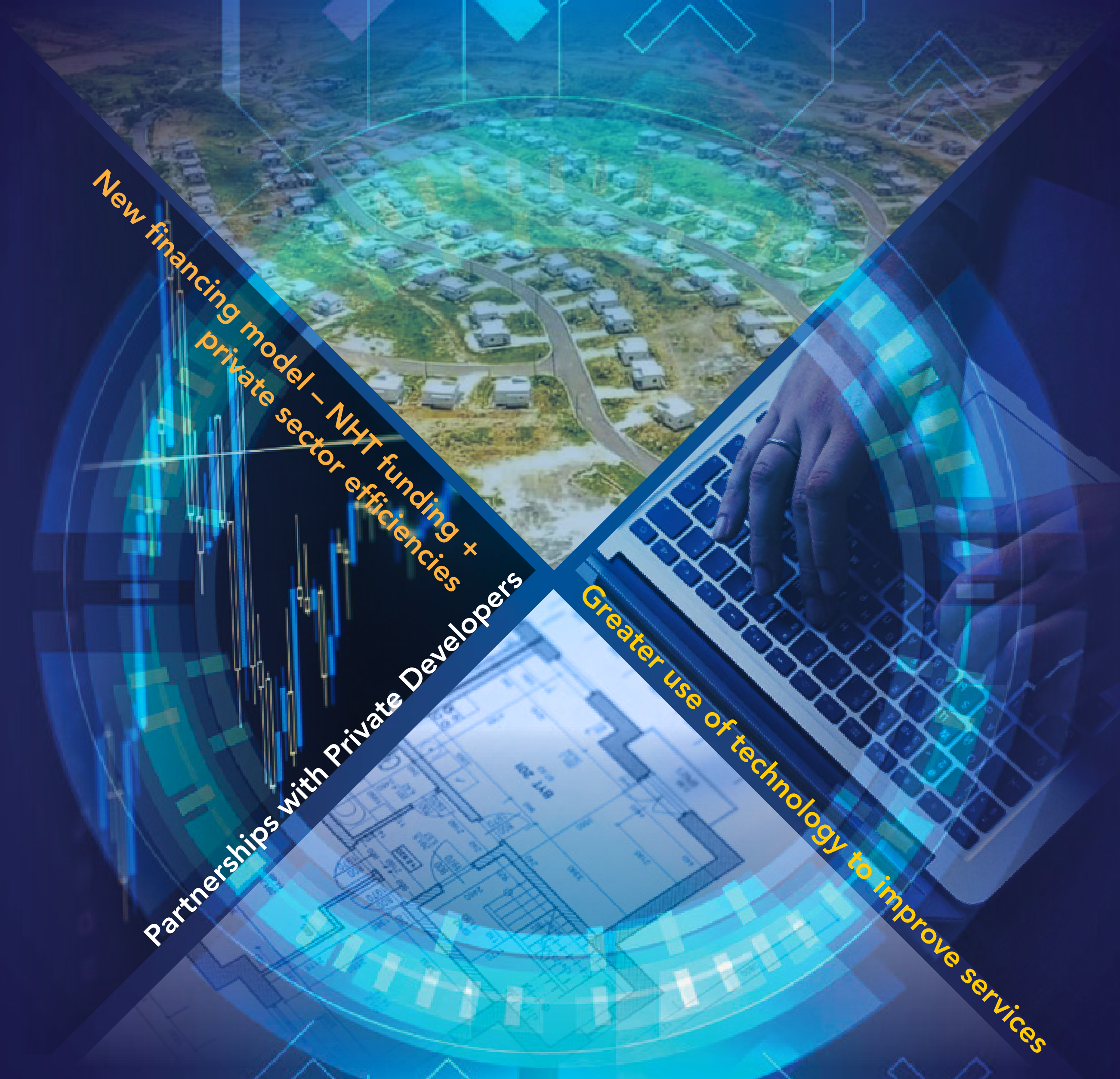
Delivering **More.**



National Housing Trust

Annual Report & Financial Statements **2022-2023**

Vision.

The NHT will be ranked among the leading housing finance institutions in the world, renowned for customer service and contribution to national development.

National Housing Trust

...the key to your home

Improving the quality of life of Jamaicans by facilitating home ownership and community development, particularly among lower income contributors, while ensuring prudent financial management.

Mission.

Core Values

To constantly challenge ourselves to identify new approaches to meet the needs of our customers, stakeholders and the organization.

To apply exceptional knowledge, understanding and creative thinking in our analyses, processes and decision making.

To adhere to a set of principles comprising both formally agreed upon codes of conduct and informal expectations of colleagues, customers and society.

To meet our commitments and accept responsibility for our actions and decisions.

To treat all persons fairly and with respect.

To employ the highest ethical standards, demonstrating honesty, sincerity and fairness in every action or decision.

To work collaboratively to achieve the organisation’s goals, using individual skills, providing feedback and treating each colleague with respect.

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Letter to the Prime Minister

July 25, 2023

The Most Hon. Andrew Holness, ON, PC, MP
Prime Minister
Jamaica House
Hope Road
Kingston 6

Dear Prime Minister,

In accordance with Paragraph 6 of the First Schedule, referred to in Section 3 of the National Housing Trust Act 1979, I have the pleasure to present the NHT report for the year ended March 31, 2023, and a copy of its Statement of Accounts at March 31, 2023, duly certified by the Auditors.

Yours respectfully,

Linval Freeman
Chairman

7 Year Statistical Summary

Year Ended March 31, 2023	2023 $'000	2022 $'000	2021 $'000	2020 $'000	2019 $'000	2018 $'000	2017 $'000
Total Assets	348,170,130	328,317,628	310,529,511	301,771,168	283,847,100	275,535,254	254,462,806
Inventories	40,612,071	38,003,224	34,428,814	25,513,803	16,819,342	11,911,675	8,403,520
Loans Receivable	277,382,287	256,697,930	238,500,659	248,769,632	231,301,002	222,052,812	206,056,713
Refundable Contributuions	149,069,177	136,808,623	126,244,906	117,547,009	107,965,077	99,168,539	91,251,418
Accumulated Profit	164,427,304	158,656,299	153,975,141	159,183,416	151,210,484	147,361,777	137,930,098
Results From Operations							
Total Operating Income	37,764,858	35,171,646	29,110,180	34,792,966	36,358,162	32,005,523	33,803,379
Operating Expenditure	11,897,067	9,748,429	10,704,759	9,411,673	8,505,103	7,284,503	6,526,598
Net Profit/(loss) After Taxation	18,959,260	20,547,610	6,905,964	18,620,782	23,747,627	20,951,054	24,173,070
Financial Ratios							
Average Interest on Loans	3.0%	3.4%	3.8%	4.4%	4.8%	4.8%	4.9%
Yield on Investments %	7.9%	5.6%	4.5%	7.1%	5.6%	6.4%	6.6%
Efficiency Ratio %	241.5%	159.7%	168.7%	105.4%	87.3%	68.7%	69.6%
Return on Capital	11.0%	12.0%	3.9%	11.3%	14.6%	13.2%	16.5%
Return on Assets	5.6%	6.4%	2.3%	6.4%	8.5%	7.9%	9.8%
Other Information							
Annual Housing Expenditure	45,948,116	46,514,443	48,069,340	41,574,028	37,514,043	28,426,546	22,392,706
Contributions Received	46,924,257	41,570,512	34,312,008	38,424,471	37,411,244	31,545,284	30,333,895
Contributions Refunded (Cash)	8,256,304	6,704,637	6,457,645	6,486,084	6,175,922	5,514,115	5,268,297
Number of Mortgages Since Inception	228,731	221,404	214,077	207,036	199,782	192,544	186,210
Number of Individual Benefits Since Inception	240,211	232,884	225,557	218,516	211,262	204,024	197,690

Board of Directors

Mr. Linval Freeman
(Chairman)

Mr. Lennox Channer
(Former Chairman)

Mr. Linval Freeman was appointed Chairman of the Board of the National Housing in January 2023. He has an adept knowledge of Accounting and Auditing having served as Assurance Partner of Ernst & Young and Director of Internal Audit Services at PricewaterhouseCoopers.

A Chartered Certified Accountant since 1984, he holds a Diploma in Business Administration from the University of Technology. He is a Fellow Member of the Institute of Chartered Accountants of Jamaica and the Association of Chartered Certified Accountants.

His mastery in the management of business finances and compliance with various regulatory standards has been demonstrated in the many boards and organizations to which he has offered his time and service. He currently serves on the Boards of: Public Accountancy, Key Insurance Company Limited, Canopy Insurance Limited, Sygnus Real Estate Finance Limited, Sygnus Credit Investments Limited and Sygnus Deneb. He also chairs the Enterprise Team for the Greater Bernard Lodge Development Project. He has previously served as a member of the Council of the University of Technology and on the Audit Committees of The Bureau of Standards and the Students Loan Bureau.

Mr. Lennox Channer (Jr.) is the Group Vice President of Accounting and Administration at Jamaica Broilers Group Limited. He has also served in senior management positions at NCB, Digicel and Caribbean Bottlers (Jamaica) Limited. He is a Fellow of both the Association of Chartered Certified Accountants and the Institute of Chartered Accountants of Jamaica.

Mr. Channer is the former Chairman of NHT's Audit Committee and former member of JAMPRO's Finance and Procurement Sub-Committee.

A Munro College old boy, Mr. Channer was a 2002 Fulbright Scholar. He holds a BSC. in Actuarial Sciences from the UWI and an MSC. in Decision and Information Sciences from the University of Florida.

He was appointed Chairman of the National Housing Trust in August 2018 and demitted office in December 2022.

Mr. Martin Miller
(Managing Director)

Mr. Martin Miller was appointed Managing Director of the National Housing Trust after acting in the position since August 2013. Before his appointment he served the Trust as Senior General Manager, Finance. He has been with the Trust since 1984 and has progressed through a variety of positions including that of Assistant General Manager, Treasury Management; General Manager, Finance and Accounting; as well as Chief Financial Officer to his present position.

In addition to his present role of Managing Director, Mr. Miller is one of the NHT's representatives on the Board of Harmonization Limited. A Certified Accountant by profession, Mr. Miller holds an MBA from the University of Manchester and Wales.

Mr. Doran Evan Dixon, J.P.

Mr. Doran Dixon currently serves as a Lecturer and has over 32 years of experience in teaching education. This two-time President of the Jamaica Teachers Association (JTA) is now the Assistant Secretary General for Property and Business Services for the JTA. He is a Justice of the Peace and also serves as a Certified Mediator at the Resident Magistrate's Court.

Mr. Dixon is a member of the Teacher Services Commission and the National Council on Education and was a recipient of the Prime Minister's Medal for Service to Education.

Board of Directors

Ms. Merle Donaldson

Ms. Merle Donaldson holds an MBA in International Business and B.Sc in Chemistry and Management from the University of the West Indies and a Postgraduate Diploma in Education and Training from the Vocational Training and Development Institute. She has also completed a Certificate in Board Directorship through the Commonwealth Association for Corporate Governance/Private Sector Organisation of Jamaica Training Programme.

Ms. Donaldson has over twenty years of experience in both the public and private sectors. In addition to her current role as the Chief of Staff at the Office of the Prime Minister, she has served in various capacities at the Ministry of Education, Bureau of Standards Jamaica and Ernst and Young Caribbean in the areas of research, business development, project management, quality systems and conformity assessments.

She also serves on the Boards of the Planning Institute of Jamaica and the CHASE Fund.

Senator Kavan Gayle, C.D.

Senator Kavan Gayle serves as an Executive Member of the global trade union called Union Network international, he was appointed to the senate in 2012.

Mr. Gayle is a board member of the Heart Trust NSTA and the Overseas Examination Commission.

Mr. O'Neil Wilton Grant

Mrs. Nesta-Claire Smith Hunter

Mr. O'Neil Grant is the Immediate Past President of the Jamaica Civil Service Association, having served 12 years at the helm. Additionally, he is the 2nd Vice President of the Jamaica Cooperative Credit Union League, Director and Immediate Past Chairman of the First Heritage Cooperative (FHC) Credit Union, Director and Past Chairman of the FHC Foundation and Director of FHC Investments Limited. He also serves as a Director of the Consumer Affairs Commission and a Council Member of the National Partnership Council.

In the past, Mr. Grant has served as Honourary Treasurer at the Jamaica Civil Service Association, Executive Member of the Caribbean Public Services Association and a Director of the GSB Cooperative Credit Union.

He is currently the Senior Financial Analyst in the Ministry of Agriculture, Fisheries and Mining.

Mrs. Nesta-Claire Smith Hunter has served as an Attorney-at-Law for the past 29 years and is currently a Partner in the Ernest A. Smith and Company Law Firm.

Mrs. Smith Hunter specializes in Litigation- civil and family matters at the Supreme Court and Court of Appeal as well as Legal Conveyancing. She also serves as Chairman of the Marcus Garvey Technical High School.

She is the Director of the National Insurance Fund, the NIF Resort Management Company Limited, Cleveland Resort Management Limited, as well as Vaz Preparatory. Mrs. Smith Hunter also serves as Chairman of the Passport, Immigration and Citizenship Agency (PICA) and the NHT's Corporate Governance Committee and Staff Pension Plan.

Board of Directors

Corporal Rohan James

Mr. Rohan James is a Police Corporal with over twenty-eight years of illustrious service. He is an advocate of professional policing and police welfare. He is strident and fearless in pursuit of human rights. A team player and family man, he is a Christian with sound values and principles.

He has training in industrial relations and is a trained paralegal.

Mr. Granville Valentine C.D., J.P.

Mr. Granville Valentine is a Trade Unionist and Industrial Relations Consultant who has seen meteoric growth in the labour movement.

He currently serves as the General Secretary of the National Workers Union and has worked with the Union for the past 17 years.

Ms. Hope Wint

Ms. Hope Wint is a dedicated Risk Management professional with over 29 years experience in the financial services sector and is the Executive Director of the Prime Contract Secretariat at the Bank of Jamaica. She is a certified ISO31000 Lead Risk Manager; a designated Certified Financial Analyst (CFA); a Financial Risk Manager (FRM); a member of the Association of Certified Anti-Money Laundering Specialists (ACAMS); and strongly believes that minimizing risk is key to maintaining viability in any sphere.

She is also a Jamaica Stock Exchange (JSC) mentor for the Junior Market where she advises on the adequacy of procedures, systems and controls for financial reporting, corporate governance, timely disclosures of information to the market, and general compliance to listed company requirements.

Ms. Wint has spent the last 29+ years honing her career in developing and managing risks, regulatory compliance and internal controls to mitigate risk (operational, regulatory, financial and business) and improve transparency to secure Board/shareholder confidence for financial entities operating in Jamaica and the region.

Senior Executive Management

Mr. Martin Miller
Managing Director

Mr. Donald Moore
Senior General Manager,
Construction & Development

Dr. Lanie-Marie Oakley-Williams
Senior General Manager,
Customer Relations Management

Mr. Neil Miller
Senior General Manager,
Corporate Services

Mr. Dwight Ebanks
Senior General Manager,
Finance

Mr. Gladstone Johnson
General Manager,
Contribution Management

Dr. Suzanne Wynter
General Manager,
Loan Management

Mrs. Joyce Simms-Wilson
General Manager,
Marketing & Communication
(Retired during the Financial Year)

Ms. Camille Chevannes
General Counsel,
Legal Services

Mrs. Lisa Myrie Davis
Chief Internal Auditor

Mr. Leighton Palmer
Chief Information Officer

Mr. Errol Holmes
General Manager,
Business Process Optimization

Mrs. Judith Larmond-Henry
General Counsel and
Company Secretary
(Retired during the Financial Year)

Chairman & Managing Director's Report

"Persons who end up with a disability tend to think that life is over... getting this house has given me hope as I look forward to a brand new life..." ***New NHT Home Owner***

Mr. Linval Freeman
(Chairman)

Mr. Martin Miller
(Managing Director)

The National Housing Trust looks forward, with renewed purpose, to improving the lives of our contributors, transforming communities, and indeed enhancing the Jamaican housing landscape. The words of an NHT special needs contributor above serve as an impetus for this institution, to deliver more – greater value, increased housing supply and more varied pathways to homeownership.

Since its inception in 1976, the NHT has remained committed to improving Jamaica's housing stock through our own developments or collaborations with private developers. In 2021, the NHT concluded a successful five-year housing programme which introduced 23,000 housing solutions to the market. Now, with a renewed charge to further increase the supply of housing, the Trust is building on its strategies to promote efficiency and greater collaboration in housing development, by embarking on a similar campaign using two housing programmes—the Guaranteed Purchase Programme (GPP) and the Developers' Programme. These programmes will be used to leverage efficiencies and resources in the Private Sector to meet housing demand. Under both programmes, the NHT invites the participation of local and international developers to construct units for the NHT. A key distinction between both programmes is that under the GPP, developers construct housing solutions on lands owned by them and sell to the NHT at a pre-agreed price, while under the Developers Programme, housing solutions are constructed on lands owned by the Trust. Under both programmes, the developer is responsible for the planning, designing, financing and completion of the housing solutions, while the NHT undertakes the marketing and sale of the housing solutions purchased. This approach encourages participation in the low-income segment of the housing market and enables the Trust to deliver housing solutions at lower costs and faster timeframes.

In addition to our role in housing development, the NHT remains the leading provider of mortgage financing, and continues to improve financing options for our qualified contributors.

Over the past year, the Trust has focused on improving operational efficiencies to enhance service delivery, particularly through the integration of technological solutions such as the Loan End to End Project (LEEP)—a customized loan processing platform designed by the NHT.

The project is aimed at improving loan processing functions and providing customers with a modern digital experience.

During the 2022/2023 financial year, the organisation effected the introduction of new budget initiatives and revised policies to improve affordability. These measures were intended to lay the framework for the NHT to deliver more – more housing solutions, more financing options, more benefits to mortgagors and more customer-centric services.

Policy Adjustments

A number of key improvements to NHT's benefits policies were announced by Prime Minister the Most Hon. Andrew Holness, during his 2023/2024 Budget Presentation. These include an increase in the loan ceiling and an adjustment to the existing income bands which determines the interest rate for new borrowers.

Income Band and Interest Rate Adjustments

With the implementation of the adjusted loan limits, an additional $1 million dollars will now become available to contributors to aid in the purchase of a home. This represents a 15% increase in the general loan ceiling to $7.5 million, up from $6.5 million (Of note, the NHT last increased the general loan ceiling in 2019 from $5.5 million to $6.5 million). The new loan ceiling is in line with recent increases in the cost of construction inputs and the consequent increases in the price of housing units.

The new policy adjustments will be applicable to all new mortgages and take effect on July 1, 2023.

The proposed increase will see adjustments to loan benefits as follows:

- **Open Market and Build On Own Land (BOL) Loans: increase from $6.5 million to $7.5 million**
- **House Lot, Home Improvement, Ten Plus (10+) and Fifteen Plus (15+) Loans: increase from $2.5 million to $3.5 million**

In addition, the NHT has introduced a new loan ceiling to make more funds available for customers purchasing units on the Open Market, costing $12 million or less. An individual making such a purchase will be able to access up to $8.5 million (subject to affordability). The NHT will continue to provide 100% financing for NHT Scheme units (houses built by the Trust), subject to affordability.

Chairman & Managing Director's Report
(continued)

Additionally, the NHT has introduced a new income band for some contributors. Effective July 1, 2023, contributors earning $100,001 per week or more (approximately 5% of the NHT's over 550,000 contributors), will access NHT loans at a rate of interest of five per cent. The majority of NHT contributors (66%), will continue to access loans at zero per cent.

The new income bands are as follows:

NEW INCOME BAND & INTEREST RATE STRUCTURE			
Existing Income Bands And Interest Rates		New Income Bands And Interest Rates Effective July 1, 2023	
Income Band	**Interest rate**	**Income Band**	**Interest rate**
minimum wage to $30,000.99 weekly	0%	Minimum wage - $30,000.99 per week	0%
$30,001.00-$42,000.99 weekly	2%	$30,001.00 - $42,000.99 per week	2%
above $42,001.00 weekly	4%	$42,001.00 – $100,000.99 per week	4%
		Over $100,001.00 per week	5%

Increase in NHT Home Grants

The NHT offers Home Grants of up to $2.5 million to contributors earning less than $15,000.99 weekly who have contributed to the NHT for at least seven years or who meet other specific criteria. Home Grants may be used to supplement the cost to purchase or construct a home. Come July 1, 2023, the NHT will increase the amount available for Home Grants to $3.5 million per contributor. This increase is aimed at providing a greater subsidy to the neediest NHT contributors, particularly those earning minimum wage.

PERFORMANCE REVIEW

Financial Management

Total Assets

Total assets grew by 6.0% or $19.9B when compared to 2021/2022, ending the year at $348.2B. This movement was fuelled mainly by an 8.1% ($20.7B) growth in the loans receivable portfolio. For the year under review, loans receivable totalled $277.4B, up from $256.7B. Loans to beneficiaries increased by 9% moving from $240.5B to $261.9B. The NHT's inventories increased by approximately $2.6B to $40.6B at the end of March 2023, up 6.9% when compared to the prior year. The value of housing under construction increased by $2.1B to $30.8B (7.2%). Similarly, the value of housing units completed but not yet allocated increased to $3.2B, a 26.3% increase over the last financial year. NHT's expenditure for units constructed under the Guaranteed Purchase Programme (GPP) increased in value to $110.5M, up by 164.4% or $68.7M over the previous year.

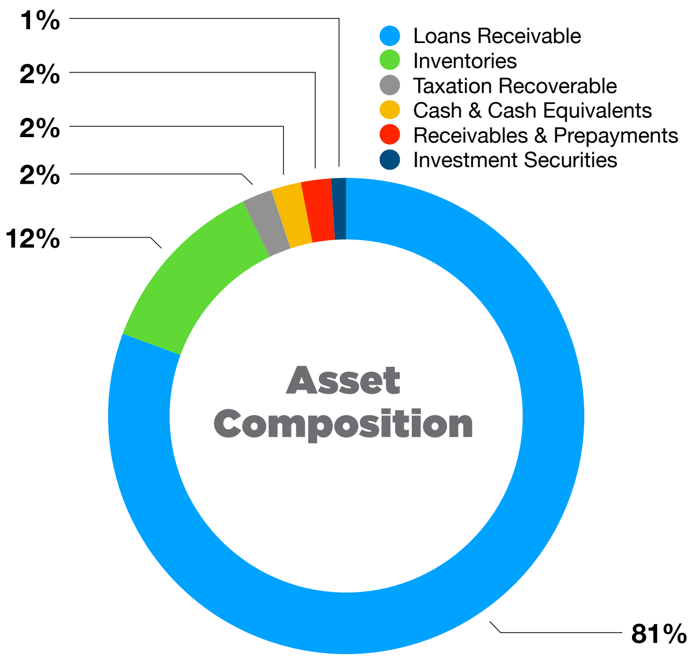
Cash and Investments declined by $585.5M or 4.3% to $12.8B when compared to 2021/2022. Receivables and prepayments declined by approximately 16.3% to $6.0B at the end of March 2023. Reduction in mobilisation sums for the housing construction and the faster settlement of death claims, were the main contributing factors accounting for a decrease in receivables and prepayments.

Income and Expenditure

Operating surplus for the year was $19.0B, a reduction of 7.7% compared to the previous year. The reduction was due mainly to the net of the following: a decrease in interest income of $0.8B, an increase in miscellaneous income of $1.8B, and an increase in the discount of the disposal of receivables of $1.0B.

Operating expenses increased by $2.2B over the prior year, due mainly to accruals to account for expected increases in negotiated salaries. The increase in operating expenses is also due to the expansion in construction activities, as well as costs incurred to implement efficiency programmes, including the digitization of records and the improvement of processes.

Total income grew by approximately $2.6B or 7.4% to $37.8B, bolstered by an 8.5% increase in non-refundable employers' contributions, the main contributor to total income. Non-refundable contributions accounted for 71.1% of total income and amounted to $26.9B, up from $24.8B last year.



OPERATIONAL REVIEW

Key Performance Areas

Contributions Collections

As with the previous financial year, contributions collected surpassed the 2022/2023 target by 8.3%, totalling $46.8B. The amount collected is approximately $5.4B more than that collected at the end of March 2022. Salary increases and retroactive payments from public sector entities, along with increased payments from the financial and tourism sectors, were major contributors to the growth in contributions collected.

Mortgage Collection

Loan repayments for the year amounted to $24.6B, 9.4% more than the amount collected last year. Continued improvements in loan servicing and arrears management, as well as collections from the JFMP portfolio contributed significantly to the increase in mortgage collections.

Loans Created

Between April 2022 and March 2023, 8,374 mortgage loans were granted to contributors at a value of $47.6B. When compared to last year, the number of loans disbursed in 2022/2023 declined by 9.4%. Main mortgage loans accounted for the majority (87%) of loans disbursed for the year with a value of approximately $35.2B. Open Market loans continue to be the dominant loan type, while Construction Loans outperformed House Lot loans to become the second most popular loan type for the year. Together, they accounted for 55% of main mortgage loans and 41% of the total number of loans written.

The number of loans disbursed under the Joint Finance Mortgage Programme (JFMP) increased by 10%, moving from 1,820 in the prior year to 2,005 at the end of March 2023.

Chairman & Managing Director's Report
(continued)

Loans Created (April 2022 – March 2023)

Benefit Type	Number of Loans
Build on Own Land	533
Construction Loan	918
Home Improvement	133
Fifteen Plus loans	98
Ten Plus loans	517
House Lot	847
Open Market Loan	2,498
Scheme Unit	680
Serviced Lot	32
SUBTOTAL	**6,256**
Other Loans	
Solar Water Heater	113
JFMP	2,005
TOTAL	**8,374**

Housing Starts and Completions

Housing Starts

As the NHT redirected its housing programme towards greater collaboration with the private sector through the Developers Programme and GPP, this year, seven projects totalling 4,437 solutions were shifted from the NHT Scheme Programme to the Developers Programme. Due to the process of review and selection of proposals under the programme, the start of these projects were deferred to the 2023/2024 financial year. Cumulatively, 1,758 housing solutions were started in 2022/2023, which amounted to 9% or 150 solutions more than last year. Individual beneficiary construction projects accounted for the majority of construction starts achieved during the year (1,486 solutions).

Projects slated for construction under the GPP experienced several delays, with 248 solutions started during the year. Under the Community Renewal Programme the Trust started 24 solutions at St. Paul's Lane in Kingston.

Housing Starts (April 2022 – March 2023)

Benefit Type	Location	Number of Starts
Individual Benefits Loan		
Build on Own Land (BOL)		383
Construction Loan (CL)		642
Home Improvement (HI)		461
GPP Projects		
Howard Avenue	Kingston	248
Community Renewal Programme		
St. Paul's Lane	Kingston	24
TOTAL		**1,758**

Housing Completions

A total of 1,546 housing solutions were completed in 2022/2023, which was 42% or 1,121 solutions fewer than the completions in the previous year. Under the GPP, 206 solutions were completed; 47 solutions were constructed under the Labour and Small Materials Programme (LSMP), while the Interim Finance Programme delivered 90 solutions.

