicators.

This determines whether the whole financial instrument is in Stage 1, Stage 2 or Stage 3 and hence whether 12-month or lifetime ECL should be recorded. Following this assessment, the Group measures ECL as either a probability-weighted 12 month ECL (Stage 1), or a probability weighted lifetime ECL (Stages 2 and 3).

42. Financial risk management (continued)

(b) Credit risk (continued):

(ii) Expected credit loss measurement (continued)

2. Key judgments and assumptions in determining impairment (continued)

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

These probability-weighted ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weighting (as opposed to weighting the inputs). As with any economic forecast, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different from those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within the Group's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

Economic variable assumptions

The most significant period-end assumptions used for the ECL estimate as at March 31, 2024 and March 31, 2023 are set out below. The scenarios "base", "upside" and "downside" were used for all portfolios.

The weightings assigned to each economic scenario at March 31, 2024 and March 31, 2023 were as follows:

	Base	Upside	Downside
March 31, 2024			
Loans	50%	30%	20%
Investments	60%	30%	10%
March 31, 2023			
Loans	60%	30%	10%
Investments	10%	10%	80%

Other forward-looking considerations not otherwise incorporated within the above scenarios, such as the impact of any regulatory, legislative or political changes, have also been considered, but are not deemed to have a material impact and therefore no adjustment has been made to the ECL for such factors. This is reviewed and monitored for appropriateness on a quarterly basis.

42. Financial risk management (continued)

(b) Credit risk (continued):

(ii) Expected credit loss measurement (continued)

2. Key judgments and assumptions in determining impairment (continued)

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

Management used the Vasicek model to apply forward looking information.

In incorporating the forward-looking information (FLI), the Group assessed the correlation of the following economic variables against its annual non-performing loan (NPL) ratios for the period 2010-2027:

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

Annual projections of these variables were incorporated for the period 2023-2028. All variables - indicated moderate correlation to the Group's NPL ratios. These variables were weighted and included in the Group's Vasicek Model. Linear regression analyses were performed under the different scenarios of base, best and worst cases in the Vasicek Model to determine the standardized Z Scores. The unstandardized Z Scores were then determined by multiplying the standard deviation of the NPL ratios and adding the mean of the NPL ratios over the period 2010 – 2028. The unstandardized Z scores were then weighted by each economic variable to determine the overall Z Scores for each scenario. The Z Scores for each economic scenario were then calibrated to the Through the Cycle (TTC) PDs to determine the Point in Time (PIT) PDs.

The table below lists the macroeconomic assumptions used in the base, best and worse scenarios over the forecast period for variables that indicated moderate correlation to the Group's NPL.

Probability Weighted Scenarios					
Base Case					
Macro Variables	Z score (standardized)	Z score	Sector DR	Weighting	Z score Weighted
Real GDP	-0.123	-0.329	4.062%	2.97%	-0.010
Unemployment rate	0.456	-0.099	3.327%	36.67%	-0.036
Inflatiom rate	-1.300	-0.796	5.958%	26.46%	-0.211
Interest rate	-0.195	-0.357	4.161%	33.91%	-0.121
					-0.37773
Best Case					
Macro Variables	Z score (standardized)	Z score	Sector DR	Weighting	Z score Weighted
Real GDP	0.221	-0.192	3.611%	2.97%	-0.006
Unemployment rate	1.138	0.173	2.606%	36.67%	0.063
Inflatiom rate	0.748	0.018	3.000%	26.46%	0.005
Interest rate	0.368	-0.133	3.431%	33.91%	-0.045
					0.01710
Worst Case					
Macro Variables	Z score (standardized)	Z score	Sector DR	Weighting	Z score Weighted
Real GDP	-0.617	-0.525	4.787%	2.97%	-0.016
Unemployment rate	-1.041	-0.694	5.492%	36.67%	-0.254
Inflatiom rate	-1.300	-0.796	5.958%	26.46%	-0.211
Interest rate	-0.195	-0.357	4.161%	33.91%	-0.121

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

42. Financial risk management (continued)

(b) Credit risk (continued):

(ii) Expected credit loss measurement (continued)

2. Key judgments and assumptions in determining impairment (continued)

E. Grouping of instruments for losses measured on a collective basis

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

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

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

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

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

F. Management of credit risk

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

(i) strong underwriting and credit administration systems are in place.
(ii) where collateral is held against an outstanding loan, it is sufficiently insured;
(iii) following purchase or origination of financial assets, borrowers'/ability to reply on continually monitored and
(iv) loan loss provisioning is in keeping with regulatory guidelines; and
(v) loans are not concentrated in one individual, company or group;

Counterparty credit risk

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

42. Financial risk management (continued)

(b) Credit risk (continued):

(ii) Expected credit loss measurement (continued)

2. Key judgments and assumptions in determining impairment (continued)

F. Management of credit risk (continued)

Credits to borrowers

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

Loans with renegotiated terms

Loans with renegotiated terms are loans that have been restructured due to deterioration in the customer's financial position and where the Bank has made concessions that it would not otherwise consider. Once the loan is restructured, it remains in this category irrespective of satisfactory performance after restructuring. At March 31, 2024, the outstanding principal balances on loans that were restructured amounted to $3.58 billion (2023: $1.29 billion). The amortised cost before the modification, the net modification gain recognised, and the loss allowance measured at an amount equal to lifetime expected credit losses and for which the loss allowance has changed during the year to an amount equal to 12-month expected credit losses are as follows:

	2024	2023
	$'000	$'000
Amortised cost before modification	2,351,126	402,423
Net modification gain	185,135	62,629
Loss allowance changed to an amount equal to 12-month ECL	12,505	11,308

Impaired credits to borrowers

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

Past due but unimpaired credits to borrowers

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

Write-off policy

The Group writes off credits to borrowers (and any related allowances for impairment losses) when it determines that the balances are uncollectible. This determination is usually made after considering information such as changes in the borrower's financial position, or that proceeds from collateral will not be sufficient to pay back the entire exposure. Credits to borrowers for write-off must be submitted to the Credit Committee and/or the Board of Directors for approval.

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

42. Financial risk management (continued)

(b) Credit risk (continued):

(ii) Expected credit loss measurement (continued)

2. Key judgments and assumptions in determining impairment (continued)

F. Management of credit risk (continued)

Write-off policy (continued)

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

The Group may write-off financial assets that are still subject to enforcement activity. The outstanding contractual amount of such assets written off during the year ended March 31, 2024 was $3.37 billion (2023: $357.02 million). The Group still seeks to recover in full amounts it is legally owed, but which have been wholly or partially written off due to no reasonable expectation of full recovery.

Concentration by class and geographical area

The Group limits its exposure to credit risk from investments by investing substantially with counterparties that have high credit ratings and in Government of Jamaica securities. It limits its exposure to credit risk from loans by having a robust lending administration system in place. Therefore, management does not expect any counterparty to fail to meet its obligations.

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

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

	Group		Company	
	2024	2023	2024	2023
	$'000	$'000	$'000	$'000
Jamaica	244,166,517	233,300,670	61,687	56,343
United States of America	9,499,161	7,335,795	-	-
United Kingdom	80,133,206	28,824,407	-	-
Canada	2,241,974	4,301,284	-	-
Ghana	1,929	1,869	-	-
Barbados	13,146	12,588	-	-
Bahamas	-	29,415	-	-
Trinidad & Tobago	1,101,539	888,614	-	-
Turks and Caicos	93,401	48,011	-	-
Philippines	2,100	2,052	-	-
Cayman Islands	8,004,752	6,929,324	-	-
	345,257,725	281,674,029	61,687	56,343

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

42. Financial risk management (continued)

(b) Credit risk (continued):

(ii) Expected credit loss measurement (continued)

2. Key judgments and assumptions in determining impairment (continued)

F. Management of credit risk (continued)

Credit quality of loans

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

	Group	
	2024	2023
	$'000	$'000
Neither past due nor impaired	148,777,378	128,759,018
Past due but not impaired:		
Below 30 days	15,058,136	9,818,253
30 to 60 days	5,698,902	3,380,826
60 to 90 days	1,689,765	1,783,224
Individually impaired		
90-180 days	4,570,100	1,874,330
180-365 days	1,526,129	1,705,515
12-18 months	562,762	960,281
18 months and over	311,965	2,532,159
	178,195,137	150,813,606
Less allowance for losses (note 10)	(4,845,971)	(5,782,692)
Total loans, net (note 10)	173,349,166	145,030,914
Loan and credit card commitments	10,006,902	7,378,038
Total credit exposure	183,356,068	152,408,952

The Company had no loans at March 31, 2024 and 2023.

Exposure to credit risk

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

The maximum exposure to credit risk is represented by the amount of financial assets in the statement of financial position, including off-balance sheet assets and unused credit limits.

42. Financial risk management (continued)

(b) Credit risk (continued):

(ii) Expected credit loss measurement (continued)

2. Key judgments and assumptions in determining impairment (continued)

F. Management of credit risk (continued)

Exposure to credit risk (continued)

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

	Loans			
	2024			
	ECL staging			
	Stage 1 12-month ECL $'000	**Stage 2** Lifetime ECL $'000	**Stage 3** Lifetime ECL $'000	**Total** $'000
Standard monitoring	158,976,014	16,972	2,374	158,995,360
Special monitoring	4,415,257	17,647,313	-	22,062,570
Default	-	-	7,144,109	7,144,109
Gross credit exposure	163,391,271	17,664,285	7,146,483	188,202,039
Loss allowance	(1,368,841)	(231,046)	(3,246,084)	(4,845,971)
Total credit exposure	162,022,430	17,433,239	3,900,399	183,356,068

	Loans			
	2023			
	ECL staging			
	Stage 1 12-month ECL $'000	**Stage 2** Lifetime ECL $'000	**Stage 3** Lifetime ECL $'000	**Total** $'000
Standard monitoring	132,260,226	115,843	5,703	132,381,772
Special monitoring	6,394,625	12,009,580	-	18,404,205
Default	-	-	7,405,667	7,405,667
Gross credit exposure	138,654,851	12,125,423	7,411,370	158,191,644
Loss allowance	(1,545,299)	(544,124)	(3,693,269)	(5,782,692)
Total credit exposure	137,109,552	11,581,299	3,718,101	152,408,952

Information on how the ECL is measured and how the three stages above are determined is included in note 42(b)(ii)2C 'Expected credit loss measurement'.

The maximum exposure to credit risk for financial assets not subject to impairment is the carrying amount of the financial assets classified as FVTPL (see note 8).

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

42. Financial risk management (continued)

(b) Credit risk (continued):

(ii) Expected credit loss measurement (continued)

2. Key judgments and assumptions in determining impairment (continued)

F. Management of credit risk (continued)

Collateral and other credit enhancements held against financial assets

The Group holds collateral against credits to borrowers primarily in the form of mortgage interests over properties. Estimates of the fair value of collateral are based on the value of the collateral assessed at the time of borrowing and are generally not updated except when credits to borrowers are individually assessed as impaired. Other forms of collateral used by subsidiaries include, but are not limited to, insurance policies, properties, motor vehicles, and, for loans, personal or corporate guarantees.

The Group does not generally hold collateral over balances with banks or broker/dealers, except when securities are held under resale agreements.

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

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

	Group			
	Loans and advances		Securities purchased under resale agreements	
	2024	2023	2024	2023
	$'000	$'000	$'000	$'000
Against neither past due nor impaired financial assets:				
Properties	139,432,775	142,223,786	-	-
Debt securities	9,065,267	7,443,601	9,502,619	6,285,080
Liens on motor vehicles	19,737	35,534	-	-
Hypothecation of deposits	2,604,010	2,290,469	-	-
Subtotal	151,121,789	151,993,390	9,502,619	6,285,080
Against past due but not impaired financial assets:				
Properties	35,382,788	26,088,790	-	-
Liens on motor vehicles	1,300,237	839,843	-	-
Subtotal	36,683,025	26,928,633	-	-
Against past due and impaired financial assets:				
Properties	8,153,396	5,215,478	-	-
Liens on motor vehicles	257,792	183,550	-	-
Hypothecation of deposits	2,603	601	-	-
Subtotal	8,413,791	5,399,629	-	-
Grand total	196,218,605	184,321,652	9,502,619	6,285,080

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

42. Financial risk management (continued)

(b) Credit risk (continued):

(ii) Expected credit loss measurement (continued)

2. Key judgments and assumptions in determining impairment (continued)

F. Management of credit risk (continued)

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

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

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

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

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

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

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

	2024			
	Gross Exposure	**Impairment allowance**	**Carrying amount**	**Fair value of collateral held**
	$'000	$'000	$'000	$'000
Credit-impaired assets				
Loans				
Credit cards	100,409	(60,575)	39,834	-
Term loans	4,038,667	(3,019,070)	1,019,597	257,791
Mortgages	2,957,675	(141,452)	2,816,223	8,156,000
Other	49,539	(24,987)	24,552	-
Total for credit impaired assets	7,146,290	(3,246,084)	3,900,206	8,413,791

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

42. Financial risk management (continued)

(b) Credit risk (continued):

(ii) Expected credit loss measurement (continued)

2. Key judgments and assumptions in determining impairment (continued)

F. Management of credit risk (continued)

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

	2023			
	Gross Exposure	**Impairment allowance**	**Carrying amount**	**Fair value of collateral held**
	$'000	$'000	$'000	$'000
Credit-impaired assets				
Loans				
Credit cards	103,980	(59,687)	44,293	-
Term loans	4,898,538	(3,453,143)	1,445,395	183,550
Mortgages	2,377,715	(168,746)	2,208,969	5,215,478
Other	31,137	(11,693)	19,444	601
Total for credit impaired assets	7,411,370	(3,693,269)	3,718,101	5,399,629

Loss allowance

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

	2024	2023
	$'000	$'000
Loans (note 10)	1,965,261	2,667,459
Investments (note 8)	135,003	25,749
Other financial assets (notes 7 and 12)	658,942	(30,659)
	2,759,206	2,662,549

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

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the year, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL;
- Additional allowances for new financial instruments recognised during the year, as well as releases for financial instruments derecognised in the year;
- Discount unwound within ECL due to the passage of time, as ECL is measured on a present value basis;
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements; and
- Financial assets derecognised during the year and write-offs of allowances related to assets that were written off during the year.

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

42. Financial risk management (continued)

(b) Credit risk (continued):

(ii) Expected credit loss measurement (continued)

2. Key judgments and assumptions in determining impairment (continued)

F. Management of credit risk (continued)

Loss allowance (continued)

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

	2024			
	Stage 1	**Stage 2**	**Stage 3**	
	12-month ECL $'000	**Lifetime ECL $'000**	**Lifetime ECL $'000**	**Total $'000**
Loss allowance as at April 1, 2023	1,545,299	544,124	3,693,269	5,782,692
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(52,483)	52,483	-	-
Transfer from Stage 1 to Stage 3	(78,813)	-	78,813	-
Transfer from Stage 2 to Stage 1	39,364	(39,364)	-	-
Transfer from Stage 2 to Stage 3	-	(124,191)	124,191	-
Transfer from Stage 3 to Stage 2	-	54,332	(54,332)	-
Transfer from Stage 3 to Stage 1	21,775	-	(21,775)	-
New financial assets originated or purchased	584,328	-	1,481,551	2,065,879
Financial assets derecognised during the year	(1,225,268)	(282,379)	(88,956)	(1,596,603)
Net remeasurement of loss allowance	113,186	221,831	1,207,466	1,542,483
FX and other movements	(29,529)	(12,437)	(4,532)	(46,498)
Loss allowance recognised in profit or loss (note 10)	(627,440)	(129,725)	2,722,426	1,965,261
Other movements:				
Translation adjustment (note 10)	459,311	-	-	459,311
Write-offs against provision (note 10)	(8,329)	(183,353)	(3,169,611)	(3,361,293)
Loss allowance as at March 31, 2024	1,368,841	231,046	3,246,084	4,845,971

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

42. Financial risk management (continued)

(b) Credit risk (continued):

(ii) Expected credit loss measurement (continued)

2. Key judgments and assumptions in determining impairment (continued)

F. Management of credit risk (continued)

Loss allowance (continued)

Loans

The following tables explain the changes in the loss allowance for loans between the beginning and the end of the year due to these factors (continued):

	2023			
	Stage 1 12-month ECL $'000	**Stage 2 Lifetime ECL $'000**	**Stage 3 Lifetime ECL $'000**	**Total $'000**
Loss allowance as at April 1, 2022	1,025,770	321,248	1,909,151	3,256,169
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(58,446)	58,446	-	-
Transfer from Stage 1 to Stage 3	(48,305)		48,305	-
Transfer from Stage 2 to Stage 1	43,697	(43,697)	-	-
Transfer from Stage 2 to Stage 3	-	(79,637)	79,637	-
Transfer from Stage 3 to Stage 2	-	70,229	(70,229)	-
Transfer from Stage 3 to Stage 1	17,047	-	(17,047)	-
Impact of changes due to update in methodology for estimation	157,939	25,420	949,503	1,132,862
New financial assets originated or purchased	664,410	265,207	407,238	1,336,855
Financial assets derecognised during the year	(133,589)	(63,014)	(53,382)	(249,985)
Other movements	(84,352)	(9,194)	541,273	447,727
Loss allowance recognised in profit or loss (note 10)	558,401	223,760	1,885,298	2,667,459
Other movements:				
Translation adjustment (note 10)	(38,819)	(507)	-	(39,326)
Write-offs against provision (note 10)	(53)	(377)	(101,180)	(101,610)
Loss allowance as at March 31, 2023	1,545,299	544,124	3,693,269	5,782,692

Significant changes in the gross carrying amount of financial assets that contributed to changes in the loss allowance were as follows:

- The high volume of new loans originated during the year, which aligned with the Group's strategy; and

- The write-off of loans with a total gross carrying amount $3.37 billion (2023: $357.02 million) resulted in the reduction of the Stage 3 loss allowance by the same amount.

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

42. Financial risk management (continued)

(b) Credit risk (continued):

(ii) Expected credit loss measurement (continued)

2. Key judgments and assumptions in determining impairment (continued)

F. Management of credit risk (continued)

Loss allowance (continued)

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

	2024			
	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Gross carrying amount as at April 1, 2023	138,654,851	12,125,423	7,411,370	158,191,644
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	(11,344,634)	11,344,634	-	-
Transfer from Stage 1 to Stage 3	(1,888,556)	-	1,888,556	-
Transfer from Stage 2 to Stage 3	-	(2,138,678)	2,138,678	-
Transfer from Stage 3 to Stage 2	-	601,159	(601,159)	-
Transfer from Stage 3 to Stage 1	119,499	-	(119,499)	-
Transfer from Stage 2 to Stage 1	1,487,094	(1,487,094)	-	-
New financial assets originated or purchased	56,875,872	16,972	(12,729)	56,880,115
Financial assets derecognised during the year	(20,317,906)	(2,759,171)	(703,652)	(23,780,729)
Other movements:				
Translation adjustment (note 10)	82,387	128,189	74,613	285,189
Write-offs against provision (note 10)	(277,336)	(167,149)	(2,929,695)	(3,374,180)
Gross carrying amount as at March 31, 2024	163,391,271	17,664,285	7,146,483	188,202,039

	2023			
	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Gross carrying amount as at April 1, 2022	124,434,604	11,084,784	5,234,377	140,753,765
Transfers:				
Transfer from Stage 1 to Stage 2	(4,739,419)	4,739,419	-	-
Transfer from Stage 1 to Stage 3	(2,066,165)	-	2,066,165	-
Transfer from Stage 2 to Stage 3	-	(1,362,413)	1,362,413	-
Transfer from Stage 3 to Stage 2	-	502,201	(502,201)	-
Transfer from Stage 3 to Stage 1	145,116	-	(145,116)	-
Transfer from Stage 2 to Stage 1	2,529,398	(2,529,398)	-	-
New financial assets originated or purchased	43,705,216	1,716,838	364,524	45,786,578
Financial assets derecognised during the year	(25,352,084)	(2,008,095)	(631,503)	(27,991,682)
Write-offs	(1,815)	(17,913)	(337,289)	(357,017)
Gross carrying amount as at March 31, 2023	138,654,851	12,125,423	7,411,370	158,191,644

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

42. Financial risk management (continued)

(b) Credit risk (continued):

(ii) Expected credit loss measurement (continued)

2. Key judgments and assumptions in determining impairment (continued)

F. Management of credit risk (continued)

Loss allowance (continued)

The total amount of undiscounted ECL at initial recognition for purchased or originated credit-impaired financial assets recognised during the year was $30 million (2023: $288 million).

