185 years of
Empowering **People**
Unlocking **Dreams**
Building **Communities**

Annual Report 2022

NCB FINANCIAL GROUP LIMITED

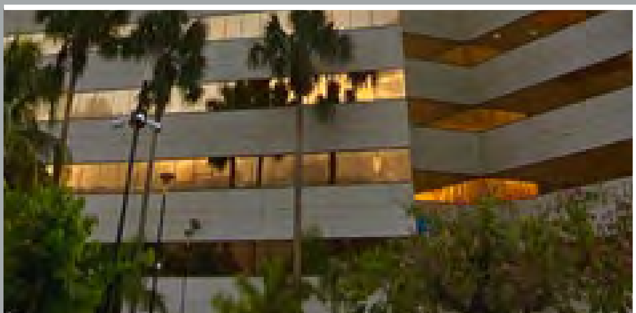
Accelerated performance demands fearless leadership and rapid innovation fueled by high-velocity decision making – lessons unlocked with each challenge we have overcome. The collective wisdom gained and the various challenges overcome, have left us well equipped to achieve our aspiration of becoming a world-class Caribbean financial ecosystem.

Secure in the knowledge that uncertainty and disruption demand an accelerated pace of business transformation, we continue to forge a path to the future, guiding our customers and stakeholders on a mutually beneficial journey of continued success.

185 years in pursuit of financial excellence has taught us well. And we – the NCBFG family of innovators – pledge to leverage that knowledge to continue empowering people, unlocking dreams and building communities across our great region.

▼ 1837 - Our first branch on the corner of King and Harbour Streets, Jamaica.

What's **Inside**



As we forge into a future that promises to be dynamic and uncertain, we remain steadfast in pursuit of our aspiration to become a world-class Caribbean financial ecosystem.

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"I am proud of NCB Financial Group's financial performance within the context of continued global challenges."

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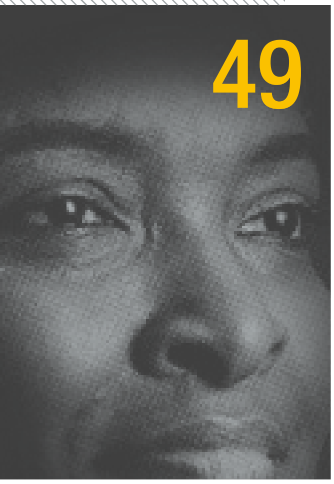
SPECIAL FEATURE

Unlocking Dreams.

"...we are fuelled by creating economic opportunity for the people and communities we serve, and we are inspired by their stories."



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"I affirm that the NCB Financial Group remains focused and committed to its aspiration of becoming a world-class Caribbean financial ecosystem...."

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Environmental, social and governance (ESG) matters play a significant role in how we conduct business, including how we develop our products and services, serve our customers, support our employees, and build our communities.

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UNLOCKING DREAMS

EMPOWERING PEOPLE

BUILDING COMMUNITIES

Purpose

Values

OWNER'S MINDSET

Takes accountability for all outcomes and embraces challenges as opportunities to win!

CUSTOMER OBSESSION

Delights all customers as we consistently anticipate and exceed their expectations.

TEAMWORK

Collaborates and supports others on the journey towards our aspiration.

Vision

To create a world-class financial ecosystem that serves to power the advancement of individuals, businesses and communities, wherever we operate.

INNOVATION

Thinks creatively and pursues solutions that add value.

BOLDNESS

Speaks up, shows up courageously and pushes relentlessly towards our aspiration.

RESPECT

Treat others how we want to be treated.

TRUSTWORTHINESS

People can rely on us to show up with integrity and do what we say.

Brand **Pillars**

Innov

▲ King Street, Kingston, Jamaica in the early 1900s.

We are constantly striving to improve the financial solutions we offer, in order to meet the changing needs of our customers. We also drive innovation in our operations by using technology as a key enabler of greater efficiency and better service delivery.

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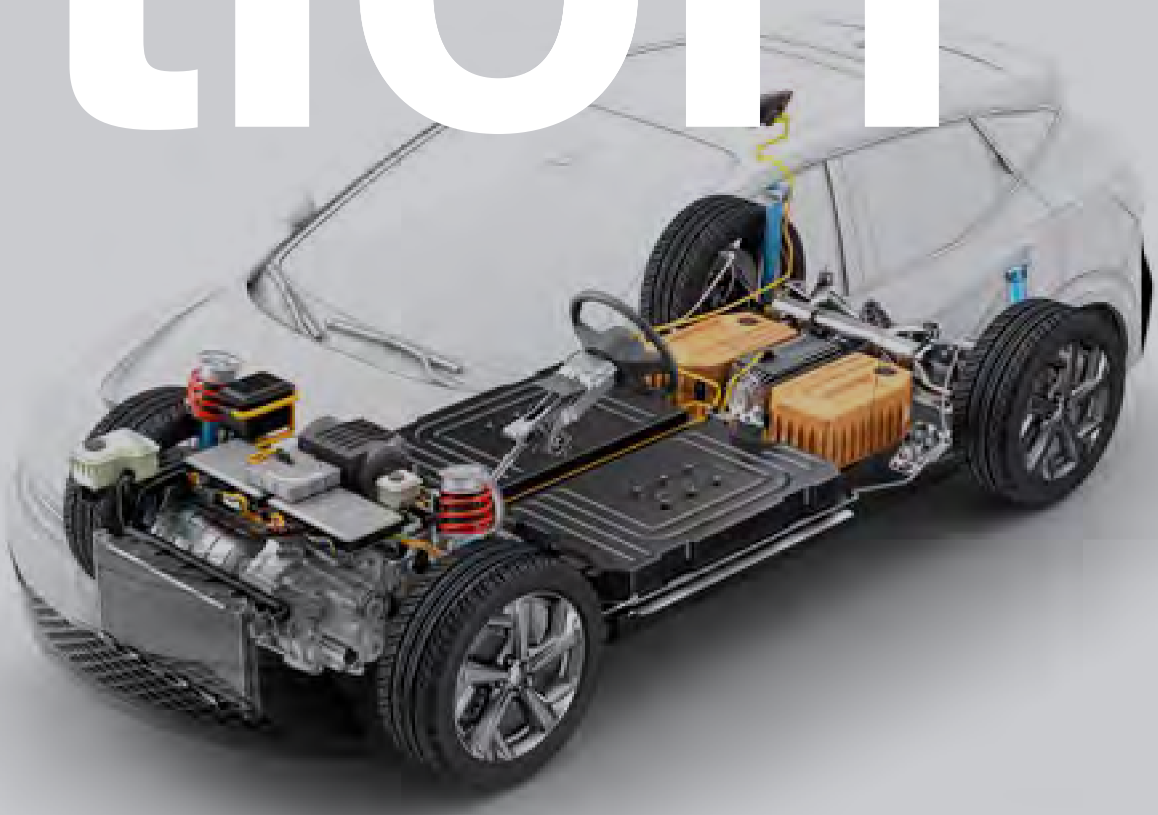

Brand **Pillars**

CONTINUED

rtise

Professionals within the Group possess expert knowledge in their respective areas of our business. Equally important, we foster superior customer relationship management skills that engender trust and loyalty with those we serve.