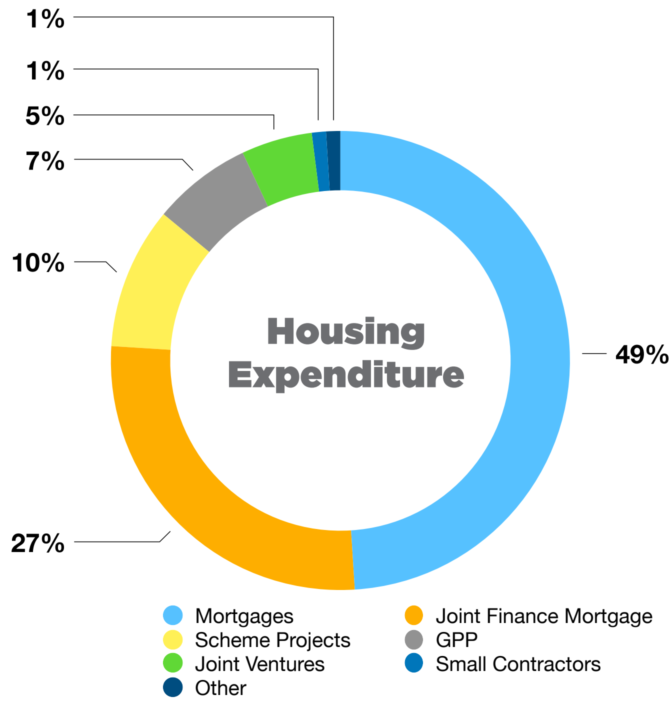
Housing Completions (April 2022 – March 2023)

Benefit Type	Location	Number of Completions
Individual Benefits Projects		
Build on Own Land		253
Construction Loan		547
Home Owners' Loan		403
GPP Projects		
Brompton	St. Elizabeth	16
Roseneath	St. Catherine	20
Silversun	St. Catherine	70
Catherine Estates	St. Catherine	100
Labour and Small Materials Programme		
Windsor	Trelawny	19
Shrewsbury	Westmoreland	22
Hummingbird Phase 1	Clarendon	6
Interim Financed Projects		
Winchester	Hanover	84
Foreshore	Kingston	6
TOTAL		**1,546**

Other Operational Areas

Housing Expenditure

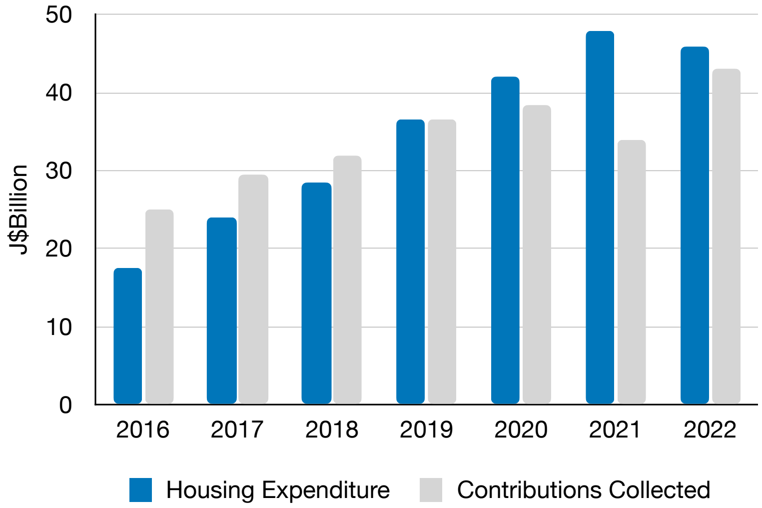
The NHT spent $45.9B on its various housing initiatives for the financial year. This represents a marginal decline (1.2% or $566.3M) from the sum expended the previous year. Loans to contributors (NHT mortgages and JFMP) accounted for 76% of expenditure. A total of $34.8B was spent on loans this year, a slight increase from $34.5B.



Contribution Refunds

Contributions remitted to the Trust up to the end of 2015 became eligible for refunds during the 2022/2023 financial year. Approximately 167,811 contributors were refunded over the period April 2022 to March 2023, an increase of 11,556 over same period in the previous year. Sums refunded amounted to $8.3B, which is $1.5B more than the previous year. In keeping with NHT's policy, refunds for contributors who have a current mortgage with the Trust are applied to their loan balance. For 2022/2023, approximately $1.5B was transferred to loan accounts bringing the total amount refunded for the year under review to approximately $9.8B.

Housing Expenditure & Contributions Collected



Special Projects

In 2016, the NHT commenced a series of special projects in support of national development and in keeping with its focus on community development. These initiatives are aimed at creating safe and secure environments for Jamaicans through the construction and refurbishing of police stations, upgrade of NHT and Ministry of Housing schemes, as well as the refurbishing of infirmaries and hospitals.

Chairman & Managing Director's Report
(continued)

Construction and Refurbishing of Police Stations

This programme targets the refurbishing and upgrade of Police Stations within a 10km radius of NHT Schemes. Twelve (12) police stations have thus far been identified for improvement under the programme. To date, work has been completed at Shady Grove, St. Catherine; Orange Bay, Buff Bay and Port Antonio in Portland; Specialized Operations (Mobile Reserve) and Olympic Gardens, St. Andrew. Construction works commenced in the latter half of the year on police stations in Frome, Little London in Westmoreland, Lacovia, St. Elizabeth, and Stony Hill, St. Andrew, while the development of the Anchovy, St. James Police Station is still in procurement. For the year just ended, the NHT expended $71.8M on these projects.

Renovation of Infirmaries and Hospitals

The NHT has undertaken repairs and installation of solar panels at infirmaries in Manchester, Portland, St. James, Westmoreland and St. Elizabeth. A total of $54.9M has been expended under the programme for the year under review.

The construction of a Parent Overnight Suite and Cardiac Ward at the Bustamante Hospital for Children is ongoing. A sum of $11.3M was expended during the year on this project.

NHT Scheme Upgrade

Cumulatively, the NHT has identified 91 schemes for infrastructure upgrade. To date 44 have been completed, 13 are in progress, 4 projects are on hold and 30 are in the procurement phase. Amounts expended on these projects totalled $630.7M, a 23.6% increase over the $510.2M expended during the previous financial year.

THE YEAR AHEAD

We at the NHT are proud of our contribution to national development. We are also honoured to have been the mortgage provider of choice for Jamaicans. In the 2023/2024 financial year, we will aim to deliver more housing solutions, more financing options and more partnerships for the benefit of our contributors.

More Housing Solutions

The Government of Jamaica has targeted the commencement of 70,000 new housing solutions over five years. The NHT is charged with contributing 43,000 of those solutions by 2026. To accomplish this massive target, the NHT will be collaborating with developers to increase its housing output through the GPP and the Developer's Programme.

More Financing Options

In order to increase the supply of housing, the Trust must divert more of its resources into housing construction. Consequently, as at April 2023, the Trust aims to implement a new External Financing Mortgage Programme (EFMP), which will replace the JFMP. Under this new arrangement, the NHT will partner with mortgage lending institutions to fund loan disbursements to NHT contributors. The disbursement includes NHT loans of up to $7.5 million per beneficiary, which will be fully financed by the partner. The NHT will then pay directly to the mortgage partner the difference between the interest rate charged under the EFMP (the programme rate) and the applicable interest rate charged by the NHT.

This new financing model will allow NHT mortgagors to process their NHT loan from an expanded pool of partner mortgage institutions of their choice. This move opens up the mortgage market, giving customers more options for accessing their NHT loans when buying a house or land on the open market. The mortgagor will not be negatively impacted by interest rates charged by private mortgage partners, as the interest payment on the NHT's portion of the loan will be the same as if he/she were to access funds directly from the NHT.

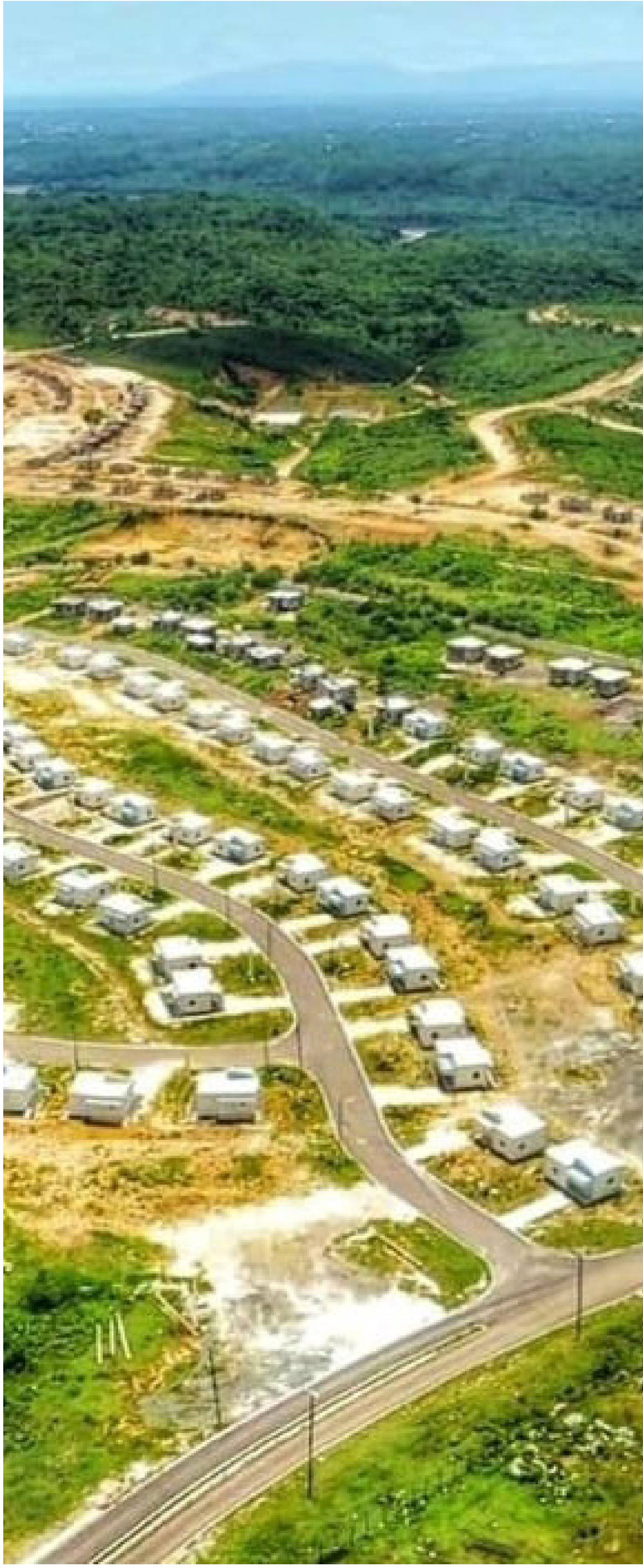
Improved Services

The NHT will be undertaking upgrades to its NHT Online platform to offer more personalised services, faster processing times and an overall better customer experience. By the end of April 2023, contributors will be able to generate an NHT eligibility letter and have it delivered to their email in a matter of minutes.

At the heart of what we do at the NHT are stories of contributors whose lives have been transformed, and who share in a proud celebration of an organisation that remains focused on its mission. The NHT remains committed to serving you our contributors, as we seek to deliver more.

Mr. Linval Freeman
(Chairman)

Mr. Martin Miller
(Managing Director)



Corporate Governance

The Board of the National Housing Trust is committed to transparency and a strong sense of fiduciary and social responsibility. The organization is governed by the NHT Act of 1979; and, in the main, is guided by the Corporate Governance Framework for Public Bodies (CGFPB); the Public Bodies Management and Accountability Act (PBMA); the Financial Administrative and Audit Act; and the Ministry of Finance Circulars. The Prime Minister, who is the portfolio minister for the organization, spearheads the appointment of the Board, which is done every three years, or as dictated by other exigencies. The period of appointment of the current Board of Directors is March 22, 2021-March 21, 2024.

Composition of the Board

The composition of the Board ranges between 9 to 17 members, inclusive of a Chairman. For the financial year, the Board had 10 directors, inclusive of the Managing Director and the new Chairman appointed in January 2023. The names and accompanying biographies are shown elsewhere in this report. There are five (5) sub-committees of the Board, as shown in the following table:

Sub-Committees of the NHT Board of Directors		
Sub-Committee	**Major Responsibilities**	**Frequency of Meeting**
Audit Committee Chaired by: Ms. Hope Wint	• Assesses the adequacy and scope of arrangements for the internal and external audit of the accounts of the NHT; • Examines the reports of internal and external auditors in relation to such accounts; • Ascertains what action has been taken in respect of recommendations contained in such reports.	Quarterly
Customer Relations Committee Chaired by: Mr. Doran Dixon	• Reviews and recommends requests from contributors for variations to policies to support their acquisition of housing solutions. • Accepts and makes recommendations to the Board regarding any issues emanating from such policies and strategies which have been implemented or proposed by the Customer Relations Management Division (CRM), through NHT's Leadership Team. • Promotes the development of housing communities through monitoring the provision of support services	Monthly
Finance and Technical Committee Chaired by: Mr. O'Neil Grant	• Examines in depth, as appropriate, in association with other Committees, the sources and uses of funds to improve the efficiency and effectiveness of the provision of housing solutions and the long-term viability of the NHT; • Acts in an advisory capacity to the Board of Directors on the overall financial condition of the NHT; • Reviews the short-term and long-term financing arrangements of the NHT; • Formulates strategies for improving the NHT's financial position that will facilitate the maximization of revenue inflows; • Reviews the annual Budgets of the NHT; • Monitors to ensure compliance with and adherence to the Corporate Plan; • Ensures that there is full compliance and adherence with the "Government of Jamaica's" ("GOJ") Procurement Guidelines and Policies in observance of sound business practices on a fair, competitive and transparent basis; • Leads the strategic direction of the NHT in the management of material business risks; • Direct and oversee the establishment and implementation of an enterprise risk management framework; • Reviews the effectiveness of the risk management framework in identifying and managing risks and controlling internal processes.	Monthly
Corporate Governance Committee Chaired by: Mrs. Nesta-Claire Smith Hunter	• Ensures that the NHT operates within the framework of good corporate governance in keeping with the requirements of the Corporate Governance Framework for Public Bodies (CGFPB) and the Public Bodies Management and Accountability (PBMA) Act; • Provides guidance to the Board on matters relating to corporate governance in general including but not limited to the stewardship role of the Board in respect of the management of the Trust.	Quarterly
HRM and Information Technology Committee Chaired by: Senator Kavan Gayle	• Provides guidance to the Board and contributes to strategic policy deliberations, thereby ensuring the optimization of NHT's human capital; • Guides and supports Human Resource policy formulation, implementation and evaluation in general, including but not limited to the provisions of the Human Resource Strategic Plan. The Plan constitutes a framework for the Committee's deliberations and includes policies and strategies relating to recruitment, selection, training and development of employees of the NHT; • Reviews, evaluates and recommends strategies for the technological direction of the NHT.	Bi-Monthly

Operation of the Board

The regular schedule for Board meetings is once per month, but may be exceeded or reduced based on eventualities. These, along with sub-committee meetings are held at NHT's Head Office, located at 4 Park Boulevard, Kingston 5. The Committees review matters submitted by Management for consideration and make recommendations to the Board. The Board reserves the right to accept/reject the recommendations of the Committees. Attendance is registered by the physical presence of Directors or by their communication via teleconferencing. The record for the 2022/23 period shows a total of seventeen (17) Board meetings held with attendance as follows:

Corporate Governance
(continued)

BOARD ATTENDANCE	
Chairman/ Director	Number of meetings attended
Mr. Lennox Channer*	14
Mr. Linval Freeman**	3
Mr. Doran Dixon	17
Ms. Merle Donaldson	10
Senator Kavan Gayle	12
Mr. O'Neil Grant	16
Mrs. Nesta-Claire Smith Hunter	15
Corporal Rohan James	16
Mr. Granville Valentine	14
Mr. Martin Miller	16

**Resigned from the Board, effective December 31, 2022*

***Appointed Chairman of the Board, effective January 23, 2023*

Internal Audit

The Internal Audit Department provides independent and objective oversight that adds value to and improves the organization's operations. Using a systematic and disciplined approach, the Department monitors the organization's compliance with legislation; adherence to policies and procedures and operational guidelines, as well as, goal accomplishment against standards. The unit also ensures that controls are tested for robustness; financial requirements and guidelines are maintained; and risks are adequately identified and managed.

Internal Audit is guided by the International Standards for the Professional Practice of Internal Auditing (IPPF). Administratively, the unit reports to the Managing Director, while functionally, the Audit Sub-Committee of the Board overseas its performance.

Risk Management

The organization's risks are managed by the Corporate Risk and Insurance Management Unit, which guides the process of risk identification through to risk mitigation. The tools that support this process are: (1) the Risk Management Policy; (2) NHT's Business Risk Review Manual; and (3) NHT's Risk Reference Guide. The major outputs of the process are the (1) Annual Corporate Risk Profile; (2) the Annual Operational Risk Plans; (3) the Process Risk Assessments; and (4) the Project Risk Assessments.

External Audit

External Auditors provide another means of independent and objective evaluation of the organization's operations, helping to ensure its integrity and financial prudence. They receive direct oversight from the Audit Sub-Committee, which reviews and makes recommendations for their appointment. On December 20, 2020, PricewaterhouseCoopers were appointed Auditors for a period of three years.

The number of sub-committee meetings varies across the different committees. Attendance during the year was as follows:

SUB- COMMITTEE MEETING ATTENDANCE						
Directors	**Audit Committee (5)**	**Customer Relations Committee (8)**	**Finance & Technical Committee (14)**	**Corporate Governance Committee (4)**	**HRM & Information Technology (6)**	**JFMP*** Disposal Committee (3)**
Mr. Linval Freeman*		1				
Mr. Lennox Channer						2
Mr. Doran Dixon	5	8*		4		
Ms. Merle Donaldson				2	4	
Senator Kavan Gayle	3		7		6*	
Mr. O'Neil Grant			14*	2		2
Corporal Rohan James	5				5	
Mr. Martin Miller		8	13	3	6	2
Mrs. Nesta-Claire Smith Hunter	1	8	14	4*		
Mr. Granville Valentine	2	3	10		3	
Ms. Hope Wint	5*	7			5	
Mr. Ricardo Case (co-opted)					4	
Ms. Nyree Coke (co-opted)		8				
Mr. Peter Jervis (co-opted)			13			
Mr. Donald Patterson (co-opted)	1**					
Mr. Gary-Vaughn White (co-opted)			6			

** Denotes Committee Chairman   ** Co-opted to the Audit Committee February 2023*

****The JFMP Disposal Committee was named by the Board to review proposals relating to the sale of receivables. The committee is not a permanent one.*

Directors' Report

1. Statement of Profit or Loss and Other Comprehensive Income for Year ended March 31, 2023.

	2023 $'000	2022 $'000
Non-refundable employers' contributions	26,883,076	24,769,044
Interest revenue:		
Loans	7,590,434	8,599,885
Investment securities	707,490	546,570
	8,297,924	9,146,455
Bonus on employees' contributions	(2,144,557)	(1,979,705)
Net interest revenue	6,153,367	7,166,750
Fair value (losses)/gains on investment securities (net)	(46,202)	141,676
Dividends from equity investments	18,954	12,543
Gains on sale of housing solutions (net of allowance for impairment)	205,852	329,198
Foreign exchange gain (net)	-	128,739
Miscellaneous income	2,405,254	643,991
	8,737,225	8,422,897
	35,620,301	33,191,941
Operating expenses	11,897,067	9,748,429
Foreign exchange losses (net)	60,035	-
Decrease in allowance for expected credit losses (net)	(377,567)	(872,079)
Special subsidies and grants	1,433,330	1,392,330
Subsidy on peril and life administrative fees	-	446,012
Government levies	55,174	61,688
Loss on partial disposal of the Joint Finance Mortgage Programme receivables	3,497,872	2,494,743
Share of losses of associate	64,855	22,766
	16,630,766	12,847,877
Profit Before Taxation	18,989,535	20,344,064
Taxation credit (charge)	(30,275)	203,546
Profit for the Year	18,959,260	20,547,610
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Remeasurements of post-employment benefit obligations	(212,854)	(14,416)
Deferred tax on remeasurements of post-employment benefit obligations	53,214	3,604
Items that may be subsequently reclassified to profit or loss:		
Changes in fair value of loan instruments designated at fair value through other comprehensive income	142,031	(3,488,730)
Deferred tax on changes in fair value of loan instruments	(872,183)	872,183
Other comprehensive income for the year, net of tax	(889,792)	(2,627,359)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	18,069,468	17,920,251

2. The Board of Directors

Mr. Lennox Channer, Chairman*
Mr. Linval Freeman, Chairman
Mr. Martin Miller, Managing Director
Mr. Doran Evan Dixon, JP
Ms. Merle Donaldson
Senator Kavan Gayle, CD
Mr. O'Neil Wilton Grant
Mrs. Nesta-Claire Hunter
Corporal Rohan James
Mr. Granville Valentine, CD, JP
Ms. Hope Wint

Co-opted Board Members

Mr. Ricardo Case
Ms. Nyree Coke
Mr. Peter Jervis
Mr. Donald Patterson
Mr. Gary-Vaughn White

**demitted office December 31, 2022*

3. The Auditors

Effective December 20, 2020, Price WaterhouseCoopers, were appointed auditors for a period of three years.

4. The Employees

The Directors wish to thank the management and staff of the Trust for their hard work during fiscal year 2022/2023.

Pictorial

Ground Breaking: Union Acres

Prime Minister, the Most Hon. Andrew Holness, on Friday May 20, 2023, broke ground for the construction of 144 detached two-bedroom housing solutions at Union Acres in Irwin, St. James.

Left: Prime Minister and Minister with portfolio responsibility for the NHT, The Most Honourable Andrew Holness addressing the audience at the Union Acres ground breaking in Irwin, St. James.

Joining the Prime Minister and Minister with portfolio responsibility for the NHT, The Most Honorable Andrew Holness for the ceremonial ground breaking are from left: Managing Director of the NHT Martin Miller, Minister of Tourism Edmund Barlett, then NHT Board Chairman Lennox Channer, and NHT Board Members Mr. O'Neil Grant and Mr. Doran Dixon.

Ground Breaking: The Howard Apartments

On Wednesday November 9, 2022, ground was broken for 248 studio units at Howard Avenue in Kingston and St. Andrew.

Above Right: Joining the Prime Minister and Minister with portfolio responsibility for the NHT, The Most Honourable Andrew Holness for the ceremonial ground breaking are from left: Managing Director of the NHT Martin Miller; then NHT Board Chairman Lennox Channer; Member of Parliament for St. Andrew South Western, Dr. Angela Brown-Burke and representatives of Centauri Real Estate Company Ltd.

Handover: Ruthven Towers

On August 3, 2022, the NHT handed over one and two bedroom apartments to beneficiaries of the Ruthven Towers development located in New Kingston. These luxury, modern apartments are centrally located and provides easy access to all the amenities and attractions of the city.

Above: Prime Minister, The Hon. Andrew Holness hands over the keys to Paula Brown for her new home

Above: Joining the Prime Minister and Minister with porfolio responsibility for the NHT, The Most Honorable Andrew Holness for the ceremonial ribbon cutting are from left: Mayor of Kingston, Delroy Williams; NHT Board Chairman Lennox Channer, new beneficiary, Kirk Frankson, Senior General Manager of Construction and Development Donald Moore, and Member of Parliament for St. Andrew South Eastern, Julian Robinson

Pictorial

Handover: Catherine Estate

Catherine Estates, a joint development with the Housing Agency of Jamaica was handed over to beneficiaries on August 26, 2022.

Below: Prime Minister Andrew Holness congratulates Sheryl Forbes, a new beneficiary of Catherine Estates

Joining the Prime Minister, Hon. Andrew Holness in officially handing over the Catherine Estates development to beneficiaries are from left: Executive Deputy Manager, China Harbour Engineering Company (CHEC), Daan Xu; NHT Chairman Lennox Channer, Vice Chairman of the HAJ Board Sylvester Tulloch; Councillor Jennifer Hull; NHT beneficiary Jutann Jack; Mayor of Spanish Town, His Worship Norman Scott and Fitz Jackson, Member of Parliament St. Catherine Southern.

Above: The beneficiaries of Catherine Estate cheerfully pose with the Prime Minister, Hon. Andrew Holness as they wave their keys to their brand new homes

Above: NHT Chairman Lennox Channer with new NHT homeowner Stacey Ann Williamson.

Handover: Majesty Gardens

Thirty two (32) housing units were handed over in the south western St. Andrew community of Majesty Gardens. Phase 1A of the project comprised 24 studios, 4 one bedrooms and 4 three bedrooms

The Most Honorable Andrew Holness is joined for the ceremonial ribbon cutting by (from left): Managing Director of the NHT, Martin Miller; Reginald Hencewood, a beneficiary of Majesty Gardens; Member of Parliament, Dr. Angela Brown-Burke and NHT Board member, Corporal Rohan James.

Top Left: NHT Board Member, Corporal Rohan James, hands over the keys to a beneficiary for her new home.

Above Left: Prime Minister The Most Honorable Andrew Holness with Sedrick & Ricado Anderson (Parent Assist beneficiaries)

Pictorial

Handover: Industry Cove Manor

On Friday August 12, 2022, the NHT handed over 63 units at Industry Cove Manor in Green Island, Hanover. The development comprised 23 detached two bedroom units and 40 two bedroom townhouses.

Above l-r: Hon. Homer Davis, Min. of State in the OPM; His Worship Councillor Sheridan Samuels, Mayor of Lucea; Sean Anderson, NHT beneficiary; Most Hon. Andrew Holness, Prime Minister; Tamika Davis, Member of Parliament Hanover Western; Lennox Channer, NHT Chairman and Donald Moore, Senior General Manager, Construction & Development, NHT.

Handover: Roseneath Park

Thirty newly constructed detached two bedroom units were handed over at Roseneath Park, Old Harbour, St. Catherine on October 12, 2022. This development was a part of the Trust's Guaranteed Purchase Programme.

Prime Minister, The Most Hon. Andrew Holness, NHT Chairman Lennox Channer along with Minister of National Security Horace Chang, Police Commissioner Major General Antony Anderson and other members of the Jamaica Constabulary Force cut the ribbon on the new home for disabled JCF member Owen Graham.

Above: Prime Minister Andrew Holness and NHT Chairman Lennox Channer hands over keys to beneficiaries Daviena Boyd and Kady-An Hyde

Audited Financials

Contents

Independent auditor's report

To the Board of Directors of National Housing Trust

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of National Housing Trust (the Trust) as at 31 March 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Trust's financial statements comprise:

- the statement of financial position as at 31 March 2023;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in accumulated fund for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

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

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

Independence

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

PricewaterhouseCoopers, Scotiabank Centre, Duke Street, Box 372, Kingston, Jamaica
T: (876) 922 6230, F: 876) 922 7581, www.pwc.com/jm

Other information

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and 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 Trust'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 Trust or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust'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 Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

PricewaterhouseCoopers

Chartered Accountants
Kingston, Jamaica
30 June 2023

National Housing Trust

Statement of Financial Position

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

		2023 $'000	2022 $'000
Assets	**Notes**		
Cash and cash equivalents	6	6,849,253	6,872,454
Receivables and prepayments	7	6,042,148	7,221,301
Short term deposits and resale agreements	8	1,528,740	2,061,869
Investment securities	9	4,465,233	4,494,404
Taxation recoverable	27(a)	7,580,838	7,431,825
Loans receivable	10	277,382,287	256,697,930
Inventories	12	40,612,071	38,003,224
Intangible assets	13	12,138	1,256
Investments in associate	14	992,973	1,014,149
Employee benefits asset	15	735,471	1,736,960
Property, plant and equipment	16	1,880,013	1,844,047
Deferred tax asset	20	88,965	938,209
Total assets		348,170,130	328,317,628
Liabilities and Accumulated Fund			
Liabilities			
Payables and accruals	17	11,469,783	9,973,001
Provisions	18	288,590	224,394
Refundable contributions	19	149,069,177	136,808,623
Taxation payable	27(b)	6,472,138	6,472,138
Employee benefits obligation	15	1,177,930	1,828,342
		168,477,618	155,306,498
Accumulated Fund			
Mortgage subsidy reserve	21	3,919,758	3,919,758
Peril reserve	22	4,504,755	4,573,494
Loan loss reserve	10(t), 23	6,840,695	5,861,579
Accumulated profit		164,427,304	158,656,299
		179,692,512	173,011,130
Total liabilities and accumulated fund		348,170,130	328,317,628

Approved for issue by the Board of Directors on June 26, 2023 and signed on its behalf by:

Linval Freeman - Chairman **Martin Miller - Managing Director**

The accompanying notes on pages 41 to 145 form an integral part of these financial statements.