Investments

The following table explains the changes in loss allowances for investments between the beginning and the end of the year:

	2024			
	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Loss allowance as at April 1, 2023	227,166	94,124	-	321,290
Movements with P&L impact				
Transfers:				
Transfer from Stage 2 to Stage 1	25,528	(25,528)	-	-
Financial assets derecognised during the period	(153,006)	-	-	(153,006)
New assets originated or purchased	34,564	253,445	-	288,009
Net P&L charge during the period	(92,914)	227,917	-	135,003
Foreign exchange and other movements	(631)	-	-	(631)
Loss allowance as at March 31, 2024	133,621	322,041	-	455,662

	2023			
	Stage 1 12-month ECL $'000	Stage 2 Lifetime ECL $'000	Stage 3 Lifetime ECL $'000	Total $'000
Loss allowance as at April 1, 2022	267,457	28,084	-	295,541
Movements with P&L impact				
Transfers:				
Transfer from Stage 2 to Stage 1	(23,006)	23,006	-	-
New financial assets originated or Purchased	11,760	2,522	-	14,282
Foreign exchange and other Movements	(29,045)	40,512	-	11,467
Loss allowance recognised in profit or loss (note 8)	(40,291)	66,040	-	25,749
Loss allowance as at March 31, 2023	227,166	94,124	-	321,290

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

42. Financial risk management (continued)

(b) Credit risk (continued):

(ii) Expected credit loss measurement (continued)

2. Key judgments and assumptions in determining impairment (continued)

F. Management of credit risk (continued)

Loss allowance (continued)

Investments (continued)

At the reporting date, the Group had investments and securities purchased under resale agreements as follows:

	2024					
	Amortised cost		Carried at FVOCI		Total	
	Investment $'000	Reverse Repos $'000	Investment $'000	Reverse Repos $'000	Investment $'000	Reverse Repos $'000
Investment grade	3,240,463	-	11,817,836	-	15,058,299	-
Speculative grade	10,072,007	6,006,555	55,012,485	-	65,084,492	6,006,555
	13,312,470	6,006,555	66,830,321	-	80,142,791	6,006,555
ECL provision at year end	5,854	190	449,808	-	455,662	190

Speculative grade includes Government of Jamaica Securities of $51.14 billon (2023: $58.36 billion) (see note 8).

	2023					
	Amortised cost		Carried at FVOCI		Total	
	Investment $'000	Reverse Repos $'000	Investment $'000	Reverse Repos $'000	Investment $'000	Reverse Repos $'000
Investment grade	8,555,344	-	16,987,040	-	25,542,384	-
Speculative grade	3,443,818	1,632,018	61,229,569	1,594,618	64,673,387	3,226,636
	11,999,162	1,632,018	78,216,609	1,594,618	90,215,771	3,226,636
ECL provision at year end	28,917	514	292,373	-	321,290	514

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

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

42. Financial risk management (continued)

(b) Credit risk (continued)

(iii) Credit quality analysis and maximum exposure to credit risk of insurance and reinsurance contracts for financial investments

The following table sets out information about the credit quality of reinsurance contract assets for the general insurance subsidiary

	AA	A	B	Not rated	Total
	$'000	$'000	$'000	$'000	$'000
March 31, 2024					
Reinsurance contract assets	693,499	721,112	-	154,389	1,569,000
March 31, 2023					
Reinsurance contract assets	314,490	327,012	-	70,013	711,515

The following table sets out information about the credit quality of reinsurance contract assets and financial instruments measured at FVTPL for the life insurance subsidiary:

	AA	A	B	Not rated	Total
	$'000	$'000	$'000	$'000	$'000
March 31, 2024					
Financial instruments:					
Mutual funds	-	-	-	22,308	22,308
Quoted equities	-	-	-	30,381	30,381
Reinsurance contract assets	48,158	-	-	-	48,158
March 31, 2023					
Financial instruments:					
Mutual funds	-	-	-	19,236	19,236
Quoted equities	-	-	-	31,582	31,582
Reinsurance contract assets	76,391	-	-	-	76,391

(c) Liquidity risk:

Liquidity risk is the potential for loss to the Group arising from either its inability to meet its obligations or to fund increases in assets as they fall due without incurring unacceptable costs or losses. Liquidity risk is broken down into two primary categories:

(i) *Funding liquidity risk* - the risk that the Group will not be able to meet the expected and unexpected current and future cash flows and collateral needs without affecting either its daily operations or its financial condition; and

(ii) *Asset/market liquidity risk* – the risk that the Group will not be able to liquidate assets in an orderly fashion without incurring loss on liquidation. This usually stems from illiquid markets or market disruptions.

42. Financial risk management (continued)

(c) Liquidity risk (continued):

The general insurance subsidiaries also manages this risk by keeping a substantial portion of its financial assets in liquid form, in accordance with regulatory guidelines. The subsidiary is subject to a liquidity limit imposed by the regulator. The key measurement used for assessing liquidity risk is the ratio of liquid assets (as defined) to total liabilities. The actual ratio at the reporting date was 77% (2023: 113%). The level set by the regulator is 95%.

Management of liquidity risk

The amounts payable on demand and the carrying amount of the respective groups of contracts are presented in the following table:

	Amount payable on demand $'000	Carrying amount $'000
March 31, 2024	-	514,931
March 31, 2023	-	465,662

For subsidiaries, liquidity risk is measured using a framework that takes account of the nature of the business and applicable regulatory requirements. For example, the key measurement used for assessing a banking indirect subsidiary's liquidity risk is the ratio of liquid assets (as defined by regulatory requirements) to total liabilities. The liquidity ratios are set according to the currency in which the liabilities are determined. At the reporting date, for the Group they were as follows:

Denomination of liabilities	Requirement		Actual	
	2024	2023	2024	2023
	%	%	%	%
Jamaica Dollar	6	5	18	18
United States of America Dollar	14	13	21	17
Canadian Dollar	14	13	89	80
Pound Sterling	4	13	66	60

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

An analysis of the undiscounted cash flows required to settle the Group's financial liabilities and unrecognised loan commitments on the basis of their earliest possible contractual maturity is presented below. The analysis provided is by estimating the timing of settlement of the amounts recognised in the statement of financial position. The Group does not expect that all its customers will demand the payment of funds at the earliest date possible.

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

42. Financial risk management (continued)

(c) Liquidity risk (continued):

Management of liquidity risk (continued)

In evaluating liquidity risk, the Group uses the profile of undiscounted cash flows, as set out in the table below:

	Group						
	2024						
		Contractual undiscounted cash flows					
	Carrying amount $'000	Total cash outflow $'000	Less than 3 months $'000	3-12 months $'000	1-2 years $'000	2-5 years $'000	More than 5 years $'000
Financial Assets							
Cash resources	77,677,893	77,193,424	59,571,610	17,621,814	-	-	-
Securities purchased under resale agreements	6,247,803	6,616,479	1,833,889	4,762,566	20,024	-	-
Investments	82,491,366	81,305,395	14,041,599	5,221,808	9,211,858	13,150,965	39,679,165
Loans	173,349,166	170,223,024	3,435,730	7,690,469	13,832,252	25,851,140	119,413,433
Due from related entities	177,600	143,343	58,915	84,428	-	-	-
Other assets	1,949,377	2,118,877	2,118,877	-	-	-	-
Insurance and reinsurance contract asset	1,705,641	3,188,453	-	1,694,237	109,628	300,317	1,084,271
Total financial assets	343,598,846	340,788,995	81,060,620	37,075,322	23,173,762	39,302,422	160,176,869
Financial Liabilities							
Due to specialised financial institutions	2,757,903	2,976,680	23,336	96,782	103,337	256,554	2,496,671
Customer deposits	268,538,167	278,010,945	182,527,121	46,718,216	47,950,544	804,673	10,391
Due to related entities	354,337	1,309,531	354,337	955,194	-	-	-
Securities sold under repurchase agreements	32,517,556	33,848,664	20,776,143	13,072,521	-	-	-
Other payables	6,472,846	7,125,976	7,121,689	4,287	-	-	-
Margin loan payable	2,216,038	2,216,038	2,216,038	-	-	-	-
Lease liabilities	3,018,959	3,669,228	43,487	768,042	792,704	988,548	1,076,447
Loans payable	7,857,706	11,360,764	74,242	3,342,698	1,171,058	6,772,766	-
Total financial liabilities	323,733,512	340,517,826	213,136,393	64,957,740	50,017,643	8,822,541	3,583,509
Unrecognised loan commitments	-	16,978,823	16,978,823	-	-	-	-
Insurance contracts liabilities	7,351,080	8,492,009	-	4,983,649	942,714	1,202,492	1,363,154
	331,084,592	365,988,658	230,115,216	69,941,389	50,960,357	10,025,033	4,946,663
On-statement-of-financial-position gap being total liquidity gap	12,514,254	(25,199,663)	(149,054,596)	(32,866,067)	(27,786,595)	29,277,389	155,230,206
Cumulative gap	-	-	(149,054,596)	(181,920,663)	(209,707,258)	(180,429,869)	(25,199,663)

	Group						
	2023						
		Contractual undiscounted cash flows					
	Carrying amount $'000	Total cash outflow $'000	Less than 3 months $'000	3-12 months $'000	1-2 years $'000	2-5 years $'000	More than 5 years $'000
Financial Assets							
Cash resources	30,738,356	30,742,388	30,742,388	-	-	-	-
Securities purchased under resale agreements	3,376,094	3,449,209	2,257,169	1,192,040	-	-	-
Investments	92,017,305	94,127,121	16,357,752	17,996,119	3,135,150	9,405,449	47,232,651
Due from related entities	163,731	163,731	163,731	-	-	-	-
Loans	145,030,914	156,789,006	5,969,241	1,728,221	9,868,579	29,605,737	109,617,228
Other assets	1,653,062	1,653,062	1,653,062	-	-	-	-
Insurance and reinsurance contract assets	794,061	3,640	-	181	249	618	2,592
Total financial assets	273,773,523	286,928,157	57,143,343	20,916,561	13,003,978	39,011,804	156,852,471

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

42. Financial risk management (continued)

(c) Liquidity risk (continued):

Management of liquidity risk (continued)

	Group						
	2023						
	Contractual undiscounted cash flows						
	Carrying amount $'000	Total cash outflow $'000	Less than 3 months $'000	3-12 months $'000	1-2 years $'000	2-5 years $'000	More than 5 years $'000
Financial Liabilities							
Bank overdraft	39,564	39,564	39,564	-	-	-	-
Due to specialised financial institutions	2,441,461	2,618,406	82,591	220,519	241,169	446,685	1,627,442
Customer deposits	202,871,201	204,397,440	167,742,046	23,833,539	7,978,540	4,819,433	23,882
Due to related entities	554,187	554,187	554,187	-	-	-	-
Securities sold under repurchase agreements	30,394,760	31,649,330	22,387,472	9,261,858	-	-	-
Other payables	5,244,538	5,897,681	5,897,681	-	-	-	-
Margin loan payable	2,086,716	2,211,919	2,211,919	-	-	-	-
Lease liabilities	950,020	924,116	43,487	259,725	201,920	205,896	213,088
Loans payable	7,249,631	10,814,005	4,176,502	357,223	5,441,584	838,696	-
Total financial liabilities	251,832,078	259,106,648	203,135,449	33,932,864	13,863,213	6,310,710	1,864,412
Unrecognised loan commitments	-	12,155,857	12,155,857	-	-	-	-
Insurance contract liabilities	5,493,563	6,275,967	-	3,153,632	759,736	1,028,409	1,334,190
	257,325,641	277,538,472	212,291,306	37,086,496	14,622,949	7,339,119	3,198,602
On-statement-of-financial-position gap being total liquidity gap	16,447,882	9,389,685	(158,147,963)	(16,169,935)	(1,618,971)	31,672,685	153,653,869
Cumulative gap	-	-	(158,147,963)	(174,317,898)	(175,936,869)	(144,264,184)	9,389,685

	Company						
	2024						
	Contractual undiscounted cash flows						
	Carrying amount $'000	Total cash outflow $'000	Less than 3 months $'000	3-12 months $'000	1-2 years $'000	2-5 years $'000	5-10 years $'000
Financial Assets							
Cash resources	10,519	10,519	10,519	-	-	-	-
Due from related entities	31,931	31,931	31,931	-	-	-	-
Other assets	19,237	19,237	19,237	-	-	-	-
Total financial assets	61,687	61,687	61,687	-	-	-	-
Financial Liabilities							
Due to related entities	1,058	1,058	1,058	-	-	-	-
Other payables	247,361	247,361	247,361	-	-	-	-
Loans payable	7,841,628	9,828,497	70,298	3,190,145	582,279	5,985,775	-
	8,090,047	10,076,916	318,717	3,190,145	582,279	5,985,775	-
On-statement-of-financial-position gap being total liquidity gap	(8,028,360)	(10,015,229)	(257,030)	(3,190,145)	(582,279)	(5,985,775)	-
Cumulative gap	-	-	(257,030)	(3,447,175)	(4,029,454)	(10,015,229)	(10,015,229)

* See note 51

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

42. Financial risk management (continued)

(c) Liquidity risk (continued):

Management of liquidity risk (continued)

	Company					
	2023					
	Contractual undiscounted cash flows					
	Carrying amount	Total cash outflow	Less than 3 months	3-12 months	1-2 years	2-5 years
	$'000	$'000 $'000	$'000	$'000	$'000	
Financial Assets						
Cash resources	16,743	16,743	16,743	-	-	-
Due from related entities	24,751	24,751	24,751	-	-	-
Other assets	14,849	14,849	14,849	-	-	-
Total financial assets	56,343	56,343	56,343	-	-	-
Financial Liabilities						
Due to related entities	249,266	249,266	249,266	-	-	-
Other payables	129,253	129,253	129,253	-	-	-
Loans payable	6,862,536	7,022,042	4,153,375	151,125	2,717,542	-
	7,241,055	7,400,561	4,531,894	151,125	2,717,542	-
On statement of financial position gap being total liquidity gap	(7,184,712)	(7,344,218)	(4,475,551)	(151,125)	(2,717,542)	-
Cumulative gap	-	-	(4,475,551)	(4,626,676)	(7,344,218)	(7,344,218)

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

(d) Market risk:

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

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

Management of market risk

The Group's Board Finance Committee manages market risks in accordance with the Group's Investment Policy. The Committee reports regularly to the Board of Directors on its activities. For each of the major components of market risk, the Group has policies and procedures in place which detail how each risk should be monitored and managed. The management of each of these major components of risk and the exposure of the Group at the reporting date to each major risk are addressed below.

(i) Interest rate risk:

Interest rate risk is the risk that the value or cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Group manages this risk by regularly re-evaluating the yield, duration and modified duration on given financial instruments.

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

42. Financial risk management (continued)

(d) Market risk (continued):

Management of market risk (continued)

(i) Interest rate risk:

The Group interest rate gap risk analysis below shows a significant excess of short-term interest-bearing liabilities over short-term interest-earning assets. This is a direct consequence of the nature of the Group's business, which involves, predominantly granting long-term loans (up to 30 years) funded by customer deposits which are withdrawable on demand or at short notice. The Group may, provided that one month's notice is given, change the interest rates on its mortgages. In addition, mortgages may be called after six months' notice. The customer deposit portfolio has been stable and is expected to remain so.

The Group's deposit-taking subsidiaries manage their risk by monitoring their customer deposits, taking steps to ensure stability, and by adjusting interest rates to the extent practicable within the overall policy of encouraging long-term savings and facilitating home ownership.

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

	Group 2024						
	Immediately rate sensitive	Within 3 months	3 to 12 months	Over 1 year	Non-rate sensitive	Total	Weighted average interest rate
	$'000	$'000	$'000	$'000	$'000	$'000	%
Financial assets							
Cash resources	48,791,983	8,014,307	2,032	-	20,869,571	77,677,893	0.04
Securities purchased under resale agreements	-	1,613,404	4,393,028	-	241,371	6,247,803	7.36
Investments	-	12,559,527	6,889,507	61,004,474	2,037,858	82,491,366	4.40
Due from related entities	-	-	-	-	177,600	177,600	-
Loans	-	3,296,386	7,660,152	155,242,550	7,150,078	173,349,166	8.20
Insurance and reinsurance contract asset	1,658,128	-	-	-	47,513	1,705,641	7.84
Other assets	-	29,453	-	-	1,919,924	1,949,377	-
Total financial assets	50,450,111	25,513,077	18,944,719	216,247,024	32,443,915	343,598,846	
Financial liabilities							
Due to specialised financial institutions	-	21,754	95,264	2,640,885	-	2,757,903	3.04
Customer deposits	1,859,011	177,577,097	45,746,246	41,778,130	1,577,683	268,538,167	0.96
Due to related entities	-	-	-	-	354,337	354,337	-
Securities sold under repurchase agreements	-	19,400,603	12,547,045	-	569,908	32,517,556	7.68
Other payables	4,287	113,315	-	-	6,355,244	6,472,846	-
Margin loan payable	-	2,216,038	-	-	-	2,216,038	6.50
Lease liabilities	-	624,020	730,029	1,426,346	238,564	3,018,959	6.00
Insurance contracts liabilities	7,178,243	-	-	-	172,837	7,351,080	9.28
Loans payable	-	-	1,797,081	5,978,309	82,316	7,857,706	11.94
Total financial liabilities	9,041,541	199,952,827	60,915,665	51,823,670	9,350,889	331,084,592	
On-statement-of-financial-position gap being total liquidity gap	41,408,570	(174,439,750)	(41,970,946)	164,423,354	23,093,026	12,514,254	
Cumulative gap	41,408,570	(133,031,180)	(175,002,126)	(10,578,772)	12,514,254	-	

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

42. Financial risk management (continued)

(d) Market risk (continued):

Management of market risk (continued)

(i) Interest rate risk (continued):

	Group 2023						
	Immediately rate sensitive	Within 3 months	3 to 12 months	Over 1 year	Non-rate sensitive	Total	Weighted average interest rate
	$'000	$'000	$'000	$'000	$'000	$'000	%
Financial assets							
Cash resources	1,622,452	11,056,630	-	-	18,059,274	30,738,356	0.13
Securities purchased under resale agreements	-	2,171,860	1,147,213	-	57,021	3,376,094	5.21
Investments	-	15,176,156	17,436,410	57,291,038	2,113,707	92,017,305	4.28
Due from related entities	-	-	-	-	163,731	163,731	-
Loans	-	5,318,191	2,142,350	136,856,568	713,805	145,030,914	8.94
Insurance and reinsurance contract assets	718,040	-	-	-	76,021	794,061	7.84
Other assets	-	-	-	-	1,653,062	1,653,062	-
Total financial assets	2,340,492	33,722,831	20,725,973	194,147,606	22,836,621	273,773,523	
Financial liabilities							
Bank overdraft	39,564	-	-	-	-	39,564	9.50
Due to specialised financial institutions	-	79,211	216,936	2,145,314	-	2,441,461	2.00
Customer deposits	979,074	165,513,171	23,746,658	12,245,092	387,206	202,871,201	0.83
Due to related entities	-	-	-	-	554,187	554,187	-
Securities sold under repurchase agreements	-	21,237,654	9,057,058	-	100,048	30,394,760	7.03
Other payables	-	4,287	-	-	5,240,251	5,244,538	-
Margin loan payable	-	2,086,716	-	-	-	2,086,716	6.00
Lease liabilities	-	14,184	148,206	710,244	77,386	950,020	6.00
Insurance contract liabilities	5,215,740	-	-	-	277,823	5,493,563	7.84
Loans payable	-	-	423,867	6,762,299	63,465	7,249,631	3.75
Total financial liabilities	6,234,378	188,935,223	33,592,725	21,862,949	6,700,366	257,325,641	
On-statement-of-financial-position gap, being total interest rate sensitivity gap	(3,893,886)	(155,212,392)	(12,866,752)	172,284,657	16,136,255	16,447,882	
Cumulative gap	(3,893,886)	(159,106,278)	(171,973,030)	311,627	16,447,882	-	