Brand **Pillars**

CONTINUED

▲ Arthur Wint Olympic gold medalist 400 metres - August 5, 1948.

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Sound and prudent management are hallmarks of sustainability for the Group. We carry out our business within a framework that observes proper ethical, regulatory and financial practices, while embracing our role as a responsible corporate citizen.

Notice of
Annual General Meeting

NOTICE is hereby given that the Annual General Meeting of NCB FINANCIAL GROUP LIMITED will be held at The Atrium, **32 Trafalgar Road, Kingston 10, in the parish of Saint Andrew, Jamaica on February 3, 2023**, and online using access information to be made available through **www.myncb.com**, to start at **10:30 a.m.**, to consider and, if thought fit, pass the following resolutions:

ORDINARY BUSINESS

Ordinary Resolutions

1. **Audited Financial Statements**

   "**THAT** the Audited Financial Statements for the year ended September 30, 2022, and the Reports of the Directors and Auditors, circulated with the Notice convening the Meeting, be and are hereby adopted."

2. **Election of Directors**

   Article 94 of the Company's Articles of Incorporation provides that one-third of the Board, other than the Managing Director (that is, our President and Group Chief Executive Officer) and Deputy Managing Director (that is, our Group Chief Financial Officer and Deputy Chief Executive Officer) or, if the number of members of the board is not three or a multiple of three, then the number nearest to one-third shall retire from office at each Annual General Meeting. The Directors retiring under this Article are **Mrs Thalia Lyn, OD** and **Hon. Michael Lee-Chin, OJ** who, being eligible, offer themselves for re-election.

   The proposed resolutions are therefore as follows:

   a) "**THAT** Director **Mrs Thalia Lyn** retiring pursuant to Article 94 of the Articles of Incorporation be and is hereby re-elected."

   b) "**THAT** Director **Mr Michael Lee-Chin** retiring pursuant to Article 94 of the Articles of Incorporation be and is hereby re-elected."

3. **Directors' Remuneration**

   a) "**THAT** the Directors be and are hereby empowered to fix the remuneration of the Executive Directors."

   b) "**THAT** the total remuneration of all of the Directors combined, other than the Executive Directors, for the financial year of the Company ending September 30, 2022, BE AND IS HEREBY fixed at $30,000,000, which remuneration may include such share incentive scheme for directors as may be determined by the Board."

4. **Appointment of Auditors and their Remuneration**

   "**THAT** PricewaterhouseCoopers, having signified their willingness to serve, be appointed as Auditors of the Company until the conclusion of the next Annual General Meeting, at a remuneration to be agreed with the Directors."

5. Resolutions in respect of any other business which can be transacted at an Annual General Meeting.

A Member of the Company, entitled to attend and vote, is entitled to appoint a Proxy to attend and vote in his/her stead, and a Proxy need not be a member.

If you are unable to attend the Meeting, a Form of Proxy is enclosed for your convenience. When completed, this Form should be deposited with the Secretary, at the Registered Office of the Company, "The Atrium", 32 Trafalgar Road, Kingston 10, Jamaica, not less than **48 hours** before the time appointed for the Meeting. The Proxy Form should bear stamp duty of **$100.00** before being signed. The stamp duty may be paid by adhesive stamps, which are to be cancelled by the person signing the Proxy Form.

DATED THE **30TH** DAY OF **DECEMBER 2022**

BY ORDER OF THE BOARD

DAVE L. GARCIA
CORPORATE SECRETARY

Our Business in Brief

Today, NCB Financial Group Limited (NCBFG) remains resilient as we continue to navigate a historic period of global turmoil, which spared no organisation from the challenges of a lifetime.

Cognisant of the headwinds that remain, we continue undaunted – bolstered by our commitment to our purpose and to the stakeholders we serve. We celebrate the challenges and triumphs that have shaped the organisation throughout its history, with roots dating back 185 years. We salute the passion, dedication and sacrifice of each team member, customer, partner, and shareholder who has been part of the journey. After 185 years of empowering people, unlocking dreams and building communities, we stand unified, confident, and energised to do even more.

As we forge into a future that promises to be dynamic and uncertain, we remain steadfast in pursuit of our aspiration to become a world-class Caribbean financial ecosystem. Throughout our history, we have emerged stronger from crises by actively searching and capitalising on the inherent opportunities present in each crisis. We are committed to playing a pivotal role in the pursuit of economic growth and improved livelihoods for citizens of the region through the products and services we provide; our corporate philanthropy and citizenship; good corporate governance; and by serving as an example of achieving bold aspirations despite challenges and constraints. Facing the challenges of today is the only way to unlock the possibilities of tomorrow. Rest assured, that while the journey may require pivots and detours, our determination is fixed.

NCB FINANCIAL GROUP LIMITED

SUB-GROUPS

CLARIEN ENTITIES

Clarien Group provides personal, commercial, and private banking services to clients primarily based in Bermuda.

It is one of the largest independent, privately-owned integrated financial services organisations in Bermuda, with an extensive portfolio of offerings. These include personal banking, business banking and payment services through Clarien Bank Limited; exclusive wealth management services through Clarien Investments Limited; and customised trust and fiduciary services through Clarien Trust Limited.

GUARDIAN ENTITIES

Guardian Holdings Limited is the parent company of the Guardian Group, an integrated financial services provider that focuses on life, health, property, and casualty insurance, as well as pensions and asset management.

The Group currently serves markets in 21 territories across the English- and Dutch-speaking Caribbean, including Aruba, Barbados, Bonaire, Curaçao, Jamaica, St. Maarten, and Trinidad and Tobago.

NCB ENTITIES

The NCB Entities provide an expansive range of products and services aimed at meeting all the personal and commercial banking, payment services, wealth, insurance, and asset management needs of customers primarily in Jamaica, the Cayman Islands, Barbados and Trinidad and Tobago.

The NCB Entities comprise National Commercial Bank Jamaica Limited (NCBJ), TFOB (2021) Limited (TFOB) and NCBJ's subsidiaries - the main subsidiaries being NCB Capital Markets Limited, NCB Capital Markets (Barbados) Limited, NCB Insurance Agency and Fund Managers Limited, NCB (Cayman) Limited, and NCB Merchant Bank (Trinidad and Tobago) Limited.

NCBJ and its Jamaican subsidiaries have over 20 locations – including digital and full-service branches and six financial centres – and more than 300 ABMs and financial kiosks. TFOB is a fintech company providing digital financial services. TFOB introduced Lynk, a mobile wallet, in 2021, enabling customers to send and receive money from their mobile devices via peer-to-peer transfers.