National Housing Trust

Statement of Profit or Loss and other Comprehensive Income

Year ended 31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2023 $'000	2022 $'000
Non-refundable employers' contributions	2(c),28(f)	26,883,076	24,769,044
Interest revenue:			
Loans	28(a)	7,590,434	8,599,885
Investment securities	28(a)	707,490	546,570
		8,297,924	9,146,455
Bonus on employees' contributions	28(b)	(2,144,557)	(1,979,705)
Net interest revenue		6,153,367	7,166,750
Fair value (losses)/gains on investment securities (net)	28(c)	(46,202)	141,676
Dividends from equity investments	28(a)	18,954	12,543
Gains on sale of housing solutions (net of allowance for impairment)	12(a)	205,852	329,198
Foreign exchange gains (net)		-	128,739
Miscellaneous income	25	2,405,254	643,991
		8,737,225	8,422,897
		35,620,301	33,191,941
Operating expenses	28(d)	11,897,067	9,748,429
Foreign exchange losses (net)		60,035	-
Decrease in allowance for expected credit losses (net)	28(e)	(377,567)	(872,079)
Special subsidies and grants	26	1,433,330	1,392,330
Government levies		55,174	61,688
Loss on partial disposal of the Joint Finance Mortgage Programme receivables	10(k)(iii)	3,497,872	2,494,743
Share of losses of associate	14	64,855	22,766
		16,630,766	12,847,877
Profit Before Taxation		18,989,535	20,344,064
Taxation (charge)/credit	27(c)	(30,275)	203,546
Profit for the Year		18,959,260	20,547,610
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurements of post-employment benefit obligations	15	(212,854)	(14,416)
Deferred tax on remeasurements of post-employment benefit obligations	20	53,214	3,604
Items that may be subsequently reclassified to profit or loss:			
Changes in fair value of loan instruments designated at fair value through other comprehensive income		142,031	(3,488,730)
Deferred tax on changes in fair value of loan instruments	20	(872,183)	872,183
Other comprehensive income for the year, net of tax		(889,792)	(2,627,359)
Total Comprehensive Income for the year		18,069,468	17,920,251

The accompanying notes on pages 41 to 145 form an integral part of these financial statements.

National Housing Trust

Statement of Changes in Accumulated Fund

Year ended 31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Mortgage subsidy reserve	Peril reserve	Loan loss reserve	Accumulated profit	Total
		$'000	$'000	$'000	$'000	$'000
Balance at 1 April 2021		**3,919,758**	**4,335,963**	**4,247,948**	**153,975,141**	**166,478,810**
Total comprehensive income for the year						
Profit for the year		-	-	-	20,547,610	20,547,610
Other comprehensive income for the year		-	-	-	(2,627,359)	(2,627,359)
(FRAN) – National Debt Exchange	9 (iii)	-	-	-	12,069	12,069
Transfer to consolidated fund	24	-	-	-	(11,400,000)	(11,400,000)
Other Transfers	22,23	-	237,531	1,613,631	(1,851,162)	-
Balance at 31 March 2022		**3,919,758**	**4,573,494**	**5,861,579**	**158,656,299**	**173,011,130**
Total comprehensive income for the year						
Profit for the year		-	-	-	18,959,260	18,959,260
Other comprehensive income for the year		-	-	-	(889,792)	(889,792)
(FRAN) – National Debt Exchange	9 (iii)	-	-	-	11,914	11,914
Transfer to consolidated fund	24	-	-	-	(11,400,000)	(11,400,000)
Other Transfers	22,23	-	(68,739)	979,116	(910,377)	-
Balance at 31 March 2023		**3,919,758**	**4,504,755**	**6,840,695**	**164,427,304**	**179,692,512**

The accompanying notes on pages 41 to 145 form an integral part of these financial statements.

National Housing Trust

Statement of Cash Flows
Year ended 31 March 2023
(expressed in Jamaican dollars unless otherwise indicated)

	Notes	2023 $'000	2022 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		18,959,260	20,547,610
Non-cash adjustments to profit for the year	36	(3,701,543)	(5,068,310)
		15,257,717	15,479,300
Changes in operating assets and liabilities:			
Receivables and prepayments		1,199,088	3,614,591
Loans receivable, net of repayments and recoveries		(31,962,970)	(34,751,446)
Inventories (net)		(2,748,469)	(3,794,134)
Employers benefit contributions	15(c)	(323,946)	(280,083)
Taxation recoverable	27	(149,013)	(113,026)
Payables and accruals		1,496,782	1,035,890
Cash used in operations		(17,230,811)	(18,808,908)
Dividends received		18,954	12,543
Interest received		8,389,058	7,938,174
Contributions received from employees		20,041,181	16,801,468
Refund of employees' contributions		(8,256,304)	(6,704,637)
Proceeds from sale of loans receivable	10(k)(iii))	8,251,014	11,488,738
Cash provided by operating activities		11,213,092	10,727,378
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of resale agreements		(2,300,347)	(5,257,932)
Proceeds on encashment of resale agreements		2,811,094	6,106,443
Acquisition of investment securities		(38,045)	-
Proceeds on encashment of investment securities		22,049	14,400
Acquisition of intangible assets	13	(14,566)	-
Acquisition of property, plant and equipment	16	(257,488)	(182,797)
Proceeds on disposal of property, plant and equipment	16	120	-
Investments in associate (net)	14	(70,655)	(84,308)
Cash provided by investing activities		152,162	595,806
CASH FLOWS FROM FINANCING ACTIVITY			
Transfer to consolidated fund	24	(11,400,000)	(11,400,000)
DECREASE IN CASH AND CASH EQUIVALENTS		(34,746)	(76,816)
OPENING CASH AND CASH EQUIVALENTS		6,865,550	6,938,763
Effect of foreign exchange rate changes		4,476	3,603
CLOSING CASH AND CASH EQUIVALENTS	6	6,835,280	6,865,550

The accompanying notes on pages 41 to 145 form an integral part of these financial statements.

National Housing Trust

Notes to the Financial Statement
31 March 2023
(expressed in Jamaican dollars unless otherwise indicated)

1. Identification

National Housing Trust (the Trust) was established in Jamaica in 1976 and became a body corporate under the National Housing Trust Act (the Act) in 1979. The Trust is domiciled in Jamaica and its registered office is at 4 Park Boulevard, Kingston 5.

The functions of the Trust are:

(a) To add to and improve the country's existing supply of housing by:

(i) promoting housing projects to such extent as may, from time to time, be approved by the Minister responsible for the Trust.

(ii) making loans available to contributors to assist in the purchase, building, maintenance, repair or improvement of houses; and

(iii) encouraging and stimulating improved methods of production of houses.

(b) To enhance the usefulness of the funds of the Trust by promoting greater efficiency in the housing sector.

(c) In the exercise of its functions, the Trust shall have power:

I. to provide for:

(i) development projects undertaken by the Trust;

(ii) social services and physical infrastructure for communities developed under the projects;

II. to administer and invest the moneys of the Trust;

III. to enter into loan agreements with borrowers;

IV. to receive and administer funds entrusted to the Trust in accordance with the provisions of the Act;

V. to make refunds and grants to contributors or any category thereof, on such terms and conditions as may be prescribed;

VI. to re-finance from time to time, subject to such restrictions and conditions as may be prescribed, mortgages held by members of any prescribed category of contributors; and

VII. to do such other things as may be advantageous, necessary or expedient for or in connection with the proper performance of its functions under this Act.

National Housing Trust (Special Provisions) Act. 2013, 2017and 2020
In addition to the functions specified in (a) to (c) above, the Trust may provide financing up to a maximum annual amount of eleven billion, four hundred million dollars for the fiscal consolidation in respect of each financial year March 31, 2014 to March 31, 2026.

Financing provided may be by way of distribution, grant or otherwise as the Minister responsible for Finance may determine. This Act is currently in force until March 31, 2026.

National Housing Trust

Notes to the Financial Statement

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(expressed in Jamaican dollars unless otherwise indicated)

2. Contributions and Benefits

(a) The Act requires certain employed persons and their employers, and self-employed persons to make contributions to the Trust.

(b) The benefits (as defined in the Act) in relation to contributions made by employed and self-employed persons are:

(i) loans for housing acquisition or improvement;
(ii) contribution refunds including bonuses awarded in the eighth year after the first contribution year and annually thereafter for each successive year in which contributions were made (see Note 19(a)); and
(iii) contribution refunds in the event of death, invalidity and other circumstances prescribed.

(c) Each year's contributions made by employers in respect of the period from inception to July 31, 1979 were refundable twenty-five years after the end of the year in which they were made. These amounts have been substantially repaid subject to contributors not being in default of any of the Trust's requirements . Contributions made by employers in respect of periods beginning on or after August 1, 1979 are not refundable and no bonuses are payable on such contributions.

3. Statement of Compliance and Basis of Preparation

(a) Statement of compliance

The Trust's financial statements have been prepared in accordance and comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the relevant requirements of the National Housing Trust Act.

(b) Basis of preparation

These financial statements have been prepared under the historical cost basis, except for certain financial instruments that are measured at fair value. Employee benefit assets are measured at fair value and employee benefit liabilities are measured using the projected unit credit method, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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

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

Amendments to IFRS 3, Business Combination (effective for annual periods beginning on or after 1 January 2022). Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and to add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date. This amendment did not have an impact on the financial statements of the Trust.

National Housing Trust
Notes to the Financial Statement
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(expressed in Jamaican dollars unless otherwise indicated)

3. Statement of Compliance and Basis of Preparation (Continued)

(b) Basis of preparation (continued)

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

Amendments to IAS 16, Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2022). The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities and recognize such sales proceeds and related cost in profit or loss. This amendment did not have an impact on the financial statements of the Trust.

Amendments to IAS 37, Provisions, contingent liabilities and contingent assets (effective for annual periods beginning on or after 1 January 2022). This amendment specifies which costs a company includes when assessing whether a contract will be loss making. It clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract. This amendment did not have a significant impact on the financial statements of the Trust.

Annual Improvements to IFRS Standards 2018-2020 (effective for annual periods beginning on or after 1 January 2022).

- IFRS 1 First-time Adoption of IFRS – amendment permits a subsidiary to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.
- IFRS 9 Financial Instrument – amendment clarifies which fees an entity should include in the '10% test' when assessing whether to derecognise a financial liability.
- IFRS 16 Leases – amendment to Illustrative Example 13 accompanying IFRS 16 removes the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.
- IAS 41 Agriculture – amendment removes the requirement for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

These amendments did not have a significant impact on the financial statements of the Trust.

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

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which are mandatory for the Trust's accounting periods beginning on or after 1 April 2023 or later periods but were not effective at the statement of financial position date. The Trust has assessed the relevance of all such new standards, interpretations and amendments, has determined that the following may be relevant to its operations, and has concluded as follows:

National Housing Trust

Notes to the Financial Statement
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(expressed in Jamaican dollars unless otherwise indicated)

4. Statement of Compliance and Basis of Preparation (Continued)

(b) Basis of preparation (continued)

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Trust (continued)

Narrow scope amendments to IAS 1, Presentation of financial statements, Practice statement 2 and IAS 8 (effective for annual periods beginning on or after 1 January 2023). The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures. The amendment aims to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. The Trust is currently assessing the impact of future adoption of the new standard on its financial statements.

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

Amendments to IAS 1, Presentation of Financial Statements - Non-current liabilities with covenants, (effective for annual periods beginning on or after 1 January 2024). These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

These amendments are not expected to have any material impact on the financial statements of the Trust.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Trust

National Housing Trust
Notes to the Financial Statement
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4. Summary of Significant Accounting Policies

The principal accounting policies are set out below and have been consistently applied for all years presented, unless otherwise stated.

(a) Foreign currencies

Functional currency
The financial statements are presented in Jamaican dollars, the currency of the primary economic environment in which the Trust operates (its functional currency), expressed in thousands, except when otherwise stated.

Transactions in foreign currencies are recognised at the rates of exchange prevailing on the dates of those transactions. At each reporting date, monetary items denominated in foreign currencies are converted at the rates prevailing at that date.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example translation differences on nonmonetary assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss and transaction differences on non monetary assets such as equities classified as at fair value through other comprehensive income are recognized in other comprehensive income.

(b) Fair value measurement

The Trust measures certain financial instruments at fair value at the end of each reporting period.
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

i. In the principal market for the asset or liability, or
ii. In the absence of a principal market, in the most advantageous market for the asset or liability.

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

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

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

National Housing Trust

Notes to the Financial Statement

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

4. Summary of Significant Accounting Policies (Continued)

(b) Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

i. Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
ii. Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
iii. Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Trust determines whether transfers have occurred between levels in the hierarchy by re- assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Trust's Board of Directors and management determine the policies and procedures for recurring fair value measurement.

At each reporting date, the Trust analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Trust's accounting policies.

For the purpose of fair value disclosures, the Trust has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(c) Financial instruments

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

Financial assets and financial liabilities are recognised on the Trust's statement of financial position when the Trust becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets and financial liabilities as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The fair values of the financial instruments are discussed in Note 32.

National Housing Trust
Notes to the Financial Statement
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4. Summary of Significant Accounting Policies (Continued)

(c) Financial instruments (continued)

Financial assets
(i) Classification and measurement

The Trust's financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through profit or loss and fair value through other comprehensive income.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Trust's business model for managing them.

With the exception of receivables that do not contain a significant financing component or for which the Trust has applied the practical expedient, the Trust initially measures a financial asset at its fair value plus in the case of a financial assets not at fair value through profit or loss, transaction costs. Receivables that do not contain a significant financing component or for which the Trust has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest' (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Trust's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Trust commits to purchase or sell the asset.

For purposes of subsequent measurement, the Trust's financial assets are classified in three categories:
- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through profit or loss (FVTPL) (debt and equity instruments)
- Financial assets at fair value through other comprehensive income (FVTOCI) (debt instruments)

Financial assets at amortised cost (debt instruments)

The Trust measures financial assets at amortised cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment gains and losses, which are recognised in profit or loss when the asset is derecognised, modified or impaired.

National Housing Trust

Notes to the Financial Statement
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(expressed in Jamaican dollars unless otherwise indicated)

4. Summary of Significant Accounting Policies (Continued)

(c) Financial instruments (continued)

Financial assets (continued)

(i) Classification and measurement (continued)

Financial assets at amortised cost (debt instruments) (continued)

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) throughout the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

The Trust's financial assets at amortised cost includes cash and cash equivalents, receivables, short-term deposits, resale agreements, certain investment securities and loans receivable.

Cash and cash equivalents
Cash comprises cash on hand and demand deposits. Cash equivalents comprise short-term highly liquid instruments that 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 (these instruments include short-term deposits where the maturities do not exceed three months from the acquisition date). Cash and cash equivalents are measured at cost.

Resale agreements
Resale agreements are treated as collaterised financing transactions and are recorded at the amount at which the securities were acquired plus accrued interest. The difference between the purchase and resale price is treated as interest income and is accrued over the lives of the agreements using the effective interest method. Resale agreements with maturity at inception of less than three months are included in cash and cash equivalents.

Loans receivable
Loans are recognised when funds are advanced/disbursed to beneficiaries. They are initially recorded at fair value, which is the cash given to originate the loan, including any transaction costs, and subsequently measured at amortised cost using the effective interest method.

National Housing Trust

Notes to the Financial Statement
31 March 2023
(expressed in Jamaican dollars unless otherwise indicated)

4. Summary of Significant Accounting Policies (Continued)

(c) Financial instruments (continued)

Financial assets (continued)

(i) Classification and measurement (continued)

FVTPL (debt and equity instruments)
Financial assets at FVTPL include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not SPPI are classified and measured at FVTPL, irrespective of the business model. Debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes listed equity investments which the Trust had not irrevocably elected to classify at FVTOCI. Dividends on listed equity investments are recognised in the statement of profit or loss when the right of payment has been established.

FVTOCI (debt instruments)
Financial assets that are held for collection of contractual cash flows and for selling the assets, where cash flows represent SPPI, and that are not designated at FVTPL, are measured at FVTOCI. Movement in the carrying amount are taken through other comprehensive income (OCI), except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instruments carrying value, which are recognised in the income statement. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity, through OCI, to profit or loss and recognised as part of net investment income. Interest income from these financial assets is included in interest income using the effective interest rate method.

(ii) Impairment of financial assets measured at amortised cost and FVTOCI

IFRS 9 requires the recognition of expected credit losses ("ECL") on financial assets measured at amortised cost and FVTOCI and off-statement of financial position loan commitments and financial guarantees.

At initial recognition, an allowance (or provision in the case of some loan commitments and financial guarantees) is required for ECL resulting from default events that are possible within the next 12 months (or less, where the remaining life is less than 12 months) ('12-month ECL').

In the event of a significant increase in credit risk (SICR) an allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL'). Financial assets where 12-month ECL is recognised are considered to be 'stage 1'; financial assets which are considered to have experienced a SICR are in 'stage 2'; and financial assets for which there is objective evidence of impairment and are therefore considered to be in default or otherwise credit-impaired are in 'stage 3'.

National Housing Trust

Notes to the Financial Statement

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

4. Summary of Significant Accounting Policies (Continued)

(c) Financial instruments (continued)

Financial asset (continued)

(iii) Impairment of financial assets measured at amortised cost and FVTOCI (continued)

To determine whether the life-time credit risk has increased significantly since initial recognition, the Trust considers reasonable and supportable information that is available including information from the past and forward-looking information. Factors such as whether payments of principal and interest are in delinquency, an adverse change in the credit rating of the borrower and adverse changes in the borrower's industry and economic environment are considered in determining whether there has been a significant increase in the credit risk of the borrower.

Write-offs are made when all or part of a loan is deemed uncollectible or is forgiven. Write-offs are charged against previously established provisions for credit losses and reduces the principal amount of a loan.

Recoveries in part or in full of the amounts previously written-off are credited to the provision for credit losses in arriving at net profit or loss.

Measurement

ECLs are calculated by multiplying three main components, being the probability of default ("PD"), loss given default ("LGD") and the exposure at default ("EAD"), discounted at the original effective interest rate. Management has calculated these inputs based on the historical experience of the portfolios adjusted for the current point in time. A simplified approach to calculating the ECL is applied to other receivables which do not contain a significant financing component. Generally, these receivables are due within 12 months unless there are extenuating circumstances. Under this approach, an estimate is made of the life-time ECL on initial recognition (i.e. Stage 3). For ECL provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

National Housing Trust

Notes to the Financial Statement
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4. Summary of Significant Accounting Policies (Continued)

(c) Financial instruments (continued)

Financial assets (continued)

(ii) Impairment of financial assets measured at amortised cost and FVTOCI (continued)

The PD, LGD and EAD models which support these determinations are reviewed regularly in light of differences between loss estimates and actual loss experience, but given that IFRS 9 requirements have only just been applied, there has been little time available to make these comparisons. Therefore, the underlying models and their calibration, including how they react to forward-looking economic conditions remain subject to review and refinement. This is particularly relevant for lifetime PDs, which have not been previously used in regulatory modelling and for the incorporation of 'downside scenarios' which have not generally been subject to experience gained through stress testing. The exercise of judgement in making estimations requires the use of assumptions which are highly subjective and sensitive to the risk factors, in particular to changes in economic and credit conditions across a large number of geographical areas. Many of the factors have a high degree of interdependency and there is no single factor to which loan impairment allowances as a whole are sensitive. Therefore, sensitivities are considered in relation to key portfolios which are particularly sensitive to few factors and the results should not be further extrapolated.

The Trust replaced the theoretical form of the logistic regression model during the financial year ended March 2023 with a Cohort analysis in estimating its PDs for its retail mortgage portfolio.

The main difference between Stage 1 and Stage 2 ECLs is the respective PD horizon. Stage 1 estimates will use a maximum of a 12-month PD while Stage 2 estimates will use a lifetime PD, including the requirement to consider multiple forward-looking scenarios. Stage 3 estimates will continue to leverage existing processes for estimating losses on impaired loans, however, these processes will be updated to reflect the requirements of IFRS 9, including the requirement to consider multiple forward-looking scenarios. An ECL estimate will be produced for each individual exposure, including amounts which are subject to a more simplified model for estimating ECLs.

The measurement of ECLs for each stage and the assessment of SICR must consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information will require significant judgment.

National Housing Trust

Notes to the Financial Statement
31 March 2023
(expressed in Jamaican dollars unless otherwise indicated)

4. Summary of Significant Accounting Policies (Continued)

(c) Financial instruments (continued)

Financial assets (continued)

(ii) Impairment of financial assets measured at amortised cost and FVTOCI (continued)

For defaulted financial assets, based on management's assessment of the borrower, a specific provision of expected life-time losses which incorporates collateral recoveries, is calculated and recorded as the ECL. The resulting ECL is the difference between the carrying amount and the present value of expected cash flows discounted at the original effective interest rate.

Forward looking information
The estimation and application of forward-looking information will require significant judgment. PD, LGD and EAD inputs used to estimate Stage 1 and Stage 2 credit loss allowances are modelled based on the macroeconomic variables (or changes in macroeconomic variables) that are most closely correlated with credit losses in the relevant portfolio.

Each macroeconomic scenario used in the ECL calculation will have forecasts of the relevant macroeconomic variables – including, but not limited to, unemployment rates and gross domestic product, for a three-year period, subsequently reverting to long-run averages. The Trust's estimation of ECLs in Stage 1 and Stage 2 is a discounted probability-weighted estimate that considers a minimum of three future macroeconomic scenarios. The Trust's base case scenario will be based on macroeconomic forecasts where available. Upside and downside scenarios will be set relative to the Trust's base case scenario based on reasonably possible alternative macroeconomic conditions.

Scenario design, including the identification of additional downside scenarios will occur on at least an annual basis and more frequently if conditions warrant. Scenarios will be probability-weighted according to the Trust's best estimate of their relative likelihood based on historical frequency and current trends and conditions. Probability weights will be updated on a quarterly basis.

IFRS permits specific loan loss and general allowances based upon the Trust's actual credit loss experience. General provisions are calculated on a portfolio basis based on the Trust's actual write off experience over the last two years. Prudential allowances by management for loan loss requirements are maintained at the higher of 3% of:

(i) the total mortgage loans receivable, less loan financing to developers, and IFRS provision, and
(ii) the total arrears for over 90 days for which allowances are made (Note 10(s)).

The loan loss allowance that is in excess of IFRS requirements is treated as an appropriation of undistributed profit and included in a loan loss reserve (Note 23).

Financial assets measured at amortized cost recognise impairment gains and losses in the statement of profit and loss. When the asset is sold, the cumulative gain or loss is recognised to income. Interest income, dividend income and gains and losses arising from changes in fair value are included in income. Financial assets measured at FVTOCI recognise impairment gains and losses in other comprehensive income.

National Housing Trust

Notes to the Financial Statement
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(expressed in Jamaican dollars unless otherwise indicated)

4. Summary of Significant Accounting Policies (Continued)

(c) Financial instruments (continued)

Financial assets (continued)

(ii) Impairment of financial assets measured at amortised cost and FVTOCI (continued)

Interest income is earned based on the effective interest rate based on the carrying amount before allowances. Interest earned on assets measured at fair value through profit and loss is recognised based on the effective interest rate. For assets that are credit-impaired when purchased or originated, the carrying amount after allowances for ECL is the basis for applying the effective interest rate.

(iii) Derecognition of financial assets

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

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

When the Trust has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Trust continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Trust also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Trust has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Trust could be required to repay.

National Housing Trust
Notes to the Financial Statement
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(expressed in Jamaican dollars unless otherwise indicated)

4. Summary of Significant Accounting Policies (Continued)

(c) Financial instruments (continued)

Financial liabilities

Classification and measurement of financial liabilities

Financial liabilities are classified as financial liabilities at FVTPL and financial liabilities at amortised cost. Financial liabilities at amortised cost are initially measured at fair value net of transaction cost and are subsequently measured at amortised cost using the effective interest method, with interest expense recognized on the effective interest basis, except for short term liabilities when the recognition of interest would be immaterial. The Trust's financial liabilities at amortised cost comprise accounts payable and refundable contributions.

Derecognition of financial liabilities

The Trust derecognises financial liabilities when the Trust's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(a) Payables and accruals

These are measured at amortised cost.

(b) Refundable contributions

Contributions are recorded when received as this is considered the most practical method of dealing with such receipts given the difficulties in determining the number of employers, their outstanding contributions and the likelihood of collections.

Employee contributions (including self-employed persons) are refunded with bonus in accordance with the NHT Act as discussed in Note 2(b).

(d) Taxation

Income tax expense represents current and deferred tax.

Current tax
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Current tax is based on taxable profit for the year. Taxable profit differs from 'profit before taxation' as reported in the statement of profit and loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Trust's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.
Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

National Housing Trust

Notes to the Financial Statement
31 March 2023
(expressed in Jamaican dollars unless otherwise indicated)

4. Summary of Significant Accounting Policies (Continued)

(d) Taxation (continued)

Deferred tax
Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for taxable temporary differences. Deferred tax assets are generally recognised for deductible temporary differences to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in associates, except where the Trust is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profit against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Trust expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

The Trust offsets deferred tax assets and deferred tax liabilities if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

<u>Current and deferred tax for the period</u>
Current and deferred tax are recognised in income, except when it relates to items that are recognised in other comprehensive income, in which case the current and deferred tax are also recognised in other comprehensive income.

(e) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost comprises direct materials, direct labour costs and any other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale and is assigned to inventories held on an average cost basis. Any write down to net realisable value is recognised as an expense in the period in which the write- down or loss occurs. Any reversal up to the previous write-off is recognised in profit or loss in the period in which the reversal occurs.

National Housing Trust

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4. Summary of Significant Accounting Policies (Continued)

(f) Intangible assets

Internally generated intangible assets and research and development expenditure
Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from the Trust's development (or from the development phase of an internal project) is recognised if all the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use;
- the intention to complete the intangible asset and use it;
- the ability to use the intangible asset;
- how the intangible asset will generate future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible assets during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible assets first meet the recognition criteria above.

Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is charged on the straight-line basis over the estimated useful lives of three (3) years of the intangible assets. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets acquired separately:
Intangible assets acquired separately are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is determined on the same basis as for internally generated intangible assets. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Derecognition of intangible assets:
An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the assets are recognised in profit or loss when the asset is derecognised

National Housing Trust

Notes to the Financial Statement
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4. Summary of Significant Accounting Policies (Continued)

(g) Investments in associate

An associate is an entity over which the Trust has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is its power to participate in the financial and operating policy decisions of the investee but is not control over those policies.

The Trust's investment in its associate is accounted for under the equity method.

Under the equity method, the investment in associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Trust's shares of net assets of the associate since the acquisition date.

