

Jamaica Mortgage Bank

**Estimates of Revenue and Expenditure for the Year
Ending March 2025**

**As tabled in the
House of Representatives
February 2024**

Ministry of Finance and the Public Service

SUMMARY CORPORATE PLAN JAMAICA MORTGAGE BANK

INTRODUCTION

Overview

In 2014/15, the Public Bodies Management and Accountability Act (PBMAA) and Financial Administration and Audit Act (FAA) were amended to implement new Fiscal Rules. The aim was to strengthen the Fiscal Responsibility Framework and included a framework for the Auditor General (AG) to certify public bodies to operate outside of the Specified Public Sector¹. These Public Bodies (PBs) would primarily carry out functions that are of a commercial nature and satisfy criteria detailed in the Schedule to the Financial Administration and Audit (Fiscal Responsibility Framework) (Amendment) Regulations 2015. The criteria relate to:

- i. **Fiscal Independence** – Prices are determined independently (for PBs in a non-regulated industry); there is full cost recovery based on average price over three financial years (for PBs in a regulated industry); PB received no subsidy, financial support or preferential tax treatment from the Government during the three years preceding the assessment; and has no outstanding financial government guarantees;
- ii. **Financial Standards** – the auditor gives an unqualified audit opinion on the PB's financial statements; the PB submits its annual report in accordance with Section 3(2) of the PBMAA; the PB recorded net profit after tax over the three years preceding the review; and either long term debt to equity

¹The Central Government (MDAs) and all public bodies not including any public body certified by the Auditor General, in the manner specified in regulations made under Section 50(1) of the Financial Administration and Audit Act.

ratio is no more than 2.5 over the three preceding years or current ratio is at least 1.2;

- iii. **Transparency and Governance** – the PB has a functioning audit committee and contents of annual reports are in compliance with the PBMAA and related regulations; and
- iv. **Independence of Human Resource Decision-Making** – staff positions are outside of the Civil Service Establishment and PB has legal autonomy with regard to employment decisions.

The FAA Regulations require the Minister with responsibility for Finance to provide the AG with a list of PBs to consider for certification, along with the PBs' annual reports for the preceding three financial years. This should be done in the first instance by August 31, 2016 and every third year thereafter, with the possibility of assessments within the three-year period.

Commercial Public Bodies Identified

The last assessment was undertaken by the Ministry of Finance and the Public Service in August 2022. The Ministry reviewed the performance of the PBs with the objective of identifying those for possible certification, based on the criteria prescribed in the Law. Based on the assessments, the Jamaica Mortgage Bank (JMB) and the Bank of Jamaica were recommended for review and certification by the AG. The AG, in September 2022 certified both entities to operate outside the specified public sector with effect from April 1, 2023.

Privatisation activities are being pursued in relation to the JMB, with a view to list the Entity on the Jamaica Stock Exchange in 2024/25. In the interim, the JMB's summary corporate plan is being tabled in the Parliament for information as required by Section 7(7) of the PBMAA.

Introduction

The Jamaica Mortgage Bank (JMB) was established on June 2, 1971, as a private limited company under the Companies Act of 1965. The Bank was subsequently converted to a Statutory Corporation on June 5, 1973, under Act of Parliament No. 16 of 1973. The JMB's primary function is to mobilize loan funds for on-lending to public and private sector housing developers and to other lending institutions. The JMB also provides mortgage insurance services on behalf of the Government of Jamaica.

Summary Operational Plan

Plans to facilitate the divestment of the JMB during the budget year will continue. Notwithstanding these plans JMB will, through the mobilization of financial resources, continue to contribute to the overall growth in the supply of housing solutions. Accordingly, securing funding at competitive rates for on-lending in the primary mortgage market will remain of primary focus. In the fulfilment of its mandate, the JMB will pursue the following strategies during the year:

- Increase the loan portfolio to fund approximately 75 units for the financial year (100 units: 2023/24).
- Drive growth of the Mortgage Indemnity Insurance by adding one (1) new mortgage granting institution to the number of approved lenders. Further, the JMB plans to issue 180 new Mortgage Indemnity Insurance undertakings at a value of \$220 million (\$260 million: 2023/24) during financial year 2024/25.
- Maintain its bad debt portfolio below 6% of its overall loan portfolio (2.8%: 2023/24) by closely monitoring the performance of new loans and continuing to pursue the implementation of strategies to dispose of and recover bad debts.
- Develop a robust marketing plan to increase income from non-traditional sources such as technical and project management services by targeting at least one client annually.
- Provide technical support services to the diaspora and other project financiers to improve the monitoring of construction projects locally.