OPERATING GROUPS

	Banking & Investment Activities					Insurance Activities	
Operating Segments	Consumer & SME Banking	Corporate & Commercial Banking	Payment Services	Treasury & Correspondent Banking	Wealth, Asset Management & Investment Banking	Life & Health Insurance and Pension Fund Management	General Insurance
Lines of Business	PERSONAL BANKING PRIVATE BANKING COMMERCIAL BANKING LENDING/CREDIT DEPOSITS		CREDIT CARD ISSUING CARD ACQUIRING MOBILE WALLET (ELECTRONIC PAYMENTS)	LIQUIDITY MANAGEMENT CORRESPONDENT BANKING WHOLESALE FUNDING FOREIGN EXCHANGE MANAGEMENT	REGIONAL ASSET MANAGEMENT INVESTMENTS CORPORATE FINANCING INVESTMENT BANKING BROKERAGE SERVICES	INDIVIDUAL AND GROUP LIFE INSURANCE HEALTH INSURANCE PROPERTY INSURANCE CASUALTY INSURANCE ANNUITY PRODUCTS PENSION FUND MANAGEMENT	

Through these segments, NCBFG is able to serve its customers with a wide range of specialised and customised financial products and services.

Performance **Highlights**

Expressed in Jamaican dollars unless otherwise indicated.

$2.08T
Assets

$581.0B
Net Loans

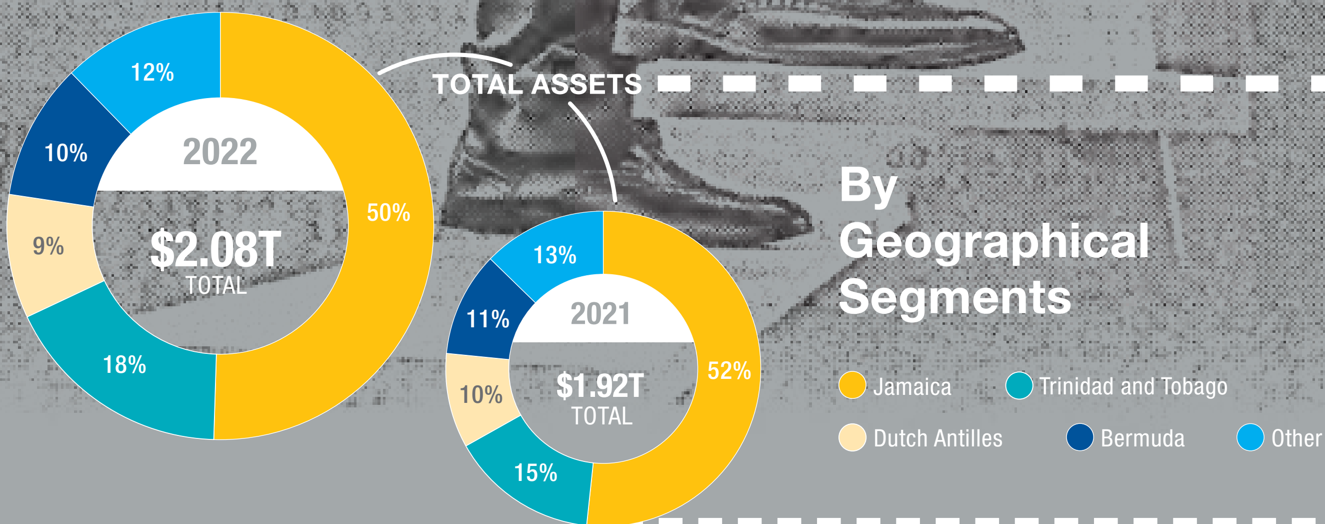
$959.5B
Investment Securities

$149.5B
Equity Attributable to Stockholders of the Parent

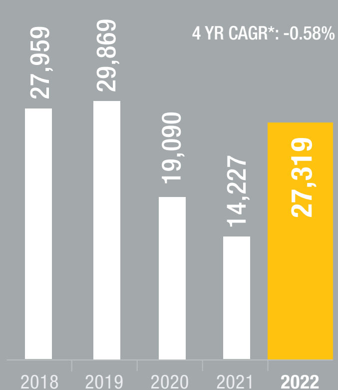
$715.3B
Customer Deposits

TOTAL ASSETS

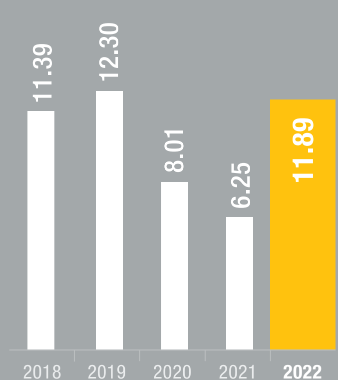
By Geographical Segments



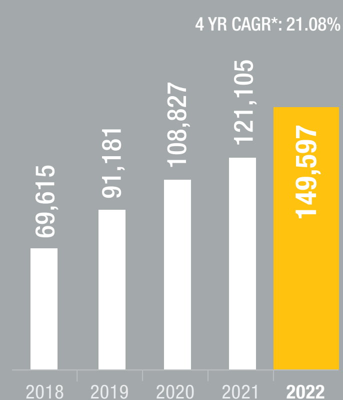
Net Profit ($'M)
Attributable to Stockholders of the Parent



Earnings Per Stock Unit ($)



Operating Income ($'M)



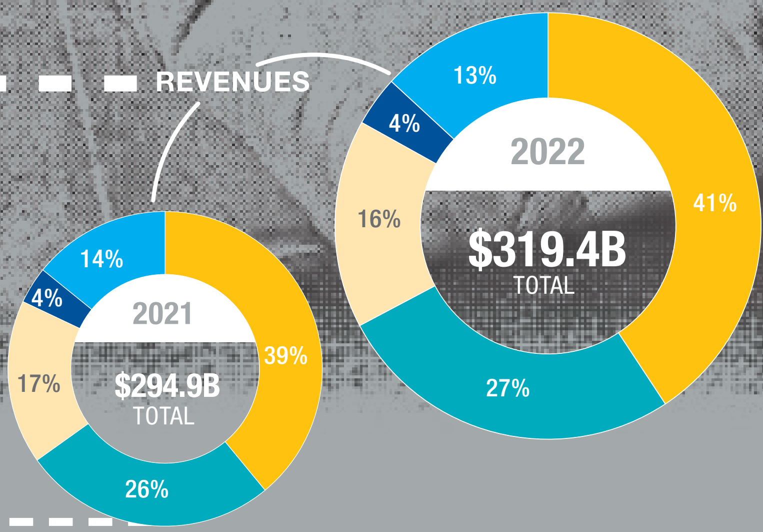
$437.2B
Liabilities Under Annuity and Insurance Contracts

$319.4B
Gross Revenues

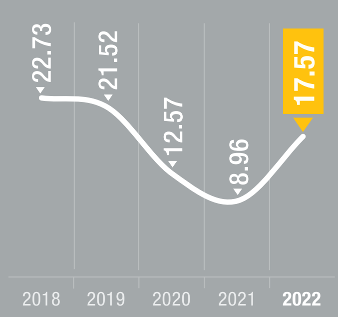
$107.3B
Net Revenues from Banking and Investment Activities