The statement of profit or loss reflects the Trust's share of the results of operations of the associate. Any change in other comprehensive income (OCI) of these investments is presented as part of the Trust's OCI. In addition, where there is a change recognised in equity of the associate, the Trust recognises its share of any change, when applicable, in the statement of changes in equity. Unrealised gains or losses resulting from transactions between the Trust and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Trust's share of profit or loss of the associate is shown on the face of the statement of profit or loss and other comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests of the associate.

After application of the equity method, the Trust determines whether it is necessary to recognise an impairment loss on its investment in its associate. If at the end of the reporting period, there is objective evidence that the investment in the associate is impaired, the Trust calculates the amount of the impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss in the statement of profit or loss within 'Share of the profit/tosses of associate.'

Upon loss of significant influence over the associate, the Trust measures and recognises any retained investment at its fair value, any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

(h) Employee benefits

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 Trust has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliability.

National Housing Trust

Notes to the Financial Statement

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4. Summary of Significant Accounting Policies (Continued)

(h) Employee benefits (continued)

Defined benefit plan

The Trust has established a defined-benefit pension plan for its employees who have met certain minimum requirements. The plan's assets are separately held, and the plan is funded by employee contributions of 5% of pensionable salaries and employer contributions of 7.9% (2022: 7.9%). Employees have the option of contributing an additional 7.1% (2022: 7.1%).

The Trust's net asset in respect of the defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of the plan assets.

The calculation of defined benefit obligations is performed annually by a qualified firm of actuaries using the projected unit credit method. When the calculation results in an asset for the Trust, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit obligation, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest) are recognised in OCI. The Trust determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation/(asset) at the beginning of the annual period to the net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to the defined benefit plan are recognised in profit or loss.

When the benefits of a 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 Trust recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other post-retirement obligations

The Trust provides medical benefits for its fulltime employees and pensioners retiring after May 1, 2007. The Trust pays the full cost of benefits for the pensioners. Benefits are paid for the life of the retiree and the employee pays the full cost of the retiree’s benefits. The plan is open to new members. The retirement benefit obligation recognised in the statement of financial position represents the present value of the defined benefit obligation.

Termination obligations

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

National Housing Trust

Notes to the Financial Statement
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4. Summary of Significant Accounting Policies (Continued)

(h) Employee benefits (continued)

Leave entitlements
Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave for services rendered by employees up to the reporting date and is classified as current or non-current based on when the payment is expected to be made.

(i) Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are recorded at historical cost, less any subsequent accumulated depreciation and any subsequent impairment losses.

Properties in the course of construction for administrative purposes are measured at cost less any recognised impairment loss. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets commences when the assets are ready for their intended use.

Depreciation is recognised so as to write down the cost of assets (other than land, artwork and properties under construction) to their residual values over their estimated useful lives using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(j) Impairment of tangible and intangible assets

At the end of each reporting period, the Trust reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are 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 for which the estimates of future cash flows have not been adjusted. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than the carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately as an expense.

National Housing Trust

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4. Summary of Significant Accounting Policies (Continued)

(j) Impairment of tangible and intangible assets (continued)

When an impairment loss subsequently reverses, the carrying amount of the asset (cash- generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately as income.

(k) Provisions

Provisions are recognised when the Trust has a present obligation (legal or constructive) as a result of a past event, it is probable that the Trust will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows if the effect of the time value of money is material.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Restructurings
A restructuring provision is recognised when the Trust has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with any ongoing activities of the Trust.

Litigations and claims
In the normal course of business, situations could arise where the Trust may be the defendant in certain litigation matters, claims and other legal proceedings. In such instances, provisions will be established for such matters where it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the obligation can be made. The Trust would remain contingently liable in respect of other litigation matters which are considered to be possible but not probable and thus would not make provisions in these financial statements in respect of those matters.

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Notes to the Financial Statement
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4. Summary of Significant Accounting Policies (Continued)

(l) Peril reserve

Transfers are made from the accumulated profit to the peril reserve up to the policy deductible limit to settle insurance claims by mortgage beneficiaries. Claims up to the policy deductible limit are charged to expenses when advised and based on prior claims experience.

(m) Related party

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

(a) A person or close member of that person's family is related to the Trust if that person:
- (i) has control or joint control over the Trust;
- (ii) has a significant influence over the Trust; or
- (iii) is a member of the key management personnel of the Trust or of a parent of the Trust.

(b) An entity is related to the Trust if any of the following conditions applies:
- (i) the entity and the Trust are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) the entity is an associate or a joint venture of the Trust (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) the 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 Trust or an entity related to the Trust;
- (vi) the entity is controlled or jointly controlled by a person identified in (i);
- (vii) a person identified in (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 services to the Trust or the parent of the Trust.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. Transactions with related parties are accounted for in accordance with the normal policies of the Trust.

National Housing Trust

Notes to the Financial Statement
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4. Summary of Significant Accounting Policies (Continued)

(n) Revenue recognition

Revenue from contracts with customers is recognised when control of the goods and services are transferred to the customer at an amount that reflects the consideration to which the Trust expects to be entitled in exchange for those goods or services. The Trust has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods and services before transferring them to the customer.

Contributions
Employers' contributions which are non-refundable are recognised as received and are credited to revenue each year.

Interest income
Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Trust and the amount of income can be measured reliably. Interest income is recognised on the accrual basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income
Dividend income from equity investments is recognised when the Trust's rights to receive payments have been established (provided that it is probable that the economic benefits will flow to the Trust and the amount of the income can be measured reliably).

Sale of inventory units
Revenue from the sale of inventory units is recognised when all the following conditions are satisfied:

- the Trust has transferred to the buyer the control of the units;
- the Trust retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the units transferred;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Trust;
- and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Gains/losses on sale of all units in a housing project are credited to/charged against the profit or loss in the year of occurrence.

Interest and penalties on contributions not paid
The Trust charges interest at the rate of 20% per annum on contributions not paid over on the due dates. A penalty of 5% or 500 basis points above the weighted average 6 months Treasury bill rate applicable to the auction last held prior to the earliest date of the debt is applicable once the Trust obtains a judgement in respect of contributions not paid at the due date. A surcharge of 10% per annum is also charged if the debt remains unpaid for longer than one (1) year. Interest and penalties are recorded on the basis of amounts collected.

National Housing Trust

Notes to the Financial Statement
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4. Summary of Significant Accounting Policies (Continued)

(o) Bonus on employees' contributions

These are recognised in the profit or loss in the period in which they are due.

(p) Leases

The Trust leases various offices with rental contract term between 3-5 years. The Trust assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Trust as a lessee
The Trust has applied the lease recognition exemptions for these leases as these contracts include termination clauses without significant penalty.

The Trust applied the short-term lease recognition exemption to its short-term leases (that is, those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applied the lease of low-value assets recognition exemption to leases that are considered low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(q) Special subsidies and grants

The home grant is a special offer of up to $2.5 million to the Trusts' contributors earning less than $15,000 per week, have been contributing for a minimum of seven (7) years and who do not yet own a home. This is recognized as expense when incurred.

The disability grant is a special offer of up to $300,000 to mortgagors with a disability or who has within his/her household, a relative with a disability and whose mortgage and contribution payments are current.

A maximum provision of 20% of post-tax surplus is computed to facilitate these initiative.

National Housing Trust

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5. Critical Accounting Judgements and Estimates

In the application of the Trust's accounting policies, which are described in Note 4, management is required to make judgements, estimates and assumptions about the carrying amounts of, and disclosures related to, assets, liabilities, contingent assets and contingent liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates.

The 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 and future periods, if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements apart from those involving estimations (see below) that management has made in the process of applying the Trust's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Security - loans receivable

As indicated in Note 10(s), there are impaired loans held by the Trust amounting to approximately $19.58 billion (2022: $26.93 billion) for which impairment provisions for IFRS purposes amounted to approximately $2.47 billion (2022: $2.93billion) in respect of loans to beneficiaries, developers, agencies and other institutions approved by the Trust (Note 10(p)). There are additional prudential provisions (loan loss reserve) for mortgage loans (with the exception of loans to developers) through an appropriation of accumulated profit of $6.84 billion (2022: $5.86 billion) (Note 10(t)). Management believes, based on experience, that ultimately outstanding amounts and accumulated interest will be recovered through the realisation of securities, although, as disclosed in Note 11, at year-end the Trust did not hold title deeds to properties securing mortgages and amounts due from developers totaling approximately $30.73 billion (2022: $23.66 billion).

Litigations and claims

As detailed in Note 35, the Trust has recorded a provision of $40 million relating to a judgement handed down by the Court in respect of a developer's claim.

In making this judgement, management considered the relevant facts and the opinion of the Trust's in-house Counsel.

National Housing Trust

Notes to the Financial Statement
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5. Critical Accounting Judgements and Estimates (Continued)

Business model assessment
Classification and measurement of financial assets depend on the results of the SPPI and the business model test. The Trust determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Trust monitors financial assets measured at amortised cost that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Trust's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model, and whether a prospective change to the classification of those assets is required.

Business model assessment – Joint Finance Mortgage Programme (JFMP)
This programme is an agreement to invest funds with participating institutions for the sole purpose of the institutions on lending these funds to qualified contributors of the Trust. Accounts are maintained by the institutions through sub-accounts bearing the name of the Trust with the applicable rate of interest. These participating institutions are liable to the Trust for the full amount of the monthly obligation irrespective of whether the amounts have been recovered or collected from the relevant beneficiaries through the mortgage payment.

In the previous financial year ended March 31, 2022, the business model changed from ‘hold to collect’ to ‘hold to collect and sell’ as the Trust may monetise these assets through collection in the normal course of business or through sale. These financial assets were reclassified to FVTOCI. In assessing the need for a change in business model, the Trust considered the nature, frequency and significance of the sales and whether or not there was an in fact or in substance change to the business model for the JFMP portfolio.

The JFMP portfolio is currently held to collect and sell and has been re-measured from amortized cost to fair value through other comprehensive income (FVTOCI). The Trust measured the JFMP portfolio using level 3 inputs of the fair value hierarchy. Discounted cash flow valuation technique was employed, with valuation inputs been determined using previous sales.

National Housing Trust

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5. Critical Accounting Judgements and Estimate (Continued)

Key sources of estimates

Impairment losses on financial assets

The following are the key assumptions concerning the future and other key sources of estimates at the reporting date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year:

The measurement of ECL allowance for financial assets not measured at fair value through profit or loss requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Trust's ECL calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies.

In determining ECL, management is required to exercise judgement in defining what is considered a SICR and in making assumptions and estimates to incorporate relevant information about past events, current conditions and forecasts of economic conditions. Further information about the judgements involved is included in the earlier sections 'Measurement' and 'Forward-looking information'.

- Establishing staging

  The Trust uses credit ratings as a measure to assess default risk for investments and corporate loans. For large debtors such as governments and large corporations, the Trust uses PD derived from transition matrices published by external rating agencies. The main rating agencies used by the Trust are Standard and Poor’s Global Ratings (S&P), Moody’s Investors Service (Moodys) and Fitch Ratings (Fitch). If rating scores are available from both S&P and Moody’s, an average of the scores will be used.

  For local institutions with large parent companies that have been rated by international rating agencies, the rating of the parent company is applied. For institutions not covered by the rating agencies, the Trust uses its own internal rating system.

  For lending balances, in assessing whether there is SICR, delinquency status is used as the primary indicator. This is a common approach for balances such as loans or receivables. The credit risk of these assets increases when the balances go into delinquency, and the risk level is directly affected by the movement in the delinquency status. A lending balance may also migrate to Stage 2 from Stage 1 where the account of the said lending balance is tagged based on the status of the loan.

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5. Critical Accounting Judgements and Estimate (Continued)

Key sources of estimates (continued)

Impairment losses on financial assets (continued)

The Trust follows the stage migration criteria below:

Portfolio	**Stage 1 to Stage 2** Financial instruments that have deteriorated in credit quality, beyond an acceptable limit, since initial recognition.	**Stage 2 to Stage 3** Financial instruments that had deteriorated further in credit quality and have objective evidence of a credit loss event.	**Stage 1 to Stage 3** Financial instrument currently in Stage 1 that experiences an objective occurrence of a credit loss.
Investments, deposits and corporate loans	For assets initially rated AAA to BBB- (Investment Grade), 3 notch downgrade or movement outside of investment grade. For assets originated between BB+ and B-, 2 notch downgrade. For assets originated between CCC+ and worse, 1 notch downgrade.	Current rating of selective default (SD)/ default (D) or missed principal and/or coupon payments for over 30 days.	Missed principal and/or coupon payments for over 30 days.
Mortgage loans	When a balance reaches 30 days past due or the loan account is otherwise considered to have suffered a SICR by certain qualitative factors.	Current rating of SD or default D or 90 days past due payment or the loan account is otherwise considered to be in default by certain qualitative factors.	Current rating of SD or 90 days past due payment or the loan account is otherwise considered to be in default by certain qualitative factors.

Assets will move from Stage 3 to Stage 2 once the credit ceases to be in default and the debtor has demonstrated ability to meet their obligations. Once the credit quality further improves, an asset moves from Stage 2 to Stage 1.

National Housing Trust

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5. Critical Accounting Judgements and Estimate (Continued)

Key sources of estimates (continued)

Impairment losses on financial assets (continued)

Forward looking information

When management determines the macro-economic factors that impact the portfolios of financial assets, they first determine all readily available information within the relevant market. Portfolios of financial assets are segregated based on product type, historical performance and homogenous country exposures. There is often limited timely macro-economic data for Caribbean markets. Management assesses data sources from local governments, International Monetary Fund and other reliable data sources.

The impact of these economic variables on the PD, EAD and effective LGD has been determined by performing a trend analysis and comparing historical information with forecast macro-economic data to determine whether the indicator describes a very positive, positive, stable, negative or very negative trend. Each trend (very positive, positive, negative, very negative, stable) has an empirically derived multiplier attached, using financial system default data obtained from the Bank of Jamaica.

The Trust further formulates weightings of three scenarios using expert judgment of the overall economic conditions and business environment within Jamaica: a base case, which is assigned a 75% (2022: 75%) probability of occurring and two less likely scenarios; being a best case, assigned a rating of 15% (2022: 15%) and a worst case, assigned a rating of 10% (2022: 10%).

The base case scenario is assigned the highest weighting as it is based upon third-party forecasted information and is deemed the most likely scenario to occur. The upside and downside scenarios are then weighted accordingly as per management's expert judgment as stated above. External information considered includes economic data and forecast published by government bodies, monetary bodies, and supranational organisations such as the International Monetary Fund.

The scenario weightings are determined by a combination of statistical analysis and expert credit judgement. As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected.

The Trust has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments, using a simplified scorecard approach has estimated relationships between macro-economic variables and credit risk and credit losses. The Trust has determined that the key drivers of its credit portfolios are unemployment rate, GDP annual growth rate, net international reserves, and annual inflation rate with weightings of 35%, 20%, 15% and 30%, respectively.

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

Income taxes

Estimates are required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain in the ordinary course of business.

where the final tax outcome of estimates in respect of items deductible or not deductible for tax purposes is different from the amounts that were originally recorded, such differences will impact the current tax and deferred tax provisions in the period in which such determination is made (see Notes 20 and 27).

National Housing Trust

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5. Critical Accounting Judgements and Estimate (Continued)

Key sources of estimates (continued)

Employee benefits - pension and post-retirement medical obligations
As disclosed in Note 15, the Trust operates a defined- benefit pension plan and provides post- retirement medical benefits. The amounts shown in the statement of financial position are subject to estimates such as discount rates, future rates of salary increase and the mortality rates in respect of the pension plan, as well as inflation rates and rates of increases in medical costs for the post- retirement medical plan.

Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. The assumptions are reviewed at each reporting date.

The discount rates which are used to determine the present value of estimated cash outflows expected to be required to settle any future pension and medical obligation are determined at each reporting date by reference to an advisory issued by the Institute of Chartered Accountants of Jamaica and the Trust's defined benefit obligation is discounted at a rate set with reference to the market yields of Government of Jamaica bonds. A working group of accountants and actuaries meet to set and agree on this rate for use by all companies that disclose IAS 19 liabilities.

For the benefit plan, the benefit is derived using information supplied by the Trust and the Fund managers in relation to full members of the plan. The cost of benefits is derived using premium rates supplied by the Trust in respect of its retirees.

Judgement is also exercised in determining the proportionate share of the medical obligation and cost as well as the extent that the surplus or deficit in the plan may affect the future contributions to the plan.

Details of sensitivity analyses in respect of the defined benefit plans are disclosed at Note 15(f).

Fair value
In the absence of quoted prices in an active market, management uses its judgment in selecting appropriate valuation techniques to determine fair values of financial assets. Valuation techniques commonly used by market practitioners supported by appropriate assumptions are applied by the Trust (Note 32).

- *Investment securities - $1.90 billion (2022: $1.77 billion)*
- *Joint Finance Mortgage Programme - $12.03 billion (2022: $11.71 billion)*

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5. Critical Accounting Judgements and Estimate (Continued)

Key sources of estimates (continued)

Fair value of Loans Receivable
The Trust as stated in Note 1a makes loans available only to its contributors. As mentioned in Note 4(b), the Trust measures certain financial instruments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability between market participants at the measurement date. A market participant is a buyer and seller in the principal market for the asset or liability where they are independent of each other, they are able to enter into a transaction for the asset or liability, they are motivated but not forced to enter into a transaction for the asset or liability and they are knowledgeable about the asset or liability and the transaction using all available information.

For Loans Receivable, the Trust is assumed to operate in a principal market for its wide range of loan products, occupying a significant portion of the market share of total mortgages in the country. The loan products offered by the Trust are different from those offered by other financial institutions as they are targeted solely for its contributors, primarily those in the lower income bands, with specific interest rates tied to each income band. The interest rates are, therefore, considered market rates for this segment of the market. These loan products include Open Market loans, which are disbursed based on current valuation reports for the respective properties, Build on Own Land, Home Improvement and Construction loans, which are disbursed based on current market prices for construction inputs and Scheme and Serviced Lots, which are priced based on the average value of at least two current valuation reports for the respective properties done externally by certified valuators.

Consequently, the Trust assumes that at initial recognition, the amount disbursed for loans is measured at fair value as the rates are considered market rates for its segment of the market. The subsequent carrying value is measured at amortised cost less ECL or at FVTOCI.

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6. Cash and Cash Equivalents

	2023 $'000	2022 $'000
Jamaican dollars deposits (a)	3,457,550	2,904,003
Resale agreements		
- Jamaica dollar (b)	1,954,466	2,152,166
- United States dollar (c)	522,920	763,741
Bank balances (d)	909,142	1,047,073
Cash in hand	6,664	6,669
	6,850,742	6,873,652
Allowance for ECL (e)	(1,489)	(1,198)
Cash and cash equivalents, per statement of financial position	6,849,253	6,872,454
Less interest receivable	(15,462)	(8,102)
Add allowance for ECL	1,489	1,198
Cash and cash equivalents, per statement of cash flows	6,835,280	6,865,550

(a) These represent deposits which bear interest at rates ranging between 7.75% and 8.10% (2022: 3.75% to 6.75%) per annum. As at March 31, 2023, the interest receivable included in those deposits amounted to approximately $7.55 million (2022: $4million). These deposits are designated to fund the Trust's peril reserve (Note 22).

(b) These represent resale agreements which bear interest at rates ranging from 7.75% to 8.50% (2022: 4.00% to 6.50%) per annum and are fully backed by Government of Jamaica securities. At March 31, 2023, the interest receivable included in those agreements amounted to approximately $4.47 million (2022: $2.17 million). These deposits are designated to fund the Trust's peril reserve (Note 22).

(c) These resale agreements of US$3.44 million (2022: US$4.95 million) bear interest at rates ranging from 4.65% to 5.00% (2022: 3.00% to 4.40%) per annum, mature within one to three months (2022: one to three months) of year end and are fully backed by Government of Jamaica securities and are designated to fund the Trust's peril reserve (Note 22). The nominal value of the underlying securities at March 31, 2023 was US$2.89 million and J$127.72 million (2022: US$1.50 million and J$632.78 million). At March 31, 2023, the interest receivable included in these instruments amounted to approximately $3.44 million (2022: $1.93 million).

(d) Bank balances include foreign currency deposits of approximately $203.59 million (US$1.35 million) ((2022: $106.31 million (US$0.693 million)) at an interest rates ranging from 0.01% to 0.15% (2022: 0.01% to 0.15%) per annum. During the year, the foreign currency deposits were designated to fund the Trust's peril reserve (Note 22).

(e) Movement in allowance for ECL

	2023 $'000	2022 $'000
Balance at beginning of the year	1,198	1,885
Increase/(Decrease) in allowance for the year (Note 28(e))	291	(687)
Balance at the end of the year	1,489	1,198

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7. Receivables and Prepayments

	2023 $'000	2022 $'000
Staff loans	1,599,381	1,560,592
Mortgage litigation receivable	144,456	158,412
Death claims recoverable	520,560	980,568
Prepayments	170,319	104,462
NWC/Greenpond - sewage infrastructure receivable	26,802	37,085
Mortgage loan fees receivable	81,560	72,470
JPSCo refundable deposit	52,067	52,067
Taxes recoverable - other (a)	225,968	225,968
Project mobilisation receivable - Guaranteed Purchase Programme (b)	3,820,366	4,090,758
Advances for the construction of housing units (c)	37,834	693,333
Other	336,052	193,244
	7,015,365	8,168,959
Allowance for ECL (see Note below)	(973,217)	(947,658)
	6,042,148	7,221,301
Classified as:		
Current	646,366	887,098
Non-current	5,395,782	6,334,203
	6,042,148	7,221,301

Movement in allowance for ECL

	2023 $'000	2022 $'000
Balance at beginning of the year	947,658	805,933
(Decrease)/Increase in allowance for the year	25,559	141,725
Balance at end of the year	973,217	947,658
Comprising:		
Mortgage litigation receivable	144,456	158,412
Mortgage loan fees receivable	81,560	72,470
Guaranteed Purchase Programme	603,382	573,172
Other	143,819	143,604
	973,217	947,658

National Housing Trust

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7. Receivables and Prepayments (Continued)

(a) Approval was granted to the Trust for the payment of General Consumption Tax, transfer tax, stamp duty and property tax applicable to the operations, to be exempted for the period commencing on April 1, 2012 and ending on March 31, 2014. Consequently, the Trust has made claims in respect of amounts paid during the 2012/2013 financial year. During the year ended March 31, 2015, the Trust made a request for the property tax recoverable amount to be offset against the property tax charges for the year. This request was granted and executed by the Tax Administration of Jamaica's property tax unit during the year ended March 31, 2015.

(b) The Trust entered into guaranteed purchase agreements with developers for the purchase of housing units for sale to its beneficiaries. At the end of the financial year, there were agreements for the purchase of 3,106 units (2022: 2,033 units) of which 815 units (2022: 568 units) were received.

(c) This represents advances made at the start of a housing project to approved contractors for the construction of housing units. Each project advance represents 10% of the total contract value. The contract determines the repayment terms and amount. The advance is fully recovered before completion of the project.

8. Short Term Deposits and Resale Agreements

	2023 $'000	**2022 $'000**
Jamaican dollar deposits (a)	206,027	-
United States dollar deposits (b)	1,323,986	2,061,879
Allowance for ECL (c)	(1,273)	(10)
	1,528,740	2,061,869

(a) These deposits mature within one to three months after year-end with interest rate of 11.00% (2022: there were no agreements within this category). As at March 31, 2023 the interest receivable included in these balances amounted to $6.03 million. These deposits are designated to fund the Trust’s peril reserve (Note 22).

(b) These instruments totaling approximately US$8.71 million (2022:US$13.33 million) mature within one to three months (2022: one to three months) after year-end with interest rates ranging between 4.60% and 5.00% (2022: 3.50% and 4.60%) per annum and are designated to fund the Trust's peril reserve (Note 22). As at March 31, 2023, the interest receivable included in these balances amounted to $8.86 million (2022: $12.12 million).

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8. Short Term Deposits and Resale Agreements (Continued)

(c) Movement in allowance for ECL

	2023 $'000	2022 $'000
Balance at the beginning of the year	10	31
Decrease in allowance for the year (Note 28(e))	1,263	(21)
Balance at the end of the year	1,273	10

9. Investment Securities

	2023 $'000	2022 $'000
Securities at fair value through profit or loss (FVTPL)		
National Road Operating & Construction Company (NROCC) 4.50% Infrastructure Inflation Indexed Bond (i)	1,896,984	1,768,605
Quoted equity securities - Jamaica and Barbados Stock Exchanges (ii)	1,151,818	1,325,531
Total FVTPL	3,048,802	3,094,136
Securities measured at amortised cost		
Euro Bonds with nominal values of US$428,571 (2022: $523,809) held at interest rate(s) of 8.125% (2022:8.125%) per annum maturing in 2027/2028 (2022: 2022/2023 to 2027/2028) (ii)	60,228	76,421
GOJ Fixed Rate Accreting Notes (FRAN) at interest rate of 10% per annum, maturing 2028/2029 ((ii), (iii), (vi))	719,408	707,304
BOJ USD Indexed bond US$4 million (2022: US$4 million) at interest rate of 3.75% (2022: 3.75%) per annum, maturing 2023/2024 (2022: 2023/2024) ((ii), (iv))	608,569	620,164
GOJ Fixed Rate Benchmark Notes at interest rate of 11% per annum maturing 2024/2025 (v)	31,903	-
	1,420,108	1,403,889
Allowance for expected credit losses (vii)	(3,677)	(3,621)
Total amortised cost, net of ECL	1,416,431	1,400,268
Total Investment Securities	4,465,233	4,494,404
Classified as:		
Current	644,608	40,851
Non-current	3,820,625	4,453,553
	4,465,233	4,494,404

National Housing Trust

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9. Investment Securities (Continued)

(i) Inflation Indexed Bonds represents National Road Operating & Construction Company limited (NROCC) 4.5% Real Return Bonds. They are denominated in Jamaican dollars and mature on February 6, 2032. Interest on the Bonds is paid semi-annually in arrears and is accrued at a rate of 4.5% per annum on the inflation adjusted principal. Under the terms of the agreement, the principal is adjusted for inflation on the Jamaican "All Group" Consumer Price Index (CPI). The principal and interest are paid by the Government of Jamaica. The Trust has the option to convert the bonds to NROCC shares at redemption.

As at March 31, 2023, interest receivable included in these balances amounted to $12.64 million (2022: $11.77 million). The inflation adjustment to principal for the year amounted to $128.38 million (2022: $188.29 million).

(ii) These investment securities are designated to fund the Trust's peril reserve (Note 22).

(iii) On February 12, 2013, the Government of Jamaica (GOJ) announced a National Debt Exchange (NDX) offer initiated through the Ministry of Finance and Planning with an expiration date of February 21, 2013. The NDX involved a par-for-par exchange of certain domestic debt instruments ("old notes") or in the case of Fixed Rate Accreting Notes (FRAN), an $80 FRAN for each $100 of old notes issued by the GOJ for new longer dated debt instruments ("new notes"). The new notes had a variety of payment terms, including but not limited to fixed and variable rates in Jamaica dollars, CPI-indexed in Jamaica dollars and fixed rates in United States dollars. Participation in the NDX was voluntary and open to Jamaican resident holders.

With the FRAN, the $20 foregone will accrete until it is fully recovered prior to maturity, starting in 2015/16. During the year, an additional $15.46 million (2022: $15.46 million) was accreted.

Of this investment, nominal value of $702.76 million (2022: $687.32 billion) has been designated to fund the Trust's peril reserve (Note 22).