	Company 2024						
	Immediately rate sensitive	Within 3 months	3 to 12 months	Over 1 year	Non-rate sensitive	Total	Weighted average interest rate
	$'000	$'000	$'000	$'000	$'000	$'000	%
Financial assets							
Cash resources	10,519	-	-	-	-	10,519	0.10
Due from related entities	-	-	-	-	31,931	31,931	-
Other assets	-	-	-	-	19,237	19,237	-
Total financial assets	10,519	-	-	-	51,168	61,687	
Financial liabilities							
Due to related entities	-	-	-	-	1,058	1,058	-
Other payables	-	-	-	-	247,361	247,361	-
Loans payable	-	-	2,600,000	5,159,312	82,316	7,841,628	12.40
Total financial liabilities	-	-	2,600,000	5,159,312	330,735	8,090,047	
On-statement-of-financial-position gap, being total interest rate sensitivity gap	10,519	-	(2,600,000)	(5,159,312)	(279,567)	(8,028,360)	
Cumulative gap	10,519	10,519	(2,589,481)	(7,748,793)	(8,028,360)	-	

* See note 51

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

42. Financial risk management (continued)

(d) Market risk (continued):

Management of market risk (continued)

(i) Interest rate risk (continued):

	Company						
	2023						
	Immediately rate sensitive	Within 3 months	3 to 12 months	Over 1 year	Non-rate sensitive	Total	Weighted average interest rate
	$'000	$'000	$'000	$'000	$'000	$'000	%
Financial assets							
Cash resources	16,743	-	-	-	-	16,743	0.01
Due from related entities	-	-	-	-	24,751	24,751	-
Other assets	-	-	-	-	14,849	14,849	-
Total financial assets	16,743	-	-	-	39,600	56,343	
Financial liabilities							
Due to related entities	-	-	-	-	249,266	249,266	-
Other payables	-	-	-	-	129,253	129,253	-
Loans payable	-	-	423,867	6,438,669	-	6,862,536	8.94
Total financial liabilities	-	-	423,867	6,438,669	378,519	7,241,055	
On-statement-of-financial-position gap, being total interest rate sensitivity gap	16,743	-	(423,867)	(6,438,669)	(338,919)	(7,184,712)	
Cumulative gap	16,743	16,743	(407,124)	(6,845,793)	(7,184,712)	-	

Sensitivity to interest rate movements:

Fair value sensitivity for fixed rate instruments:

The sensitivity of the Group's financial assets and financial liabilities to interest rate movement is monitored using the impact on profit and reserves of a reasonably possible change in interest rates at the reporting date, as set out in the following scenarios:

	Increase in interest rate	**Decrease in interest rate**
J$ denominated instruments	25 basis points (2023: 300 basis points)	25 basis points (2023: 50 basis points)
US$ denominated instruments	25 basis points (2023: 150 basis points)	25 basis points (2023: 50 basis points)

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

	Group			
	2024		2023	
	Increase	Decrease	Increase	Decrease
	$'000	$'000	$'000	$'000
Other comprehensive income:				
J$	(594,003)	432,243	(830,696)	755,573
US$	(1,516,442)	778,853	(2,974,787)	1,565,530

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

42. Financial risk management (continued)

(d) Market risk (continued):

Management of market risk (continued)

(i) Interest rate risk (continued):

Sensitivity of insurance contracts and related financial investments to interest rate movements:

An analysis of the life insurance subsidiary's sensitivity to a 100 basis point increase or 100 basis point decrease in market interest rates at the reporting date, assuming that all other variables remain constant, is presented below.

	1 % increase in interest rates Impact on:				1 % decrease in interest rates Impact on:			
	Net insurance contacts balance $'000	Investment assets $'000	Profit or loss $'000	Equity $'000	Net insurance contacts balance $'000	Investment assets $'000	Profit or loss $'000	Equity $'000
March 31, 2024	(378,288)	773,788	30,126	22,595	(378,288)	773,788	(47,309)	(35,482)
March 31, 2023	(383,118)	712,914	24,854	18,640	(383,118)	712,914	(36,630)	(27,472)

The Company has no financial instruments carried at fair value. Therefore, a change in interest rate will not impact the carrying value of the Company's financial instruments.

Cash flow sensitivity analysis for variable rate instruments:

An increase/decrease using the scenarios outlined under *Fair value sensitivity for fixed rate instruments* would adjust reserves and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Group Effect on profit	
	Increase $'000	Decrease $'000
March 31, 2024		
Variable rate instruments	33,519	(33,519)
March 31, 2023		
Variable rate instruments	32,691	(23,475)

The Company had no variable rate financial instruments at the reporting date (2023: None).

(ii) Equity price risk

Equity price risk arises from equity instruments measured at FVOCI held by the Group as part of its investment portfolio. Management monitors the mix of debt and equity securities in its investment portfolio based on market expectations. The primary goal of the Group's investment strategy is to maximise risk-adjusted investment returns.

A 6% (2023: 6%) increase or 3% (2023: 6%) decrease in quoted bid prices of the portfolio of equity investments at the reporting date would have the following impact.

42. Financial risk management (continued)

(d) Market risk (continued):

Management of market risk (continued)

(ii) Equity price risk (continued)

	Group	
	Effect on profit	
	Increase	Decrease
	$'000	$'000
March 31, 2024		
Change in value of equity	12,064	6,032
March 31, 2023		
Change in value of equity	16,513	16,513

(iii) Foreign currency risk:

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

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

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

At the reporting date, net foreign currency assets/(liabilities) were as follows:

	Group		Company	
	2024	2023	2024	2023
	$'000	$'000	$'000	$'000
United States dollar	(32,683)	3,091	(1,219)	(6)
Canadian dollar	19	(1,996)	-	-
Pound sterling	(2,811)	(8,826)	53	(27)
Euro	-	179	-	-
Cayman dollar	5,721	5,967	-	-

The Bank of Jamaica's weighted average exchange rates ruling at the year-end are shown at [note 48(o)].

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

42. Financial risk management (continued)

(d) Market risk (continued):

Management of market risk (continued)

(iii) Foreign currency risk (continued):

Sensitivity to exchange rate movements:

A 4% (2023: 4%) weakening of the Jamaica dollar against the major currencies in which the Group operates at March 31 would have increased profit for the year by the amounts shown in the table below. A 1% (2023: 1%) strengthening of the Jamaica dollar against these currencies at March 31 would have had the opposite effect as shown in the table. The analysis assumes that all other variables, in particular, interest rates, remain constant. The analysis was done on the same basis for 2023.

	Group				Company			
	2024 $'000		2023 $'000		2024 $'000		2023 $'000	
	4% Weakening	1% Strengthening	4% Weakening	1% Strengthening	4% Weakening	1% Strengthening	4% Weakening	1% Strengthening
United States dollar	(201,050)	50,263	18,608	(4,637)	(7,509)	1,877	(36)	9
Canadian dollar	86	(22)	(8,942)	2,236	-	-	-	-
Pounds sterling	(21,673)	5,425	(66,018)	16,505	409	(102)	(202)	50
Euro	-	-	1,192	(299)	-	-	-	-
Cayman dollar	42,965	(10,755)	43,917	(10,979)	-	-	-	-

(e) Operational risk:

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

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

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

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

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

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

42. Financial risk management (continued)

(e) Operational risk (continued):

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

- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- reporting of operational losses and proposed remedial actions;
- development of business continuity programmes including contingency plans, testing and training;
- training and professional development;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

The Group's Risk and Compliance Unit conducts frequent operational risk reviews of business lines in keeping with established policies and is supported with independent reviews undertaken by Group Internal Audit. The results of all operational risk reviews are discussed with the management of the business unit to which they relate and the recommendations and required actions agreed. Summaries of the operational risk reviews are submitted to the Group Audit Committee and to the Board of Directors.

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

(f) Capital management:

General

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the Group. This is supported by the annual Group Internal Capital Adequacy Assessment Process which seeks to ensure that all subsidiaries, on a stand-alone and on a Group basis, are adequately capitalised.

Regulatory capital

Banking subsidiaries

The main regulator of the local subsidiary is the Bank of Jamaica, which monitors compliance with the capital requirements for JN Bank Limited. The subsidiary's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the Bank. This is supported by the annual Bank Internal Capital Adequacy Assessment Process which seeks to ensure that the Bank is adequately capitalised.

42. Financial risk management (continued)

(f) Capital management (continued):

Regulatory capital (continued)

Banking subsidiaries (continued)

The Bank of Jamaica (BOJ) requires the subsidiary to maintain the prescribed ratio of total capital to total risk weighted assets of 10% (2023: 10%). During the year, BOJ has requested that the subsidiary increase its capital adequacy ratio from 10% to 15% to be met within the shortest possible time. The actual ratio of total regulatory capital to total risk weighted assets at March 31, 2024 was 12.5% (2023: 15.2%).

The Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA) are the primary bodies which regulate the banking industry in the UK.

The UK banking subsidiary manages its capital in accordance with Capital Requirements Regulation (CRR) and Capital Requirements Directive (together referred to as CRD IV). The framework is enforced by the PRA. The PRA sets and monitors the UK banking subsidiary's capital requirements.

The PRA's approach to the measurement of capital adequacy is primarily based on monitoring the relationship of the capital resources requirement to available capital resources. The regulator sets Total Capital Requirement (TCR) for each bank above the minimum capital requirement under Base1 III of 8% of risk weighted assets. A key input to the TCR setting process is the UK banking subsidiary's Internal Capital Adequacy Assessment Process (ICAAP).

Common Equity Tier 1 (CET1) capital as at March 31, 2024 was £8.2 million (2023: £8.01million) and exceeded the regulatory minima set by the PRA, and the CET1 capital ratio was 19.2% (2023: 16.3%) which exceeded the regulatory minima.

The UK banking subsidiary met the regulatory requirements for the reporting years ended March 31, 2024 and March 31, 2023.

General insurance subsidiary

General insurers must maintain at least a minimum level of assets, capital and surplus to meet their liabilities as required by their regulator, the Financial Services Commission (FSC). The primary measure used to assess capital adequacy is the Minimum Capital Test (MCT) which is used by the FSC to determine solvency of the company. A revised test to calculate MCT came into effect on December 22, 2022 following the signing of the amended Insurance Regulations, 2022. The revised test stipulated a required MCT of 150% for 2023 and 175% for 2022.

The MCT ratio attained by the subsidiary at December 31, 2023 was 261% (December 31, 2022: 267%), with minimum required MCT ratio of 150% (December 31, 2022: 175%).

Life insurance subsidiary

The subsidiary’s regulator is the FSC, which monitors the capital requirements for the subsidiary. The FSC requires the subsidiary to maintain a minimum capital of $150,000,000. The subsidiary is in compliance with this capital requirement.

42. Financial risk management (continued)

(f) Capital management (continued):

Regulatory capital (continued)

Life insurance subsidiary (continued)

To assist in evaluating the current business and strategic opportunities, a risk-based approach is one of the core measures of financial performance. The risk-based assessment measure which has been adopted is the Life Insurance Capital Adequacy Test (LICAT) as defined by the FSC and dictated by the Insurance Regulations 2001. Under those regulations, the minimum standard recommended for companies is a LICAT ratio of 100%. Prior to January 1, 2023, the Minimum Continuing Capital and Surplus Requirement (MCCSR) standard was in effect. Under those regulations, the minimum standard recommended for companies was a MCCSR ratio of 150%.

The LICAT/MCCSR attained by the subsidiary at December 31 is set out below:

	LICAT 2023	MCCSR 2022
Regulatory capital held ($`000)	1,006,226	602,094
Minimum regulatory capital ($`000)	595,749	217,256
LICAT/MCCSR ratio (%)	168.9%	277.1%

There was no change during the year in the manner in which the subsidiary manages capital.

Investment management subsidiary

The investment management subsidiary's regulator is the FSC, which monitors the subsidiary's regulatory capital position. The FSC's benchmark capital ratios and the ratios attained by the subsidiary for the current and prior years are shown in the table below.

	FSC Benchmark	2024 Attained	2023 Attained
Capital ratios:			
Total regulatory qualifying capital expressed as a percentage of total risk weighted assets:	Minimum of 10%	19.27%	20.96%
Total Tier 1 capital expressed as a percentage of total qualifying capital:	Greater than 50%	82.67%	85.00%
Total regulatory qualifying capital expressed as a percentage of total assets:	Minimum of 6%	12.92%	15.29%

The subsidiary is in compliance with the above-listed externally imposed capital requirements.

Direct foreign subsidiary

A direct subsidiary providing mortgage lending and other financial services is subject to regulatory capital requirements established by the Cayman Islands Monetary Authority (CIMA). Failure to meet minimum regulatory capital requirements can lead to certain actions being initiated by CIMA that, if undertaken, could have a direct material effect on the subsidiary's financial statements.

42. Financial risk management (continued)

(f) Capital management (continued):

Regulatory capital (continued)

Direct foreign subsidiary (continued)

Under capital adequacy guidelines used by CIMA, the direct subsidiary must meet specific capital guidelines that involve quantitative measures of its assets, liabilities, and certain off-statement-of-financial-position items as calculated under regulatory accounting practices. The direct subsidiary's regulatory capital amounts and classification are also subject to qualitative judgements by CIMA about components and risk weightings.

As at March 31, 2024 and 2023, the direct subsidiary's regulatory capital amount and its risk asset ratio, as well as CIMA's minimum requirements, are presented in the following table:

	2024		2023	
	Actual	minimum for regulatory capital and capital adequacy purposes	Actual	minimum for regulatory capital and capital adequacy purposes
Regulatory capital (CI$)	3,618,972	3,313,919	4,871,289	2,891,052
Risk asset ratio	26%	15%	29%	15%
Liquidity ratio	26%	10%	10%	10%

Money transmission services subsidiaries

The Bank of Jamaica requires the subsidiary to maintain a net worth of US$0.01 million or its equivalent in Jamaica dollars. The subsidiary group's and company's net worth as at March 31, 2024 amounted to the Jamaican equivalent of US$18.35 million (2023: US$19.87 million) and US$4.90 million (2023: US$5.45 million), respectively.

CIMA requires one of the indirect subsidiaries to maintain a net worth of CI$0.03 million (2023:CI$0.03 million). The indirect subsidiary's net worth as at March 31, 2024 was CI$3.76 million (2023: CI$4.06 million).

The regulatory capital requirements for the indirect subsidiary registered in USA is described at note 8(iv).

The Financial Conduct Authority requires a United Kingdom indirect subsidiary to maintain a net worth of €0.14 million. The indirect subsidiary's net worth as at March 31, 2024 was €02.14 million or £0.12 million (2023: €0.62 million or £0.63 million).

An indirect subsidiary, which is regulated by Financial Transactions and Report Analysis Centre of Canada, is not subject to any externally imposed capital requirements.

There has been no change, during the year, in the manner in which capital is managed within the Group.

43. Fair value of financial instruments

The fair values of financial assets that are traded in an active market are based on quoted market prices. For all other financial assets, the Group determines fair values using other valuation techniques as detailed in note 48(b).

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

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

(a) Accounting classifications and fair values:

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

The fair value of long-term loans having specific maturity after one year, is determined by discounting future cash flows using reporting date yields of similar instruments.

The Company has no financial assets or financial liabilities measured at fair value.

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

43. Fair value of financial instruments (continued)

	Group 2024								
	Carrying amount					Fair value			
	Amortised cost $'000	Fair value through other comprehensive income $'000	Fair value through profit or loss $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets measured at fair value:									
Corporate & sovereign bonds	-	12,093,179	-	-	12,093,179	-	12,093,179	-	12,093,179
Quoted equities	-	201,062	461,997	-	663,059	663,059	-	-	663,059
Unquoted equities	-	19,608	-	-	19,608	-	19,608	-	19,608
GOJ denominated securities	-	51,138,255	-	-	51,138,255	-	51,138,255	-	51,138,255
Treasury bills	-	3,915,460	-	-	3,915,460	-	3,915,460	-	3,915,460
Mutual fund	-	-	286,919	-	286,919	-	286,919	-	286,919
	-	67,367,564	748,916	-	68,116,480	663,059	67,453,421	-	68,116,480

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

	Amortised cost $'000	Fair value through other comprehensive income $'000	Fair value through profit or loss $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets not measured at fair value:									
Cash resource	77,677,893	-	-	-	77,677,893	-	77,677,893	-	77,677,893
Securities purchased under resale agreements	6,247,803	-	-	-	6,247,803	-	9,502,619	-	9,502,619
Investments	82,491,366	-	-	-	82,491,366	-	82,491,366	-	82,491,366
Loans	173,349,166	-	-	-	173,349,166	-	-	173,349,166	173,349,166
Other assets	1,949,377	-	-	-	1,949,377	-	-	1,949,377	1,949,377
Insurance and reinsurance contract assets	1,705,641	-	-	-	1,705,641	-	1,705,641	-	1,705,641
Due from related entities	177,600	-	-	-	177,600	-	-	177,600	177,600
Total financial assets	343,598,846	-	-	-	343,598,846	-	171,377,519	175,476,143	346,853,662

43. Fair value of financial instruments (continued)

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

	Group 2024								
	Carrying amount					Fair value			
	Amortised cost $'000	Fair value through other comprehensive income $'000	Fair value through profit or loss $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial liabilities not measured at fair value:									
Bank overdraft	-	-	-	-	-	-	-	-	-
Due to specialised financial institutions	-	-	-	2,757,903	2,757,903	-	-	2,757,903	2,757,903
Customer deposits	-	-	-	268,538,167	268,538,167	-	-	267,816,083	267,816,083
Due to related entities	-	-	-	354,337	354,337	-	-	354,337	354,337
Securities sold under repurchase agreements	-	-	-	32,517,556	32,517,556	-	-	32,517,556	32,517,556
Other payable	-	-	-	6,472,846	6,472,846	-	-	6,472,846	6,472,846
Margin loan	-	-	-	2,216,038	2,216,038	-	-	2,216,038	2,216,038
Lease liability	-	-	-	3,018,959	3,018,959	-	-	3,018,959	3,018,959
Insurance contract liability	-	-	-	7,351,080	7,351,080	-	-	7,351,080	7,351,080
Long-term loan	-	-	-	7,857,706	7,857,706	-	-	7,857,706	7,857,706
Total	-	-	-	331,084,592	331,084,592	-	-	330,362,508	330,362,508

	Group 2023								
	Carrying amount					Fair value			
	Amortised cost $'000	Fair value through other comprehensive income $'000	Fair value through profit or loss $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets measured at fair value:									
Corporate and sovereign bonds	-	13,030,479	-	-	13,030,479	-	13,030,479	-	13,030,479
Quoted equities	-	275,222	447,198	-	722,420	722,420	-	-	722,420
Unquoted equities	-	19,608	-	-	19,608	-	19,608	-	19,608
Government of Jamaica securities	-	58,364,708	-	-	58,364,708	-	58,364,708	-	58,364,708
Treasury bills	-	6,378,962	-	-	6,378,962	-	6,378,962	-	6,378,962
Mutual funds	-	-	266,399	-	266,399	-	266,399	-	266,399
Promissory note	-	49,829	-	-	49,829	-	49,829	-	49,829
Total	-	78,118,808	713,597	-	78,832,405	722,420	78,109,985	-	78,832,405