$42.3B
Net Revenues from Insurance Activities

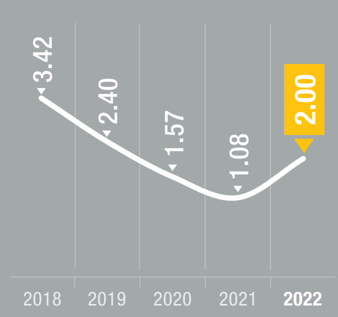
REVENUES



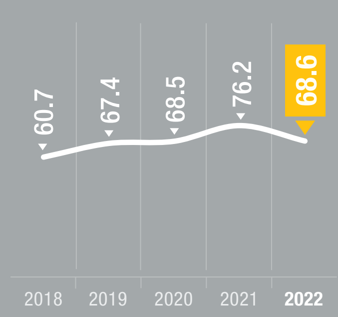
Return on Equity (%)



Return on Assets (%)



Cost to Income Ratio (%)



Our Business **Highlights**

1. **Danielle Cameron Duncan**, head of National Commercial Bank Jamaica Limited's (NCBJ's) Payments and Digital Channels Division (centre), strikes a pose with five lucky credit and prepaid cardholders who each won $1,000,000 in the NCBJ Win Win Summer Promotion at The Atrium in Kingston. **2.** 2021 graduate **Camille Newman** (centre) stands proudly beside Prime Minister of Jamaica, The Most Honourable **Andrew Holness** ON, PC, MP (left) as she collects her job letter from **Nadeen Matthews Blair**, CEO, N.C.B. Foundation at an official graduation ceremony held in Kingston which was made possible via a $15 million partnership with Amber Group, HEART/NSTA Trust and the Ministry of Education, Youth and Information to extend training to youth in coding via the Amber HEART Coding Academy. **3.** The Building Out Our STEM Teachers (BOOST) Scholarship, which started in 2021, facilitates the advancement of teachers in pursuit of specialisations in science, technology, engineering and mathematics. With the N.C.B. Foundation now on board with a whopping $9 million investment, special emphasis will be placed on producing high-quality teachers in the area of digital studies. From left, Professor **Michael Taylor**, Dean of Faculty of Science and Technology, The University of the West Indies, Mona (The UWI, Mona); Dr. **Sharon Bramwell-Lalor**, lecturer at the School of Education, The UWI, Mona; and **Elecia Myers**, Resource Mobilisation Coordinator for the Faculty of Science and

Technology, The UWI, Mona oversee the signing of the BOOST Scholarship partnership by Professor **Ian Boxill**, Deputy Principal of The UWI Mona and **Nadeen Matthews Blair**, CEO of the N.C.B. Foundation. **4.** The Trinitarian Basic School located in Olympic Way, St. Andrew serves over one hundred students from the community. **Murphine Garrick** (right), Branch Manager and **Sudian Rose**, Business Development Representative from the NCB Matilda's Corner branch visited the school this summer to officially hand over two laptops and two printers donated by the N.C.B. Foundation to help advance student learning. **5.** Clarien transitioned to a retail self-service based model for Personal Banking, which included moving into its new main client centre at Point House on Front Street, Hamilton, Bermuda in December 2021 – followed by the discontinuation of teller services at the 19 Reid Street branch in late April 2022. **6.** In July 2022, Clarien's Marketing and Product Management Team spent a morning volunteering at Meals on Wheels (MOW), helping to prepare nutritious meals and delicious desserts for the charity's 200+ sick, elderly and disabled benefiaries. MOW is an organisation long supported by Clarien Bank – through the Clarien Foundation Annual Giving and Holiday GiveBack campaign. **7.** In Barbados, the staff of the Child Care Board graciously accepted gifts from members of the Guardian Life team on behalf of the children at the Nightengale Children's Village, a compound which houses five residences that provide care for orphaned children. **8.** Dr. The Honourable **Nigel Clarke**, Minister of Finance and the Public Service alongside **Vernon James**, CEO of Lynk and **Patrick Hylton**, President and CEO of NCB Financial Group Limited unveil the future of finance in Jamaica, Lynk's newest app feature, ABM Cash In/Cash Out, which allows customers to add and withdraw money from their Lynk wallet from NCBJ ABMs. **9.** NCBJ's Head of Retail Banking and Customer Experience, **Sheree Martin** and NCBJ team members surprised customers with $5,000 each towards their back-to-school purchases at the Sangster's Book Store in Portmore Pines this summer in Kingston, Jamaica. **10.** **Paige Golding**, Senior Wealth Advisor; **Sara Misir**, NCB Capital Markets Limited Brand Ambassador; **Tracy-Ann Spence**, Chief Operating Officer and **Jermaine McDonald**, Co-founder of Learn Grow Invest were all smiles at NCBCM's Influencer Mingle, September 2022.

10-Year Financial Statistical Review

	2022	2021	2020	2019
Consolidated Income Statement Summary (J$'000)				
Net profit	39,922,845	20,075,606	26,883,412	31,164,938
Net profit attributable to the stockholders of the parent	27,318,907	14,226,671	19,090,378	29,869,398
Gross operating income	319,402,779	292,094,624	256,816,559	171,252,858
Operating income	149,596,617	121,105,355	108,826,889	91,180,975
Net interest income	59,198,862	48,626,967	52,489,709	44,595,084
Non-interest income	93,121,310	75,863,514	66,622,174	51,410,625
Credit impairment losses	2,723,555	3,385,126	10,284,994	4,824,734
Net result from banking & investment activities	107,292,623	98,153,663	76,370,898	76,749,460
Net result from insurance activities	42,303,994	22,951,692	32,455,991	14,431,515
Operating expenses	104,460,096	94,850,111	81,565,804	64,736,903
Staff costs	49,105,761	44,500,542	40,526,668	32,120,544
Depreciation, amortisation and finance cost	10,941,626	11,146,310	9,941,198	6,941,434
Taxation expenses	5,946,189	6,519,927	690,064	6,423,458
Consolidated Statement of Financial Position Summary (J$'000)				
Total assets	2,078,688,601	1,917,127,972	1,800,260,275	1,616,299,602
Loans and advances, net of provision for credit losses	580,987,814	523,488,890	452,954,936	423,102,600
Investment securities	959,486,735	900,512,195	853,085,972	759,496,006
Statutory reserves with central banks	44,602,059	41,247,661	35,552,128	37,316,963
Customer deposits	715,276,682	647,085,400	573,968,886	504,678,536
Liabilities under annuity and insurance contracts	437,175,410	433,056,798	405,014,541	394,615,307
Repurchase agreements	247,676,853	224,805,387	211,436,379	174,619,976
Other borrowed funds	153,272,229	136,972,443	125,066,336	124,953,101
Obligations under securitisation arrangements	99,085,658	63,087,217	71,083,957	48,305,823
Stockholders' equity	197,999,449	206,665,026	200,204,923	183,870,618
Stockholders' equity attributable to the stockholders of the parent	149,527,995	161,456,191	156,114,678	147,590,179
Profitability Ratios (%)				
Return on average stockholders' equity (1)	17.57%	8.96%	12.57%	21.52%
Return on average total assets (2)	2.00%	1.08%	1.57%	2.40%
Income from banking activities to operating income	71.72%	81.05%	70.18%	84.17%
Net result from insurance activities to operating income	28.28%	18.95%	29.82%	15.83%
Effective tax rate (3)	12.96%	24.52%	2.50%	17.09%
Cost to income ratio (4)	68.58%	76.19%	68.48%	67.43%

1. Return on average stockholders' equity is calculated as net profit attributable to stockholders of the parent divided by average stockholders' equity attributable to stockholders of the parent (stockholders' equity at the end of the financial year plus stockholders' equity at the end of the prior financial year, divided by two).
2. Return on average total assets is calculated as net profit divided by average total assets (total assets at the end of the financial year plus total assets at the end of the prior financial year, divided by two).