The Bank projects a net surplus before tax of \$217.34 million (2023/24: \$211.31 million).

The JMB plans to retain a staff complement of 26.

Income Statement
\$m

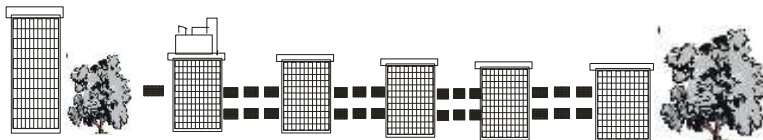
	Audited 2022/23	Estimated 2023/24	Projected 2024/25
REVENUE			
Interest from Loans & Mortgages	514.20	769.97	618.52
Interest on Investments/Deposits	4.26	3.33	14.04
Other	118.47	124.09	117.86
Total	636.93	897.39	750.42
EXPENSES			
Salaries	96.53	103.62	125.89
Other Staff Cost	41.44	41.04	42.18
Depreciation	3.96	3.31	6.24
ECL Provision/(Write Back)	(22.63)	20.82	10.00
Other Administrative & General Expenses	96.10	86.09	90.32
Interest on Loans & Bond	210.30	431.20	258.55
Total	425.70	686.08	533.18
Profit before Taxation	211.23	211.31	217.24
Taxation (Credit)/Charge	54.85	82.80	23.90
Net Profit for the Year	156.38	128.51	193.34

		\$m			
Statement 'A' Flow of Funds		Audited 2022/23	Original 2023/24	Estimated 2023/24	Projected 2024/25
1	Current Revenue	636.93	559.78	897.39	750.42
2	Current Expenses	(425.70)	(423.16)	(686.08)	(533.18)
3	Current Balance	211.23	136.62	211.31	217.24
4	Adjustments	(39.59)	(709.27)	32.88	(3.73)
	Change in Accounts				
	Receivable/Payable	(31.81)	(991.66)	(2.99)	(44.21)
	Items not requiring outlay of cash:				
	Depreciation	3.96	7.19	3.31	6.24
	Other Non-Cash Items	(11.74)	275.20	32.56	34.24
	Provision Adjustment	-			
5	Operating Balance	171.64	(572.65)	244.19	213.51
6	Capital Account	(1.83)	(27.81)	(8.65)	(25.55)
	Revenue		-		
	Expenditure	(1.83)	(27.81)	(8.65)	(25.55)
	Investment		-		
	Change in Inventory		-		
7	Transfers from Government	-	-	-	-
	Loans				
	Equity				
	On-Lending				
	Other				
8	Transfers to Government	-	(28.69)	-	(18.80)
	Dividend				
	Loan Repayments				
	Corporate Taxes		(28.69)		(18.80)
	Other				
9	OVERALL BALANCE (5+6+7+8)	169.81	(629.15)	235.54	169.16
10	FINANCING (11+15)	(169.81)	629.15	(235.54)	(169.16)
10a	Total	25.54	10.15	186.22	40.05
	Capital Revenue (except NHT)	25.54	10.15	186.22	40.05
	Loans				
	Equity				
	On-Lending				
	Loan Repayments				
11	Total Foreign (12+13+14)	-	-	-	-
12	Government Guaranteed Loans	-	-	-	-
	Disbursement				
	Amortization				
13	Direct Loans				
	Long Term:				
	Disbursement				
	Amortisation				
	Short Term:				
	Change in Trade Credits				
14	Change in Deposits Abroad		-		
15	Total Domestic (16+17+18)	(195.35)	619.00	(421.76)	(209.21)
16	Banking System	(594.67)	(1,643.90)	2,160.26	(2,089.06)
	Loans (Change)	(133.29)	(1,600.00)	1,684.49	(2,067.99)
	Overdraft (Change)		-		
	Deposits (Change)	(461.38)	(43.90)	475.77	(21.07)
17	Non-Banks (Change)	-	-	-	-
18	Other (Change)	399.32	2,262.90	(2,582.02)	1,879.85