43. Fair value of financial instruments (continued)

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

	Group 2023								
	Carrying amount					Fair value			
	Amortised cost $'000	Fair value through other comprehensive income $'000	Fair value through profit or loss $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000 *Restated	Total $'000
Financial assets not measured at fair value:									
Cash and cash equivalents	30,738,356	-	-	-	30,738,356	-	30,738,356	-	30,738,356
Securities purchased under resale agreements	3,376,094	-	-	-	3,376,094	-	6,285,080	-	6,285,080
Investments	92,017,305	-	-	-	92,017,305	-	92,017,305	-	92,017,305
Loans	145,030,914	-	-	-	145,030,914	-	-	126,940,910	126,940,910
Other assets	1,653,062	-	-	-	1,653,062	-	-	3,784,834	3,784,834
Insurance and reinsurance contract assets	794,061	-	-	-	794,061	-	794,061	-	794,061
Due from related parties	163,731	-	-	-	163,731	-	-	163,731	163,731
Total financial assets	273,773,523	-	-	-	273,773,523	-	129,834,802	130,889,475	260,724,277
Financial liabilities not measured at fair value:									
Bank overdraft	-	-	-	39,564	39,564	-	-	39,564	39,564
Due to specialised financial institutions	-	-	-	2,441,461	2,441,461	-	-	2,441,461	2,441,461
Customer deposits	-	-	-	202,871,201	202,871,201	-	-	202,871,201	202,871,201
Due to related entities	-	-	-	554,187	554,187	-	-	554,187	554,187
Securities sold under repurchase agreements	-	-	-	30,394,760	30,394,760	-	-	30,394,760	30,394,760
Margin loan	-	-	-	2,086,716	2,086,716	-	-	2,086,716	2,086,716
Other payables	-	-	-	5,244,538	5,244,538	-	-	5,244,538	5,244,538
Lease liability	-	-	-	950,020	950,020	-	-	950,020	950,020
Insurance contract liability	-	-	-	5,493,563	5,493,563	-	-	5,493,563	5,493,563
Long-term loan	-	-	-	7,249,631	7,249,631	-	-	7,249,631	7,249,631
Total	-	-	-	257,325,641	257,325,641	-	-	257,325,641	257,325,641

*See note 51

43. Fair value of financial instruments (continued)

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

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

Type	Valuation techniques
US$ denominated GOJ securities, sovereign and corporate bonds	• Obtain bid price provided by a recognised broker/dealer • Apply price to estimate fair value
J$ denominated securities issued or guaranteed by GOJ, treasury bills	• Obtain bid price provided by a recognised pricing source (which uses Jamaica-market-supplied indicative bids) • Apply price to estimate fair value
Units in mutual funds	• Obtain net asset value (NAV) per unit published by Fund Manager • Apply price to estimate fair value
Unquoted equities	• Price obtained from third party valuations • Apply price to estimate fair value
Promissory note	• Obtain bid price provided by a recognised pricing source (which uses Jamaica-market-supplied indicative bids) • Apply price to estimate fair value
Foreign exchange forward contracts	• Obtain forward foreign exchange rates • Apply rates to estimate fair value

There are no significant unobservable inputs used in computing the fair values.

44. Insurance risk management

Applicable for 2024 and 2023

(a) Key risks arising from insurance and reinsurance contracts issued

The primary insurance activity carried out by the Group is the transfer of risk from persons or entities that are directly subject to the risk, by means of the sale of insurance policies. As such, the Group is exposed to uncertainty surrounding the timing, frequency and severity of claims under these policies.

The nature and extent of the underwriting and financial risks arising from the insurance contracts are determined by the contract design. The risks are evaluated for risk management purposes in conjunction with the risks mitigated by related reinsurance contracts and the risks arising from financial assets held to fund the settlement of the liabilities.

44. Insurance risk management (continued)

Applicable for 2024 and 2023 (continued)

(a) Key risks arising from contracts issued (continued)

The principal types of contracts written by the Group are:

- Property insurance
- Liability insurance
- Motor insurance
- Life insurance

For property insurance contracts, the frequency and severity of claims are affected by the occurrence of extreme weather events (e.g. floods and hurricanes) and other natural catastrophes (e.g. earthquakes). In particular, the cost of rebuilding or repairing a property, together with the cost of business interruption, is a significant feature in the overall value of claims in this portfolio. In addition, increasing climate risk could potentially introduce material uncertainty in assumptions and result in inaccurate pricing of insurance risk.

For liability and motor insurance contracts, these contracts are subject to legislative and regulatory changes. Although this portfolio does not contain a large number of individually significant claims, a high frequency of claims can be a risk.

(b) Underwriting risk

Underwriting risk comprises insurance risk, policyholder behaviour risk and expense risk.

- Insurance risk: the risk transferred from the policyholder to the company, other than financial risk. Insurance risk arises from the inherent uncertainty about the occurrence, amount or timing of claims.

- Policyholder behaviour risk: the risk that a policyholder will cancel a contract (i.e. lapse or persistency risk), increase or reduce premiums.

- Expense risk: the risk of unexpected increases in the administrative costs associated with the servicing of a contract (rather than in the costs associated with insured events).

(i) Management of underwriting risk

The Group’s management of insurance and financial risk is a critical aspect of the business. The Group manages insurance risk through its underwriting policy that includes, *inter alia*, authority limits, approval procedures for transactions that exceed set limits, pricing guidelines and the centralised management of reinsurance.

The Group actively monitors insurance risk exposures both for individual and portfolio types of risks. These methods include internal risk measurement, portfolio modelling and analyses.

The Group seeks to underwrite a balanced portfolio of risks at rates and on terms that will produce an underwriting result consistent with its long term objectives.

44. Insurance risk management (continued)

Applicable for 2024 and 2023 (continued)

(b) Underwriting risk (continued)

(i) Management of underwriting risk (continued)

The Board of Directors approves the underwriting strategy, which is set out in an annual business plan, and management is responsible for the attainment of the established objectives.

Property insurance contracts:

The risks relating to property contracts are managed primarily through the pricing process. The Group re-prices each contract to reflect the continually evolving risk profile. The Group uses strict underwriting criteria to ensure that the risk of losses is acceptable.

Liability insurance contracts:

Risks arising from liability insurance are managed primarily through pricing, product design, risk selection, rating and reinsurance. The Group monitors and reacts to changes in the general economic and commercial environment in which it operates to ensure that only liability risks which meet its criteria for profitability are underwritten.

Motor insurance contracts:

The risks relating to motor contracts are managed primarily through the pricing process. The Group monitors and reacts to changes in trends of injury awards, litigation and the frequency of claims.

(ii) Reinsurance strategy:

The Group reinsures a portion of the risks it underwrites in order to protect capital resources and to limit its exposure to variations in the projected frequency and severity of losses.

The Group manages reinsurance risk by selecting reinsurers which have the established capability to meet their contractual obligations and which have favourable credit ratings as determined by a reputable rating agency.

Ceded reinsurance results in credit risk. The Group monitors the financial condition of re-insurers on an ongoing basis and reviews its reinsurance arrangements periodically. The Board of Directors is responsible for setting the minimum security criteria for accepting reinsurance and monitoring the purchase of reinsurance against those criteria and for monitoring its adequacy on an ongoing basis. [note 42(b)].

(iii) Sensitivity analysis

For the life insurance subsidiary, the table below analyses the sensitivity of the CSM, profit or loss and equity to changes in valuation assumptions. This analysis assumes that all other assumptions remain constant.

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

44. Insurance risk management (continued)

(b) Underwriting risk (continued)

(iii) Sensitivity analysis (continued)

	2024								
	FCF as at March 31 $'000	CSM as at March 31 $'000	Total $'000	Impact of FCF $'000	Impact on CSM $'000	Total Increase/ (decrease) in insurance contact liabilities $'000	Remaining CSM $'000	Impact on profit before income tax $'000	Impact on equity $'000
Insurance contract liabilities as at March 31									
Net insurance contracts balance	136,186	149,792	285,978	-	-	-	-	-	-
Reinsurance contract assets	(1,120)	750	(370)	-	-	-	-	-	-
Net insurance contract liabilities	135,066	150,542	285,608	-	-	-	-	-	-
Mortality rate – 10% increase									
Net insurance contracts balance	-	-	-	64,599	(47,679)	16,920	102,112	(16,920)	(12,690)
Reinsurance contract assets	-	-	-	(1,158)	1,126	(32)	1,877	32	24
Net insurance contract liabilities	-	-	-	63,441	(46,553)	16,888	103,989	(16,888)	(12,666)
Mortality rate – 10% decrease									
Net insurance contracts balance	-	-	-	(66,574)	56,151	(10,423)	205,943	10,423	7,817
Reinsurance contract assets	-	-	-	1,140	(1,109)	31	(358)	(31)	(23)
Net insurance contract liabilities	-	-	-	(65,434)	55,042	(10,392)	205,585	10,392	7,794
Morbidity rate – 10% increase									
Net insurance contracts balance	-	-	-	39,943	(33,081)	6,862	116,711	(6,862)	(5,146)
Reinsurance contract assets	-	-	-	4	(4)	-	746	-	-
Net insurance contract liabilities	-	-	-	39,947	(33,085)	6,862	117,457	(6,862)	(5,146)

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

44. Insurance risk management (continued)

(b) Underwriting risk (continued)

(iii) Sensitivity analysis (continued)

	2024								
	FCF as at March 31 $'000	CSM as at March 31 $'000	Total $'000	Impact of FCF $'000	Impact on CSM $'000	Total Increase/ (decrease) in insurance contact liabilities $'000	Remaining CSM $'000	Impact on profit before income tax $'000	Impact on equity $'000
Morbidity rate – 10% decrease									
Net insurance contracts balance	-	-	-	(39,481)	32,765	(6,716)	182,557	6,716	5,037
Net insurance contract assets	-	-	-	(10)	10	-	761	-	-
Net insurance contract liabilities	-	-	-	(39,491)	32,775	(6,716)	183,318	6,716	5,037
Lapse/surrender rates – 10% increase									
Net insurance contracts balance	-	-	-	10,083	(9,295)	788	140,497	(788)	(591)
Reinsurance contract assets	-	-	-	42	(41)	1	709	(1)	(1)
Net insurance contract liabilities	-	-	-	10,125	(9,336)	789	141,206	(789)	(592)
Lapse/surrender rates – 10% decrease									
Net insurance contracts balance	-	-	-	(9,340)	10,105	765	159,896	(765)	(591)
Reinsurance contract assets	-	-	-	(38)	37	(1)	788	1	1
Net insurance contract liabilities	-	-	-	(9,378)	10,142	764	160,684	764	573
Expenses – 10% increase									
Net insurance contracts balance	-	-	-	18,534	(15,133)	3,401	134,658	(3,401)	(2,551)
Reinsurance contract assets	-	-	-	(5)	5	-	755	-	-
Net insurance contract liabilities	-	-	-	(18,529)	15,128	(3,401)	135,413	3,401	2,551
Expenses – 10% increase									
Net insurance contracts balance	-	-	-	(18,484)	15,134	(3,350)	164,925	3,350	2,513
Reinsurance contract assets	-	-	-	8	(8)	-	743	-	-
Net insurance contract liabilities	-	-	-	(18,476)	15,126	(3,350)	165,668	3,350	2,513

44. Insurance risk management (continued)

(b) Underwriting risk (continued)

(iii) Sensitivity analysis (continued)

	2023								
	FCF as at March 31 $'000	CSM as at March 31 $'000	Total $'000	Impact of FCF $'000	Impact on CSM $'000	Total Increase/ (decrease) in insurance contact liabilities $'000	Remaining CSM $'000	Impact on profit before income tax $'000	Impact on equity $'000
Insurance contract liabilities as at March 31									
Net insurance contracts balance	237,203	79,767	316,970	-	-	-	-	-	-
Reinsurance contract assets	-	-	-	-	-	-	-	-	-
Net insurance contract liabilities	237,203	79,767	316,970	-	-	-	-	-	-
Mortality rate – 10% increase									
Net insurance contracts balance	-	-	-	36,044	(16,474)	19,570	63,293	(19,570)	(14,677)
Reinsurance contract assets	-	-	-	(425)	435	10	435	(10)	(8)
Net insurance contract liabilities	-	-	-	35,619	(16,039)	19,580	63,728	(19,580)	(14,685)
Mortality rate – 10% decrease									
Net insurance contracts balance	-	-	-	(37,165)	31,071	(6,094)	110,837	6,094	4,570
Reinsurance contract assets	-	-	-	420	(430)	(10)	(431)	10	8
Net insurance contract liabilities	-	-	-	(36,745)	30,641	(6,104)	110,406	6,104	4,578
Morbidity rate – 10% increase									
Net insurance contracts balance	-	-	-	27,129	(22,972)	4,157	56,795	(4,125)	(3,118)
Reinsurance contract assets	-	-	-	-	-	-	-	-	-
Net insurance contract liabilities	-	-	-	27,129	(22,972)	4,157	56,795	(4,125)	(3,118)
Morbidity rate – 10% decrease									
Net insurance contracts balance	-	-	-	26,816	(22,691)	(4,125)	102,457	4,125	3,094
Net insurance contract assets	-	-	-	-	-	(1)	-	-	-
Net insurance contract liabilities	-	-	-	26,816	22,691	(4,126)	102,457	4,125	3,094

44. Insurance risk management (continued)

(b) Underwriting risk (continued)

(iii) Sensitivity analysis (continued)

	2023								
	FCF as at March 31 $'000	CSM as at March 31 $'000	Total $'000	Impact of FCF $'000	Impact on CSM $'000	Total Increase/ (decrease) in insurance contact liabilities $'000	Remaining CSM $'000	Impact on profit before income tax $'000	Impact on equity $'000
Lapse/surrender rates – 10% increase									
Net insurance contracts balance	-	-	-	1,330	(1,567)	(237)	78,199	237	178
Reinsurance contract assets	-	-	-	42	(49)	(1)	(49)	1	1
Net insurance contract liabilities	-	-	-	1,372	(1,616)	(238)	78,150	238	179
Lapse/surrender rates – 10% decrease									
Net insurance contracts balance	-	-	-	(506)	841	335	80,607	(335)	(251)
Reinsurance contract assets	-	-	-	(44)	45	1	(45)	(1)	(1)
Net insurance contract liabilities	-	-	-	(550)	886	336	80,652	(336)	252
Expenses – 10% increase									
Net insurance contracts balance	-	-	-	16,004	(13,164)	2,840	66,603	(2,840)	(2,130)
Reinsurance contract assets	-	-	-	(5)	5	-	5	-	-
Net insurance contract liabilities	-	-	-	15,999)	(13,159)	2,840	66,608	(2,840)	(2,130)
Expenses – 10% increase									
Net insurance contracts balance	-	-	-	(15,894)	13,063	2,831	92,830	2,831	2,123
Reinsurance contract assets	-	-	-	5	(5)	-	(5)	-	-
Net insurance contract liabilities	-	-	-	(15,889)	13,058	(2,831)	92,825	2,831	2,123

44. Insurance risk management (continued)

(b) Underwriting risk (continued)

(iii) Sensitivity analysis (continued)

For the general insurance subsidiary, the table below analyses how the profit or loss and equity would have increased/(decreased) if changes in underwriting risk variables that were reasonably possible at the reporting date had occurred. This analysis presents the sensitivities both before and after risk mitigation by reinsurance and assumes that all other variables remain constant.

	2024		2023	
	Profit or loss		Equity	
	Gross	Net	Gross	Net
	$'000	$'000	$'000	$'000
Ultimate claims (10% increase)	121,345	115,420	141,520	134,601
Ultimate claims (10% decrease)	(124,815)	(118,875)	(147,152)	(140,014)

(c) Terms and conditions of general and life insurance contracts:

The table below provides an overview of the terms and conditions of general and life insurance contracts written by the Group and the key factors upon which the timing and uncertainty of future cash flows of these contracts depend:

Type of contract	**Terms and conditions**	**Key factors affecting future cash flows**
Liability	Under these contracts, compensation is paid for injury suffered by individuals, including employees or members of the public. The main liability exposures are in relation to bodily injury.	The timing of claim reporting and settlement is a function of factors such as the nature of the coverage and the policy provisions. The majority of bodily injury claims have a relatively long tail. In general, these claims involve higher estimation uncertainty.
Property	Property insurance indemnifies, subject to any limits or excesses, the policyholder against the loss or damage to their own material property and business interruption arising from this damage.	The risk on any policy varies according to many factors such as location, safety measures in place and the age of the property. The event giving rise to a claim for damage to buildings or contents usually occurs suddenly (as for fire and burglary) and the cause is easily determinable. Therefore, claims are generally notified promptly and can be settled without delay. Property business is therefore classified as "short-tailed" and expense deterioration and investment return are of less importance in estimating provisions.

44. Insurance risk management (continued)

(c) Terms and conditions of general and life insurance contracts (continued):

The table below provides an overview of the terms and conditions of general and life insurance contracts written by the Group and the key factors upon which the timing and uncertainty of future cash flows of these contracts depend (continued):

Type of contract	Terms and conditions	Key factors affecting future cash flows
Property (cont'd)		The cost of repairing or rebuilding assets, of replacement or indemnity for contents and the time taken to restart or resume operations to original levels for business interruption losses are the key factors influencing the level of claims under these policies.
Motor	Motor insurance contracts provide cover in respect of policyholders' motor vehicles and their liability to third parties in respect of damage to property and bodily injury. The exposure on motor insurance contracts is normally limited to the replacement value of the vehicle and a policy limit in respect of third party damage.	In general, claims reporting lags are minor and claim complexity is relatively low. The frequency of claims is affected by excessive speeding, the deteriorating condition of the road network, failure of some motorists to obey traffic signals and the road code and an overall increase in the incidence of motor vehicle accidents. The number of claims is also correlated with economic activity, which also affects the amount of traffic activity. The bodily injury claims have a relatively long tail. In general, these claims involve higher estimation uncertainty.
Life	Life insurance contracts insure human life for death, critical illness or permanent disability over short and long durations. These insurance contracts protect the policy holder from the consequence of events such as death or disability that would affect the ability of the customer or his/her dependents to maintain their current level of income. Guaranteed benefits paid on occurrence of the specified insurance event are either fixed or linked to the extent of the economic loss suffered by the policy-holder. There are no maturity or surrender benefits.	For the contracts where death is the insured risk, the most significant factors that could increase the overall frequency and severity of claims are epidemics (such as AIDS) and wide-ranging lifestyle changes such as eating, smoking and exercise habits resulting in earlier or more claims than expected.

44. Insurance risk management (continued)

(c) Terms and conditions of general and life insurance contracts (continued):

Liability contracts:

Risks arising from liability insurance are managed primarily through pricing, product design, risk selection, rating and reinsurance. The Group monitors and reacts to changes in the general economic and commercial environment in which it operates to ensure that only liability risks which meet its criteria for profitability are underwritten.

Property contracts:

The risks relating to property contracts are managed primarily through the pricing process. The Group reprices each contract to reflect the continually evolving risk profile. The Group uses strict underwriting criteria to ensure that the risk of losses is acceptable.

Motor contracts:

The risks relating to motor contracts are managed primarily through the pricing process. The Group monitors and reacts to changes in trends of injury awards, litigation and the frequency of claims.

(d) Claims development for general insurance:

Claims development information is disclosed in the table below in order to illustrate the insurance risk inherent in the Group (gross and net). The top part of the table shows how the estimates of total claims for each accident year develop over time. The estimates are increased or decreased as losses are paid and more information becomes known about the severity of unpaid claims. The lower part of the table provides a reconciliation of the total provision included in the statement of financial position and the estimate of cumulative claims.