(iv) Bank of Jamaica US Dollar Index Bond value US$4 million (2022: US$4 million) purchased in October 2020 with maturity 2023/2024 (2022: 2023/2024). Applicable interest rate fixed at 3.75% (2022: 3.75%).

(v) Government of Jamaica Fixed Rate Benchmark Note, nominal value of $30.32 million with maturity 2024/2025. Applicable interest rate fixed at 11.00% per annum.

(vi) At March 31, 2023, interest receivable included in debt securities amounted to $29.60 million (2022: $27.39 million).

(vi) Movement in allowance for ECL:

	2023 $'000	2022 $'000
Balance at the beginning of the year	3,621	3,698
Decrease in allowance for the year (Note 28(e))	56	(77)
Balance at the end of the year	3,677	3,621

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10. Loans Receivable

	2023 $'000	2022 $'000
(a) Loans to beneficiaries selected by: the Trust (g)		
Mortgage loans (h)	268,130,767	246,115,663
Loans for which mortgage processing is incomplete (i)	7,930,776	7,425,298
Loans through joint venture programme (j)	35	35
	276,061,578	253,540,996
Allowance for ECL (p)	(996,305)	(1,137,888)
	275,065,273	252,403,108
Unexpired service charges	(13,161,608)	(11,941,409)
	261,903,665	240,461,699
(b) Loans on behalf of beneficiaries selected by: Agencies approved by: the Trust (l):		
Jamaica Teachers' Association Housing Co-operative Limited ((k)(i))	2,483	3,218
Housing Agency of Jamaica (HAJ): Repayable in 10 years at 0% per annum ((k)(ii))	-	46,983
Joint financing mortgage programme ((k)(iii))	12,026,241	11,709,742
Special loans to churches through joint financing -Hurricane Ivan (k)(iv)	-	1,060
Housing micro finance loan programme ((k)(v))	338,545	365,953
St Andrew High School for Girls (k)(vi))	37,230	40,706
National Water Commission (k)(vii))		
Loan 1	186,766	214,210
Loan 2	81,498	-
Other institutions	96,007	102,871
	12,768,770	12,484,743
Allowance for ECL (p)	(83,820)	(208,911)
	12,684,950	12,275,832
Balance carried forward	274,588,615	252,737,531

National Housing Trust

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10. Loans Receivable (Continued)

	2023 $'000	2022 $'000
Balance brought forward	274,588,615	252,737,531
(c) Loan financing to developers (l)	1,826,606	2,849,092
Allowance for ECL (p)	(659,096)	(788,829)
	1,167,510	2,060,263
(d) University of the West Indies (m)		
Loan 1	279,925	352,647
Loan 2	1,664,397	1,823,225
	1,944,322	2,175,872
Allowance for ECL (p)	(542,864)	(617,196)
	1,401,458	1,558,676
(e) Jamaica College Trust (n)	35,208	36,532
Allowance for ECL (p)	(3,962)	(4,046)
	31,246	32,486
(f) SCJ Holdings Limited (o)	500,000	500,000
Allowance for ECL (p)	(181,260)	(169,214)
	318,740	330,786
Interest receivable	(125,282)	(21,812)
Total	277,382,287	256,697,930
Classified as:		
Current	2,956,329	4,041,325
Non-current	274,425,958	252,656,605
	277,382,287	256,697,930

National Housing Trust

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10. Loans Receivable (Continued)

(g) The rates of interest payable on these loans to beneficiaries range from 0% to 5.5% (2022: 0% to 5.5%).

As at August 2022, the interest rate applicable to new beneficiary mortgages will be determined solely by the contributor's gross weekly income with rates ranging from 0% to 4%.

The loans, together with interest thereon, are repayable in monthly instalments over periods ranging up to a maximum of 40 years.

(h) Mortgage loans of $268.13 billion (2022: $246.12 billion) include loans totaling $20.68 billion (2022: $14.24 billion) relating to certain schemes for which parent titles have been or will be surrendered to the Registrar of Titles in order for the splinter titles to be prepared. The Trust is taking steps to ensure that all splinter titles are received for such schemes.

(i) The loans for which mortgage processing is incomplete relate to housing schemes developed by the public sector, for which land titles are not available. Titles are required for each lot of land in the schemes in order to register the names of the beneficiaries and the mortgages given by the Trust.

(j) Loans through joint venture programme are loans granted to beneficiaries who are in a position to obtain additional funds from their employers to enable them to purchase housing units.

Under this programme the Trust and the participating employer provide financing on an equal basis equivalent to ninety percent (90%) of the sale price of the units with the employee paying a deposit of 10% (see Note 11(i)).

(k) Loans to beneficiaries selected by agencies approved by the Trust

(i) This loan to Jamaica Teachers' Association Housing Co-operative Limited (JTAHC) is secured by the assignment to the Trust of mortgages in the name of JTAHC and the title deeds to the relevant properties were deposited with the Trust. The loan is repayable over a period of 25 years, which commenced July 1, 2000, with interest rates ranging from 3% to 18% per annum.

(ii) This loan is repayable in monthly instalments over a 25year period which commenced January 1, 2001 with chargeable interest at 5% per annum payable in monthly instalments from January 1, 1997. The interest rate was revised in 2014/2015 and 2017/2018 to 3% and 0% respectively. The loan is secured by the transfer of mortgages by Housing Agency of Jamaica (HAJ) to the Trust.

In 2020, the Trust executed an agreement with HAJ for the amount to be recovered by way of receipt of land. Transfer is expected to be completed by March 31, 2023.

In September 2023, the loan was liquidated in accordance with the terms of the agreement for settlement with lands at an estimated value of $250M.

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10. Loans Receivable (Continued)

(k) Loans to beneficiaries selected by agencies approved by the Trust(continued)

(iii) Joint financing mortgage programme

The Trust entered into an agreement to invest funds with participating institutions for the sole purpose of the institutions on lending these funds to qualified contributors of the Trust. Accounts are maintained by the institutions through sub-accounts bearing the name of the Trust with the applicable rate of interest. The purpose of the agreement is to assist the contributor in owning a home that shall be mortgaged to the participating financial institutions as security for the funds on-lent.

The participating institutions include:

- JN Bank Limited
- The Victoria Mutual Building Society
- First Caribbean International Bank
- Sagicor Life Jamaica Limited
- Sagicor Bank Jamaica Limited
- National Commercial Bank Jamaica Limited
- Scotiabank Jamaica Limited
- First Global Bank Limited
- JMMB Bank Jamaica Limited

Further, these participating institutions are liable to the Trust for the full amount of the monthly obligation irrespective of whether the amounts have been recovered or collected from the relevant beneficiaries through the mortgage payment.

The obligations of the participating institutions are secured by:

- power of attorney to assign and transfer the mortgaged properties
- assignment of all rights, titles and interest in the securities.

The interest rates and repayment terms on these loans are the same as given to beneficiaries selected by the Trust.

During 2020 to 2023, Management organized the sale of part of the portfolio to each of the participating institutions for the purchase of their interest. The terms of the agreements provided for a discount on the agreed carrying principal balance. Interest was charged on any outstanding payment at rates between 3% and 4% per annum.

The negotiated discount was based on each Participating Institution loan portfolio profile in consideration to but not limited to the following: general market conditions, liquidly risks, GOJ yield curve, other risks considerations, amongst other factors. During the year, the discount on the transaction was recorded at \$3.50 billion or 29.81% (2022: \$2.49 billion or 27.1%) of the value of the mortgages sold.

The programme is expected to end on April 30, 2023, all eligibility letters issued up to this date will be honoured accordingly. The Trust will continue to collect all contractual cash flows up to maturity on those loans issued.

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10. Loans Receivable (Continued)

(k) Loans to beneficiaries selected by agencies approved by the Trust (continued)

(iv) Special loans to churches through joint financing - Hurricane Ivan

In 2005/06, the Trust entered into an agreement with participating institutions to provide funds to assist churches in the repair of church buildings damaged by Hurricane Ivan.

The total loan to the participating institutions is for a period of fifteen (15) years with interest charged at a rate of 5% per annum to the Participating Institution for on-lending at a rate of 7% per annum to borrowers who qualify based on the criteria determined by the relevant participating institution.

The obligations of the participating institutions are secured by:

- powers of attorney to assign and transfer the mortgaged properties
- assignment of all rights, title and interest in the securities.

The loan was liquidated in March 2022.

(v) Housing Micro Finance Loan Programme

The Trust entered into an agreement with participating institutions to provide funds to low income contributors with their housing needs. The maximum loan amount of $850,000 is offered at 9% per annum unsecured and 4.5% per annum secured for a loan term of 6 months to five years.

Further, these participating institutions are liable to the Trust for the full amount of the quarterly obligation irrespective of whether the amounts have been recovered or collected from the borrower on a monthly basis. The obligations of the participating institutions are secured by:

- Power of attorney to assign and transfer the mortgaged properties
- Assignment of all rights, titles and interest in the securities.

(vi) St Andrew High School for Girls

The loan is for a sum of $45 million for the purchase of land to construct dorm facilities. The loan is for a period of 15 years at interest rate of 5% per annum in 180 equal monthly instalments commencing December 1, 2019. The loan is secured by duplicate certificate of title.

(vii) National Water Commission

In 2020 the Trust entered into an institutional loan agreement with the NWC in the amount of $221.5 million for a period of 10 years at an interest rate of 0%. The purpose of the loan was to finance the expansion of infrastructure works in support to the Estuary development and the areas affected.

In June 2022, the Trust entered into an agreement with the NWC for a loan of $586.87 million of which a total of $81.5 million was disbursed during the year. The loan term is for a period of 25 years at an interest rate of 5% per annum. The purpose of the loan is for design and infrastructure work for the Greater Mandeville Water Supply project.

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10. Loans Receivable (Continued)

(l) Loan financing to developers

This represents the total amount of financing provided to public and private developers, inclusive of interest charged during the construction period at rates ranging from 5% to 12% per annum. The loans are secured by title deeds over properties.

(m) University of the West Indies (UWI)

Loan 1
This loan was disbursed in March 2003 for the construction of student housing. This graduated loan is for a period of 25 years at an interest rate of 8% per annum. The repayment will increase by 5% per annum for the first nine years, thereafter; it will be based on the regular loan amortization at the implicit interest rate.

In July 2012, the Trust approved a reduction of the interest rate in the loan from 8% per annum to 5% per annum. The other terms and conditions of the agreement remain unchanged.

The security for the loan is:

a. A letter of undertaking from the Ministry of Finance and the Public Service, which has undertaken to repay the full amount of principal, plus interest, if UWI is unable to do so.
b. Assignment of a bank account containing fees paid for accommodation by the students in respect of the buildings constructed.

Loan 2
The loan in the sum of $1.40 billion was disbursed in June 2011 for the construction of student housing. This graduated loan is for a period of 25 years at an interest rate of 8% per annum. The repayment will increase by 3% per annum for the first nine (9) years, thereafter; it will be based on the regular loan amortization at the implicit interest rate.

In July 2012, the Trust approved an additional construction loan in the amount of $331.85 million. The Trust also approved a reduction of the interest rate in the construction loan from 8% per annum to 5% per annum. The other terms and conditions of the agreement remain unchanged.

The security for the advance is:

(i) Leasehold mortgage in respect to land contained in Volume 1065 Folio 940.
(ii) Assignment of rental and/or payments arising from the use of units constructed with the loan, which payments are due to the borrower from the occupiers of the 600 single and double bedrooms and shared facilities, which have been constructed for the use by the undergraduate students and are located within a cluster of three existing Halls of Residence and the 400 self-contained studio apartments.

In 2021/22, the Trust approved the recovery of $141.50 million arrears over a one (1) year period ending September 2023. UWI is to continue making the regular quarterly repayment amount as part of the agreement. This agreement was honoured. Repayment is now based on the regular loan amortization at the implicit interest rate.

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10. Loans Receivable (Continued)

(n) Jamaica College Trust

The Trust entered into an agreement with the Jamaica College Trust (JCT) in 2012 to make the of $45 million available to the JCT to be utilised exclusively for the purpose of constructing studio apartments together with such necessary infrastructure to accommodate teachers.

Repayment of the principal sum of the loan and interest shall be made in twenty-five (25) years with Interest on the loan computed at a fixed rate of five percent 5% per annum or such other rates as the Trust may from time to time notify the Jamaica College Trust.

The obligations of the participating institution are secured by:
(i) First Legal Mortgage over the Project Land.
(ii) Assignment of the rental and/or payments arising from the use and occupation of the studio units constructed with the loan.
(iii) Assignment of the Performance Bond.
(iv) Assignment of adequate insurance coverage to mitigate loss such as contractors all risk, peril, public liability and employers' liability during the period of construction.
(v) Assignment of insurance coverage at the full insurable value over the building constructed with the loan.

(o) SCJ Holdings Limited

This represents a loan of $500 million disbursed in June 2018. The loan was for a period of 1 year at 0% interest. The loan is secured by land. During the year ended March 2020, approval was granted for a further 1-year extension at an interest rate of 7% per annum.

The Trust is advanced in finalizing an agreement and has received written commitment from sales proceeds from divestment of lands which will see the outstanding balance liquidated. This is expected to be completed by March 31, 2024.

(p) The movement in the allowance for ECL is as follows:

	Loans	Development Financing	Agencies	Other	Total
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Balance at April 1, 2021	2,184,344	818,822	255,841	827,535	4,086,542
Decrease in allowance for the year (Note 28)	(1,140,404)	(29,993)	(46,930)	(37,079)	(1,254,406)
Recovery on charge off loans previously written off	319,907	-	-	-	319,907
Net Charge off/Write-off during the year	(225,959)	-	-	-	(225,959)
Balance at March 31, 2022	1,137,888	788,829	208,911	790,456	2,926,084
Decrease in allowance for the year (Note 28)	(138,494)	(129,733)	(125,091)	(62,370)	(455,688)
Recovery on charge off loans previously written off during the year	358,503	-	-	-	358,503
Net Charge off/Write-off during the year	(361,592)	-	-	-	(361,592)
Balance at March 31, 2023	996,305	659,096	83,820	728,086	2,467,307

National Housing Trust

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10. Loans Receivable (Continued)

(q) Approval process and quality of receivables

Before approving a loan, the Trust uses an evaluation system to assess the potential borrowers' eligibility in order to determine if they satisfy the qualifying requirements for a loan from the Trust, and to determine the maximum amount of loan they can afford to borrow. For institutional loans, the process involves a comprehensive analysis of the institution's financial standing and its ability to fund its portion of the proposed development (where applicable). The Trust places strict limits on the percentage of the total development cost that it is willing to finance. 88.29% (2022: 87.76%) of the loans to beneficiaries which are neither past due nor impaired are considered to be of good quality.

The JFMP accounts for 94.18% (2022: 93.80%) of the gross total category of loans to beneficiaries selected by agencies of the Trust and 4.34% (2022: 4.57%) of the total loans receivable (net of allowance for impairment).

Of the total loans to beneficiaries selected by the Trust, there are no loans to any beneficiary in excess of 5% of that category.

(r) Past due loans

Included in the Trust's loans to beneficiaries balance are debtors with a carrying amount of $31.13 billion (2022: approximately $52.94 billion) which are past due at the reporting date.

(s) Loans past due and impaired

As at the reporting date, the aging of loans receivable that were past due and impaired was as follows:

	2023 $'000	**2022 $'000**
31 -90 days	11,553,685	26,014,298
Over 90 days	19,580,154	26,925,796
	31,133,839	52,940,094

The movement in ECL of the portfolio is driven by the size of the portfolio, movements between stages as a result of change in credit risk and general economic conditions adjusted for forward looking factors.

(t) Allowance for impairment

The provision for credit losses determined based on the Trust's actual credit loss experience is as follows:

	2023 $'000	**2022 $'000**
Prudential allowance set by management	8,648,906	7,998,834
Total IFRS general allowances on mortgage loans (10 p)	1,808,211	2,137,255
Excess over IFRS allowances on mortgage loans reflected in loan loss reserve (Note 23)	6,840,695	5,861,579

National Housing Trust

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10. Loans Receivable (Continued)

(u) Loans to beneficiaries renegotiated

Features of these loans include extended payment arrangements, modification to interest rates and deferral of payments. Following restructuring, a previously overdue beneficiary account is reset to a normal status and managed together with other similar accounts. Policies and practices in respect of these activities are based on indicators or criteria which, in the judgment of management, indicate that payment will most likely continue. These policies are kept under continuous review.

As at March 31, 2023, loans totaling $1.80 billion (2022: $725.43 million) were renegotiated which would have otherwise been past due or impaired.

11. Status of Securities for Financing for Developers and Loans to Beneficiaries

The Trust does not hold title deeds as security in respect of the following loans:

	2023 $'000	**2022 $'000**
(i) Loans through joint venture		
mortgage programme (Note 10(j))	35	35
(ii) Other loans (Note 11(a))		
Mortgage loans to beneficiaries:		
• Schemes for which splintering of parent titles is in process or has not yet commenced	20,678,667	14,239,198
• Schemes for which mortgage processing is incomplete and land titles are not available	7,930,776	7,425,298
• Non-scheme loans (Note 11(b))	1,460,305	1,209,880
	30,069,748	22,874,376
Financing for housing construction projects	659,096	788,829
	30,728,844	23,663,205
Total	30,728,879	23,663,240

(a) It has been an established policy of the Trust to carry out housing projects on lands owned by the Government of Jamaica or its approved agencies without first registering mortgages on the land on which the houses are constructed. This has been done to minimise delays and to keep the cost of a housing unit to a minimum. In this respect, obtaining land titles, sub-division plans and splinter titles takes place during construction and after the housing projects are completed and houses handed over to beneficiaries. While this results in certain construction finances and mortgage loans not being secured in the interim, management does not consider that the lack of security for finances provided under these programmes will have a material impact on the financial statements.

(b) Certain non-scheme loans are secured on the basis of a Letter of Undertaking by respective attorneys-at-law to provide the land titles when they become available.

National Housing Trust

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12. Inventories

	2023 $'000	2022 $'000
Land held for housing development	6,524,480	6,422,163
Housing under construction	30,782,887	28,728,674
Housing units completed but not allocated	3,258,375	2,578,831
Community Renewal Programme	618,039	774,356
Guaranteed housing project	110,509	41,797
	41,294,290	38,545,821
Less: Allowances for impairment losses and subsidies	(682,219)	(542,597)
	40,612,071	38,003,224

The movement in the allowance for impairment is as follows:

	2023 $'000	2022 $'000
At beginning of year	542,597	322,873
Increase/(Decrease) in allowance during the year	139,622	219,724
At end of year	682,219	542,597

(a) Gains on sale of housing solutions during the year amounted to:

	2023 $'000	2022 $'000
Sale of units	11,513,500	6,019,702
Cost of units sold	(10,693,205)	(5,541,021)
Net gain on disposal of units	820,295	478,681
Impairment allowance charged for year	(139,622)	(219,724)
Loss on projects	(684,378)	(39,898)
Project subsidy	209,557	110,139
Gains on projects	205,852	329,198

National Housing Trust

Notes to the Financial Statement
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13. Intangible Assets

	2023 $'000	2022 $'000
Cost		
At the beginning of the year	222,144	222,144
Additions	14,566	-
At the end of the year	236,710	222,144
Amortisation		
At the beginning of the year	220,888	219,489
Charge for the year	3,827	1,399
Adjustments	(143)	-
At the end of the year	224,572	220,888
Carrying amount	12,138	1,256

This consists primarily of software purchased and developed, the costs of which are being amortised over three years. Amortisation charged for the year is included in operating expenses in the statement of profit and loss and other comprehensive income.

National Housing Trust

Notes to the Financial Statement
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14. Investments in Associate

	2023 $'000	2022 $'000
Cost of investments	490	490
Loans (including accrued interest) (Note 14(b)):		
Opening advances	1,990,490	1,906,182
Advances during the year (net)	70,655	84,308
Total advances	2,061,145	1,990,490
Provision for impairment loss	(589,676)	(562,700)
	1,471,469	1,427,790
Share of associate's losses:		
Balance at beginning of year	(414,131)	(391,365)
Share of loss for the year	(64,855)	(22,766)
Balance at end of year	(478,986)	(414,131)
	992,973	1,014,149

Advances during the year relates to working capital and loans.

(a) Details of the associate as at March 31, 2023 are as follows:

Name of associate	Place of Incorporation and operation	Proportion of voting ownership	Proportion of voting ownership power held	Principal Activities
Harmonisation Limited	Jamaica	49.50%	49.50%	Land investment and development
(i) Wholly-owned subsidiary – Silver Sands Estates Limited	Jamaica			Rental of resort accommodation
(ii) 49% Associated Company – Harmony Cove Limited	Jamaica			Property development

National Housing Trust

Notes to the Financial Statement
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14. Investments in Associate (Continued)

(a) Details of the associate as at March 31, 2023 are as follows: (continued)

	(Unaudited) 2023 $'000	(Audited) 2022 $'000
Current assets		
Land and building held for sale	62,535	62,535
Cash and cash equivalents	19,419	132,539
Other current assets	436,914	355,513
Total current assets	518,868	550,587
Non-current assets		
Property, plant and equipment	8,660	8,426
Other non-current asset	2,340,199	2,340,198
Total non-current assets	2,348,859	2,348,624
Current liabilities		
Payables	35,770	33,245
Other current liabilities	539	539
Total current liabilities	36,309	33,784
Non-current liabilities	3,798,076	3,702,928
Net liabilities	(966,658)	(837,501)
Trust's share of associate's net liabilities	(478,496)	(414,563)
Revenue	21,229	16,424
Other income	-	127,813
	21,229	144,237
Depreciation	(1,359)	(1,343)
Staff costs	(59,335)	(62,202)
Operating expenses	(89,694)	(115,772)
	(150,388)	(179,317)
Net loss and total comprehensive income	(129,159)	(35,080)
Trust's share of associate's net loss and total comprehensive income	(63,934)	(17,365)

Land, which has a value of $2.79 billion (2022: $2.79billion), is included in total assets at a cost of $62.54 million.

National Housing Trust

Notes to the Financial Statement
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14. Investments in Associate (Continued)

(b) Due to an amendment to the Shareholders Agreement, as of April 1, 2009, the Trust no longer accrues interest on the amounts advanced to Harmonisation Limited.

15. Employee Benefits

The Trust operates two post-retirement employee benefit arrangements:

- The National Housing Trust Staff Pension Plan ("staff pension plan")
- The Post-retirement medical benefits scheme.

Staff pension plan
The Trust operates a defined benefit pension plan for qualified employees. The plan is administered by Trustees, who are assisted by an independent plan administrator, Employee Benefits Administrator Limited, a wholly owned subsidiary of Sagicor Life Jamaica Limited. The fund managers are Sagicor Life Jamaica Limited and Victoria Mutual Pensions Management. The plan is regulated by the Financial Services Commission (FSC). The Trustees include representatives from the employer, members and pensioners of the plan.

Each year, the Board of Trustees, reviews of the level of funding. Such review includes the asset liability matching strategy and investment risk management policy. The Board of Trustees decides on contributions based on the results of its annual review.

The plan is exposed to market risk such as inflation, interest rate risk, currency risk and exposed to changes in the life expectancy of pensioners. As the plan assets include investments in quoted equities, the plan is exposed to equity price risk. The plan is funded by contributions from the employees and the Trust. The employees contribute at a rate of 5% of pensionable salaries. An additional optional contribution of up to 7.1% (2022: 7.1%) of pensionable salaries may be made. In accordance with the rules of the plan, the employer contributes the balance of the costs of benefits under the plan as determined by actuarial valuation up to a maximum rate so that the total contribution (employee and employer) sums to 20% of pensionable salaries. As at March 31, 2023, the Trust contributed at a rate of 7.9% (2022: 7.9%) of pensionable salaries. Benefits are determined on a prescribed basis and are payable at a rate of 2% of the pensionable salary (salary in the 12 month period immediately preceding the date of termination) for all pensionable service. Normal retirement is age 65 for males and 60 for females hired prior to June 1, 1990 or at age 65 for females hired on or after June 1, 1990.

Medical benefits scheme
The Trust provided medical benefits for its pensioners and their spouses under a policy insured by Sagicor Life Jamaica Limited, which came into effect in April 2007. The Trust covered 100% of the premium for the pensioners and spouses. Insurance coverage continued to the surviving spouses after the death of the retirees. The plan was amended effective May 1, 2010 to discontinue coverage of spouses. With effect from this date, spouses of new retirees are not eligible for benefit under the Health Plan.

During the year 2019/2020, the Trust amended the plan to include coverage for spouses of retirees to cover all or a portion of the spousal cost based on the years of service of the retiree at the date of retirement. Benefits are paid for the life of the retiree and the employer pays the full cost of the retiree's benefits. The plan is open to new members.

As at the reporting date, an actuarial valuation was done for the plan and the medical benefit scheme by Eckler Jamaica Limited using the Projected Unit Credit Method. The results of the valuation are included below.