2018	2017	2016	2015	2014	2013
28,580,966	19,107,818	14,448,560	12,301,790	12,327,120	8,578,858
27,958,752	19,107,818	14,448,560	12,301,790	12,327,120	8,578,858
98,779,947	76,213,792	65,747,306	61,158,813	58,067,343	48,999,634
69,614,802	54,336,912	46,936,071	41,495,517	36,794,886	32,027,321
35,144,184	29,759,669	28,123,770	25,964,030	24,660,667	23,558,986
36,431,256	25,306,477	19,424,656	17,410,410	14,561,253	10,621,731
1,960,638	729,234	612,355	1,878,923	2,427,034	2,153,396
65,817,511	51,096,962	43,423,353	37,854,769	34,418,353	30,975,528
3,797,291	3,239,950	3,512,718	3,640,748	2,376,533	1,051,793
43,428,745	33,178,281	28,839,998	25,494,334	22,912,745	27,775,657
23,776,353	16,461,158	13,809,023	11,942,482	11,523,930	11,226,597
3,472,372	2,359,274	1,899,414	1,563,551	1,247,403	1,209,971
5,407,952	4,901,510	4,479,992	4,082,309	3,142,766	2,472,246
978,584,626	693,724,191	607,669,433	523,815,161	499,345,092	446,575,055
372,634,701	218,615,226	189,055,786	165,404,606	157,630,000	141,150,312
389,490,044	299,177,288	275,669,541	275,987,700	264,170,757	234,437,453
43,575,130	39,022,524	29,832,265	23,247,218	22,833,217	20,392,153
484,847,790	288,464,013	273,965,888	227,850,985	202,162,392	178,411,021
38,093,007	36,185,320	35,282,653	34,689,274	34,230,910	33,914,506
152,884,626	115,586,590	105,974,938	100,004,008	134,690,626	117,377,395
65,558,639	38,649,556	12,061,154	8,595,313	11,992,819	4,900,592
58,992,666	66,743,350	47,899,756	44,292,064	13,885,577	10,101,032
139,584,328	115,993,769	103,105,310	88,394,211	81,846,383	72,516,720
130,040,568	115,993,769	103,105,310	88,394,211	81,846,383	72,516,720
22.73%	17.44%	15.09%	14.45%	15.97%	12.40%
3.42%	2.94%	2.55%	2.40%	2.61%	2.08%
94.55%	94.04%	92.52%	91.23%	93.54%	96.72%
5.45%	5.96%	7.48%	8.77%	6.46%	3.28%
15.91%	20.42%	23.67%	24.92%	20.32%	22.37%
60.68%	60.25%	60.65%	58.78%	58.42%	81.26%

3. Effective tax rate is calculated as taxation expenses divided by profit before taxation.
4. Cost to income ratio is calculated as staff costs, depreciation, policyholders' and annuitants' benefits and reserves and other operating expenses divided by total operating income excluding credit impairment losses.

10-Year Financial Statistical Review

CONTINUED

	2022	2021	2020	2019
Stock Unit Information (J$)				
Earnings per stock unit[5]	$11.89	$6.25	$8.01	$12.30
Dividends paid per stock unit	$0.00	$0.50	$1.90	$3.40
Book value per stock unit	$65.06	$70.36	$65.82	$61.60
Closing share price at September 30 - Jamaica Stock Exchange (JSE) [*]	$89.89	$127.52	$130.90	$208.79
Closing share price at September 30 - Trinidad & Tobago Stock Exchange (TTSE) [**]	TT$4.50	TT$8.25	TT$7.75	TT$10.44
Price-to-earnings (P/E) ratio	7.56	20.40	16.34	16.97
Dividends paid [J$'000]	0	1,197,040	4,680,465	8,368,730
Dividend yield (payment date) [%]	0.00%	0.39%	1.45%	1.63%
Dividend payout ratio (payment date) [%]	0.00%	8.00%	23.72%	27.64%
Total annual shareholder return [%]	-29.51%	-2.20%	-36.40%	70.41%
Asset Quality Ratios (%)				
Non-performing loans as a percentage of gross loans and advances [6]	4.39%	6.08%	5.29%	5.28%
Non-performing loans as a percentage of total assets	1.25%	1.70%	1.37%	1.41%
Non-performing loans as a percentage of equity	17.34%	20.14%	15.85%	15.47%
Total provision for credit losses as a percentage of gross loans and advances	2.32%	2.90%	3.98%	3.04%
Provision coverage ratio [7]	52.89%	47.64%	75.13%	57.64%
Consolidated Financial Position Ratios (%)				
Loans and advances, net of provision for credit losses, as a percentage of total assets	27.95%	27.31%	25.16%	26.18%
Investment securities as a percentage of total assets	46.16%	46.97%	47.39%	46.99%
Loans and advances, net of provision for credit losses, as a percentage of customer deposits	81.23%	80.90%	78.92%	83.84%
Equity to total assets	7.19%	8.42%	8.67%	9.13%
Other Statistics				
JSE Index at September 30 [*]	361,691.60	414,889.96	380,425.98	516,042.91
JSE Index annual movement (Twelve months ended September 30) [%]	(12.82%)	9.06%	(26.28%)	44.02%
Inflation Rate (Twelve months ended September 30) [%]	9.26%	8.29%	4.84%	3.36%
USD foreign exchange rate at September 30	152.02	146.35	141.57	134.14

5. Earnings per stock unit is calculated as net profit attributable to stockholders of the parent divided by weighted average shares outstanding for the relevant financial year.
6. Non-performing loans are loans as to which there have been no payments of principal or interest for 90 days or more.
7. Total provisions for credit losses divided by non-performing loans.