44. Insurance risk management (continued)

(d) Claims development for general insurance (continued):

Analysis of gross claims development:

	2014 $'000	2015 $'000	2016 $'000	2017 $'000	2018 $'000	2019 $'000	2020 $'000	2021 $'000	2022 $'000	2023 $'000	Total $'000
Net of reinsurance											
Estimate of cumulative claim at end of financial	805,271	935,384	1,168,836	1,113,423	1,022,795	1,069,797	1,188,693	1,263,976	1,825,246	1,267,557	
One years later	736,189	928,782	1,142,456	1,145,958	1,054,169	1,188,508	1,271,159	1,505,149	1,938,694		
Two years later	710,918	912,764	1,177,974	1,220,699	1,171,655	1,311,370	1,320,433	1,602,566			
Three years later	720,379	939,272	1,215,308	1,321,563	1,245,417	1,417,676	1,340,900				
Four years letter	723,974	963,322	1,264,737	1,377,165	1,309,656	1,522,464					
Five years Later	729,442	992,492	1,309,247	1,436,767	1,384,205						
Six years later	757,419	1,014,285	1,359,409	1,441,669							
Seven years later	787,386	1,051,824	1,405,885								
Eight years later	790,011	1,104,655									
Nine years later	821,913										
Estimate of cumulative claims	821,913	1,104,655	1,405,885	1,441,669	1,384,205	1,522,464	1,340,900	1,602,566	1,938,694	1,267,557	13,830,508
Cumulative payments to date	757,067	1,011,910	1,278,761	1,285,239	1,154,276	1,190,419	1,005,275	1,078,805	1,113,537	360,121	10,235,410
Net outstanding claims liability	64,846	92,745	127,124	156,430	229,929	332,045	335,625	523,761	825,157	907,436	3,595,098
Prior years' claims liability											157,949
Provision for unallocated loss adjustment expenses											378,249
Discounting											(683,879)
Risk adjustment											207,213
Net outstanding claims liability											3,654,630

44. Insurance risk management (continued)

(e) Reinsurance limits for the life insurance subsidiary for years ended 2024 and 2023.

(i) In the life insurance subsidiary, coverage in excess of the below retention limits is ceded to reinsurers up to the treaty limit. The retention limits used by the Group are summarised below:

Types of insurance contract	Retention limit
Group creditor life contract	JMD 7,500,000; USD 60,000; CAD 75,000; GBP 42,000 of coverage per life insured. Treaty limits apply
Group life contract	JMD 3,000,000 of coverage per life insured. Treaty limits apply
Term Plan	JMD 10,000,000 of coverage per life insured. Treaty limits apply

The benefits assured for the Creditor Life policies, distributed by retained amounts and by reinsured amounts at December 31 are shown below:

	2023		
Band	Total amount	Total amount reinsured	Total amount retained
$'000	$'000	$'000	$'000
0 - 1,000	14,904		14,904
1,000 - 2,000	11,723		11,723
2,000 - 5,000	44,371	2,399	41,972
5,000 - 10,000	34,641	8,218	26,423
10,000 and over	41,039	27,713	13,326
	146,678	38,330	108,348

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

44. Insurance risk management (continued)

(e) Reinsurance limits for the life insurance subsidiary for years ended 2024 and 2023.

The benefits assured for the Creditor Life policies, distributed by retained amounts and by reinsured amounts at December 31 are shown below (continued):

2022			
Band	Total amount	Total amount reinsured	Total amount retained
$'000	$'000	$'000	$'000
0 - 1,000	12,696	25	12,671
1,000 - 2,000	11,189	29	11,160
2,000 - 5,000	40,303	971	39,332
5,000 - 10,000	30,157	6,732	23,425
10,000 and over	30,408	19,235	11,173
	124,753	26,992	97,761

(f) Discount rates

The settlement of the Group's current outstanding claims is expected to occur within the period for which observable market information is available to determine the IFRS 17 discount rates.

The yield curves (spot rates) that were used to discount the estimates of future cash flows at December 31 are as follows:

	2023					**2022**				
Product	**1 year**	**5 years**	**10 years**	**15 years**	**20 years**	**1 year**	**5 years**	**10 years**	**15 years**	**20 years**
General insurance (issued and reinsurance held)	6.93%	6.82%	7.78%	9.80%	10.55%	6.68%	6.02%	6.19%	8.72%	9.74%

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

45. Concentration of insurance risks

Policy applicable before April 1, 2023

A key aspect of the insurance risk faced by the Group is the extent of concentration of insurance risk which may exist where a particular event or series of events could impact significantly upon its liabilities. Such concentration may arise from a single insurance contract or through a portfolio of related contracts.

The main concentration risk to which the Group is exposed is natural disasters. By their nature, the timing and frequency of these events are uncertain. They represent a significant risk to the Group because the occurrence of an event could have a significant adverse effect on its cash flows.

The Group's two key methods of managing these risks are as follows:

(a) Firstly, the risk is managed through the establishment of an appropriate underwriting strategy and its implementation by means of the Group's underwriting policy [note 44(b)].

(b) Secondly, the risk is managed through the use of reinsurance [note 44(b)(ii)]. The Group arranges proportional reinsurance at the risk level and purchases excess of loss cover for liability and property business. The Group assesses the costs and benefits associated with the reinsurance programme on a regular basis.

(c) The carrying amounts of the general insurance subsidiary insurance contracts (net of reinsurance) are analysed below by type of product.

	2024	2023
	$'000	$'000
Property	1,336,872	713,082
Liability	731,956	541,903
Motor	3,117,488	3,109,553
Other	80,833	(48,152)
	5,267,149	4,316,386

46. Commitments

At March 31, 2024, the Group had:

(i) Undisbursed approved loans amounting to approximately $16.77 billion (2023: $12.04 billion).

(ii) Commitments for capital expenditure amounting to $89.60 million (2023: $37.36 million).

(iii) Sponsorship commitments:

Commitments for sponsorship expenditure amounted to $123.2 million (2023: $79.5 million).

47. Contingent liabilities

There are several claims which have been brought against the Group in respect of damages for alleged breach of contract and other matters. It is the opinion of the directors, on the advice of the Group's legal counsel, that, in the unlikely event that these claims are successful, liability should not be significant.

48. Material accounting policies

The Group has consistently applied the following accounting policies to all periods presented in the financial statements, except as otherwise mentioned.

In addition, the Group adopted *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2*) from April 1, 2023. The amendments require the disclosure of 'material' rather than 'significant' accounting policies. Although these amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in respect of certain policies.

(i) Recognition and initial measurement

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

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

(ii) Classification and subsequent measurement

A. Financial assets

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

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

48. Material accounting policies (continued)

(a) Financial assets and financial liabilities

(ii) Classification and subsequent measurement

A. Financial assets (continued)

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

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

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

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

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

All other financial asserts are classified as measured at FVTPL.

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

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

48. Material accounting policies (continued)

(a) Financial assets and financial liabilities (continued)

(ii) Classification and subsequent measurement (continued)

A. Financial assets (continued)

Business model assessment: (continued)

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

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

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

Reclassifications

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

48. Material accounting policies (continued)

(a) Financial assets and financial liabilities (continued)

(ii) Classification and subsequent measurement (continued)

A. Financial assets (continued)

Equity instruments

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

Financial liabilities

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

Measurement methods

Amortised cost

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

For purchased or originated credit-impaired ('POCI') financial assets - assets that are credit-impaired [see definition on note 42(r)] at initial recognition - the Group calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

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

48. Material accounting policies (continued)

(a) Financial assets and financial liabilities (continued)

(ii) Classification and subsequent measurement (continued)

A. Financial assets (continued)

Measurement methods (continued)

Modification of financial assets

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

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

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

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

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition. A new effective interest rate for the asset is then calculated.

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

48. Material accounting policies (continued)

(a) Financial assets and financial liabilities (continued)

(ii) Classification and subsequent measurement (continued)

A. Financial assets (continued)

Modification of loans (continued)

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

B. Financial liabilities

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

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

The impact of modifications of financial assets on the expected credit loss calculation is set out in note 42(b)(vi).

(iii) Derecognition of financial assets and financial liabilities

A. Financial assets

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

48. Material accounting policies (continued)

(a) Financial assets and financial liabilities (continued)

(iii) Derecognition of financial assets and financial liabilities (continued)

A. Financial assets (continued)

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

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

B. Financial liabilities

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

vi) Identification and measurement of impairment

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

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

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

Note 42(b) provides more details of how the expected credit loss allowance is measured.

48. Material accounting policies (continued)

(a) Financial assets and financial liabilities (continued)

vi) Identification and measurement of impairment (continued)

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

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

Financial guarantee contracts and loan commitments

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

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

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

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

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

(b) Fair value measurement:

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

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

48. Material accounting policies (continued)

(b) Fair value measurement (continued)

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Bank determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

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

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

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

- Level 1 – Quoted market price (unadjusted) in an active market for identical assets or liabilities.

- Level 2 – Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

48. Material accounting policies (continued)

(b) Fair value measurement (continued)

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques, as follows (continued):

- Level 3 – Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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

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

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

(c) Property and equipment:

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

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

The depreciation rates are as follows:

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

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

48. Material accounting policies (continued)

(d) Securities purchased/sold under resale/repurchase agreements:

Securities purchased under resale agreements ("Reverse repo") and securities sold under repurchase agreements ("Repo") are short-term transactions whereby securities are bought/sold with simultaneous agreements to resell/repurchase the securities on a specified date and at a specified price. Reverse repos and repos are accounted for as short-term collateralised lending and borrowing, respectively, and are measured at amortised cost less impairment.

The difference between the purchase/sale and resale/repurchase considerations is recognised on the accrual basis over the period of the agreements, using the effective yield method, and is included in interest income and expense, respectively.

(e) Cash resources:

Cash resources are measured at amortised cost. They comprise cash balances and cash reserve at the Bank of Jamaica, cash in hand and short-term, highly liquid investments where original maturities do not exceed three months from the reporting date, are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term commitments. Group's overdrafts are repayable on demand. Bank overdrafts that form an integral part of the Group's cash management for financing operations are included as a component of cash resources for the purpose of the statement of cash flows.

(f) Investment property:

Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss. Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When investment property that was previously classified as property and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

(g) Intangible assets:

[i] Initial acquisition:

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

[ii] Subsequent expenditure:

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

[iii] Amortisation:

Amortisation is charged to profit or loss on the straight-line basis over the estimated useful lives of intangible assets, unless such lives are indefinite. The Group's intangible assets comprise software, which is amortised from the date it is available for use. The estimated use of the software is 3 years.

48. Material accounting policies (continued)

(h) Assets held for sale:

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale, rather than continuing use, are classified as held for sale. Assets held for sale are measured at the lower of their carrying amount and fair values less cost to sell.

Impairment losses on initial reclassification as held for sale and subsequent gains and losses on re-measurement are recognised in profit or loss. Once classified as held-for-sale, property and equipment are no longer depreciated.

(i) Other assets:

Other assets are measured at amortised cost less impairment losses.

(j) Employee benefits:

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

The Group provides post-retirement pension and health insurance benefits to employees who have satisfied certain minimum service requirements.

Employee benefits that are earned as a result of past or current service are recognised in the following manner:

[i] Short-term employee benefits:

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be estimated reliably.

[ii] Defined-contribution plans:

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

[iii] Defined-benefit plans:

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

48. Material accounting policies (continued)

(j) Employee benefits (continued):

[iii] Defined-benefit plans (continued):

The Group's net obligation in respect of its defined-benefit plan (note 23) is calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods; discounting that amount and deducting the fair value of any plan assets.

The calculation of the defined benefit obligation is performed annually by a qualified actuary under the projected unit credit method. The discount rate is determined by reference to the yield at the reporting date on long-term government instruments of terms approximating those of the Group's obligation.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, are recognised immediately in other comprehensive income. The Group determines the net interest expense on the net defined-benefit liability for the year by applying the discount rate used to measure the defined-benefit obligation at the beginning of the year to the then-net defined-benefit liability, taking into account any changes in the net defined-benefit liability during the year as a result of the contributions and benefit payments.

Net interest expense and other expenses related to defined-benefit plans are recognised in profit or loss.

When the benefits of the plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognise gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(k) Loans payable:

Loans payable are recognised initially at cost, being their issue proceeds, less attributable transaction costs incurred. Subsequent to initial recognition, they are stated at amortised cost, with any difference between net proceeds and redemption value being recognised in profit or loss on the effective interest rate basis. The associated costs are included in interest expense.

(l) Contingencies:

When it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability unless the probability of outflow of economic benefits is remote. Contingent assets are not recognised in the financial statements but are disclosed when an inflow of economic benefits is probable.

(m) Other payables:

Other payables are measured at amortised cost.

48. Material accounting policies (continued)

(n) Taxation:

Income tax on the profit or loss for the year comprises current and deferred income tax. Income tax is recognised in profit or loss, except to the extent that it relates to a business combination or to items recognised directly in equity or in other comprehensive income, in which case it is recognised in equity or other comprehensive income.

[i] Current income tax:

Current income tax comprises expected tax payable on the taxable income or loss for the year, as adjusted for tax purposes, using tax rates substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

[ii] Deferred income tax:

Deferred income tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable surplus or deficit, and differences relating to investments in subsidiaries, to the extent that it is probable that they will not reverse in the foreseeable future.

A deferred income tax asset is recognised for unused tax losses, tax credits and deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the asset can be realised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversal of existing temporary differences, are considered based on the business plans for the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future profits improves.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted as at the reporting date. Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax liabilities against current tax assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

(o) Foreign currencies:

[i] Monetary foreign currency balances at the reporting date are translated at the Bank of Jamaica's weighted average rate of US$1.00 = J$153.9124 (2023: J$150.4386), UK£1.00 = J$192.8560 (2023: J$186.9137) and CDN$1.00 = J$113.7856 (2023: J$111.9488), being the rates of exchange ruling on that date. Other foreign currency balances at the reporting date have been translated using indicative rates provided by the Bank of Jamaica of €1.00 = J$166.4732 (2023: J$166.5808) and Cayman Dollar 1.00 = J$187.6898 (2023: J$184.1097).

48. Material accounting policies (continued)

(o) Foreign currencies (continued):

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

Realised and unrealised gains and losses arising from fluctuations in exchange rates are included in profit or loss, except for differences arising on the re-translation of FVOCI equity investments [note 39(b)].

(p) Allowance for credit losses:

The allowance for credit losses is maintained at a level considered adequate to provide for probable credit losses and is based on management's evaluation of individual loans in the credit portfolio. The evaluation takes all relevant matters into consideration, including prevailing and anticipated business and economic conditions, the collateral held, the debtor's ability to repay the loan, the other matter required by IFRS 9 to be taken into account in computing expected credit losses and set out in note 42(b) and guidance provided by BOJ, which requires that appropriate provision be made for all loans on which interest payments and principal repayments are ninety or more days in arrears. Amounts are written-off from the provision whenever management has concluded that such amounts may not be recovered.

General provisions for credit losses are established against the portfolio where a prudent assessment by the Group of adverse economic trends and losses inherent in its portfolio suggest that losses may occur, but such losses cannot be determined on an item-by-item basis. This provision is maintained at levels in excess of the minimum ½% established by the Bank of Jamaica.

IFRS 9 only permits specific loan loss provision based upon the Group's expected credit loss experience. It also requires that the expected future cash flows of impaired loans be discounted and the increase in the present value be reported as interest income. The credit loss provision required under the Regulations (note 2) that is in excess of the requirements of IFRS is treated as an appropriation of retained earnings and included in a non-distributable credit loss reserve.

(q) Interest income and expenses:

Interest income and expense are calculated by applying the effective interest rate to the gross carrying amount of financial assets or liabilities, except for:

[i] POCI financial assets, for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial asset; and

[ii] Financial assets that are not 'POCI' but have subsequently become credit-impaired (i.e. 'stage 3'), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision).

The "effective interest rate" is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instruments to its gross carrying amount of the financial asset or the amortised cost of the liability.

48. Material accounting policies (continued)

(q) Interest income and expenses (continued):

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

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset when the asset is not credit-impaired. For financial assets that are credit-impaired, interest income is calculated by applying the effective interest rate to the net carrying amount of the financial asset. The Group reverts to the gross basis if the asset is no longer credit-impaired.

(r) Impairment of non-financial assets:

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

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

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

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(s) Leases:

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

48. Material accounting policies (continued)

(s) Leases (continued):

[i] The Group as lessee

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

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

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

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

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources.

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

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

48. Material accounting policies (continued)

(s) Leases (continued):

[i] The Group as lessee (continued)

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

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

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

[ii] The Group as lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

Short-term leases and leases of low-value assets

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

(t) Revenue recognition:

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

Money transfer fees are recognised when funds are transmitted on behalf of customers. Foreign exchanges fees are recognised as earned based on the value remittances.

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

The accounting policy for interest income is described at note 48(r).

48. Material accounting policies (continued)

(t) Revenue recognition (continued):

Policy applicable before April 1, 2023

The accounting policies for the recognition of revenue from insurance contracts in respect of gross premiums written are disclosed in note 48(n)(i).

Reinsurance commission is recognised on a basis that is consistent with the recognition of the costs incurred on the acquisition of the underlying insurance contracts [see note 48(n)(i)]. Commission income in respect of reinsurance contracts is recognised on the accrual basis.

(u) Fees and commission:

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

Type of service	*Nature and timing of satisfaction of performance obligations, including significant payment terms.*	*Revenue recognition under IFRS.*
Servicing fees	The Group provides administrative services to its customers in respect of service delivery within its branch network. Fees are determined based on the service provided. Performance obligation is satisfied upon completion of delivery of the service.	Revenue from service is recognised over time as the service is provided.
Commission fees	The Group provides services to its clients based on duly executed client agreements. Performance obligation is satisfied upon completion of service agreed with client to client's satisfaction. Fees are charged on a monthly basis and are based on fixed rates agreed. Other subsidiaries recognise fees and commission as the related services are performed in accordance with agreed terms.	Revenue from service fees is recognised over time as agreed services are provided. Revenue from fees and commission are recognised when the entity transfers control over a service to a customer.
Money transmitting	Performance obligation is satisfied when the Group has transmitted money to the customer, the customer has accepted the service, and collectability of the related receivable is reasonably assured.	Revenue from this service is recognised at the point in time when money is transmitted by the sender

48. Material accounting policies (continued)

(u) Fees and commission (continued):

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

Type of service	*Nature and timing of satisfaction of performance obligations, including significant payment terms.*	*Revenue recognition under IFRS.*
Mobile top up	Performance obligation is satisfied and therefore fees are earned when the Group sells phone credit to customers.	Revenue from mobile top up is recognised at the point when the service is delivered.
Bill payments	Performance obligation is satisfied and therefore fees are earned when the Group transacts bill payment services on behalf of customers.	Revenue is recognised at the point in time that the transactions are completed.
Sale of foreign currency	Performance obligation is satisfied when the currency is delivered to the customer, the customer has accepted the currency and collectability of receivable is reasonably assured.	Revenue from sale of currency is recognised at the point the currency is delivered to the customer.
Syndication fees	Performance obligation is satisfied when the syndication services have been provided by the local banking subsidiary to, and accepted by, the corporate clients in accordance with the agreed mandate. Fees are charged based on the nature of the transaction, which varies from client to client.	Revenue from services is recognized at the successful execution of each transaction.
Administrative fees	The Group's investment subsidiary provides trustee and other administrative services including physical custody of securities, based on executed client agreements along with the management of members' database and pension contributions. Performance obligation is satisfied, and fees earned when service is delivered to and accepted by clients in accordance with agreements. Fees are calculated based on a fixed percentage of the value of the assets and are charged quarterly.	Revenue from trustee services is recognised over time as the service is provided.