National Housing Trust

Notes to the Financial Statement

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

15. Employee Benefits (Continued)

(a) Staff pension plan and medical benefits scheme

	2023 %	**2022** %
Key assumptions		
- Expected salary increases	7.0	6.0
- Discount rate	13.0	8.0
- Long term rate of inflation	5.5	5.0
- Medical inflation rate	7.0	6.0

	2023 Years	**2022** Years
Demographic assumptions		
Average liability duration for each category of member:		
- Staff pension scheme		
Active members	12.9	18.3
Deferred pensioners	0.2	0.9
All participants	11.0	16.7
- Post-retirement medical benefit scheme		
Active members	18.7	22.7
Pensioners	8.5	10.4
All participants	17.1	21.4

Mortality in service and retirement - Specimen mortality rates (number of occurrences per 1000 members) are given below:

Attained age	**2023**		**2022**	
	Males	**Females**	**Males**	**Females**
20	0.337	0.135	0.347	0.139
25	0.416	0.151	0.427	0.155
30	0.395	0.199	0.405	0.204
35	0.466	0.264	0.477	0.271
40	0.547	0.354	0.561	0.362

(b) Amounts included in the statement of financial position are as follows:

	Staff pension Plan		**Medical benefit scheme**	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Present value of obligation	(6,274,513)	(9,863,163)	(1,177,930)	(1,828,342)
Fair value of plan assets	11,417,215	11,600,123	-	-
Change in effect of asset ceiling	(4,407,231)	-	-	-
Net asset/(liability) recognised in statement of financial position	735,471	1,736,960	(1,177,930)	(1,828,342)

National Housing Trust

Notes to the Financial Statement

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

15. Employee Benefits (Continued)

(c) Movements in net defined benefit asset (liability) were as follows:

	Staff pension plan		Medical benefit scheme	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Balance at beginning of year	1,736,960	2,166,979	(1,828,342)	(2,004,911)
Included in profit or loss:				
Current service cost	(321,774)	(284,646)	(125,328)	(158,750)
Interest cost	(764,637)	(712,038)	(145,929)	(170,146)
Purchase of pension increases	-	(82,011)	-	-
Expenses	(27,751)	(27,847)	-	-
Interest on plan assets	923,250	916,321	-	-
	(190,912)	(190,221)	(271,257)	(328,896)
Included in other comprehensive income:				
Experience adjustments	(385,548)	(12,357)	41,745	144,590
Changes in financial assumptions	4,618,353	(300,614)	1,201,518	3,505
Remeasurement of plan assets	(951,619)	(200,535)	-	-
Changes in demographic assumptions	-	-	(330,072)	350,995
Change in effect of asset ceiling	(4,407,231)	-	-	-
	(1,126,045)	(513,506)	913,191	499,090
Employer's contributions	315,468	273,708	8,478	6,375
Balance at end of year	735,471	1,736,960	(1,177,930)	(1,828,342)

(i) Amount recognised in profit or loss:

	2023	**2022**
	$'000	**$'000**
- Staff pension plan (net)	(190,912)	(190,221)
- Post-retirement medical scheme (net)	(271,257)	(328,896)
	(462,169)	(519,117)

Amount recognised in other comprehensive income:

- Staff pension plan	(1,126,045)	(513,506)
- Post-retirement medical scheme	913,191	499,090
	(212,854)	(14,416)

National Housing Trust

Notes to the Financial Statement

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

15. Employee Benefits (Continued)

(d) Movement in fair value of pension plan assets

	2023 $'000	2022 $'000
Fair value of plan assets at beginning of year	11,600,123	10,817,998
Contributions	636,729	554,322
Administrative expenses	(27,751)	(27,847)
Benefits paid	(763,517)	(378,125)
Purchase of pension increases	-	(82,011)
Interest income on plan assets	923,250	916,321
Remeasurement loss on plan assets included	(951,619)	(200,535)
Fair value of plan assets at end of year	11,417,215	11,600,123

The major categories of plan assets and the percentage distribution for each category at the reporting date are analysed as follows:

	Staff pension plan			
	2023		2022	
	$'000	%	$'000	%
Pooled Investment Funds				
Equity	205	0.00	278,875	2.41
Fixed income	483	0.00	1,440	0.01
Foreign currency	800	0.01	37,468	0.32
Money market	56,020	0.49	9,186	0.08
Mortgage and Real Estate	1,783	0.02	1,675	0.01
	59,291	0.52	328,644	2.83
Self-directed Funds				
GOJ securities	3,911,674	34.26	3,804,192	32.79
Pooled funds	2,618,284	22.93	3,007,629	25.93
Corporate funds	60,169	0.53	129,968	1.12
Equity	1,343,896	11.77	1,496,071	12.90
Repurchase agreements	17,432	0.15	-	-
Other	71,159	0.62	131,327	1.13
	8,022,614	70.26	8,569,187	73.87
Pooled Pension Investment Portfolio				
Fixed income	1,064,675	9.33	803,950	6.94
Equity	740,000	6.48	660,549	5.70
US$ Fixed Income	486,147	4.26	397,167	3.42
Real Estate	879,105	7.70	713,909	6.15
Cash Management	165,383	1.45	126,717	1.09
	3,335,310	29.22	2,702,292	23.30
Closing fair value of plan assets	11,417,215	100.00	11,600,123	100.00

National Housing Trust
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15. Employee Benefits (Continued)

(e) Movement in the present value of the obligation

	Staff Pension Plan	
	2023	**2022**
	$'000	**$'000**
Balance at the beginning of year	9,863,163	8,651,019
Current service costs	321,774	284,646
Interest costs	764,637	712,038
Employees' contribution	321,261	280,614
Benefits paid	(763,517)	(378,125)
Actuarial losses/(gains) arising from:		
Experience adjustments	385,548	12,357
Changes in financial assumptions	(4,618,353)	300,614
Balance at end of year	6,274,513	9,863,163

	Medical benefit scheme	
	2023	**2022**
	$'000	**$'000**
Balance at the beginning of year	1,828,342	2,004,911
Current service costs	125,328	158,750
Interest costs	145,929	170,146
Benefits paid	(8,478)	(6,375)
Actuarial (gains)/losses arising from:		
Experience adjustments	(41,745)	(144,590)
Changes in financial assumptions	(1,201,518)	(3,505)
Changes in demographic assumptions	330,072	(350,995)
Balance at end of year	1,177,930	1,828,342

National Housing Trust

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15. Employee Benefits (Continued)

(f) Sensitivity analyses

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit asset and obligation by the amounts shown below:

31 March 2023
1% movements in

	Health inflation rate		Discount rate		Salary escalation rate	
	Increase $'000	**Decrease $'000**	**Increase $'000**	**Decrease $'000**	**Increase $'000**	**Decrease $'000**
Impact on						
Staff pension plan	-	-	(553,744)	680,163	376,486	(326,700)
Post-retirement medical scheme	216,054	(175,013)	(165,274)	205,385	-	-

31 March 2022
1% movements in

	Health inflation rate		Discount rate		Salary escalation rate	
	Increase $'000	**Decrease $'000**	**Increase $'000**	**Decrease $'000**	**Increase $'000**	**Decrease $'000**
Impact on						
Staff pension plan	-	-	(1,348,737)	1,743,193	928,369	787,562
Post-retirement medical scheme	432,683	(336,229)	(328,043)	428,102	-	-

No sensitivities are provided for pension increases on the Plan, as annuities are purchased by the retirees and exit from the Plan is effected. Accordingly, there is no further obligation by the Plan.

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

National Housing Trust

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15. Employee Benefits (Continued)

(g) Summary of five-year trend

(i) Staff pension plan

Disclosure Items	**2023 $'000**	**2022 $'000**	**2021 $'000**	**2020 $'000**	**2019 $'000**
Present value of defined benefit obligation	6,274,513	9,863,163	8,651,019	9,608,147	8,433,535
Fair value of plan assets	11,417,215	11,600,123	10,817,998	10,020,573	9,650,326
Change in effect of asset ceiling	(4,407,231)	-	-	-	-
Surplus in the Plan	(735,471)	(1,736,960)	(2,166,979)	(412,426)	(1,216,791)
Remeasurements on defined benefit obligation – loss	4,232,805	(312,971)	1,941,457	(356,169)	(792,719)
Remeasurements arising on plan assets - (loss)/ gain	(951,619)	(200,535)	(75,841)	(524,582)	153,447

(ii) Medical benefit scheme

Disclosure Items	**2023 $'000**	**2022 $'000**	**2021 $'000**	**2020 $'000**	**2019 $'000**
Present value of defined benefit obligation/deficit in the Plan	1,177,930	1,828,342	2,004,911	1,316,234	962,497
Remeasurements on defined benefit obligation	(913,191)	(499,090)	(254,094)	186,378	15,571
Loss/(Gain) due to experience					
Loss/(Gain) due to changes in financial	(41,745)	(144,590)	(41,890)	28,303	(146,064)
Assumptions	(1,201,518)	(3,505)	(311,330)	158,075	161,635
Loss/(Gain) due to changes in demographic assumptions	330,072	(350,995)	99,126	-	-

(h)The Trust expects to make a contribution of $296.41 million (2022: $272.83 million) to the defined benefit plan during the next financial year.

National Housing Trust

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16. Property, Plant and Equipment

	Land Improvement and buildings	Furniture fixtures, artwork and other equipment	Computer equipment	Motor vehicles	Advance on assets (Note 16(b))	Construction in progress Note 16(c))	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost -							
At 1 April 2021	1,951,018	777,453	789,902	62,211	79,888	226,642	3,887,114
Additions	-	26,204	50,724	5,799	29,779	70,291	182,797
Transfers	34,822	14,518	21,381	-	(70,721)	-	-
Adjustment (Note 16(a))	4,002	(293)	-	-	(15,011)	(24,883)	(36,185)
Disposals	-	(3,172)	-	(2,440)	-	-	(5,612)
At 31 March 2022	1,989,842	814,710	862,007	65,570	23,935	272,050	4,028,114
Additions	938	47,824	21,666	15,647	46,522	124,891	257,488
Transfers	17,439	2,404	-	-	(19,843)	-	-
Transfers to receivables	-	-	-	-	(45,494)	-	(45,494)
Adjustment	-	128	(42)	-	(5,120)	(10,664)	(15,698)
Disposals	-	(6,684)	(10,541)	-	-	-	(17,225)
31 March 2023	2,008,219	858,382	873,090	81,217	-	386,277	4,207,185
Accumulated Depreciation -							
At 1 April 2021	628,254	641,877	684,278	57,492	-	-	2,011,901
Charge for the year	48,091	46,512	78,349	4,505	-	-	177,457
Relieved on disposals	-	(2,851)	-	(2,440)	-	-	(5,291)
At 31 March 2022	676,345	685,538	762,627	59,557	-	-	2,184,067
Charge for the year	47,358	43,449	64,789	4,492	-	-	160,088
Relieved on disposals	-	(6,568)	(10,415)	-	-	-	(16,983)
31 March 2023	723,703	722,419	817,001	64,049	-	-	2,327,172
Net Book Value -							
At 31 March 2023	1,284,516	135,963	56,089	17,168	-	386,277	1,880,013
At 31 March 2022	1,313,497	129,172	99,380	6,013	23,935	272,050	1,844,047

National Housing Trust

Notes to the Financial Statement
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16. Property, Plant and Equipment (Continued)

(a) These represent adjustments arising from management's reconciliation exercise of the property, plant and equipment register conducted during the year.

(b) These represent partial fulfilment of purchase of assets not yet put to use by the Trust.

(c) This represents amounts related to the construction of an office building in May Pen.

The following estimated useful lives are used for the depreciation of property, plant and equipment:

Land improvement and buildings	15 to 40 years
Furniture and fixtures and other equipment	5 to 8 years
Computer equipment	3 years
Motor vehicles	4 years

Land, artwork and construction in progress are not depreciated.

17. Payables and Accruals

	2023 $'000	2022 $'000
Operating payables and accruals	4,343,402	3,452,830
Scheme deposits	156,486	175,995
Statutory and other payroll deductions	132,628	112,985
Retention payable	1,437,232	1,507,566
GCT payable	3,823,745	3,178,390
Withholding Tax Specified Services	1,657	1,719
Sums withheld for modification of covenants	233,305	222,714
Peril insurance claims (Note 30(b)(i))	41,642	62,946
Beneficiaries mortgage refunds payable	818,069	787,209
Other payables	481,617	470,647
	11,469,783	9,973,001

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18. Provisions

	Sunday Claims (a)		Employee Benefits (b)		Total	
	2023	2022	2023	2022	2023	2022
	$'000	$'000	$'000	$'000	$'000	$'000
Balances at beginning of the year	40,000	40,000	184,394	210,511	224,394	250,511
Recognised in profit or loss for the year	-	-	64,196	(26,117)	64,196	(26,117)
Balance at end of the year	40,000	40,000	248,590	184,394	288,590	224,394

(a) Sundry claim represents the provision for the settlement of a legal claim against the Trust (Note

35).

(b) Employee benefits represent provision for outstanding employees' vacation leave entitlements.

19. Refundable Contributions

	2023 Currently Due	2023 Not Yet Due	2023 Total	2022 Total
	$'000	$'000	$'000	$'000
Contributions refundable	35,161,666	107,331,619	142,493,285	130,301,008
Bonus accrued (a)	2,636,060	3,939,832	6,575,892	6,507,615
	37,797,726	111,271,451	149,069,177	136,808,623
Represented by:				
Savings accounts				
Principal	35,161,666	-	35,161,666	31,816,194
Interest	2,636,060	-	2,636,060	2,631,421
	37,797,726	-	37,797,726	34,447,615
Time accounts				
Principal	-	77,060,382	77,060,382	75,317,609
Interest	-	3,939,832	3,939,832	3,876,194
	-	81,000,214	81,000,214	79,193,803
Total for which personal accounts are established	37,797,726	81,000,214	118,797,940	113,641,418
Balances for which no personal accounts are established	-	30,271,237	30,271,237	23,167,205
Total refundable employee contributions	37,797,726	111,271,451	149,069,177	136,808,623

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19. Refundable Contributions (Continued)

(a) Bonuses are payable to contributors at the rate specified. The amount payable to contributors for each year will be paid together with cash grant benefits awarded as described in Note 2(b)(ii). Bonuses on contributions not currently refundable are calculated at 2% per annum.

The Trust complied with the requirement for creation of personal accounts for employed persons who made contributions up to December 31, 2021 (2022: December 31, 2020) within the one year period stipulated by the Act. During the current financial year, 512,376 (2022: 623,717) individual (time) accounts totaling $15.36 billion (2022: $17.03 billion) were created.

20. Deferred Tax (Assets) Liabilities

The net position at the reporting date is attributable to the following:

	2023			
	Balance at April 1, 2022 $'000	**Recognised in income (Note 27) $'000**	**Recognised in other comprehensive income $'000**	**Balance at March 31, 2023 $'000**
Interest payable	(20,723)	3,654	-	(17,069)
Employee benefits (liability) asset (net)	(22,846)	(34,556)	(53,214)	(110,616)
Accelerated capital allowances	50,512	3,046	-	53,558
Interest receivable	7,093	(22,640)	-	(15,547)
Share of net assets of associate	(81,735)	81,735	-	-
Unrealised foreign exchange gains	-	(990)	-	(990)
Rental income receivable	1,672	26	-	1,698
Joint Finance Mortgage Programme	(872,183)	-	872,183	-
Other	1	-	-	1
Net liabilities/(assets)	(938,209)	30,275	818,969	(88,965)

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20. Deferred Tax (Assets) Liabilities (Continued)

			2022	
	Balance at April 1, 2021 $'000	Recognised in income (Note 27) $'000	Recognised in other comprehensive income $'000	Balance at March 31, 2022 $'000
Interest payable	14,573	(35,296)	-	(20,723)
Employee benefits (liability) asset (net)	40,516	(59,758)	(3,604)	(22,846)
Accelerated capital allowances	36,930	13,582	-	50,512
Interest receivable	75,709	(68,616)	-	7,093
Share of net assets of associate	(31,361)	(50,374)	-	(81,735)
Unrealised foreign exchange gains	3,327	(3,327)	-	-
Rental income receivable	1,429	243	-	1,672
Joint Finance Mortgage Programme	-	-	(872,183)	(872,183)
Other	1	-	-	1
Net liabilities/(assets)	141,124	(203,546)	(875,787)	(938,209)

21. Mortgage Subsidy Reserve

In July 2010, the Trust implemented a Mortgage Subsidy Programme for applicants who fall within those income bands which are charged 1% to 3% interest and have been contributing to the Trust for a minimum of 7 years. In July 2017, a Disability Grant was implemented which assisted mortgagors with retrofitting or upgrading dwellings to make them more suitable for occupants' needs. The Trust approves a maximum of 20% of its quarterly profit after tax (excluding non-refundable employers' contribution) to be used to finance these programmes. The utilisation of the subsidy is dependent on the eventual successful completion of the application process by contributors.

As of April 2019, the Mortgage Subsidy Programme was amended for applicants earning $15,000 or less weekly to be eligible for a maximum subsidy of $2.50 million. As of August 2022, the Disability Grant was increased from $150,000 to $300,000 for beneficiaries with current mortgage and contribution payments. A maximum of two (2) eligible contributors may each access a grant to retrofit the same dwelling. The actual take up of the subsidy by eligible contributors during the year amounted to $254.28 million (2022: $330.84 million) (Note 26).

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22. Peril Reserve

The Trust's insurance policy deductible is US$30 million (2022: US$30 million), i.e., peril insurance claims up to this amount will be for the account of the Trust (claims over this amount will be for the account of the insurer) (Note 30(b)(i)).

The Trust has currently designated the investments listed below to fund this reserve:

	2023 US$'000	2023 JMD$'000	2022 US$'000	2022 JMD$'000
Cash and cash equivalents (J$ denominated) (Notes 6(b) and 6(d))	35,950	5,410,475	-	-
Cash and cash equivalents (US$ denominated) (Notes 6(c) and 6(d))	4,811	724,056	5,679	870,590
Resale agreements (J$ denominated) (Note 8(a)	1,361	204,831	-	-
Resale agreements (US$ denominated) (Note 8(b)	8,770	1,319,885	13,450	2,061,879
Security at amortised cost (US$ denominated) (Note 9(ii))	4,473	673,187	4,532	694,754
Securities at amortised cost and at FVPL(J$ denominated) (Note 9 (i),(iii))	25,237	3,798,169	24,786	3,799,694
	80,602	12,130,603	48,447	7,426,917

23. Loan Loss Reserve

This reserve represents the excess of the provision for loan losses, determined using management's prudential estimate of the greater of 3% of the total loans receivable (less loan financing to developers), net of IFRS allowance, and the total arrears for over 90 days, for which allowances are made, over the amounts determined under IFRS (Note 10(u))

During the year, there was an increase of $979.12 million (2022: an increase of $1.61 billion) in the loan loss reserve. This reserve is to cover any losses that may arise from the loans referred to above as well as other mortgage loans.

24. Transfer to Consolidated Fund

This represents transfers made to the Government of Jamaica through the Ministry of Finance and the Public Service based on the amendment to the National Housing Trust Act (the Act) under which the Trust was required to transfer up to a maximum of $11.40 billion to the Consolidated Fund for each of four years up to 2016/2017.

The Act was further amended in August 2017 for additional financing for four (4) years up to 2020/2022 and in December 2020 for five (5) years up to 2025/2026.

25. Miscellaneous Income

	2023 $'000	2022 $'000
Penalty income	67,232	41,439
Debt management fees	101,036	102,407
Peril and life insurance administrative fees	494,305	346,307
Rental income	24,621	26,875
Other interest income	16,073	15,338
Others (a)	1,701,987	111,625
	2,405,254	643,991

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25. Miscellaneous Income (Continued)

(a) This includes $1.61 billion which represents the write-back of long outstanding over accruals for housing and operating expenditure.

26. Special Subsidies and Grants

	2023 $'000	2022 $'000
Special projects:		
Inner City Housing Project	206,452	127,932
Emancipation Park	175,198	107,516
Grants:		
Mortgage subsidy (Note 21)	254,284	330,836
Property maintenance - Orange Grove	11,265	10,949
Community infrastructure upgrade	630,682	510,194
Police stations refurbishing	71,858	282,267
Infirmaries refurbishing	54,929	17,972
Bamboo processing	-	4,664
Bustamante Hospital for Children	11,318	-
Others	17,344	-
	1,433,330	1,392,330

27. Taxation

(a) Taxation recoverable

	2023 $'000	2022 $'000
Balance at the beginning of the year	7,431,825	7,318,799
Additions during the year	149,013	113,026
Balance at the end of the year	7,580,838	7,431,825

This represents recoverable withholding tax deducted at source from investment income. The Trust claims the tax deducted at source as a tax credit against its tax liabilities, once this has been approved by the Commissioner General, Tax Administration Jamaica.

(b) Taxation payable

	2023 $'000	2022 $'000
Balance at the beginning and end of the year	6,472,138	6,472,138

National Housing Trust

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27. Taxation (Continued)

(c) Recognised in profit or loss for the year

(i) The taxation charge for the year comprises

	2023 $'000	2022 $'000
Deferred tax (Note 20)	30,275	(203,546)

Subject to the agreement of the Commissioner General Tax Administration of Jamaica, tax losses of approximately $27.80 billion (2022: $18.53 billion) are available indefinitely to set off against future taxable profits. Deferred tax is not calculated on tax losses as Non-Refundable Employers' Contributions is exempt from taxes and other revenue streams will result in statutory losses.

(ii) Reconciliation of effective tax rate

	2023 $'000	2022 $'000
Profit before taxation	18,989,535	20,344,064
Expected tax at domestic income tax rate of 25%	4,747,384	5,086,016
Tax effect of amounts not deductible	40,022	44,364
Tax effect of income not subject to tax	(6,725,508)	(6,235,134)
Net effect of other charges and allowances	53,277	(92,219)
Tax effect of tax losses not recognized	1,915,100	993,427
Taxation charge	30,275	(203,546)

28. Profit for The Year

The profit for the year is stated after taking account of the following items:

	2023	2022
(a) Revenue on financial assets:	$'000	$'000
Interest income on loans		
- at amortised cost	7,379,436	6,941,348
- at FVTOCI	210,998	195,991
- Other	-	1,462,546
	7,590,434	8,599,885
Interest income on investment securities:		
- at FVTPL	127,511	188,290
- at amortised cost	579,979	358,280
	707,490	546,570
Total interest income	8,297,924	9,146,455
Dividends	18,954	12,543
	8,316,878	9,158,998

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28. Profit for The Year (Continued)

(b) Bonus on employees' contributions:

	2023 $'000	2022 $'000
Saving accounts	543,506	577,323
Time accounts	1,601,051	1,402,382
	2,144,557	1,979,705

(c) Gains/(losses) on financial assets

	2023 $'000	2022 $'000
(i) Gains/(losses) on investment securities		
At fair value through profit and loss:		
Inflation indexed bond	127,511	188,290
Equity securities	(173,713)	(46,614)
	(46,202)	141,676

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28. Profit for The Year (Continued)

(d) Expenses by nature

	2023 $'000	2022 $'000
Audit fees -		
Current year	10,588	10,181
Prior year	1,320	-
Depreciation	160,088	177,457
Amortisation of intangible assets	3,827	1,399
Employees costs (Note 34)	9,232,453	7,379,680
Office rental, maintenance and security	372,722	358,433
Electricity and telephone	263,724	237,878
Scheme expenses	374,035	307,855
Data processing – licences and maintenance	312,832	278,568
Irrecoverable general consumption tax	211,961	159,316
Advertising and public education	115,925	73,203
Printing, stationery and publications	105,107	94,400
Legal and other professional fees	131,217	127,397
Mortgage expenses	139,583	136,018
Others	461,685	406,644
	11,897,067	9,748,429

(e) Allowance for expected credit loss

	2023 $'000	2022 $'000
Cash and cash equivalents (Note 6(e))	291	(687)
Receivables (Note 7)	25,559	141,725
Short term deposits and resale agreements (Note 8(c))	1,263	(21)
Investment securities (Note 9(b)(vi))	56	(77)
Loans receivable (Note 10(p))	(455,688)	(1,254,406)
Loans receivable at FVTOCI	23,976	62,656
Investments in associate	26,976	178,731
	(377,567)	(872,079)

(f) Non-refundable employers' contribution

No payment was received during the year for contribution arrears (including interest) as the amount due April 2022 was received in the previous financial year (2022: $3.14B). These payments are based on a Memorandum of Understanding between the Trust and the Government of Jamaica (GOJ), acting through the Ministry of Finance and the Public Service (MOFPS).

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29. Related Party Balances/Transactions

Operating transactions

During the year, the Trust entered into the following transactions with key management personnel, including members of the Board of Directors and other related parties:

	Loans granted		Balance owed including interest	
	2023 $'000	**2022 $'000**	**2023 $'000**	**2022 $'000**
Key management personnel	25,199	5,660	166,860	153,870
Board of Directors and Committee members	160	-	8,811	9,016
Investments in associate (Note 14)	-	-	2,061,145	1,990,490

Compensation of key management personnel

Remuneration is determined by the Board of Directors under the guidelines set by the Ministry of Finance and the Public Service having regard to the performance of individuals and market trends.

The remuneration of Directors, Committee members and other key members of management during the year was as follows:

	2023 $'000	**2022 $'000**
Board of Directors and Committee members		
Directors' fee	3,600	4,225
Director's remuneration	34,061	31,045
	37,661	35,270
Other key management personnel		
Salaries and other benefits	228,761	190,508
Post-employment benefits	18,072	15,050
	246,833	205,558
	284,494	240,828

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30. Commitments and Contingencies

(a) Commitments

	2023 $'000	2022 $'000
(ii) Commitment contracted for:		
Financing house construction and acquisition of houses for allocation to beneficiaries	22,413,331	27,895,090
Purchase of land	1,664,811	1,383,085
Inner City Housing Project	618,351	1,395,936
Special Projects	339,877	529,440
	25,036,370	31,203,551
(iii) Authorised and approved but not contracted for:		
Computer software development	51,857	29,830
Office refurbishing	469,866	605,004
Construction contracts under negotiation	-	4,958,800
Mortgage subsidy	350,000	350,000
	871,723	5,943,634
(iv) Authorised and approved but not yet disbursed:		
Loans to beneficiaries	5,153,417	20,950,826

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30. Commitments and Contingencies (Continued)

(b) Contingencies

(i) Peril insurance claims
The Trust's self-insured retention on its peril insurance cover is US$30 million (J$4.50 billion) (2022: US$30 million (J$4.57 billion)). Should a catastrophic event occur such as a hurricane or an earthquake, the Trust will be liable to meet the cost of damage up to the aggregate amount of the retention for any one or several events in the given period. The Trust is insured for full value on all earthquake perils and for all other perils above the Self Insurance Retention (Note 22).

At year-end, claims made by beneficiaries provided for but not yet processed by the Trust amounted to approximately $41.64 million (2022: $62.95 million) (Note 17).

(ii) Litigation
The Trust is involved in litigations in the normal course of operations. Management believes that, liabilities, if any, arising from such litigations will not have a material adverse effect on the financial position of the Trust (See also Note 35).

(iii) Taxation
There are certain expenses claimed by the Trust that Tax Administration (TAJ) Jamaica is contesting on the following bases:
(i) whether certain expenses were incurred solely in the normal course of operations.
(ii) whether certain expenses representing costs associated with collecting employers' contributions should be allowed for tax purposes.

A meeting was held on April 15, 2013 with representatives of TAJ and the Trust concerning the Income Tax Objection and a decision was taken as follows:

(i) The Letter of Decision delivered to the Trust be withdrawn to facilitate further deliberation on the objection lodged by the Trust.
(ii) The Trust undertakes to present TAJ with a detailed proposal on the bases of apportionment of the amounts of indirect/overhead cost allocable to the investment income earned by the Trust for all the relevant Years of Assessment.
(iii) The Trust upon receipt of TAJ's decision will withdraw their Letter of Appeal that was filed at Taxpayer Appeals Department

No provision has been made in the financial statements in respect of any liability that may result from the resolution of matters contested by the TAJ.

31. Financial Instruments and Financial Risk Management

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in Note 4 to the financial statements.

The Trust has exposure to the following risks from its use of financial instruments: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

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31. Financial Instruments and Financial Risk Management (Continued)

Financial risk management policies and objectives

The Trust's activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. The Trust's aim is, therefore, to achieve an appropriate balance between risk and return and minimise potential adverse effects on its financial performance.

The Trust's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up to date information systems. The Trust regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practices.

An enterprise-wide risk management approach is adopted. This framework is supported by sound risk management practices which include the establishment of enterprise-wide policies, procedures and limits, monitoring and measurement of exposure against established limits, ongoing realignment of business strategies and activities and the reporting of significant exposures to senior management and the Board of Directors.

The Board of Directors has overall responsibility for the establishment and oversight of the Trust's risk management framework. The Board of Directors risk management mandate is principally carried out through: The Finance and Technical Committee, Audit Committee, Human Resource Management (HRM) and Information Technology Committee, Customer Relations Committee, Corporate Governance Committee and the Internal Audit Department.

Finance and Technical Committee
This Committee has direct responsibility for the management of financial position and overall financial structure which includes liquidity, interest rate and foreign currency risks management as well as monitoring of construction activities of the Trust, including procurement of contracts, evaluation and monitoring of costs incurred.

Audit Committee
Audit Committee has oversight for the integrity of the financial statements and reviews the adequacy and effectiveness of internal controls and risk management procedures.

HRM and Information Technology Committee
This Committee has the responsibility to review, evaluate and manage HRM policy formulation in general and to recommend strategies for the technological direction of the Trust.

Customer Relations Committee
This committee has been established to: -

(a) Review and recommend requests from contributors for variations to policies to support their acquisition of housing solutions.

(b) Accept and make recommendations to the Board of Directors regarding any issues emanating from such policies and strategies which have been implemented or proposed by the Customer Relations Management Division (CRM) through the Trust's Leadership Team.

(c) Review requests for the "write off' of receivables of loan balances and requests for loan accounts to be placed in "charge-off.

(d) Promote the development of housing communities through monitoring the provision of support services.