Details of Revenue and Expense	\$m			
	Audited 2022/23	Original 2023/24	Estimated 2023/24	Projected 2024/25
CURRENT REVENUE				
Interest on Investments	4.26	5.88	3.33	14.04
Interest on Loans & Mortgage	514.20	483.43	769.97	618.52
Other Income	118.47	70.47	124.09	117.86
TOTAL	636.93	559.78	897.39	750.42
CURRENT EXPENSES				
Compensation	137.97	167.70	144.66	168.07
A. Directors, Executive & Senior Managers	61.28	48.63	58.10	70.50
- Salaries	42.64	33.54	43.57	53.90
- Pension Fund Contributions	0.28	0.14	0.38	-
- Housing Allowance	-	-	-	-
- Utility Allowance	-	-	-	-
- All Others	18.36	14.95	14.15	16.60
B. Supervisory, Clerical & Production	76.69	119.07	86.56	97.57
- Wages	53.89	75.46	60.05	71.99
- Pension Fund Contributions	1.39	1.68	0.96	-
- Housing Allowance	-	-	-	-
- Utility Allowance	-	-	-	-
- All Others	21.41	41.93	25.55	25.58
Utilities (Electricity, Water & Telephones)	6.98	7.78	6.95	7.27
Repairs & Maintenance	1.74	3.48	2.49	2.61
ECL Provision/(Write Back)	(22.63)	(31.99)	20.82	10.00
Interest on Loans/Bonds	210.30	180.75	431.20	258.55
Depreciation	3.96	7.19	3.31	6.24
Other	87.38	88.25	76.65	80.44
TOTAL	425.70	423.16	686.08	533.18
CAPITAL EXPENDITURE				
Furniture, Fixtures and Equipment	1.83	14.65	6.15	12.34
Motor Vehicles	-	12.00	-	12.00
Building Improvement	-	1.16	-	1.21
Other	-	-	2.50	-
TOTAL	1.83	27.81	8.65	25.55
CAPITAL REVENUE	25.54	10.15	186.22	40.05

Balance Sheet
\$m

	Audited	Estimated	Projected
	2022/23	2023/24	2024/25
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	37.52	42.77	62.08
Land held for Development and Resale	453.49	323.40	304.25
Interest in Subsidiary	126.81	126.93	126.93
Employee Benefits Asset	25.37	25.37	25.37
Loans Receivable	3.30	1,268.18	2,712.59
	646.49	1,786.65	3,231.22
Current Assets			
Loans Receivable	5,304.33	6,898.43	1,183.79
Accounts Receivable	63.04	46.94	71.26
Withholding Tax Recoverable	66.98	16.13	11.04
Investments	32.57	142.17	742.17
Cash & Bank	504.48	28.71	49.78
	5,971.40	7,132.38	2,058.04
Total Assets	6,617.89	8,919.03	5,289.26
LIABILITIES AND SHAREHOLDER'S EQUITY			
LIABILITIES			
Non-Current Liabilities			
Bonds and Loans	2,224.54	1,775.49	1,800.00
Deferred Tax Liability	118.09	184.65	184.65
	2,342.63	1,960.14	1,984.65
Current Liabilities			
Accounts Payable and Accrued Charges	38.29	24.70	21.96
Bonds and Loans Payable	1,548.90	4,117.61	273.35
Income Tax Payable			
	1,587.19	4,142.31	295.31
Total Liabilities	3,929.82	6,102.45	2,279.96
SHAREHOLDER'S EQUITY			
Share Capital	500.00	500.00	500.00
Reserve Fund	500.00	500.00	500.00
Special Reserve	340.08	340.08	340.08
Retained Profit	1,347.99	1,476.50	1,669.22
	2,688.07	2,816.58	3,009.30
	6,617.89	8,919.03	5,289.26



Ministry of Finance and the Public Service

30 National Heroes Circle, Kingston 4, Jamaica W.I. Tel (876) 922-8600-16
<http://www.mof.gov.jm>

Printed by Jamaica Printing Services (1922) Ltd., (Government Printers), Duke St., Kingston, Jamaica