48. Material accounting policies (continued)

(u) Fees and commission (continued):

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

Type of service	*Nature and timing of satisfaction of performance obligations, including significant payment terms.*	*Revenue recognition under IFRS.*
Asset management fees	The Group's investment subsidiary provides portfolio and investment management services to its clients based on duly executed client agreements. Performance obligation is satisfied, and fees earned, when service is delivered to and accepted by clients in accordance with agreements. Fees are charged on a monthly basis and are based on fixed rates agreed.	Revenue from service fees is recognised over time as the services are provided.
Corporate Finance & Advisory fees	Performance obligation is satisfied when the advisory services are provided by the Group to, and accepted by, its corporate clients in accordance with agreed mandate. Fees are charged based on the nature of the transaction which varies from client to client and are paid at the successful execution of each transaction.	Revenue from services is recognised at the successful execution of each transaction.

(v) Basis of consolidation:

The consolidated financial statements include the assets, liabilities, financial performance and cash flows of the Company and its subsidiaries presented as a single economic entity. The Company and its subsidiaries are collectively referred to as "the Group".

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. The financial statements of all entities in the Group have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Intra-group balances and transactions, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

48. Material accounting policies (continued)

(v) Basis of consolidation (continued):

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain or bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities, in which case they are deducted from the proceeds. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts, generally, are recognised in profit or loss. Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in fair value of the contingent consideration are recognised in profit or loss.

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests, even if doing so causes the non-controlling interest to have a deficit balance.

(w) Insurance and reinsurance contracts:

Policy applicable from April 1, 2023

A. Classification

Contracts under which the Group accepts significant insurance risk are classified as insurance contracts. Contracts held by the Group under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts. The Group uses judgement to assess whether a contract transfers insurance risk and whether the accepted insurance risk is significant. Insurance and reinsurance contracts also expose the Group to financial risk. The Group does not accept insurance risk from other insurers.

Insurance contracts may be issued and reinsurance contracts may be initiated by the Group or acquired in a transfer of contracts that do not form a business. All references in these accounting policies to 'insurance contracts' and 'reinsurance contracts' include contracts issued, initiated or acquired by the Group, unless otherwise stated.

All of the Group's insurance contracts transfer significant insurance risk except for the investment riders which have a legal form of insurance but do not transfer significant insurance risk and expose the Group to financial risk. Investment riders are classified as investment contracts, and they follow financial instruments accounting under IFRS 9. Other riders representing add-on provisions to a basic insurance policy that provide additional benefits to the policyholder at additional cost, that are issued together with the main insurance contracts, form part of a single insurance contract with all of the cash flows within its boundary. The Group does not issue insurance contracts with direct or indirect participating features.

In the normal course of business, the Group uses reinsurance to mitigate its risk exposures. A reinsurance contract transfers significant risk if it transfers substantially all of the insurance risk resulting from the insured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a significant loss.

The Group measures insurance contracts issued and reinsurance contracts held by applying either the General Measurement Model ("GMM") or the Premium Allocation Approach ("PAA").

48. Material accounting policies (continued)

(w) Insurance and reinsurance contracts (continued)

Policy applicable from April 1, 2023

A. Classification (continued)

(i) Separating components from insurance and reinsurance contracts

Separation of components

At inception the Group assesses whether a set or series of contracts needs to be treated as a single contract and whether embedded derivatives, investment components and goods and services components have to be separated and accounted for under another standard. The Group only has one product the new term-life investment rider that is separated and measured under IFRS 9. The Group does not issue or hold any other insurance contracts that contain investment components.

Combination of contracts

Many of the Group's products offer riders, where the rider has its own contract that is embedded within the base contract as a separate section. The riders are priced separately and often protect against a different insurance risk than the base coverage. However, all the riders offered by the Group cannot exist without the base contract, cannot be purchased on theirs own, and will terminate on the surrender or cancellation of the base contract. Therefore, the rider cannot be separated from the host contract.

(ii) Aggregation and recognition of insurance and reinsurance contracts

Insurance contracts

Insurance contracts are aggregated into groups for measurement purposes. Groups of insurance contracts are determined by identifying portfolios of insurance contracts, each comprising contracts subject to similar risks and managed together.

The Group manages insurance contracts issued by product lines, where each product line includes contracts that are subject to similar risks and are managed together. All insurance contracts within a product line represent a portfolio of contracts.

Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and are:

(i) contracts that are onerous at initial recognition;
(ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or
(iii) a group of remaining contracts.

These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. Such groups are not subsequently reconsidered.
Groups of insurance contracts issued are initially recognised from the earliest of the following:

- the beginning of the coverage period;
- the date when the first payment from the policyholder is due or actually received, if there is no due date; and
- when the Group determines that a group of contracts becomes onerous.

48. Material accounting policies (continued)

(w) Insurance and reinsurance contracts (continued):

Policy applicable from April 1, 2023 (*continued)*

A. Classification (continued)

(ii) Aggregation and recognition of insurance and reinsurance contracts (continued)

Insurance contracts (continued)

Before a group of insurance contracts is recognised, the Group could recognise assets or liabilities for cash flows related to a group of insurance contracts other than insurance acquisition cash flows, either because of the occurrence of the cash flows or because of the requirements of another IFRS. Cash flows are related to the group of insurance contracts if they would have been included in the fulfilment cash flows at initial recognition of the group if they had been paid or received after that date. Such assets or liabilities (referred to as 'other pre-recognition cash flows') are included in the carrying amount of the related portfolios of insurance contracts issued or in the carrying amount of the portfolios of reinsurance contracts held.

Cash flows that are not directly attributable to a portfolio of insurance contracts are recognised in other operating expenses as incurred.

For each portfolio of contracts, the Group determines the appropriate level at which reasonable and supportable information is available to assess whether these contracts are onerous at initial recognition and whether non-onerous contracts have a significant possibility of becoming onerous. This level of granularity determines sets of contracts. The Group uses judgement to determine at what level of granularity the Group has reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogeneous and will be allocated to the same group without performing an individual contract assessment.

For contracts measured using the PAA, the Group assumes that no such contracts are onerous at initial recognition, unless facts and circumstances indicate otherwise. If facts and circumstances indicate that some contracts are onerous, an additional assessment is performed to distinguish onerous contracts from non-onerous ones. For non-onerous contracts, the Group assesses the likelihood of changes in the applicable facts and circumstances in the subsequent periods in determining whether contracts have a significant possibility of becoming onerous.

Reinsurance contracts

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. Applying the grouping requirements to reinsurance contracts held, the Group aggregates reinsurance contracts held concluded within a calendar year (annual cohorts) into groups of:

(i) contracts for which there is a net gain at initial recognition;
(ii) contracts for which, at initial recognition, there is no significant possibility of a net gain arising subsequently; and
(iii) remaining contracts in the portfolio.

Reinsurance contracts held are assessed for aggregation requirements on an individual contract basis. The Group tracks internal management information reflecting historical experiences of such contracts' performance. This information is used for setting pricing of these contracts such that they result in reinsurance contracts held in a net cost position without a significant possibility of a net gain arising subsequently.

48. Material accounting policies (continued)

(w) Insurance and reinsurance contracts (continued)

Policy applicable from April 1, 2023 (continued)

A. Classification (continued)

(ii) Aggregation and recognition of insurance and reinsurance contracts (continued)

Reinsurance contracts held are recognised as follows:

- a group of reinsurance contracts held that provide proportionate coverage (quota share reinsurance) is recognised at the later of:

  i. the beginning of the coverage period of the group; and
  ii. the initial recognition of any underlying insurance contract;

- all other groups of reinsurance contracts held are recognised from the beginning of the coverage period of the group of reinsurance contracts held;

Unless the Group entered into the reinsurance contract held at or before the date when an onerous group of underlying contracts is recognised prior to the beginning of the coverage period of the group of reinsurance contracts held, in which case the reinsurance contract held is recognised at the same time as the group of underlying insurance contracts is recognised.

Only contracts that individually meet the recognition criteria by the end of the reporting period are included in the groups. When contracts meet the recognition criteria in the groups after the reporting date, they are added to the groups in the reporting period in which they meet the recognition criteria, subject to the annual cohorts restriction. Composition of the groups is not reassessed in subsequent periods

(iii) Insurance acquisition cash flows

The Group defines acquisition cash flows as cash flows that arise from costs of selling, underwriting and starting a group of insurance contracts and that are directly attributable to the portfolio of insurance contracts to which the group belongs. Insurance acquisition cash flows are allocated to groups of insurance contracts on a systematic and rational basis. Insurance acquisition cash flows that are directly attributable to a group of insurance contracts are allocated:

a. to that group; and
b. to groups that will include insurance contracts that are expected to arise from renewals of the insurance contracts in that group.

Insurance acquisition cash flows not directly attributable to a group of contracts but directly attributable to a portfolio of contracts are allocated to groups of contracts in the portfolio or expected to be in the portfolio.

48. Material accounting policies (continued)

(w) Insurance and reinsurance contracts (continued)

Policy applicable from April 1, 2023 (continued)

A. Classification (continued)

(iii) Insurance acquisition cash flows (continued)

Before a group of insurance contracts is recognised, the Group could pay for directly attributable acquisition costs to originate them. Such balances are recognised as insurance acquisition cash flows assets within the carrying amount of insurance contracts issued and are subsequently derecognised when respective groups of insurance contracts are recognised and the insurance acquisition cash flows are included in the group's measurement. The amounts allocated to groups of insurance contracts yet to be recognised are revised at each reporting date, to reflect any changes in assumptions that determine the inputs to the method of allocation used.

Insurance acquisition cash flows assets not yet allocated to a group are assessed for recoverability if facts and circumstances indicate that the assets might be impaired.

Impairment losses reduce the carrying amount of these assets and are recognised in insurance service expenses. Previously recognised impairment losses are reversed to the extent that the impairment conditions no longer exist or have improved.

(iv) Contract boundaries

The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group, determined as follows:

Insurance contracts

The Group uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts. Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums or the Group has a substantive obligation to provide the policyholder with insurance contract services.

The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group, determined as follows:

A substantive obligation ends when:

a. the Group has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

48. Material accounting policies (continued)

(w) Insurance and reinsurance contracts (continued)

Policy applicable from April 1, 2023 (continued)

A. Classification (continued)

(v) Contract boundaries (continued)

Insurance contracts (continued)

A substantive obligation ends when (continued):

b. both of the following criteria are satisfied:

i. the Group has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and

ii. the pricing of premiums up to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

In assessing the practical ability to reprice, risks transferred from the policyholder to the Group, such as insurance risk and financial risk, are considered; other risks, such as lapse or surrender and expense risk, are not included. Cash flows outside the insurance contracts boundary relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

Reinsurance contracts

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the Group that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or in which the Group has a substantive right to receive insurance contract services from the reinsurer.

The contract boundary is reassessed at each reporting date to include the effect of changes in circumstances on the Group 's substantive rights and obligations and, therefore, may change over time.

48. Material accounting policies (continued)

(w) Insurance and reinsurance contracts (continued)

Policy applicable from April 1, 2023 (continued)

B. Measurement

The Group uses different measurement approaches, depending on the type of contract, as follows:

Insurance contracts issued	**Measurement model**
Individual life	General measurement model ("GMM")
Group single premium creditor life	GMM
Group life	Premium Allocation Approach ("PAA")
Investment riders	Financial liabilities measured at FVTPL under IFRS 9
Reinsurance contracts held	
Individual Life	GMM
Group Life	PAA

The company uses the PAA for measuring contracts with a coverage period of one year or less. For contracts with longer periods, the PAA simplification would produce a measurement of the liability for remaining coverage (LRC) that would not differ materially from the one that would be produced by applying the General Measurement Model (GMM) based on qualitative assessment.

(i) Contracts measured under GMM

Insurance contracts

For insurance contracts issued, on initial recognition the Group measures a group of insurance contracts as the total of:

a. the fulfilment cash flows (FCF), which comprise estimates of future cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk; and

b. the contractual service margin (CSM).

For contracts issued, at the end of each reporting date subsequent to initial recognition the carrying amount of a group of insurance contracts is the sum of:

a. the liability for remaining coverage, comprising:

   (i) the fulfilment cash flows that relate to services that will be provided under the contracts in future periods, and

   (ii) any remaining CSM at that date;
   and

48. Material accounting policies (continued)

(w) Insurance and reinsurance contracts (continued)

Policy applicable from April 1, 2023 (continued)

B. Measurement (continued)

(i) Contracts measured under GMM (continued)

Insurance contracts (continued)

b. (LRC) and the liability for incurred claims (LIC).

The liability for incurred claims includes the fulfilment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported.

Fulfilment cash flows

The fulfilment cash flows are the current estimates of the future cash flows within the contract boundary of a group of contracts that the Group expects to collect from premiums and pay out for claims, benefits and expenses, adjusted to reflect the timing and the uncertainty of those amounts.

The estimates of future cash flows:

a. are based on a probability-weighted mean of the full range of possible outcomes;
b. are determined from the perspective of the Group, provided that the estimates are consistent with observable market prices for market variables; and
c. reflect conditions existing at the measurement date.

The estimates of future cash flows:

a. are based on a probability-weighted mean of the full range of possible outcomes;
b. are determined from the perspective of the Group, provided that the estimates are consistent with observable market prices for market variables; and
c. reflect conditions existing at the measurement date.

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, and it reflects the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Group fulfils insurance contracts.

The estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency and liquidity of cash flows. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgement and estimation.

48. Material accounting policies (continued)

(w) Insurance and reinsurance contracts (continued)

Policy applicable from April 1, 2023 (continued)

B. Measurement (continued)

(i) Contracts measured under GMM (continued)

Insurance contract (continued)

The fulfilment cash flows are updated by the Group for current assumptions at the end of every reporting period, using the current estimates of the amount, timing and uncertainty of future cash flows and of discount rates. The way in which the changes in estimates of the FCF are treated depends on which estimate is being updated:

a. changes that relate to current or past service are recognised in profit or loss; and
b. changes that relate to future service are recognised by adjusting the CSM or the loss component within the LRC as per the policy below.

The fulfilment cash flows are updated by the Group for current assumptions at the end of every reporting period, using the current estimates of the amount, timing and uncertainty of future cash flows and of discount rates. The way in which the changes in estimates of the FCF are accounted for depends on which estimate is being updated:

a. changes that relate to current or past service are recognised in profit or loss; and
b. changes that relate to future service are recognised by adjusting the CSM or the loss component within the LRC as per the policy below.

Contractual service margin (CSM)

The Contractual service margin ("CSM") is a component of the carrying amount of the asset or liability for a group of insurance contracts issued representing the unearned profit that the Group will recognise as it provides insurance contract services in the future. At initial recognition, the CSM is an amount that results in no income or expenses (unless a group of contracts is onerous or insurance revenue and insurance service expenses are recognised as in (d) below) arising from:

a. the initial recognition of the fulfilment cashflows (FCF);
b. cash flows arising from the contracts in the group at that date;
c. the derecognition of any insurance acquisition cash flows asset; and
d. the derecognition of any other pre-recognition cash flows. Insurance revenue and insurance service expenses are recognised immediately for any such assets derecognised.

48. Material accounting policies (continued)

(w) Insurance and reinsurance contracts (continued)

Policy applicable from April 1, 2023 (continued)

B. Measurement (continued)

(i) Contracts measured under GMM (continued)

Insurance contracts (continued)

Fulfilment cash flows (continued)

Contractual service margin (CSM) (continued)

When the above calculation results in a net outflow, the group of insurance contracts issued is onerous. A loss from onerous insurance contracts is recognised in profit or loss immediately, with no CSM recognised on the balance sheet on initial recognition, and a loss component is established in the amount of loss recognized.

The following adjustments relate to future service and thus adjust the CSM:

a. experience adjustments – arising from premiums received in the period that relate to future service and related cash flows such as insurance acquisition cash flows;

b. changes in estimates of the present value of future cash flows in the LRC; and

c. changes in the risk adjustment for non-financial risk that relate to future service.

The following adjustments do not adjust the CSM:

a. changes in the FCF for the effect of the time value of money and the effect of financial risk and changes thereof;

b. changes in the FCF relating to the LIC;

c. experience adjustments – arising from premiums received in the period that do not relate to future service and related cash flows, such as insurance acquisition cash flows; and

d. experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows).

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

48. Material accounting policies (continued)

(w) Insurance and reinsurance contracts (continued)

Policy applicable from April 1, 2023 (continued)

B. Measurement (continued)

(i) Contracts measured under GMM (continued)

Insurance contracts (continued)

Contractual service margin (CSM) (continued)

For insurance contracts issued, at the end of each reporting period the carrying amount of the CSM is adjusted by the Group to reflect the effect of the following changes:

a. The effect of any new contracts added to the group.

b. Interest accreted on the carrying amount of the CSM.

c. Changes in the FCF relating to future service are recognised by adjusting the CSM. Changes in the FCF are recognised in the CSM to the extent that the CSM is available. When an increase in the FCF exceeds the carrying amount of the CSM, the CSM is reduced to zero, the excess is recognised in insurance service expenses and a loss component is recognised within the LRC. When the CSM is zero, changes in the FCF adjust the loss component within the LRC with correspondence to insurance service expenses. The excess of any decrease in the FCF over the loss component reduces the loss component to zero and reinstates the CSM.

d. The effect of any currency exchange differences.

e. The amount recognised as insurance revenue for insurance contract services provided during the period, determined after all other adjustments above.

Under the GMM, interest is accreted on the CSM using discount rates determined at initial recognition that are applied to nominal cash flows. If more contracts are added to the existing groups in the subsequent reporting periods, the Group revises these discount curves by calculating weighted-average discount curves over the period during which the contracts in the group are recognised. The weighted-average discount curves are determined by multiplying the new CSM added to the group and their corresponding discount curves over the total CSM.

The amount of the CSM recognised in profit or loss for insurance contract services in the period is determined by the allocation of the CSM remaining at the end of the reporting period over the current and remaining expected insurance coverage period of the group of insurance contracts based on coverage units. The coverage period is defined as a period during which the entity provides insurance contract services.

48. Material accounting policies (continued)

(w) Insurance and reinsurance contracts (continued)

Policy applicable from April 1, 2023 (continued)

B. Measurement (continued)

(i) Contracts measured under GMM (continued)

Insurance contracts (continued)

Contractual service margin ("CSM") (continued)

The total number of coverage units in a group is the quantity of service provided by the contracts in the group over the expected coverage period. The coverage units are determined at each reporting period-end prospectively by considering:

a. the quantity of benefits provided by contracts in the group;

b. the expected coverage period of contracts in the group; and

c. the likelihood of insured events occurring, only to the extent that they affect the expected coverage period of contracts in the group.

The Group uses the amount that it expects the policyholder to be able to validly claim in each period if an insured event occurs as the basis for the quantity of benefits with respect to insurance coverage. The Group reflects the time value of money in the allocation of the CSM to coverage units, using discount rates determined at initial recognition.

Loss component

When a loss component exists, the Group allocates the following between the loss component and the remaining component of the liability remaining coverage (LRC) for the respective group of contracts, based on the ratio of the loss component to the fulfilment cash flows relating to the expected future cash outflows:

a. expected incurred claims and other directly attributable expenses for the period;
b. changes in the risk adjustment for non-financial risk for the risk expired; and
c. finance income (expenses) from insurance contracts issued.

The amounts of loss component allocation in (a) and (b) above reduce the respective components of insurance revenue and are reflected in insurance service expenses. Decreases in the fulfilment cash flows in subsequent periods reduce the remaining loss component and reinstate the CSM after the loss component is reduced to zero. Increases in the fulfilment cash flows in subsequent periods increase the loss component.

48. Material accounting policies (continued)

(w) Insurance and reinsurance contracts (continued)

Policy applicable from April 1, 2023 (continued)

B. Measurement (continued)

(ii) Contracts measured under General measurement model (GMM)

Reinsurance contracts

The Group applies the same accounting policies to measure a group of reinsurance contracts, adapted where necessary to reflect features that differ from those of insurance contracts.