2018	2017	2016	2015	2014	2013
$11.39	$7.76	$5.87	$5.00	$5.01	$3.49
$2.70	$2.70	$2.35	$2.31	$1.18	$1.11
$53.00	$47.12	$41.89	$35.91	$33.25	$29.46
$124.52	$87.02	$41.55	$27.72	$17.93	$18.80
TT$5.73	TT$5.10	TT$2.60	TT$1.63	TT$1.00	TT$1.13
10.93	11.21	7.08	5.54	3.58	5.39
6,660,260	6,660,260	5,796,893	5,698,222	2,910,780	2,738,107
2.17%	3.10%	5.66%	8.33%	6.58%	5.90%
23.71%	34.79%	40.03%	46.20%	23.55%	31.81%
46.20%	115.93%	58.37%	67.48%	1.65%	(8.80%)
4.84%	2.45%	3.14%	5.05%	5.37%	4.84%
1.86%	0.78%	0.99%	1.63%	1.74%	1.56%
14.01%	4.67%	5.86%	9.66%	10.62%	9.60%
2.17%	1.66%	1.97%	2.62%	3.03%	2.25%
45.35%	67.73%	62.58%	51.92%	63.80%	46.35%
38.08%	31.51%	31.11%	31.58%	31.57%	31.61%
39.80%	43.13%	45.37%	52.69%	52.90%	52.50%
76.86%	75.79%	69.01%	72.59%	77.97%	79.12%
13.29%	16.72%	16.97%	16.88%	16.39%	16.24%
358,320.11	262,729.14	164,482.25	96,324.59	72,238.36	84,500.20
36.38%	59.73%	70.76%	33.34%	(14.51%)	(3.08%)
4.33%	4.61%	1.83%	1.81%	9.03%	10.45%
134.06	129.20	127.93	118.70	112.53	103.23

* Source: Jamaica Stock Exchange Monthly Statistics Report.
** Source: Trinidad & Tobago Stock Exchange Monthly Equity Summary Report.

“In all 185 years of our existence, we have never been as clear about our purpose as we are today. Every single action we take is deliberate and grounded in the prospect of empowering people, unlocking dreams and building communities.”

Hon. Michael Lee-Chin, O.J.
Chairman

Letter from **the Chairman**

My Fellow Shareholders,

My fellow directors and I have the responsibility of stewarding a portion of your investment portfolio. It is a responsibility we take seriously, and we are grateful for your confidence and the privilege you have bestowed on us. I am proud of NCB Financial Group's financial performance within the context of ongoing global challenges. You can be confident that you are investing in a company that is built to last – with leaders expertly navigating the balance of strength and innovation. We are fortifying the institution to withstand shocks while re-imagining and re-engineering our business model for future growth. A well-run organisation is focused on long-term viability and sustainable returns.

> *"If you aren't willing to own a stock for 10 years, don't even think about owning it for 10 minutes."*
>
> —— Warren Buffett

The NCB Financial Group continues to embody key characteristics of my wealth philosophy.

1. It is a high-quality business.
2. It is domiciled in strong long-term growth industries.

NCB has evolved from a predominantly Jamaica-based banking group into the NCB Financial Group - a full-service regional financial conglomerate, present in over 21 territories. The journey has not been without challenges, as the institution successfully navigated and emerged stronger following local and global financial crises.

In 2022, we also recognised NCB's 185-year anniversary, with roots dating back to 1837 when the Colonial Bank of London, England established a presence in Jamaica. The journey since that time has included a series of mergers and acquisitions and the emergence from a colonial past into an indigenous institution with world class ambitions. We acknowledge the full history as we pay homage to the customers and employees who contributed along the way. This year, we also celebrated 60 years of independence for Jamaica as well as Trinidad and Tobago – the countries where we currently have our largest presence.

As I reflect on these milestones, I continue to be energised about fulfilling our organisation's purpose – Empowering People. Unlocking Dreams. Building Communities.

A well-performing financial institution has the unique opportunity to enable wealth creation for its shareholders, its customers and the countries in which it operates. What each NCB Financial Group shareholder owns is a stake in a company committed to building indigenous wealth in all the communities we serve.

For our shareholders, total long-term shareholder returns have been strong. Our investment and mortgage solutions enable our clients to grow their wealth and create a legacy to pass on to the next generation. Our insurance business enables clients to protect their health and property, which in turn plays a key role in preserving and transferring wealth. For our business customers, our debt, public and private equity solutions, provide the necessary capital for business growth. Owning businesses creates wealth for families and generates economic growth.

Through the launch of Lynk, our digital payments solution, we have laid a strong foundation for enhancing financial inclusion for the unbanked, and putting them on a path for wealth creation.

For the countries in which we operate, we have been a primary taxpayer. For the period October 2021 to August 2022, our tax payments were equivalent to 1.1% of the total tax revenue base of the Government of Jamaica and 0.5% of total tax revenues for the Government of Trinidad and Tobago.

In FY 2022, we collaborated with Factories Corporation of Jamaica on the Morant Bay Urban Centre. We provided debt and equity financing to facilitate this transformational project, which is estimated to provide over 3,000 jobs and revitalise the Morant Bay Community.

Through the foundations across the NCB Financial Group, we have donated over $2 billion and positively impacted the lives of over 250,000 citizens.

I believe that today we are as clear as we have ever been, in all 185 years of our existence, about our purpose. Every single action we take is deliberate and grounded in the prospect of empowering people, unlocking dreams and building communities. This recent period of social, political, and economic volatility and uncertainty is reshaping and redefining life and business. While it continues to be unsettling for many, it has sharpened our focus and unearthed new opportunities. The ability to find such opportunities amid crisis is a skill we have honed and a mindset we have adopted along our journey. I embrace the present with the knowledge that “In the middle of difficulty, there is opportunity. The bigger the difficulty, the bigger the opportunity.” – Albert Einstein.

With our 2024 aspiration to become a world-class Caribbean financial ecosystem in full focus, I take this opportunity to thank all shareholders and customers for their continued trust and confidence, and each employee for helping to steer the ship to the next destination.

With our continued partnership, I am excited about what is to come.

Hon. Michael Lee-Chin, OJ
Chairman

Board of **Directors**

Our Board of Directors, in executing its role, applies sound corporate governance which is vital to the activities of NCB Financial Group Limited (NCBFG) and its subsidiaries (the Group).

HON. MICHAEL LEE-CHIN
OJ, HON. LL.D., B.ENG
Chairman

Michael is the President and Chairman of Portland Holdings Inc., a privately held investment company that manages public and private equity, and has an ownership interest in a collection of diversified businesses operating in sectors that include financial services, tourism, agriculture, insurance, energy and targeted radio nuclide therapy, with origins dating back to 1987.

Michael is known as a bold and visionary entrepreneur who lives by the philosophy, "Do well by doing good."

His noteworthy achievements include being bestowed with the Order of Jamaica, for his significant contribution to business and philanthropy. He was also appointed to the Order of Ontario (Canada), the province's highest civilian order.

Michael has been honoured with Doctor of Laws degrees from McMaster University, the University of Toronto, Northern Caribbean University, Wilfrid Laurier University, the University of the West Indies, and York University.

Michael sits on various boards in Canada and the Caribbean, including the boards of National Commercial Bank Jamaica Limited and Guardian Holdings Limited.

HON. PATRICK HYLTON
OJ, CD, HON. LL.D., A.C.I.B., BBA
President and Group Chief Executive Officer

With more than three decades of experience in banking and finance, Patrick's bold, fearless leadership and business achievements have earned him international recognition as an expert in the field.