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31. Financial Instruments and Financial Risk Management (Continued)

Financial risk management policies and objectives (continued)

Corporate Governance Committee

This committee has been established primarily to make recommendations to the Board of Directors, on an ongoing basis, concerning corporate governance in general and regarding the Board of Directors stewardship role in the management of the Trust; including the role and responsibility of the Board of Directors and the recommendations of appropriate policies and procedures for Board of Directors to carry out their duties with due diligence and compliance with all legal requirements.

The Internal Audit Department

The Internal Audit Department has responsibility for ensuring the effectiveness and adequacy of risk management internal controls and procedures and conducts both ad hoc and regular reviews. The Internal Audit department reports the result of all findings to the Audit Committee, who reports the findings, recommendations and management responses to the Board of Directors.

There has been no change in the Trust's exposure to these financial risks or manner in which it measures and manages risk during the year.

(a) Market risk

Market risk is the risk that the value or expected cash flows of a financial instrument will fluctuate as a result of changes in the market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.
The Trust's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates, as well as equity price risks as disclosed below.

Management of market risk

The Board of Directors outlines the general policies of the Trust in managing this risk. The Trust, through its Investments Unit, monitors this risk through thorough research of financial markets, both locally and internationally as well as analyses of the financial institutions with whom investments are made. Price movements, because of market factors on the Trust's investments are monitored on a monthly basis.

The Trust holds equity investments listed on the Jamaica and Barbados Stock Exchanges. The primary goal of the Trust's investment in equities is to maximise the return on the portfolio. These equities are not held for strategic alliances with or control over these entities. The Investment Unit monitors these investments on a daily basis in order to take advantage of opportunities arising from market activity.

The Trust faces risk in respect of its equity investments because of fluctuations in the prices of equities in its investment portfolio. These fluctuations may arise because of general market conditions (systemic risk) or due to company specific factors (non-systemic risk). This risk is minimised by the implementation and monitoring of sound financial management strategies, in accordance with the Board of Directors' guidelines.

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

(i) Equity price sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risk at the reporting date.
If quoted equity prices had been 10% (2022: 5%) higher/lower, profit for the year ended March 31, 2023 would increase/decrease by $115.18 million (2022: profit for the year would increase/decrease by $66.28 million) as a result of the changes in fair values of the Trust's equity securities.

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31. Financial Instruments and Financial Risk Management (Continued)

Financial risk management policies and objectives (continued)

(a) Market risk (continued)

(ii) Foreign currency risk
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 Trust undertakes certain transactions denominated in currencies other than the Jamaica dollar resulting in exposures to exchange rate fluctuation.

Management of foreign currency risk
Management consistently monitors the Trust's exposure in this regard by constant monitoring of international foreign exchange markets and factors influencing currency movements and positioning its foreign currency investments accordingly. The main currency giving rise to this risk is the United States dollar.

At year end, the carrying amounts of the Trust's foreign currency denominated financial assets were as follows:

	Assets			
	2023		2022	
	US$'000	J$'000	US$'000	J$'000
Cash and cash equivalents	4,827	726,405	5,679	870,590
Short term deposits and resale agreements	8,797	1,323,978	13,450	2,061,879
Investment securities	4,444	668,796	4,532	694,754
	18,068	2,719,179	23,661	3,627,223

The exchange rate of the United States dollar in relation to the Jamaica dollar was US$1 to J$150.50 (2022: US$1 to J$153.30).

Foreign currency sensitivity analysis
The following table details the Trust's sensitivity to a 2% revaluation and 5% devaluation (2022: 2% revaluation and 6% devaluation) of the Jamaica dollar against the United States dollar. The change in the sensitivity rates below are used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

	2023		2022	
	2%	5%	2%	6%
	Revaluation of the J$'000	Devaluation of the J$'000	Revaluation of the J$'000	Devaluation of the J$'000
Effect on profit for the year	(54,348)	135,870	(72,544)	217,633

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31. Financial Instruments and Financial Risk Management (Continued)

Financial risk management policies and objectives (continued)

(a) Market risk (continued)

(ii) Foreign currency risk (continued)

Foreign currency sensitivity analysis (continued)
The Trust's sensitivity to foreign currency has increased during the current period mainly due to an increase in holdings of foreign currency investments. The analysis is done on the same basis as for 2022 and assumes that all other variables, in particular interest rates, remain constant.

(iii) Interest rate risk

Interest rate risk is the potential that the value or cash flows of a financial instrument will fluctuate due to changes in market interest rates. Financial instruments subject to fixed interest rates are exposed to fair value interest rate risk while those subject to floating interest rates are exposed to cash flow interest rate risk.

The primary source of funding for the Trust is employer and employee contributions which are either non-refundable or refundable at nominal rates of interest. This limits the Trust's exposure to interest rate risk. These funds, together with profit on operations are the main source of investments, loans to beneficiaries and inventory housing projects. Investment securities are at significantly higher rates of return.

Management of interest rate risk
The Trust's exposure to interest rate risk is measured using gap analysis and sensitivity analysis and managed by maintaining an appropriate mix of variable and fixed rate instruments.

The table below summarises the Trust's exposure to interest rate risk. Included in the table are the Trust's assets and liabilities at carrying amounts, categorised by the earlier of the contractual repricing or maturity dates.

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31. Financial Instruments and Financial Risk Management (Continued)

Financial risk management policies and objectives (continued)

(a) Market risk (continued)

(iii) Interest rate risk(continued)

	2023						
	Within 3 months	Within 3-12 months	1 to 5 years	Over 5 years	Non-rate sensitive	Total	Weighted effective interest rate
	$'000	$'000	$'000	$'000	$'000	$'000	%
Assets							
Cash and bank balances	5,933,465	-	-	-	915,788	6,849,253	7.64
Receivables	11,753	30,615	1,086,523	451,059	3,982,583	5,562,533	3.03
Short term deposits and resale agreements	1,323,978	204,762	-	-	-	1,528,740	5.66
Investment securities	14,771	629,837	75,538	2,593,269	1,151,818	4,465,233	4.98
Loans receivable	2,838,953	117,376	3,454,521	270,971,437	-	277,382,287	2.49
Investments in associate	-	-	-	-	2,061,145	2,061,145	
Total assets	10,122,920	982,590	4,616,582	274,015,765	8,111,334	297,849,191	
Liabilities							
Payables	-	-	-	-	7,646,038	7,646,038	
Refundable contributions	37,797,725	-	44,054,854	67,216,598	-	149,069,177	
Total liabilities	37,797,725	-	44,054,854	67,216,598	7,646,038	156,715,215	
Net interest rate sensitivity gap	(27,674,805)	982,590	(39,438,272)	206,799,167	465,296	141,133,976	
Cumulative gap	(27,674,805)	(26,692,215)	(66,130,487)	140,668,680	141,133,976		

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31. Financial Instruments and Financial Risk Management (Continued)

Financial risk management policies and objectives (continued)

(a) Market risk (continued)

(iii) Interest rate risk(continued)

	2022						
	Within 3 months	Within 3-12 months	1 to 5 years	Over 5 years	Non-rate sensitive	Total	Weighted effective interest rate
	$'000	$'000	$'000	$'000	$'000	$'000	%
Assets							
Cash and bank balances	5,818,732	-	-	-	1,053,722	6,872,454	5.34
Receivables	10,839	22,711	930,854	619,242	4,613,892	6,197,538	3.05
Short term deposits and resale agreements	2,061,869	-	-	-	-	2,061,869	3.98
Investment securities	13,877	26,974	667,412	2,460,610	1,325,531	4,494,404	4.91
Loans receivable	3,553,455	487,870	3,272,344	249,384,261	-	256,697,930	2.62
Investments in associate	-	-	-	-	1,990,490	1,990,490	
Total assets	11,458,772	537,555	4,870,610	252,464,113	8,983,635	278,314,685	
Liabilities							
Payables	-	-	-	-	6,794,611	6,794,611	
Refundable contributions	34,447,615	-	37,422,416	64,938,592	-	136,808,623	3.60
Total liabilities	34,447,615	-	37,422,416	64,938,592	6,794,611	143,603,234	
Net interest rate sensitivity gap	(22,988,843)	537,555	(32,551,806)	187,525,521	2,189,024	134,711,451	
Cumulative gap	(22,988,843)	(22,451,288)	(55,003,094)	132,522,427	134,711,451		

National Housing Trust

Notes to the Financial Statement
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31. Instruments and Financial Risk Management (Continued)

Financial risk management policies and objectives (continued)

(b) **Credit risk**

(i) Loans receivable

Collateral
The Trust employs a range of policies to mitigate credit risk. For loans to beneficiaries and financial institutions, a significant portion of these loans is secured on properties. In respect of loans through government agencies, the Trust receives letters of undertaking from the Ministry of Finance and the Public Service as necessary.

Repossessed collateral
From time to time, the Trust's takes possession of collateral held as security. These repossessed assets are sold as soon as is practicable with the proceeds from sale set-off against outstanding debts. The Trust does not occupy or use repossessed assets in its operations.

At year end, the following was the status of repossessed assets:

	2023		2022	
	Carrying Value $'000	Sum of Latest Valuation Reports $'000	Carrying Value $'000	Sum of Latest Valuation Reports $'000
Residential properties	1,665,612	8,354,824	1,424,227	6,920,037

The Trust does not have any significant concentration of credit risk to any one party or group of counterparties.

(ii) Investment securities, short term deposits and resale agreements and cash and cash equivalents

The Trust seeks to minimise its risk in the following ways:

- The Board of Directors sets out specific guidelines governing the management of the Trust's investments, resale agreements and cash and cash equivalents.
- All financial institutions with which the Trust has a credit risk exposure as well as institutions vying to enter into financial transactions with the Trust are appraised and ranked based on their financial standing and other criteria, in accordance with the Board of Directors' guidelines. The Board of Directors must approve this ranking.
- Management limits the amount of investment with any one institution, in accordance with the Board of Directors· guidelines.
- Management limits the investment in certain types of investments, in accordance with the Board of Directors' guidelines. In addition, a clear approval structure is established to govern the investment in certain categories of investment options.
- Investment securities are placed with reputable financial institutions and are usually collateralised by Government of Jamaica (GOJ) or Bank of Jamaica (BOJ) securities duly transferred to the Trust in the event of default of the counterparty to the transaction.
- The Investments Unit conducts constant monitoring of the terms of investment contracts to ensure that the terms are strictly adhered to, in particular, that institutions fulfil their financial obligations to the Trust as they fall due.

National Housing Trust

Notes to the Financial Statement

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31. Financial Instruments and Financial Risk Management (Continued)

Financial risk management policies and objectives (continued)

(b) Credit risk (continued)

(ii) Investment securities, short term deposits and resale agreements and cash and cash equivalents (continued)

The following table summarises the Trust's credit exposure and concentration for investments (excluding equities), resale agreements, and cash and cash equivalents, including interest receivable:

	2023 $'000	2022 $'000
Government of Jamaica (GOJ)	2,708,523	2,550,328
Bank of Jamaica (BOJ)	608,569	618,545
Others	8,374,091	8,927,613
Total	11,691,183	12,096,486

Impairment assessments of investment securities, short term deposits and resale agreements and cash and cash equivalents receivables are analysed at Note 32(b)(iv) below.

(iii) Impairment of financial assets - cash and cash equivalents, receivables, short term deposits and resale agreements, investment securities and loans receivable.

The Trust applies the 'three stage' model under IFRS 9 in measuring the expected credit losses on the financial assets above and makes estimations about likelihood of defaults occurring. The estimation of credit exposure for risk management purposes requires the use of complex models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of defaults correlations between counterparties. The measurement of expected credit losses is a function of:

- PD – an estimate of the likelihood of default over a given time horizon;
- LGD – an estimate of the loss arising in the case where a default occurs at a given time; and
- EAD – an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise. For the purposes of calculating ECLs only, the Trust estimates EAD to be the contractual cashflows (payment of principal and interest), *less* any amounts that are or will become due to the borrower (Time Account Balances) as well as the net collateral value of real estate held as security for the respective lending balances.

The Trust uses a ‘cure rate’ analysis in its estimation of credit losses on lending balances. A cure rate is defined as the probability for a ‘non-performing’ or ‘defaulted’ contract to revert to a ‘performing’ or ‘non-default’ status. The employment of cure rates is consistent with the fact that not all failed contracts result in losses (that is, if past due amounts are repaid in full and regular scheduled payments continue thereafter).

The Trust determines that a financial instrument is credit-impaired and in Stage 3 by considering relevant objective evidence, primarily whether: contractual payments of either principal or interest are past due for 90 days or more; there are other indications that the borrower is unlikely to pay such as that a concession has been granted to the borrower for economic or legal reasons relating to the borrower’s financial condition; and the financial asset is otherwise considered to be in default. If such unlikeliness to pay is not identified at an earlier stage, it is deemed to occur when an exposure is 90 days past due.

National Housing Trust

Notes to the Financial Statement
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31. Financial Instruments and Financial Risk Management (Continued)

Financial risk management policies and objectives (continued)

(b) Credit risk (continued)

(iii) Impairment of financial assets - cash and cash equivalents, receivables, short term deposits and resale agreements, investment securities and loans receivable (continued)

The life-time cure rate for NHT's retail mortgage portfolio was estimated to be 73.87% (2022: 73.87%). Given that the Trust computes ECL on net lending balances only, where a total loss is assumed for uncured non-performing accounts, the effective LGD becomes 26.13%, when adjusted for lifetime cure rate.

Underpinning the ECL are the key macroeconomic variables which are expected to have a significant impact on credit risk. Included were those found to be most closely correlated with losses such that changes in the macroeconomic variables would directly impact PDs, EADs and LGDs. Reflected in the scenarios are assumptions of Unemployment Rate of 6.6% (2022: 6.2%), Gross Domestic Product growth rate of 3.8% (2022:7.9%), Net International Reserves US$3.93B (2022: US$3.23B) and Inflation (point to point) 7.8% (2022: 11.3%).

Economic factor	Scenarios	Expected state for next 12 months March 31, 2023	March 31, 2022
Unemployment Rate	Base	Stable	Stable
	Upside	Stable	Stable
	Downside	Negative	Negative
Gross Domestic Product	Base	Stable	Stable
	Upside	Stable	Positive
	Downside	Negative	Negative
Net International Reserve	Base	Stable	Stable
	Upside	Positive	Positive
	Downside	Stable	Negative
Inflation	Base	Negative	Negative
	Upside	Stable	Stable
	Downside	Very Negative	Very Negative

The value of each scenario, that is, base, upside and downside for each macroeconomic variable, is determined by management's judgement. Each of these is then multiplied by its individual weighting based on its scenario. The total probability weighting result is determined through the sum of all four outcomes outlined in the table above.

The weightings assigned to each economic scenario as at March 31, 2023 and 2022 for deposits, investments and loans were 75%, 15%, 10% (2022- 75%, 15% and 10%) for base case, upside and downside, respectively.

National Housing Trust
Notes to the Financial Statement
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31. Financial Instruments and Financial Risk Management (Continued)

Financial risk management policies and objectives (continued)

(b) Credit risk (continued)

(iv) Credit risk exposure - financial assets subject to impairment

The following tables contain an analysis of the credit risk exposure of financial assets for which an ECL allowance is recognized. The gross carrying amounts of investments below represent the Trust maximum exposure to credit risks on these assets.

Cash and cash equivalents (excluding cash on hand) (at amortised cost)

	ECL Staging Stage 1 12-month ECL 2023	**ECL Staging Stage 1 12-month ECL 2022**
	$'000	**$'000**
Credit grade		
Investment	988,971	613,524
Non-investment	5,855,107	6,253,459
Gross carrying amount	6,844,078	6,866,983
Loss allowance	(1,489)	(1,198)
Carrying amount	6,842,589	6,865,785

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SUBJECT TO AMENDMENT – NOT TO BE FURTHER COMMUNICATED

National Housing Trust
Notes to the Financial Statement
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31. Financial Instruments and Financial Risk Management (Continued)

Financial risk management policies and objectives (continued)

(b) Credit risk (continued)

(iv) Credit risk exposure - financial assets subject to impairment (continued)

Short term deposits and resale agreements (at amortised cost)

	ECL Staging Stage 1 12-month ECL 2023 $'000	ECL Staging Stage 1 12-month ECL 2022 $'000
Credit grade		
Investment		-
Non-investment	1,530,013	2,061,879
Gross carrying amount	1,530,013	2,061,879
Loss allowance	(1,273)	(10)
Carrying amount	1,528,740	2,061,869

National Housing Trust
Notes to the Financial Statement
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31. Financial Instruments and Financial Risk Management (Continued)

Financial risk management policies and objectives (continued)

(b) Credit risk (continued)

(iv) Credit risk exposure - financial assets subject to impairment (continued)

Receivables (at amortised cost)

	ECL Staging Stage 1 12-month ECL	ECL Staging Stage 3 life-time ECL	Total
		31 March 2023	
	$'000	**$'000**	**$'000**
Standard risk	3,170,366	650,000	3,820,366
Non rated	2,345,549	369,835	2,715,384
Gross carrying amount	5,515,915	1,019,835	6,535,750
Loss allowance	(417,423)	(555,794)	(973,217)
Net carrying amount	5,098,492	464,041	5,562,533
		31 March 2022	
Standard risk	3,440,757	650,001	4,090,758
Non rated	2,679,952	374,486	3,054,438
Gross carrying amount	6,120,709	1,024,487	7,145,196
Loss allowance	(389,420)	(558,238)	(947,658)
Net carrying amount	5,731,289	466,249	6,197,538

National Housing Trust

Notes to the Financial Statement

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

31. Financial Instruments and Financial Risk Management (Continued)

Financial risk management policies and objectives (continued)

(b) Credit risk (continued)

(iv) Credit risk exposure - financial assets subject to impairment (continued)

Debt securities (at amortised cost)

	ECL Staging Stage 1 12-month ECL 2023 $'000	ECL Staging Stage 1 12-month ECL 2022 $'000
Credit grade		
Non-investment	1,420,108	1,403,889
Gross carrying amount	1,420,108	1,403,889
Loss allowance	(3,677)	(3,621)
Net carrying amount	1,416,431	1,400,268

National Housing Trust

Notes to the Financial Statement
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31. Financial Instruments and Financial Risk Management (Continued)

Financial risk management policies and objectives (continued)

(b) Credit risk (continued)

(iv) Credit risk exposure - financial assets subject to impairment(continued)

	Loan receivables (at amortised cost and FVTOCI)			
	ECL Staging			
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL	Total
	31 March 2023			
	$'000	$'000	$'000	$'000
Development financing	183,849	-	1,674,157	1,858,006
Agencies	10,372,477	-	100,670	10,473,147
Other	9,066,662	-	-	9,066,662
Standard Risk- Mortgage:				
Current 0-30 days	226,010,780	1,307,160	-	227,317,940
Past due over 30 days but less than 90 days	-	11,553,685	-	11,553,685
Credit impaired over 90 days	-	-	19,580,154	19,580,154
Transfers:				
Transfer from Stage 1 to Stage 2	(6,932,422)	6,932,422	-	-
Transfer from Stage 1 to Stage 3	(3,433,068)	-	3,433,068	-
Transfer from Stage 2 to Stage 1	12,314,012	(12,314,012)	-	-
Transfer from Stage 2 to Stage 3	-	(2,971,026)	2,971,026	-
Transfer from Stage 3 to Stage 1	5,472,494	-	(5,472,494)	-
Transfer from Stage 3 to Stage 2	-	1,851,445	(1,851,445)	-
Gross carrying amount	253,054,784	6,359,674	20,435,136	279,849,594
Loss allowance	(1,355,386)	(175,362)	(936,559)	(2,467,307)
Net carrying amount	251,699,398	6,184,312	19,498,577	277,382,287

National Housing Trust

Notes to the Financial Statement
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31. Financial Instruments and Financial Risk Management (Continued)

Financial risk management policies and objectives (continued)

(b) Credit risk (continued)

(iv) Credit risk exposure - financial assets subject to impairment (continued)

	Loan receivables (at amortised cost and FVTOCI)			
	ECL Staging			
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL	Total
	31 March 2022			
	$'000	$'000	$'000	$'000
Development financing	1,032,147	-	1,839,865	2,872,012
Agencies	15,269,421	-	2,464,325	17,733,746
Other	898,078	-	-	898,078
Standard Risk- Mortgage:				
Current 0-30 days	197,984,995	8,341,380	-	206,326,375
Past due over 30 days but less than 90 days	-	10,252,466	-	10,252,466
Credit impaired over 90 days	-	-	21,541,337	21,541,337
Transfers:				
Transfer from Stage 1 to Stage 2	(11,715,029)	11,715,029	-	-
Transfer from Stage 1 to Stage 3	(5,979,578)	-	5,979,578	-
Transfer from Stage 2 to Stage 1	16,990,783	(16,990,783)	-	-
Transfer from Stage 2 to Stage 3	-	(4,508,490)	4,508,490	-
Transfer from Stage 3 to Stage 1	3,695,543	-	(3,695,543)	-
Transfer from Stage 3 to Stage 2	-	2,643,294	(2,643,294)	-
Gross carrying amount	218,176,360	11,452,896	29,994,758	259,624,014
Loss allowance	(1,022,081)	(208,989)	(1,695,014)	(2,926,084)
Net carrying amount	217,154,279	11,243,907	28,299,744	256,697,930

National Housing Trust

Notes to the Financial Statement
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31. Financial Instruments and Financial Risk Management (Continued)

Financial risk management policies and objectives (continued)

(b) Credit risk (continued)

(iv) Credit risk exposure - financial assets subject to impairment (continued)

Loans to associate (at amortised cost)

	ECL Staging Stage 3 life-time ECL	ECL Staging Stage 3 life-time ECL
	31 March 2023	31 March 2022
	$'000	$'000
Gross carrying amount	2,061,145	1,990,490
Loss allowance	(589,676)	(562,700)
Net carrying amount	1,471,469	1,427,790

National Housing Trust
Notes to the Financial Statement
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31. Financial Instruments and Financial Risk Management (Continued)

Financial risk management policies and objectives (continued)

(b) Credit risk (continued)

(v) Loss allowances

The following tables contain an analysis of the credit risk exposure of financial assets for which an ECL allowance is recognised. The gross carrying amount of financial assets below represents the Trust's maximum exposure to credit risk on these assets.

Cash and cash equivalent (at amortised cost) Loss allowances movement

	ECL staging Stage 1 12-month ECL	**ECL staging Stage 1 12-month ECL**
	2023	**2022**
	$'000	**$'000**
Loss Allowance at beginning of year	1,198	1,885
Financial assets fully derecognised during the period	(1,198)	(1,885)
Changes to input to ECL model	1,489	1,198
Loss allowance at the end of the year	1,489	1,198

National Housing Trust

Notes to the Financial Statement
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31. Financial Instruments and Financial Risk Management (Continued)

Financial risk management policies and objectives (continued)

(b) Credit risk (continued)

(v) Loss allowances (continued)

Short term deposits and resale agreements (amortised cost) Loss allowances movement

	ECL staging Stage 1 12-month ECL 2023 $'000	ECL staging Stage 1 12-month ECL 2022 $'000
Loss Allowance at beginning of year	10	31
Financial assets fully derecognised during the period	(10)	(31)
Changes in input to ECL model	1,273	10
Loss Allowance at end of year	1,273	10

National Housing Trust
Notes to the Financial Statement
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31. Financial Instruments and Financial Risk Management (Continued)

Financial risk management policies and objectives (continued)

(b) Credit risk (continued)

(v) Loss allowances (continued)

Debt securities (at amortised cost) Loss allowances movement

	ECL staging Stage 1 12-month ECL 2023	ECL staging Stage 1 12-month ECL 2022
	$'000	$'000
Loss Allowance at beginning of year	3,621	3,698
Financial assets fully derecognised during the period	(38)	(20)
Changes to ECL Model	94	(57)
Loss allowance at end of year	3,677	3,621

National Housing Trust
Notes to the Financial Statement
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31. Financial Instruments and Financial Risk Management (Continued)

Financial risk management policies and objectives (continued)

(b) Credit risk (continued)

(v) Loss allowances (continued)

Receivables (at amortised cost)
Loss allowances movement
ECL staging

	Stage 1 12-month ECL	Stage 3 life-time ECL	Total
		2023	
	$'000	**$'000**	**$'000**
Loss Allowance at beginning of year	389,420	558,238	947,658
New financial assets originated or purchased (net)	28,003	(2,444)	25,559
Loss Allowances at end of year	417,423	555,794	973,217
		2022	
Loss Allowance at beginning of year	267,888	538,045	805,933
New financial assets originated or purchased (net)	121,532	144,830	266,362
Financial assets fully derecognized during the period	-	(124,637)	(124,637)
Loss Allowances at end of year	389,420	558,238	947,658

National Housing Trust
Notes to the Financial Statement
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31. Financial Instruments and Financial Risk Management (Continued)

Financial risk management policies and objectives (continued)

(b) Credit risk (continued)

(v) Loss allowances (continued)

	Loans receivable (amortised cost and FVTOCI) Loss allowances movement ECL staging			
	Stage 1 12-month ECL	Stage 2 life-time ECL	Stage 3 life-time ECL	Total
	2023			
	$'000	$'000	$'000	$'000
Loss Allowance at beginning of year	1,022,081	208,989	1,695,014	2,926,084
New financial assets originated	160,631	31,572	17,831	210,034
Financial assets derecognized during the period	(66)	-	(1,430)	(1,496)
Prepayments and repayments	21,611	6,774	(692,610)	(664,225)
Net Write-offs	-	-	(3,090)	(3,090)
Transfers:				
Transfer from Stage 1 to Stage 2	(27,023)	27,023	-	-
Transfer from Stage 1 to Stage 3	(13,735)	-	13,735	-
Transfer from Stage 2 to Stage 1	121,370	(121,370)	-	-
Transfer from Stage 2 to Stage 3	-	(41,826)	41,826	-
Transfer from Stage 3 to Stage 1	164,545	-	(164,545)	-
Transfer from Stage 3 to Stage 2	-	64,199	(64,199)	-
Loss Allowances at end of year	1,449,414	175,361	842,532	2,467,307

National Housing Trust

Notes to the Financial Statement
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31. Financial Instruments and Financial Risk Management (Continued)

Financial risk management policies and objectives (continued)

(b) Credit risk (continued)

(v) Loss allowances (continued)

	Loans receivable (amortised cost and FVTOCI) Loss allowances movement ECL staging			
	Stage 1 12-month ECL	**Stage 2 life-time ECL**	**Stage 3 life-time ECL**	**Total**
		2022		
	$'000	**$'000**	**$'000**	**$'000**
Loss Allowance at beginning of year	324,055	1,146,870	2,615,617	4,086,542
New financial assets originated	167,900	15,890	14,765	198,555
Financial assets derecognized during the period	(448)	-	-	(448)
Prepayments and repayments	(466,263)	(182,946)	(365,120)	(1,014,329)
Net Recoveries	93,948	-	-	93,948
Increases	(11,438)	(15,060)	(9,859)	(36,357)
Changes in ECL model	(14,770)	(38,846)	(348,211)	(401,827)
Transfers:				
Transfer from Stage 1 to Stage 2	(17,851)	17,851	-	-
Transfer from Stage 1 to Stage 3	(8,760)	-	8,760	-
Transfer from Stage 2 to Stage 1	775,388	(775,388)	-	-
Transfer from Stage 2 to Stage 3	-	(165,797)	165,797	-
Transfer from Stage 3 to Stage 1	180,320	-	(180,320)	-
Transfer from Stage 3 to Stage 2	-	206,415	(206,415)	-
Loss Allowances at end of year	1,022,081	208,989	1,695,014	2,926,084