The carrying amount of a group of reinsurance contracts at each reporting date is the sum of the asset for remaining coverage and the asset for incurred claims. The asset for remaining coverage comprises:

(a) the fulfilment cash flows that relate to services that will be received under the contracts in future periods; and
(b) any remaining CSM at that date.

In the measurement of reinsurance contracts held, the probability-weighted estimates of the present value of future cash flows include the potential credit losses and other disputes of the reinsurer to reflect the non-performance risk of the reinsurer.

The Group estimates certain fulfilment cash flows at the portfolio level or higher and then allocates such estimates to groups of contracts. The Group uses consistent assumptions to measure the estimates of the present value of future cash flows for the group of reinsurance contracts held and such estimates for the groups of underlying insurance contracts.

For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Group to the reinsurer.

(iii) Contracts measured under PAA

The Group uses the PAA for measuring contracts with a coverage period of one year or less.

Insurance contracts

For insurance contracts issued, on initial recognition, the Group measures the LRC at the amount of premiums received, less any acquisition cash flows paid and any amounts arising from the derecognition of the insurance acquisition cash flows asset and the derecognition of any other relevant pre-recognition cash flows.

48. Material accounting policies (continued)

(w) Insurance and reinsurance contracts (continued)

Policy applicable from April 1, 2023 (continued)

B. Measurement (continued)

(ii) Contracts measured under PAA

Insurance contracts (continued)

The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of:

a. the LRC; and

b. the liability for incurred claims ("LIC"), comprising the fulfilment cash flows related to past service allocated to the group at the reporting date.

For insurance contracts issued, at each reporting date subsequent to initial recognition, the LRC is:

a. increased for premiums received in the period, excluding amounts that relate to premium receivables included in the LIC; and
b. decreased for the amounts of expected premium receipts recognised as insurance revenue for the services provided in the period:

For insurance contracts issued, insurance acquisition cash flows allocated to a group are expensed when incurred.

The Group does not adjust the LRC for insurance contracts issued and the remaining coverage for reinsurance contracts held for the effect of the time value of money. For LIC, the estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency and liquidity of cash flows. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgement and estimation.

If facts and circumstances indicate that a group of insurance contracts measured under the PAA is onerous on initial recognition or becomes onerous subsequently, the Group increases the carrying amount of the LRC to the amounts of the fulfilment cash flows with the amount of such an increase recognised in insurance service expenses, and a loss component is established for the amount of the loss recognised. Subsequently, the loss component is remeasured at each reporting date as the difference between the amounts of the fulfilment cash flows relating to the future service and the carrying amount of the LRC without the loss component. Where applicable, resulting changes in the loss component are recognized as insurance service expenses.

48. Material accounting policies (continued)

(w) Insurance and reinsurance contracts (continued)

Policy applicable from April 1, 2023 (continued)

B. Measurement (continued)

(ii) Contracts measured under PAA (continued)

Insurance contracts (continued)

When a loss is recognised on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group, the carrying amount of the asset for remaining coverage for reinsurance contracts held is increased by the amount of income recognised in profit or loss and a loss-recovery component is established or adjusted for the amount of income recognised. The referred income is calculated by multiplying the loss recognised on underlying insurance contracts by the percentage of claims on underlying insurance contracts that the company expects to recover from the reinsurance contract held that are entered into before or at the same time as the loss is recognised on the underlying insurance contracts.

When underlying insurance contracts are included in the same group with insurance contracts issued that are not reinsured, the Group applies a systematic and rational method of allocation to determine the portion of losses that relates to underlying insurance contracts.

An explicit risk adjustment for non-financial risk is estimated separately from the other estimates. It reflects the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Group fulfils insurance contracts.

Unless the contracts are onerous, the explicit risk adjustment for non-financial risk is only estimated for the measurement of the LIC.

Reinsurance contracts

For reinsurance contracts held, on initial recognition, the Group measures the remaining coverage at the amount of ceding premiums paid, plus broker fees paid to a party other than the reinsurer and any amounts arising from the derecognition of any other relevant pre-recognition cash flows. The carrying amount of a group of reinsurance contracts held at the end of each reporting period is the sum of:

a. the remaining coverage; and
b. the incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

48. Material accounting policies (continued)

(w) Insurance and reinsurance contracts (continued)

Policy applicable from April 1, 2023 (continued)

B. Measurement (continued)

(ii) Contracts measured under PAA (continued)

Reinsurance contracts (continued)

For reinsurance contracts held, at each reporting date subsequent to initial recogniation, the remaining coverage is:

a. increased for ceding premiums paid in the period;
b. increased for broker fees paid in the period; and
c. decreased for the expected amounts of ceding premiums and broker fees recognised as reinsurance expenses for the services received in the period.

For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Group to the reinsurer.

The Group adjusts the assets for reinsurance contracts held for the effect of the risk of reinsurer's non-performance. In the measurement of reinsurance contracts held, the probability-weighted estimates of the present value of future cash flows include the potential credit losses and other disputes of the reinsurer to reflect the non-performance risk of the reinsurer.

Where applicable, changes in the loss-recovery component are recognized as net income from reinsurance contracts held.

For reinsurance contracts held, broker fees are recognised over the coverage period of contracts in a group.

C. Derecognition and contract modification

An insurance contract is derecognised when it is:

- extinguished; or
- the contract is modified and additional criteria discussed below are met

When an insurance contract is modified by the Group as a result of an agreement with the counterparties or due to a change in regulations, the Group treats changes in cash flows caused by the modification as changes in estimates of the Fulfilment Cash Flows (FCF), unless the conditions for the derecognition of the original contract are met.

48. Material accounting policies (continued)

(w) Insurance and reinsurance contracts (continued)

Policy applicable from April 1, 2023 (continued)

C. Derecognition and contract modification (continued)

The Group derecognises the original contract and recognises the modified contract as a new contract if any of the following conditions are present:

a. if the modified terms had been included at contract inception and the Group would have concluded that the modified contract:

   i. is not within the scope of IFRS 17;

   ii. results in different separable components;

   iii. results in a different contract boundary; or

   iv. belongs to a different group of contracts.

b. the original contract was accounted for under the PAA, but the modification means that the contract no longer meets the eligibility criteria for that approach.

When an insurance contract accounted for under the GMM is derecognised from within a group of insurance contracts, the Group:

a. adjusts the FCF to eliminate the present value of future cash flows and risk adjustment for non-financial risk relating to the rights and obligations removed from the Group;

b. adjusts the CSM (unless the decrease in the FCF is allocated to the loss component of the Liability for Remaining Coverage ("LRC") of the group) in the following manner, depending on the reason for the derecognition:

   i. if the contract is extinguished, in the same amount as the adjustment to the FCF relating to future service;

   ii. if the contract is transferred to a third party, in the amount of the FCF adjustment in (a) less the premium charged by the third party; or

   iii. if the original contract is modified resulting in its derecognition, in the amount of the FCF adjustment in (i) adjusted for the premium that the Group would have charged if it had entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification.

   iv. when recognising the new contract in this case, the Group assumes such a hypothetical premium as actually received; and

   v. adjusts the number of coverage units for the expected remaining insurance contract services, to reflect the number of coverage units removed.

48. Material accounting policies (continued)

(w) Insurance and reinsurance contracts (continued)

Policy applicable from April 1, 2023 (continued)

C. Derecognition and contract modification (continued)

When an insurance contract measured under PAA is derecognised, adjustments to remove related rights and obligations to account for the effect of the derecognition result in the following amounts being charged immediately to profit or loss:

a. if the contract is extinguished, any net difference between the derecognised part of the LRC of the original contract and any other cash flows arising from extinguishment;

b. if the contract is transferred to the third party, any net difference between the derecognised part of the LRC of the original contract and the premium charged by the third party; or

c. if the original contract is modified resulting in its derecognition, any net difference between the derecognised part of the LRC and the hypothetical premium that the entity would have charged if it had entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification.

D. Presentation

Portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. Any assets or liabilities recognised for cash flows arising before the recognition of the related group of contracts (including any assets for insurance acquisition cash flows under [48A(iii)] are included in the carrying amount of the related portfolios of contracts.

The Group disaggregates amounts recognised in the statement of profit or loss and OCI into:

- an insurance service result, comprising insurance revenue and insurance service expenses; and
- insurance finance income and expenses.

Income and expenses from reinsurance contracts are presented separately from income and expenses from insurance contracts. Income and expenses from reinsurance contracts, other than insurance finance income or expenses, are presented on a net basis as 'net expenses from reinsurance contracts' in the insurance service result.

The Group does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk are included in the insurance service result.

48. Material accounting policies (continued)

(w) Insurance and reinsurance contracts (continued)

Policy applicable from April 1, 2023 (continued)

C. Presentation (continued)

(i) Insurance revenue

The Group recognises insurance revenue as it satisfies its performance obligations – i.e. as it provides services under groups of insurance contracts. As the Group provides insurance contract services under the group of insurance contracts, it reduces the LRC and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration that the Group expects to be entitled to in exchange for those services.

For contracts measured under the GMM, insurance revenue comprises the following:

a. Amounts relating to the changes in the LRC:

   i. claims and other directly attributable expenses incurred in the period measured at the amounts expected at the beginning of the period, excluding:

      - amounts allocated to the loss component;
      - amounts of transaction-based taxes collected in a fiduciary capacity;
      - insurance acquisition expenses; and
      - amounts related to the risk adjustment for non-financial risk [see (b) below];

   ii. changes in the risk adjustment for non-financial risk, excluding:

      - changes that relate to future coverage (which adjust the CSM); and
      - amounts allocated to the loss component;

   iii. amounts of the CSM recognised for the services provided in the period;

   iv. experience adjustments – arising from premiums received in the period other than those that relate to future service; and

   v. other amounts, including any other pre-recognition cash flows assets derecognised at the date of initial recognition.

b. Insurance acquisition cash flows recovery is determined by allocating the portion of premiums related to the recovery of those cash flows on the basis of the passage of time over the expected coverage of a group of contracts.

For contracts under PAA the Group recognises insurance revenue based on the passage of time over the coverage period of a group of contracts.

48. Material accounting policies (continued)

(w) Insurance and reinsurance contracts (continued)

Policy applicable from April 1, 2023 (continued)

D. Presentation (continued)

(ii) Insurance service expenses

Insurance service expenses include the following:

a. incurred claims and benefits, reduced by loss component allocations;

b. other incurred directly attributable expenses, including amounts of any other pre-recognition cash flows assets (other than insurance acquisition cash flows) derecognised at the date of initial recognition;

c. insurance acquisition cash flows amortisation;

d. changes that relate to past service – changes in the fulfilment cash flows relating to the LIC; and

e. changes that relate to future service – changes in the fulfilment cash flows that result in onerous contract losses or reversals of those losses; and

f. insurance acquisition cash flows assets impairment

For contracts measured under the GMM, amortisation of insurance acquisition cash flows is reflected in insurance service expenses in the same amount as insurance acquisition cash flows recovery reflected within insurance revenue, as described above.

For contracts measured under the PAA, amortisation of insurance acquisition cash flows is based on the passage of time. Other expenses not meeting the above categories are included in other operating expenses in the statement of profit or loss.

(iii) Net expenses from reinsurance contracts

The Group presents financial performance of groups of reinsurance contracts held on a net basis in net income (expenses) from reinsurance contracts held, comprising the following amounts:

a. reinsurance expenses;
b. incurred claims recovery, reduced by loss – recovery component allocations;
c. other incurred directly attributable expenses;
d. changes that relate to past service – changes in the FCF relating to incurred claims recovery;
e. effect of changes in the risk of reinsurers' non-performance; and
f. amounts relating to accounting for onerous groups of underlying insurance contracts issued.

48. Material accounting policies (continued)

(w) Insurance and reinsurance contracts (continued)

Policy applicable from April 1, 2023 (continued)

D. Presentation (continued)

(iii) Net expenses from reinsurance contracts (continued)

The amount of reinsurance expenses recognised in the reporting period depicts the transfer of received insurance contract services at an amount that reflects the portion of ceding premiums that the Group expects to pay in exchange for those services. The Group recognises reinsurance expenses based on the passage of time over the coverage period of a group of contracts. Broker fees are included within reinsurance expenses.

(iv) Insurance finance income or expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

a. the effect of the time value of money and changes in the time value of money; and
b. the effect of financial risk and changes in financial risk.

For contracts measured under the GMM, the main amounts within insurance finance income or expenses are:

a. interest accreted on the FCF and the CSM;
b. the effect of changes in interest rates and other financial assumptions; and
c. foreign exchange differences.

For contracts measured under the PAA, the only amounts within insurance finance income or expenses are foreign exchange differences.

The Group does not disaggregate changes in the risk adjustment for non-financial risk between insurance service result and insurance finance income or expenses.

The Group applies the OCI option to disaggregate insurance finance income or expenses between profit or loss and OCI. The effect of changes in the time value of money and changes in financial risk on the LIC for insurance contracts issued and reinsurance contracts held are reflected in OCI in order to minimise accounting mismatches between the accounting for financial assets and insurance contract liabilities. The remainder of insurance finance income and expenses are reflected in profit or loss using locked-in assumptions.

48. Material accounting policies (continued)

(w) Insurance and reinsurance contracts (continued)

Policy applicable from April 1, 2023 (continued)

E. Transition

The full retrospective approach was applied to the insurance contracts measured under the PAA that were in force at the transition date. The fair value approach was applied to insurance contracts measured under the GMM that were in force at the transition date [note 55].

Policy applicable before April 1, 2023

[i] Insurance contracts

Insurance contracts are accounted for in compliance with the recommendations and practices of the insurance industry, and comply with the provisions of the Insurance Act 2001.

Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. The Group defines insurance risk as significant if an insured event could cause an insurer to pay significant additional benefits in a scenario that has a discernible effect on the economics of the transactions.

For the life insurance subsidiary, the insurance contracts insure human life for death or permanent disability over short and long durations. These life insurance contracts protect the policy holder from the consequence of events such as death or disability that would affect the ability of the customer or his/her dependents to maintain their current level of income. Guaranteed benefits paid on occurrence of the specified insurance event are either fixed or linked to the extent of the economic loss suffered by the policy holder. There are no maturity or surrender benefits.

The underwriting results are determined after making provision for, inter alia, outstanding claims.

Gross written premiums

For the general insurance subsidiary, gross premiums reflect business written during the year, and include adjustments to premiums written in previous years. The earned portion of premiums is recognised as revenue. Premiums are earned from the effective date of the policy. For the life insurance subsidiary, gross premiums are recognised as revenue when due. When premiums are recognised, the related actuarial liabilities are computed, resulting in benefits and expenses being matched with revenue.

Unearned premiums

Unearned premiums represent that proportion of the premiums written up to the reporting date which is attributable to subsequent periods and is calculated on the “twenty-fourths” basis on the total premiums written, when due. When premiums are recognised, the

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

48. Material accounting policies (continued)

(w) Insurance and reinsurance contracts (continued)

Policy applicable before April 1, 2023 (continued)

[i] Insurance contracts (continued)

Unexpired risks

Unexpired risks represent the amount set aside, in addition to unearned premiums, in respect of risks to be borne by the subsidiary under contracts of insurance entered into before the end of the financial year and is actuarially determined.

Outstanding claims

Outstanding claims comprise estimates of the amount of reported losses and loss expenses, plus a provision for losses incurred but not reported based on the historical experience of the subsidiaries involved. The loss and loss expense reserves have been reviewed by the subsidiary's actuary using the past loss experience and industry data. Amounts recoverable in respect of claims from reinsurers are estimated in a manner consistent with the underlying liabilities.

Management believes that, based on the analysis completed by the actuary, the provision for outstanding losses and loss expenses will be adequate to cover the ultimate net cost of losses incurred up to the reporting date. However, the provision is an estimate and may, ultimately, be settled for a significantly greater or lesser amount. Any subsequent differences arising are recorded in the period in which they are determined.

Deferred acquisition cost and deferred commission income

Commission income and expense are deferred on a basis consistent with that used for deferring premium income.

[ii] Reinsurance assets

In the ordinary course of business, the insurance subsidiaries seek to reduce the loss that may result from catastrophe or other events that cause unfavourable underwriting results by reinsuring certain levels of risk with other insurers. Reinsurance ceded does not discharge the subsidiaries' liability as the principal insurer. Failure of reinsurers to honour their obligations could result in losses to the subsidiaries and the Group. Consequently, a contingent liability exists in the event that an assuming reinsurer is unable to meet its obligations [see note 43(ii)].

Amounts recoverable from reinsurers are estimated in a manner consistent with the claim liability associated with reinsured policies. Unearned reinsurance premiums on business ceded up to the reporting date, which are attributable to subsequent periods, are calculated substantially on the "twenty-fourths" basis on the total premiums ceded.

48. Material accounting policies (continued)

(w) Insurance and reinsurance contracts (continued)

Policy applicable before April 1, 2023

[ii] Reinsurance assets (continued)

Reinsurance assets are assessed for impairment at each reporting date. A reinsurance asset is deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the subsidiaries may not recover all amounts due, and that event has a reliably measurable impact on the amounts that the subsidiaries will receive from the reinsurer. Impairment losses on reinsurance assets are recognised in profit or loss.

[iii] Insurance receivable and insurance payable

Amounts due from and to policyholders, brokers, agents and reinsurers are financial instruments and are included in insurance receivables and payables and not in insurance contract provisions or reinsurance assets.

(x) New and amended standards and interpretations issued but are not yet effective:

Certain new and amended standards and interpretations have been issued which are not yet effective for the current year and which the Group has not early-adopted. The Group has assessed the relevance of all such new standards, amendments and interpretations with respect to the Group's operations and has determined that the following amendments are not likely to have a significant impact on the financial statements:

- *Classification of Liabilities as Current or Non-Current and Non-Current Liabilities with Covenants (Amendments to IAS 1)*
- *Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)*
- *Lack of Exchangeability (Amendments to IAS 21)*
- *Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)*
- *Presentation and Disclosure in Financial Statements (IFRS 18)*
- *General Requirements for Disclosure of Sustainability-related Financial Information (IFRS S1)*
- *Climate-related Disclosures (IFRS S2)*

49. Distribution to equity shareholder

No dividends were declared during the current year and prior years.

Interim dividends paid to non-controlling interest was $0.017 million (2023: $0.017 million) declared at a Board of Directors meeting of a subsidiary held November 14, 2023 (2023: December 22, 2022).

50. Change in material accounting policies

New and amended standards that became effective during the year:

Certain new and amended standards came into effect the during the current financial year, none of which had any significant impact on these financial statements.

50. Change in material accounting policies (continued)

New and amended standards that became effective during the year (continued)

The Group has initially applied IFRS 17 and amendments to IAS 1 an IFRS Practice Statement 2, including any consequential amendments to other standards, from April 1, 2023. These standards have brought significant changes to the accounting for insurance and reinsurance contracts and accounting policy information disclosed in the financial statements. As a result, the Group has restated certain comparative amounts and presented a third statement of financial position as April 1, 2023.

Except for the changes below, the Group has consistently applied the accounting policies as set out in note 48 to all periods presented in these financial statements.

The nature and effects of the key changes in the Group's accounting policies resulting from its adoption of IFRS 17 are summarised below.

(a) IFRS 17 *Insurance Contracts*

(i) Recognition, measurement and presentation of insurance contracts

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts and reinsurance contracts. It introduces a model that measures groups of contracts based on the Group's estimates of the present value of future cash flows that are expected to arise as the Group fulfils the contracts, an explicit risk adjustment for non-financial risk and a CSM.

Under IFRS 17, insurance revenue in each reporting period represents the changes in the liabilities for remaining coverage that relate to services for which the Group expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows.