Today, Patrick is Chairman of National Commercial Bank Jamaica Limited, NCB Capital Markets Limited, Guardian Holdings Limited, Clarien Bank Limited and TFOB (2021) Limited. He sits on the Board of Directors for Clarien Group Limited and several NCBFG subsidiaries including NCB (Cayman) Limited; NCB Insurance Agency and Fund Managers Limited; and NCB Capital Markets (Cayman) Ltd. He is also a director of Massy Holdings Limited (Trinidad). He is Chairman of the Mona School of Business and Management at the University of the West Indies, Mona (UWI, Mona) and his alma mater, Glenmuir High School.

In the mid-1990s, he was appointed by the Government of Jamaica to lead the restructuring of the Jamaican financial sector – a project that earned him Jamaica's Order of Distinction (Commander Class) in 2002. In 2019 he received the Honorary Doctor of Laws from UWI, Mona. In 2020, he was also conferred with the Order of Jamaica for contributions to the financial sector and his philanthropic efforts.

DENNIS COHEN
FCA, FCCA, B.SC.
Group Chief Financial Officer and Deputy Chief Executive Officer

Dennis provides leadership and oversight for the Group's financial planning and reporting, as well as investor relations and several key business segments. He started his professional career at PriceWaterhouseCoopers before joining Citibank, where he served in several roles, including Country Treasurer.

He joined NCB in 2004 and has served in several key roles within the Group, including Chief Executive Officer of NCB Capital Markets Limited. He is Chairman of NCB Insurance Agency and Fund Managers Limited, NCB (Cayman) Limited, NCB Capital Markets (Cayman) Ltd., and Guardian Asset Management & Investment Services Limited.

He is also a director of National Commercial Bank Jamaica Limited, NCB Capital Markets Limited, Guardian Holdings Limited, Guardian Life of the Caribbean, Guardian General Insurance Limited, Clarien Bank Limited, Clarien Group Limited, Stratus Alternative Funds SCC, Guardian Life Limited and TFOB (2021) Limited.

He is a member of the Institute of Chartered Accountants of Jamaica and a fellow of the Association of Chartered Certified Accountants.

CHAIRMAN OF THE BOARD NON-EXECUTIVE DIRECTOR	EXECUTIVE DIRECTOR	EXECUTIVE DIRECTOR
Appointment Date - NCBFG: February 23, 2017	**Appointment Date - NCBFG:** April 26, 2016	**Appointment Date - NCBFG:** April 26, 2016
Length of Directorship - NCBJ: 20 years	**Length of Directorship - NCBJ:** 19 years	**Length of Directorship - NCBJ:** 16 years

Board of **Directors**

PROFESSOR THE HONOURABLE ALVIN G. WINT
OJ, CD, D.B.A, M.B.A., B.SC

Alvin is an Emeritus Professor of International Business at the University of the West Indies, Mona. He holds a Doctorate of Business Administration in the field of International Business from Harvard University, has published extensively, and has advised governments and multilateral institutions on international investment policy. In 2022, Alvin was bestowed with the Order of Jamaica for distinguished service to the development of public and private institutions and academia in Jamaica.

Alvin chairs the Audit Committee and during FY 2022 also chaired the Group Risk Committee of NCBFG. He serves on the boards of several NCBFG subsidiaries, including National Commercial Bank Jamaica Limited, NCB (Cayman) Limited, NCB Capital Markets Limited, NCB Capital Markets (Cayman) Ltd, NCB Insurance Agency and Fund Managers Limited, and NCB Trust Company (Cayman) Limited. Additionally, he serves as Chairman of Jamaica's national training and service agency, HEART/NSTA Trust, and the Office of Utilities Regulation. He is on both the National Partnership Council and the National Competitiveness Council; and is a director of Jamaica Producers Group Limited and the Caribbean Policy Research Institute.

LEAD INDEPENDENT DIRECTOR

NON-EXECUTIVE DIRECTOR

Appointment Date - NCBFG:
February 23, 2017

Length of Directorship - NCBJ:
20 years

SANDRA GLASGOW
M.B.A., B.SC.

Sandra is the founder and managing director of BizTactics Limited; co-founder and managing director of RevUP Caribbean Limited; and co-founder of Jamaica's first angel investor network - First AngelsJA. An astute businesswoman, she holds a Bachelor of Science Degree in Marine Biology and a Master's Degree in Business Administration and was Jamaica's Eisenhower Fellow in 2000. In January 2020 she was appointed senator, representing Jamaica at the World Business Angels Investment Forum (WBAF).

Sandra also serves as a director of National Commercial Bank Jamaica Limited, and chairs the NCBFG Corporate Governance & Nomination Committee. She is a director on the boards of Medical Disposables and Supplies Limited, Multicare Youth Foundation Limited, DRT Communications Limited, SiFi Studios Jamaica Limited and Stanley Motta Limited. She also serves on the Global Network Council of Eisenhower Fellowships.

Sandra chairs the Board of Directors of the National Crime Prevention Fund (Crime Stop) and is Chairperson and trustee of the SMART Retirement Fund, as well as a trustee for the NCB Pension Funds.

NON-EXECUTIVE INDEPENDENT DIRECTOR

Appointment Date - NCBFG:
April 26, 2016

Length of Directorship - NCBJ:
20 years

THALIA LYN
OD, J.P., HON. LL.D., B.A. (HONS.)

Thalia, one of Jamaica's most successful entrepreneurs, sits at the helm of Island Grill – a multi-billion-dollar fast food chain with stores throughout Jamaica and Barbados. She is also a philanthropist, and one of the country's most passionate advocates for gender equality and persons with disabilities.

Thalia chairs the N.C.B. Foundation's Board of Directors. She is also a trustee of the NCB Pension Funds, CEO of both Island Catering and Island Grill Holdings, patron of the CB Group's UWI 5K fundraiser, and ambassador for the Jamaica Social Stock Exchange. She serves as director of Mustard Seed Communities, Port Royal Patties (UK), and Devon House Development. Additionally, she is the Honorary Consul General of Thailand, the second woman inducted into the Private Sector of Jamaica (PSOJ) Hall of Fame, and was awarded an Honorary Doctor of Laws degree (LLD) from the University of the West Indies.

Thalia has been conferred with national honours by both Jamaica and the Kingdom of Thailand.

NON-EXECUTIVE INDEPENDENT DIRECTOR

Appointment Date - NCBFG:
February 23, 2017

Length of Directorship - NCBJ:
20 years

ROBERT ALMEIDA
B.COMM., CPA, CA

Robert is a founding partner of Portland Private Equity and managing partner of the AIC Caribbean Fund and the Portland Caribbean Fund II. He is a director, senior vice president and portfolio manager at Portland Investment Counsel Inc. (Canada), and sits on the boards of several Portland Group portfolio companies.

Robert has over 30 years' experience as an investor and business executive. In addition to his chartered accountant (CA) designation, Robert holds a Bachelor of Commerce Degree with High Distinction from the University of Toronto. He currently serves on the boards of National Commercial Bank Jamaica Limited, Guardian Holdings Limited, Clarien Group Limited, Clarien Bank Limited, and Clarien Investments Limited as well as the Canadian Council for the Americas.