National Housing Trust

Notes to the Financial Statement
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31. Financial Instruments and Financial Risk Management (Continued)

Financial risk management policies and objectives (continued)

(b) Credit risk (continued)

(v) Loss allowances (continued)

Loans to associate (at amortised cost) Loss allowances movement

	ECL Staging Stage 3 life-time ECL 31 March 2023	ECL Staging Stage 3 life-time ECL 31 March 2022
	$'000	$'000
Loss Allowance at beginning of year	562,700	383,969
Changes in ECL model	26,976	178,731
Loss Allowances at end of year	589,676	562,700

National Housing Trust

Notes to the Financial Statement
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31. Financial Instruments and Financial Risk Management (Continued)

Financial risk management policies and objectives (continued)

(b) Credit risk (continued)

(vi) IFRS 9 carrying values

Cash and cash equivalents (excluding cash on hand) (at amortised cost)

	Stage 1 12-month ECL 2023 $'000	Stage 1 12-month ECL 2022 $'000
Gross carrying amount at beginning of year	6,866,983	6,940,083
Changes in principal and interest	(22,905)	(73,100)
Gross carrying amount at end of year	6,844,078	6,866,983

National Housing Trust

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31. Financial Instruments and Financial Risk Management (Continued)

Financial risk management policies and objectives (continued)

(b) Credit risk (continued)

(vi) IFRS 9 carrying values (continued)

Short term deposits and resale agreements (at amortised cost)

	Stage 1 12-month ECL 2023 $'000	Stage 1 12-month ECL 2022 $'000
Gross carrying amount at beginning year	2,061,879	2,862,008
Financial assets fully derecognised during the period	(531,866)	(800,129)
Gross carrying amount at end of year	1,530,013	2,061,879

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31. Financial Instruments and Financial Risk Management (Continued)

Financial risk management policies and objectives (continued)

(b) Credit risk (continued)

(vi) IFRS 9 carrying values (continued)

	Receivables (at amortised cost) ECL staging		
	Stage 1 12-month ECL	Stage 3 Life-time ECL	Total
		2023	
	$'000	$'000	$'000
Gross carrying amount at beginning of year	6,120,709	1,024,487	7,145,196
New financial assets originated	(604,794)	(4,652)	(609,446)
Gross carrying amount at end of year	5,515,915	1,019,835	6,535,750
		2022	
Gross carrying amount at beginning of year	7,240,380	967,389	8,207,769
New financial assets originated (net)	3,624,833	506,473	4,131,306
Financial assets fully derecognised during the period	(4,744,504)	(449,375)	(5,193,879)
Gross carrying amount at end of year	6,120,709	1,024,487	7,145,196

National Housing Trust

Notes to the Financial Statement
31 March 2023
(expressed in Jamaican dollars unless otherwise indicated)

31. Financial Instruments and Financial Risk Management (Continued)

Financial risk management policies and objectives (continued)

(b) Credit risk (continued)

(vi) IFRS9 carrying values (continued)

Debt securities (at amortised cost)

	Stage 1 12-month ECL	Stage 1 12-month ECL
	2023	**2022**
	$'000	**$'000**
Gross carrying amount at beginning of year	1,403,889	1,372,989
Financial assets fully derecognised during the period	(14,484)	(7,502)
Changes in principal and interest	44,016	5,571
Foreign exchange adjustments	(13,314)	32,831
Gross carrying amount at beginning of year	1,420,107	1,403,889

National Housing Trust

Notes to the Financial Statement

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

31. Financial Instruments and Financial Risk Management (Continued)

Financial risk management policies and objectives (continued)

(b) Credit risk (continued)

(vi) IFRS 9 carrying values (continued)

	Loans receivables (at amortised cost and FVTOCI)			
	ECL staging			
	Stage 1 12-month ECL	**Stage 2 life-time ECL**	**Stage 3 life-time ECL**	**Total**
		2023		
	$'000	**$'000**	**$'000**	**$'000**
Gross carrying amount at beginning of year	218,176,360	11,452,896	29,994,758	259,624,014
New financial assets originated	34,506,408	837,428	250,448	35,594,284
Financial assets fully derecognized during the period	(103,269)	(14,461)	(48,900)	(166,630)
Changes in principal and interest	475,285	(5,916,189)	(9,761,170)	(15,202,074)
Gross carrying amount at end of year	253,054,784	6,359,674	20,435,136	279,849,594
		2022		
Gross carrying amount at beginning of year	192,261,519	26,431,369	23,894,313	242,587,201
New financial assets originated	29,682,271	595,946	16,272,593	46,550,810
Financial assets fully derecognized during the period	(314,325)	-	-	(314,325)
Changes in principal and interest	(3,453,105)	(15,574,419)	(10,172,148)	(29,199,672)
Gross carrying amount at end of year	218,176,360	11,452,896	29,994,758	259,624,014

National Housing Trust

Notes to the Financial Statement

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

31. Financial Instruments and Financial Risk Management (Continued)

Financial risk management policies and objectives (continued)

(c) Credit risk (continued)

(vi) IFRS 9 carrying values (continued)

Loans to associate (at amortised cost)

	ECL Staging Stage 3 life-time ECL 31 March 2023	ECL Staging Stage 3 life-time ECL 31 March 2022
	$'000	$'000
Gross carrying amount at beginning of year	1,990,490	1,906,182
New financial assets originated	70,655	84,308
Gross carrying amount at end of year	2,061,145	1,990,490

National Housing Trust

Notes to the Financial Statement
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31. Financial Instruments and Financial Risk Management (Continued)

Financial risk management policies and objectives (continued)

(d) Liquidity risk

Liquidity risk is the risk that the Trust will be unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay contributors and fulfill commitments to lend. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value. The Trust is exposed to daily calls on its available cash resources primarily in respect of loan and project disbursements, refund of contributions and operational expenses.

Management of liquidity risk
Monitoring and management of the Trust's liquidity management process resides with the Investments Unit. Prudent liquidity risk management requires the Trust to maintain sufficient cash and marketable securities, to monitor future cash flows on a daily basis and to maintain a minimum amount of free cash to meet unexpected liquidity demands. Management ensures that strong liquidity levels are maintained in order to prevent unacceptable losses or risk of damage to the Trust's reputation. The daily liquidity position is monitored by reports covering the position of the Trust over several months in advance. All liquidity policies and procedures are subject to review and approval by the Board of Directors.

The Trust's liquidity management process, monitored by the Investment and Cash Management Units, includes:

- Maintaining sufficient amounts of cash and cash equivalents to cover unexpected levels of demand. This is achieved through the systematic aging of the Trust's cash and cash equivalents, to ensure that a minimum amount matures on a weekly basis. This is done in consideration of the Trust's other sources of income, including mortgage and contribution received as well as other investment income.
- Monitoring cash and bank balances and future cash flows on a daily basis to ensure that requirements can be met. This includes the monitoring of several reports compiled by the Investments Unit as well as the relevant operational areas of the Trust.
- Maintaining a portfolio of highly marketable and diverse assets that can be readily liquidated as protection against any unforeseen interruption to cash flow. They include equities traded on the Jamaica Stock Exchange, money market investments and GOJ and BOJ debt issues.
- Managing the concentration and profile of debt maturities. Investment securities are purchased in accordance with the Board of Directors' guidelines, with clear directives to the stratification of the investment portfolio.
- Preparing daily, weekly and monthly cash and bank balances report to management for decision-making. These reports are integral in determining the level of liquidity risk faced by the Trust.

There has been no change to the Trust's exposure to liquidity risk or the manner in which it measures and manages the risk.

National Housing Trust
Notes to the Financial Statement
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31. Financial Instruments and Financial Risk Management (Continued)

Financial risk management policies and objectives (continued)

(d) Liquidity risk (continued)

The following tables detail the Trust's remaining contractual maturities for its non-derivative financial liabilities. The amounts are gross and undiscounted and include estimated interest payments and are based on the earliest date on which the Trust can be required to pay.

As at 31 March 2023

		Contractual cash flows				
	Carrying value $'000	Within 3 Months $'000	Within 3-12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Total $'000
Liabilities						
Payables and accruals	11,469,783	819,045	6,826,993	-	-	7,646,038
Refundable contributions	149,069,177	37,973,533	-	46,570,340	75,859,056	160,402,929
Total liabilities	160,538,960	38,792,578	6,826,993	46,570,340	75,859,056	168,048,967

As at 31 March 2022

	Carrying value $'000	Within 3 Months $'000	Within 3-12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Total $'000
Liabilities						
Payables and accruals	6,794,611	1,452,017	5,342,594	-	-	6,794,611
Refundable contributions	136,808,623	34,606,696	-	40,824,454	67,517,170	142,948,320
Total liabilities	143,603,234	36,058,713	5,342,594	40,824,454	67,517,170	149,742,931

National Housing Trust

Notes to the Financial Statement
31 March 2023
(expressed in Jamaican dollars unless otherwise indicated)

31. Financial Instruments and Financial Risk Management (Continued)

Capital risk management

The Trust's objectives when managing capital, which is its accumulated fund, are:

(i) to safeguard the Trust's ability to continue as a going concern;
(ii) to maintain a strong capital base in order to carry out its mandate.

Capital adequacy is monitored by the Trust's management on a regular basis. The Trust's overall strategy remains unchanged from prior year, and the Trust is not subject to any external capital requirements.

32. Fair Values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instrument.

IFRS specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: inputs, other than quoted prices included within level 1, that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table shows the Trust's financial assets that are carried at fair value and their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities where the carrying amount is a reasonable approximation of fair value.

	2023		
	Level 1	Level 3	Carrying Amount
	$'000	$'000	$'000
Investment securities:			
Securities at fair value through profit or loss (FVTPL) (Note 9)	1,151,818	1,896,984	3,048,802
JFMP: Financial asset at fair value through other comprehensive income (FVTOCI)	-	12,026,241	12,026,241
	1,151,818	13,923,225	15,075,043

	2022		
	Level 1	Level 3	Carrying Amount
	$'000	$'000	$'000
Investment securities:			
Securities at fair value through profit or loss (FVTPL) (Note 9)	1,325,531	1,768,605	3,094,136
JFMP: Financial asset at fair value through other comprehensive income (FVTOCI)	-	11,709,742	11,709,742
	1,325,531	13,478,347	14,803,878

National Housing Trust

Notes to the Financial Statement

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

32. Fair Values (Continued)

Reconciliation of Level 3 fair value measurements of financial assets:

	Debt Securities at FVTPL $'000	Debt Securities at FVTOCI $'000
At March 31, 2021	1,579,157	-
Gains included in profit or loss:		
Fair value gains on investment securities (Note (28(c))	188,290	-
Fair value adjustment on JFMP	-	11,709,742
Net Interest received	1,158	-
At March 31, 2022	1,768,605	11,709,742
Gains/Losses included in profit or loss:		
Fair value gains on investment securities (Note (28(c))	127,511	-
Fair value adjustment on JFMP	-	118,055
Disbursements/settlements	-	198,444
Net Interest received	868	-
At March 31, 2023	1,896,984	12,026,241

Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring fair value in level 3 of the fair value hierarchy, as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Level 3 - Inflation Indexed Bond	- For unquoted government securities, management utilizes a discounted cash flow method obtained from utilizing the current CPI along with the current/applicable bond market yield curve to derive the contractual cash flows of the instrument to the next interest payment dates. - Adjust the nominal value of the principal, based on the current applicable CPI, in accordance with the terms of the bond to generate the current inflation adjusted principal of the bond - Obtain bid yield from yield curve provided by a recognised pricing source (which uses market-supplied indicative bids) - Using this yield, determine price using accepted formula - Apply price to estimate fairvalue	The significant unobservable inputs is the CPI. Difficulty in estimating practical value beyond this point requires that management utilizing judgement and estimation, which is subject to high estimate uncertainties. The valuation judgement is based on the inability to forecast accurately that change in the inflation rate of the bond based on the possible changes to the CPI input. The valuation is sensitive to the aforementioned adjustments for the unobservable inputs.	An increase in the current CPI rate will ultimately result in an increase in the nominal value of the bond hence resulting in an increase in the fair value with all other factors remaining constant (a 7.5% increase in the CPI would result in fair value gains of $132.69M). Likewise a decrease in the nominal value and subsequent decrease in fair value (a 5% decrease in CPI will result in a fair value loss of $88.42M).

National Housing Trust

Notes to the Financial Statement

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

Fair Values (Continued)

Valuation techniques and significant unobservable inputs (continued)

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Level 3 – JFMP portfolio	- For the JFMP portfolio, management utilizes a discounted cash flow method obtained by discounting the contractual monthly payments expected from April 1, 2023 to maturity.	The significant unobservable inputs is the discount rate. Difficulty in estimating practical value due to the lack of an active market for identical products. Thus requires managements' judgement and estimation which is based on the pattern of valuation when selling JFMP portfolios in the past.	As the discount factor increases, the fair value of the JFMP portfolio will decrease resulting in a higher loss on reclassification of the portfolio. Likewise, a decrease in the discount factor will result in the fair value of the JFMP portfolio increasing in fair value.

National Housing Trust

Notes to the Financial Statement

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

32. Fair Values (Continued)

The fair value of the Trust's financial assets and liabilities that are not carried at fair value are as follows:

a. The carrying amounts of cash and cash equivalents, short-term deposits and resale agreements, other receivables, payables and other assets and liabilities maturing within twelve months are assumed to approximate their fair values because of the short-term maturities of these instruments.

b. The carrying values of loans receivable (after deductions of provision for impairment), bonus to employees not yet due and refundable contributions not yet due are assumed to approximate their fair values based on the particular circumstances of the Trust (see Note 5 for the related discussion).

33. Leases

The Trust as a lessee

The Trust has lease contracts for properties used in its operations. Lease terms are between 3 and 5 years. These contracts include extension and termination clauses. The Trust has applied the lease recognition exemptions for these leases as these contracts include termination clauses without significant penalty.

At the reporting date, the Trust had future minimum lease payments as follows:

	2023	2022
	$'000	$'000
Within one year	32,402	38,660
1 to 5 Years	3,212	2,838
	35,614	41,498

The Trust as a lessor

The Trust rents a portion of its properties with lease terms of between two to five years, with an option to extend for a further two years. The maintenance charges incurred by the lessee are reimbursed to the Trust monthly. The lessee does not have an option to purchase the property at the expiry of the lease period. The carrying amount of the leased proportion is insignificant for separate classification as "investment property".

The property rental income earned by the Trust from these properties in the period amounted to $24.72 million (2022: $10.66 million).

Maintenance charges received on these properties in the period amounted to $15.26 million (2022: $15.26 million).

At the reporting date, the Trust contracted with its tenants for the following future minimum lease payments

	2023	2022
	$'000	$'000
Within one year	26,298	10,659
1 to five years	126,140	50,958
Over 5 years	37,578	15,136
	190.016	76,753

National Housing Trust

Notes to the Financial Statement

31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

34. Other Disclosures - Employees' Costs

	2023 $'000	2022 $'000
Salaries and wages including statutory contributions	6,730,157	5,802,805
Employee benefits (Note 15(c)(i))	462,169	519,117
Other staff costs	2,040,127	1,057,758
	9,232,453	7,379,680

35. Litigation and Claim

Developer's claim

The claimant/property owner filed an application for injunction preventing the Trust from constructing a drain through their property, which was heard in May, June and December 2013. The Court denied the claimant's application for an injunction in December 2014 and trial of the substantive issue was set for December 2015. The trial of this matter began on September 19, 2016 and concluded on November 4, 2016. Judgement was handed down in favour of the claimant. The Trust filed an appeal and awaits the hearing.

On May 30, 2019 the claimant applied for leave to seek an Order to quash the action of the Minister of Transport Works and Housing taken on February 24, 2016 to confirm an order under the Flood Water Control Act appointing the Trust the undertakers for a Flood Water Control Scheme. The claimant applied for leave, without notice, and without either the Minister or the Trust being heard. The Trust applied and succeeded in being joined as a party directly affected by the suit. The Trust also appealed against the Judge's Order that the decision of the Minister be stayed and that the Judge should revoke the grant of leave to apply for judicial review. On October 10, 2022 the Judge refused to revoke the decision to grant leave for judicial review but agreed to rescind the decision for a stay against the Minister's Order. This meant that the Trust was free to complete the works to construct the drain on the claimant's land.

The matter was fixed for Judicial Review on the 29th and 30th of July 2020 in open court. Nine Counsels (9) were involved and so the matter was in conflict with Practice Direction (no.5) and the dates vacated. New dates of October 13-15, 2020 were suggested but Lead Counsel for the Trust indicated that those dates were not convenient to him.

Since then, Counsel representing both parties have written to the Supreme Court to obtain new dates but to no avail.

Management based on the facts and the opinion of its Counsel, has made provisions of $40 million based on its best judgement of the likely liability resulting from the litigation and claims.

The new date set for Judicial Review was May 16 -18, 2022.

National Housing Trust

Notes to the Financial Statement
31 March 2023
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35. Litigation and Claim (Continued)

Judgement in the matter was received on July 25, 2022. The Judge ruled against the Claimant and in favour of the NHT. Costs in the matter were awarded to the NHT. In effect, the Order made by the former Minister of Transport Works and Housing in 2015 and 2016 will stand confirming an order under the Flood Water Control Act appointing the Trust the undertakers for a Flood Water Control Scheme.

However, this is not the end of the matter as the appeal against the substantive matter is still before the Court of Appeal. A date cannot be set for hearing until the transcript of the Supreme court is completed and sent to the Court of Appeal. The ultimate outcome of the matter cannot be determined at this time and should the Trust be unsuccessful in the matter, an adjustment may be required to the amounts provided in the financial statements.

36. Cash Flows

	Notes	2023 $'000	2022 $'000
Non-cash adjustments to profit for the year:			
Increase in provision for losses on projects	12(b)	139,622	219,724
Decrease in provisions on loans receivables	10(q)	(431,712)	(1,191,750)
Increase in provision on investments in associate	14	26,976	178,731
Loss on disposal of JFMP	10	3,497,872	2,494,743
Provision for expected credit losses receivables	7	25,559	141,725
Increase in/(write back of) provision for expected credit losses - cash and cash equivalents	28 (e)	291	(687)
Increase in/(write back of) expected credit losses short- term deposits and repurchase agreements	28 (e)	1,263	(21)
Increase in/(write back of) expected credit losses short- investment securities	28 (e)	56	(77)
Bonus on employees' contributions	28 (b)	2,144,557	1,979,705
Adjustments to contribution collections (net)		(1,668,880)	(50,273)
Depreciation	16	160,088	177,457
Adjustments to property, plant and equipment	16	15,698	36,185
Impairment of property, plant and equipment	16	122	321
Intangible assets amortised	14	3,827	1,399
Adjustments to intangible assets	14	(143)	-
Fair value gain on investment securities (net)	28 (c)	46,202	(141,676)
Employee benefits charge (net)	15	462,169	519,117
Dividend income	28 (a)	(18,954)	(12,543)
Interest income	28 (a)	(8,297,924)	(9,146,455)
Foreign exchange adjustment		32,442	(67,038)
Share of losses of associates	14	64,855	22,766
Tax credit/expense	28 (c)	30,275	(203,546)
Provisions charged during the year	18	64,196	(26,117)
		(3,701,543)	(5,068,310)

Directors' Compensation

DIRECTORS' COMPENSATION 2022-2023					
Position of Director	**Fees ($)**	**Motor Vehicle Upkeep/Travelling or Value of Assignment of Motor Vehicle ($)**	**Honoraria ($)**	**All Other Compensation including Non-Cash Benefits as applicable ($)**	**Total ($)**
Lennox Channer, Chairman (Former)	413,500.00				413,500.00
Linval Freeman, Chairman	26,500.00				26,500.00
Doran Dixon, Director	422,100.00	62,794.28			484,894.28
Kavan Gayle, Director	305,500.00				305,500.00
O'Neil Grant, Director	448,700.00				448,700.00
Hope Wint, Director	358,500.00				358,500.00
Nesta-Clair Hunter, Director	414,600.00				414,600.00
Merle Donaldson, Director	199,000.00				199,000.00
Rohan James, Director	318,400.00				318,400.00
Granville Valentine, Director	342,700.00				342,700.00
Martin Miller, Managing Director					
CO-OPTED MEMBERS:					
Gary-Vaughn White	87,700.00				87,700.00
Ricardo Case	32,000.00				32,000.00
Nyree Coke	79,900.00				79,900.00
Peter Jervis	88,000.00				88,000.0
TOTAL					3,599,894.28

Where a non-cash benefit is received (e.g. government housing), the value of that benefit shall be quantified and stated in the appropriate column above.

Senior Executives' Compensation

SENIOR EXECUTIVE COMPENSATION 2022-2023						
Position of Senior Executive	**Salary ($)**	**Gratuity or Performance Incentive ($)**	**Traveling Allowance or Value of Assignment of Motor Vehicle ($)**	**Lunch & Clothing Benefits ($)**	**Other ($)**	**Total ($)**
MANAGING DIRECTOR Martin Miller	28,194,549	2,946,489	2,366,863	552,621	220,532	**34,281,054**
SGM- FINANCE Dwight Ebanks	17,248,173	2,113,629	1,937,298	530,571	220,532	**22,050,203**
SGM-CONSTRUCTION & DEVELOPMENT Donald Moore	17,155,471	1,857,198	1,985,548	632,029	-	**21,630,246**
SGM - CORPORATE SERVICES Neil Miller	17,518,981	1,998,630	1,931,149	530,571	205,329	**22,184,660**
SGM - CUSTOMER RELATIONS Lanie-Marie Oakley-Williams	17,801,957	2,157,698	2,027,812	530,571	273,764	**22,791,803**
GM - COMPANY SECRETARIAT Judith Larmond-Henry	15,201,406	1,652,563	2,139,211	447,338	-	**19,440,518**
CHIEF INTERNAL AUDITOR Lisa Myrie-Davis	12,785,514	1,224,268	1,866,863	530,571	144,487	**16,551,703**
CHIEF INFORMATION OFFICER Leighton Palmer	12,661,569	1,179,130	2,166,695	530,571	15,209	**16,553,174**
GM - BUSINESS PROCESS OPTIMISATION Errol Holmes	14,611,899	1,798,304	2,110,316	530,571	273,764	**19,324,855**
GM - MARKETING & COMMUNICATIONS Joyce Simms-Wilson	13,206,812	1,706,616	1,729,190	274,258	273,764	**17,190,640**
GM - CONTRIBUTIONS MANAGEMENT Gladstone Johnson	13,682,625	1,773,143	1,957,131	530,571	-	**17,943,469**
GM - LOAN MANAGEMENT Suzanne Wynter	12,785,514	1,741,058	1,866,863	530,571	159,696	**17,083,702**
GENERAL COUNCIL - LEGAL SERVICES Camille Chevannes	11,768,045	1,828,908	1,866,863	552,621	-	**16,016,437**
TOTAL	**204,622,515**	**23,977,633**	**25,951,801**	**6,703,438**	**1,787,077**	**263,042,463**

Administration

MANAGING DIRECTOR
Martin Miller

SENIOR GENERAL MANAGERS
Dwight Ebanks – Finance
Neil Miller – Corporate Services
Donald Moore – Construction & Development
Dr. Lanie-Marie Oakley Williams – Customer Relations Management

GENERAL MANAGERS
Camille Chevannes- General Counsel, Legal Services
Errol Holmes- Business Process Optimization
Gladstone Johnson- Contributions Management
Judith Larmond Henry- Company Secretariat & Legal Services
Lisa Myrie- Davis- Internal Audit
Leighton Palmer- Information Services
Joyce Simms-Wilson - Corporate Communication and Marketing*
Dr. Suzanne Wynter- Loan Management

ASSISTANT GENERAL MANAGERS
Jacqueline Aris- Procurement and Contract Management
Dwayne Berbick- Corporate and Public Affairs
Everton Boothe- Loan Recovery, Settlement and Accounting
Dave Campbell- Financial Reporting and Cost Management
Keisha Diego-Grey- Governance Compliance & Company Secretary
Maxine Hart- Project Implementation Office
Andre Marriot-Blake - Litigation
Dameon McNally- Compliance
Vincent Mitchell- Project Appraisal Management
Helen Pitterson- Company Secretariat & Legal Services
Donnetta Russell- Human Capital Management
Brian Saunders- Engineering and Contract Monitoring
Jefferine Stubbs – Legal Conveyancing (Acting)
Michael Taylor- Project Management
Judith Thompson- Newsome- Branch Network
Elton Vassell- Loan Recovery, Settlement and Accounting*
Vencot Wright- Corporate and Business Strategy

MANAGERS
Michael Allen – Daily Intake, Construction Unit
Sharon Babolal Chin- Project Implementation
Dionne Barrett- Procurement
Richard Blackwood- Business Process Efficiency
Judith Brown- Accounts Payable & Payroll
Kevin Brown – Financial Analysis
Stefan Clarke – Risk and Insurance Management (Acting)
Chantel Coley – Project Management, Special Projects and Planning (Acting)
Percival Cunningham- Technical Support, Information Systems
Kareen Daley- Application Development & Support
Joan Dennis- NHT Developed Projects
Clivia Greene – Emancipation Park
Harvey Hall- Business Analysis
Dayne Hanse – Labour and Small Materials Programme
Mark Hunter – Joint Venture Projects
Jacqueline Johnson- Special Projects
Rohan Jones- Information Systems Security
Ramon King – Industrial Relations
Sherene Lalah- Financial Reporting
Nadine Longmore- Smith- IT Sourcing & Projects
Steve McDonald- Contributions Refund
Karlene Morgan- Advertising and Communication
Kenneth Morrison – Engineering & Contract Monitoring
Paul Oliver- Loan Accounting
Aubyn Perkins- Interim Financed Scheme
Suzette Singh-Ogle – Enterprise Content Management
Kepton Smith- Engineering & Contract Monitoring
Philbert Solomon- Receivables and Project Accounting
Oran St. John- Contributor Accounts
Sheryl Stewart- Planning & Research
Jason Thomas- Property Management
Ann-Marie Vidal – Managing Director’s Office
Joan Waller-Walker – Loan Portfolio Management
Jillian Warren- Customer Care
Ricardo Williams- Internal Audit
Wendy-Jo Williams- Social Development

BRANCH NETWORK

MANAGERS

Lorna Bernard- Kingston & St. Andrew
Morcelle Brown- Customer Service, Kingston & St. Andrew
Theresia Daley- Westmoreland
Gail Dorah- St. Ann
Narvia Drummond- Melbourne- Clarendon
Donovan Evans- St. James
Janet Hartley Millwood- St. Catherine
Corine Henry- New Loans, Kingston & St. Andrew
Eric McLeish- Manchester

SENIOR CUSTOMER SERVICE REPRESENTATIVES

Sancia Cornwall- St. Elizabeth
Karen Forbes- Rodney- Portland
Althea Green- Trelawny
Nichole Howden- Hanover
Ketrion Verisales- St. Mary
Cotchesta Watson- St. Thomas

LEGAL TEAM

LEGAL SERVICES

Andrew Antonio
Jody-Ann Carter
Alison Chung-Campbell
Sheron Green Brown
April Lawson
Chryseis Reynolds

LEGAL CONVEYANCING

Alayne Bennett
Sharon Blair
Maureen Edwards-Theoc
Marisa Forbes Spencer
Carol Higgins
Enis Levy
Tashia McDonald
Lovern McDonald Bowden
Marilyn Walker
Georgia Waller

Notes

Notes

National Housing Trust

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