The Group no longer applies shadow accounting to insurance-related assets and liabilities.

Insurance finance income and expenses, disaggregated between profit or loss and OCI are presented separately from insurance revenue and insurance service expenses.

The Group applies the Premium Allocation Approach (PAA) to simplify the measurement of group life insurance and reinsurance contracts except for groups of acquired contracts that do not qualify for the PAA. When measuring liabilities for remaining coverage, the PAA is similar to the Group's previous accounting treatment. However, when measuring liabilities for incurred claims, the Group now discounts the future cash flows (unless they are expected to occur in one year or less from the date on which the claims are incurred) and includes an explicit risk adjustment for non-financial risk.

Previously, all acquisition costs were recognised and presented as separate assets from the related insurance contracts ('deferred acquisition costs') until those costs were included in profit or loss and OCI. Under IFRS 17, only insurance acquisition cash flows that arise before the recognition of the related insurance contracts are recognised as separate assets and are tested for recoverability. These assets are presented in the carrying amount of the related portfolio of contracts and are derecognised once the related contracts have been recognised.

50. Change in material accounting policies (continued)

New and amended standards that became effective during the year (continued)

(a) IFRS 17 *Insurance Contracts*

(i) Recognition, measurement and presentation of insurance contracts

Income and expenses from reinsurance contracts other than insurance finance income and expenses are now presented as a single net amount in profit or loss. Previously, amounts recovered from reinsurers and reinsurance expenses were presented separately.

For an explanation of how the company accounts for insurance and reinsurance contracts under IFRS 17 [note 48(n)].

(ii) Transition

The Group has adopted IFRS 17 retrospectively, applying alternative transition methods where the full retrospective approach was impracticable.

The full retrospective approach was applied to the insurance contracts measured under the PAA that were in force at the transition date. This is because the contracts have short contract boundaries, such that data does not need to be retrieved from significantly far in the past.

Under the full retrospective approach, at April 1, 2023, the Group:

- identified, recognised and measured each group of insurance and reinsurance contracts as if IFRS 17 had always been applied;
- identified, recognised and measured any assets for insurance acquisition cash flows as if IFRS 17 had always been applied, except that the recoverability assessment in [note 48(n)(A)(iii)] was not applied before April 1, 2023;
- derecognised previously reported balances that would not have existed if IFRS 17 had always been applied. These included some deferred acquisition costs for insurance contracts, insurance receivables and payables. Under IFRS 17, they are included in the measurement of the insurance contracts; and
- recognised any resulting net difference in equity.

The Group has determined that it would be impracticable to apply the full retrospective approach where any of the following conditions existed:

a. The effects of the full retrospective application were not determinable;
b. The full retrospective application required assumptions that would have been made in an earlier period; or

50. Change in material accounting policies (continued)

New and amended standards that became effective during the year (continued)

(a) IFRS 17 *Insurance Contracts (continued)*

(ii) Transition (continued)

The Group has determined that it would be impracticable to apply the full retrospective approach where any of the following conditions existed (continued):

c. The full retrospective application required significant estimates of amounts, and it was impossible to distinguish objectively between information about those estimates that provided evidence of circumstances that:

   (i) existed on the date at which those amounts were to be recognised, measured or disclosed; and

   (ii) would have been available when the financial statements for that prior period were authorized for issue, and other information.

The fair value approach was applied to insurance contracts measured under the GMM that were in force at the transition date.

Under the fair value approach, the pre-transition fulfilment cash flows and experience are not considered. The Group determined the contractual service margin to be the difference between the fair value of a group of insurance contracts and its fulfilment cash flows at the transition date.

The fair value of an insurance liability is the price that a market participant would be willing to pay to assume the obligation and the remaining risks of the in-force contracts as at the transition date. Where available, recent market transactions were used to estimate the fair value of groups of contracts. In the absence of recent market transactions for similar contracts, a present value technique was used to value groups of contracts.

In estimating the fair value of groups of insurance contracts, the following considerations were applied:

a. only future cash flows within the boundaries of the insurance contracts were included in the fair value estimation, excluding future renewals and new business that would be outside the contract boundary of the contracts under IFRS 17;

b. assumptions about expected future cash flows and risk allowances were adjusted for the market participant's view, as required by IFRS 13; and

c. expected compensation was included to reflect what a market participant would require for accepting obligations under insurance contracts, beyond the risk adjustment for non-financial risk.

The effects of adopting IFRS 17 on the Group financial statements at March 31, 2022 are presented in the statement of changes in equity.

50. Change in material accounting policies (continued)

New and amended standards that became effective during the year (continued)

(a) Amendments to IAS 1 and IFRS Practice Statement 2 -*Disclosure of Accounting Policies*

Material accounting policy information

The Group adopted *Disclosure of Accounting Policies* (Amendments to IAS 1 and IFRS Practice Statement 2) from April 1, 2023. Although the amendments did not result in any changes to the accounting policies, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of "material", rather than "significant" accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in note 44. Material accounting policies (2023: Significant accounting policies) in certain instances were in line with the amendments.

51. Prior year adjustments

During the year, the Group identified errors in the prior year financial statements. The errors have been corrected by restating each of the affected financial statements line items or disclosures for prior periods. In addition, the Group has adopted IFRS 17 *Insurance Contracts* effective April 1, 2023. The following tables summarise the impact on the Group's financial statements (see note 50):

(a) Effects on the Group's Statement of Financial Position:

	March 31, 2023		
	As previously reported $'000	Adjustments $'000	As restated $'000
Other assets [(iii) (note 50)]	8,930,202	(6,161,987)	2,768,215
Goodwill and other intangible assets (iii)	1,520,352	2,142,601	3,662,953
Deferred tax assets (note 50)	3,914,975	39,094	3,954,069
Others	280,051,619	-	280,051,619
Insurance contract assets (note 50)	-	6,155	6,155
Reinsurance contract assets (note 50)	-	787,906	787,906
Total assets	294,417,148	(3,186,231)	291,230,917
Other payables (note 50)	6,990,992	(1,746,454)	5,244,538
Insurance contract provisions (note 50)	7,501,156	(7,501,156)	-
Insurance contract liabilities (note 50)	-	5,493,563	5,493,563
Others	266,572,405	-	266,572,405
Retained earnings [(i) (note 50)]	8,667,640	1,341,199	10,008,839
Reserves (i) (note 50)	4,684,955	(773,383)	3,911,572
Total liabilities and equity	294,417,148	(3,186,231)	291,230,917

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

51. Prior year adjustments (continued)

(a) Effects on the Group's Statement of Financial Position (continued):

	April 1, 2022		
	As previously reported $'000	Adjustments $'000	As restated $'000
Other assets [(iii),(note 50)]	6,400,357	(4,507,214)	1,893,143
Goodwill and other intangible assets (iii)	2,369,029	1,089,758	3,458,787
Deferred tax assets (note 50)	2,678,326	43,313	2,721,639
Others	286,665,992	-	286,665,992
Reinsurance contract assets (note 50)	-	1,080,732	1,080,732
Total assets	298,113,704	(2,293,411)	295,820,293
Other payables (note 50)	6,691,624	(1,018,663)	5,672,961
Insurance contract provisions (note 50)	6,148,997	(6,148,997)	-
Insurance contract liabilities (note 50)	-	4,433,948	4,433,948
Others	267,263,750	-	267,263,750
Retained earnings (i) (note 50)	11,284,205	839,910	12,124,115
Reserves [(i),(note 50)]	6,725,128	(399,609)	6,325,519
Total liabilities and equity	298,113,704	(2,293,411)	295,820,293

(b) Effects on the Statement of Profit or Loss and Other Comprehensive Income

	March 31, 2023		
	As previously reported $'000	Adjustments $'000	As restated $'000
Interest revenue calculated using the effective interest method:			
Interest on loans	12,385,570	-	12,385,570
Interest on investments (i)	4,401,770	677,389	5,079,159
	16,787,340	677,389	17,464,729
Interest expense	(4,113,667)	-	(4,113,667)
Net interest revenue (i)	12,673,673	677,389	13,351,062
Net finance expense from insurance contracts (note 50)	-	171,380	171,380
Net finance income from reinsurance contracts (note 50)	-	(2,038)	(2,038)
	-	169,342	169,342
Insurance revenue (note 50)	-	6,852,941	6,852,941
Insurance service expense (note 50)	-	(4,854,431)	(4,854,431)
Net expense from reinsurance contracts (note 50)	-	(2,623,778)	(2,623,778)
Net insurance revenue	-	(625,268)	(625,268)

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

51. Prior year adjustments (continued)

(b) Effects on the Statement of Profit or Loss and Other Comprehensive Income (continued)

	March 31, 2023		
	As previously reported $'000	Adjustments $'000	As restated $'000
Other finance cost (note 50)	-	3,037	3,037
Other operating income (note 50)	10,856,522	(957,202)	9,899,320
Operating expenses (note 50)	(23,693,161)	1,494,876	(22,198,285)
Net gains/(losses) on investments (note 50)	9,954	(61,491)	(51,537)
Impairment losses (note 50)	(2,660,163)	(2,386)	(2,662,549)
Unrealised foreign exchange gains	174,429	-	174,429
	(15,312,419)	476,834	(14,835,585)
Loss before taxation	(2,638,746)	698,297	(1,940,449)
Taxation (i)	(387,149)	(197,008)	(584,157)
Loss for the year	(3,025,895)	501,289	(2,524,606)
Other comprehensive loss:			
Items that are or may be reclassified to profit or loss:			
Exchange differences on translation of foreign subsidiaries' balances	(320,043)	-	(320,043)
Realized gains on investments recognised in the statement of profit or loss	338	-	338
Finance income from insurance/ reinsurance contracts (note 50)	-	47,201	47,201
Deferred tax on insurance and reinsurance contracts (note 50)	-	(11,800)	(11,800)
Decrease in fair value of FVOCI investment securities, net of impairment loss (i)	(2,620,644)	(613,763)	(3,234,407)
Deferred tax on FVOCI investment securities and Expected Credit Loss (ECL) [(i), (note 50)]	806,334	204,588	1,010,922
	(2,134,015)	(373,774)	(2,507,789)
Items that will never be reclassified to profit or loss	542,168	-	542,168
Total other comprehensive loss for the year	(1,591,847)	(373,774)	(1,965,621)
Total comprehensive loss for the year	(4,617,742)	127,515	(4,490,227)

JN FINANCIAL GROUP LIMITED

Notes to the Financial Statements (Continued)
March 31, 2024

51. Prior year adjustments (continued)

(c) Effects on the Statement of Cash Flows

	March 31, 2023		
	As previously reported $'000	Adjustments $'000	As restated $'000
Cash flows from operating activities			
Profit for the year (i)	(3,025,895)	501,289	(2,524,606)
Adjustments to reconcile profit to net cash used in operating activities:			
Interest income (i)	(16,787,340)	(677,389)	(17,464,729)
Deferred taxation (i)	(702,693)	197,006	(505,687)
Gain on disposal of investment	(70,592)	70,930	338
Insurance contract provisions (note 50)	1,352,160	(1,352,160)	-
Others	8,715,170	1	8,715,171
Other assets (iii)	(2,569,476)	1,654,774	(914,702)
Other payables (note 50)	319,229	(727,790)	(408,561)
Net reinsurance contract assets (note 50)	-	333,872	333,872
Net insurance contract liabilities (note 50)	-	1,059,615	1,059,615
Impairment of financial instruments (note 50)	2,660,164	2,385	2,662,549
Net cash used in operating activities	(10,109,273)	1,062,533	(9,046,740)
Cash flows from investing activities			
Others	510,410	-	510,410
Investments, net/Acquisition of investments (ii)	(9,395,885)	(63,248,801)	(72,644,686)
Interest received	4,294,404	677,389	4,971,793
Proceeds from disposal of investments (ii)	13,481,609	62,561,721	76,043,330
Securities purchased under resale agreements	11,265,538	(11,265,538)	-
Acquisition of securities purchased (ii) under resale agreements (ii)	-	(358,384,734)	(358,384,734)
Proceeds from sale of securities purchased under resale agreements (ii)	-	369,650,273	369,650,273
Acquisition and transfers of intangible assets (ii)	(268,543)	(1,052,843)	(1,321,386)
Net cash outflows from investing activities	19,887,533	(1,062,533)	18,825,000
Cash flows from financing activities			
Others	3,876,143	-	3,876,143
Securities sold under repurchase agreements (ii)	(4,126,638)	4,126,638	-
Repayment of loan liabilities (ii)	(10,967,467)	(4,282,983)	(15,250,450)
Proceeds from loan liabilities (ii)	(18,570)	4,282,983	4,264,413
Proceeds from issuance of securities sold under repurchase agreements(ii)	-	132,436,463	132,436,463
Repayment of securities sold under repurchase agreements (i)	-	(136,563,101)	(136,563,101)
Net cash outflows from financing activities	(11,236,532)	-	(11,236,532)
Net decrease in cash and cash equivalents	(1,458,272)	-	(1,458,272)
Cash and cash equivalents at beginning of year	17,930,430	-	17,930,430
Effects of exchange rate changes	(492,660)	-	(492,660)
Cash and cash equivalents at end of year	(15,979,498)	-	(15,979,498)

51. Prior year adjustments (continued)

(d) Fair value of financial instruments (see note 43)

	March 31, 2023		
	As previously reported $'000	Adjustments $'000	As restated $'000
Financial assets not measured at fair value:			
Loans (iv)	145,030,914	(18,090,004)	126,940,910

(i) During the year, the Group determined that the effective interest on global and corporate bonds was inappropriately calculated. The necessary corrections have been implemented to reflect the accurate effective interest rate.

(ii) During the year, the Group identified errors in the presentation of cash flows under investing and financing activities:

- Securities purchased under resale agreements was presented in net rather than presenting as gross receipts and gross payments
- Securities sold under repurchase agreements was presented in net rather than presenting as gross receipts and gross payments
- Repayment of loan liabilities was presented in net rather than presenting as gross proceeds and gross payments.
- The "purchase of investments" had a nil figure however, there were two lines relating to disposal of investments ("sale of investments" and "proceeds from disposal of investments).

The comparative figures in 2023 were corrected for these errors.

(iii) The "expenditure on IT projects in progress" which meet the definition of intangible assets, was incorrectly classified as "Other Assets" rather than as "Intangibles" in the prior year. The errors have been corrected by restating each of the affected financial statement line items for the earliest prior period presented.

(iv) The Group also identified that the prior year disclosure of fair value of the loans was different than its carrying amount. The comparative disclosure in 2023 was corrected for this error.

52. Subsequent events

(a) Investment in subsidiary

On May 20, 2024, the Company injected £1.6M into JN Bank UK, funded from related party loans and internal resources.

On June 26, 2024, an unsecured loan for $2,178 million was received by the Company from The Jamaica National Group Limited. On June 28, 2024, the amount of $2,178 million was used by the Company to inject capital of £11 million into JN Bank UK.

The aggregate injection into JN Bank UK resulted in the issuance of 2 ordinary shares at a premium of £12,599,998.

On September 30, 2024, £9 million was invested in JN Bank UK, as part of the consideration negotiated for the divestment of that subsidiary to an unrelated party. The subsidiary simultaneously issued 8,986,024 ordinary shares for £9 million to the unrelated party.

(b) Divestment of interest in subsidiary

On September 30, 2024 the Company transferred 80.1% of JN Bank UK for a consideration of £20 million to Step One Money UK Limited, an unrelated party. This transfer resulted in a change in immediate parent from JN Financial Group Limited to Step One Money UK Limited and change in ultimate parent from The Jamaica National Group Limited to Step One Group Limited (a company registered in Guernsey).

Subsequent to the year end, the Board approved the divestment of two (2) subsidiaries to unrelated entities. Negotiations are in train for these divestments. An agreement was signed for the purchase of shares in JNGI from the Company by British Caribbean Insurance Company (BCIC). Negotiations are in train for the divestment of JN Fund Managers.

(c) Unsecured debts

On May 10, 2024 and May 17, 2024, unsecured debts of J$300 million and J$350 million, respectively, were issued by the Company to related parties. These facilities bear interest at rates of 12% and 12.25%, respectively, and are due for repayment within 12 months.

On May 10, 2024 and July 11, 2024, unsecured debts of US$8 million and US$300,000 respectively, were issued by the Company to the parent company and a subsidiary, respectively. These facilities bear interest at rates of 12.35% and 4.5%, respectively, and are due for repayment within 18 months and 12 months, respectively.

53. Analysis of changes in financing during the year

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

		Group				
		2024				
	Note	Securities sold under repurchase agreements $'000	Lease liabilities $'000	Due to specialised financial institutions $'000	Loans payable $'000	Total $'000
Balance at April 1, 2023		30,394,760	950,020	2,441,461	7,249,631	41,035,872
Proceeds from the issuance of repurchase agreements	20	156,891,155	-	-	-	156,891,155
Repayment of repurchase agreements		(155,238,219)	-	-	-	(155,238,219)
Payment of lease liabilities	15(a)(iv)	-	(651,325)	-	-	(651,325)
Sale and leaseback and other lease		-	2,190,964	-	-	2,190,964
Proceeds from due to specialised financial institutions	23	-	-	803,037	-	803,037
Payments to specialised financial institutions	23	-	-	(486,595)	-	(486,595)
Proceeds from long-term loan	26	-	-	-	463,090	463,090
Payments on long-term loan	26	-	-	-	-	-
Total changes from financing cash flows		1,652,936	1,539,639	316,442	463,090	3,972,102
Liability-related						
Interest expense	32	2,637,995	-	61,741	737,523	3,437,259
Interest expense on lease liabilities	15(a)(iii)	-	151,008	-	-	151,008
Interest paid		(2,168,135)	-	(61,741)	(737,523)	(2,967,399)
Other changes		-	378,292	-	144,985	523,277
Balance at March 31, 2024		32,517,556	3,018,959	2,757,903	7,857,706	46,152,124

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

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

	Note	Group 2023				
		Securities sold under repurchase agreements	Lease liabilities	Due to specialised financial institutions	Loans payable	Total
		$'000	$'000	$'000	$'000	$'000
Balance at April 1, 2022		34,745,021	910,046	4,278,683	18,235,668	58,169,418
Proceeds from the issuance of repurchase agreements	20	132,436,464	-	-	-	132,436,464
Repayment of repurchase agreements		(136,563,101)	-	-	-	(136,563,101)
Payment of lease liabilities	15(a)(iv)	-	(316,618)	-	-	(316,618)
Payments to specialised financial institutions	23	-	-	(1,837,222)	-	(1,837,222)
Proceeds from long-term loan	26	-	-	-	4,264,413	4,264,413
Payments on long-term loan	26	-	-	-	(15,250,450)	(15,250,450)
Total changes from financing cash flows		(4,126,637)	(316,618)	(1,837,222)	(10,986,037)	(17,266,514)
Liability-related						
Interest expense	32	1,747,708	-	72,136	694,239	2,514,083
Interest expense on lease liabilities	15(a)(iii)	-	51,100	-	-	51,100
Interest paid		(1,971,332)	-	(72,136)	(694,239)	(2,737,707)
Other changes		-	305,492	-	-	305,492
Balance at March 31, 2023		30,394,760	950,020	2,441,461	7,249,631	41,035,872

	Note	Company 2024
		Loans payable
		$'000
Balance at April 1, 2023		6,862,536
Proceeds from long-term loans, being total changes from financing cash flows		763,032
Liability-related		
Interest expense	32	714,034
Interest paid		(642,959)
Other changes		144,985
Balance at March 31, 2024		7,841,628

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

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

		Company
		2023
	Note	Loans payable
		$'000
Balance at April 1, 2022		2,579,553
Proceeds from long-term loans, being total changes from financing cash flows		4,300,000
Liability-related		
Interest expense	32	503,926
Interest paid		(503,926)
Other changes		(17,017)
Balance at March 31, 2023		6,862,536