NON-EXECUTIVE INDEPENDENT DIRECTOR

Appointment Date - NCBFG:
February 23, 2017

Length of Directorship - NCBJ:
14 years

SANYA M. GOFFE
LL.B (HONS.)

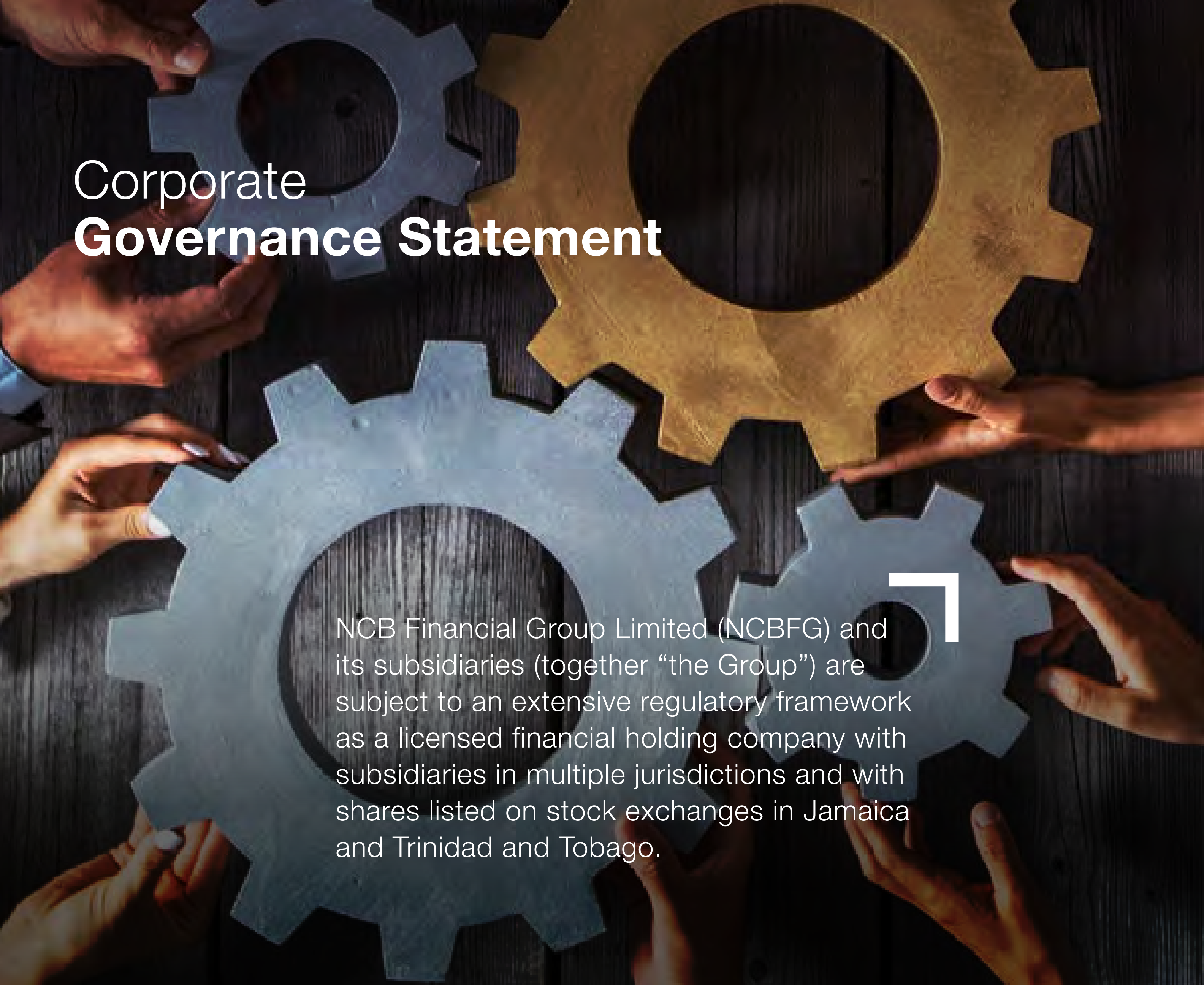
Sanya is a partner at the law firm Hart Muirhead Fatta, and was a 2020 Eisenhower Fellow. She serves as Chairperson of Stratus Alternative Funds SCC. She is also a director on the boards of Jamaica Producers Group Limited, the National Insurance Board and RevUp Caribbean Limited.

Sanya is the President of the Pension Industry Association of Jamaica. In addition, she serves as a member of the Jamaican Bar Association's commercial law and intellectual property law committees. She is a member of the UK Association of Pension Lawyers, and the International Pension and Employee Benefits Lawyers Association. She is also co-founder of the Adult Learning Centres of Jamaica, a charity geared towards the promotion and advancement of adult literacy.

NON-EXECUTIVE INDEPENDENT DIRECTOR

Appointment Date - NCBFG:
April 26, 2016

Length of Directorship - NCBJ:
11 years



Corporate **Governance Statement**

NCB Financial Group Limited (NCBFG) and its subsidiaries (together "the Group") are subject to an extensive regulatory framework as a licensed financial holding company with subsidiaries in multiple jurisdictions and with shares listed on stock exchanges in Jamaica and Trinidad and Tobago.

Its internal governance structure incorporates guidelines and standards provided by regulators, the Company's Articles of Incorporation, as well as policies and charters adopted by the Board of Directors. These guidelines are updated from time to time in keeping with a commitment to maintain and promote high standards of corporate governance to maintain the trust of all stakeholders.

In 2019, we set out to achieve the aspiration of becoming a world-class Caribbean financial ecosystem by 2024. Effective corporate governance is a critical element in realising this aspiration while ensuring the long-term sustainability of the Group.

During this past financial year, we continued our focus on group and subsidiary governance, in keeping with our objective to align governance practices across the Group. We adopted an efficient approach to governing entities with appropriate flows of information and oversight while recognising the distinct responsibilities of each board, committee, director and officer across the Group.

Under the Group governance framework, there are three sub-groups based on holding companies – holding companies and ultimate holding company have been designated as follows:

- Clarien Bank Limited (although 100% owned by Clarien Group Limited) is considered as the Holding Company for Clarien Bank and its subsidiaries ("the Clarien Group").
- Guardian Holdings Limited is the Holding Company for the Guardian Group.
- NCB Financial Group Limited is the Holding Company for the NCBFG wholly-owned subsidiaries and the Ultimate Holding Company (being the company under which the other companies are held). TFOB (2021) Limited, NCB Global Holdings Limited as well as National Commercial Bank Jamaica Limited and its wholly-owned subsidiaries fall under the NCB sub-group.

The NCBFG Corporate Governance and Nomination Committee gives ongoing consideration to the governance framework itself.

FIGURE 1: Corporate Governance Framework

Shareholders

AIC (Barbados) Limited 52.6% OWNERSHIP 47.4% Other

Group President & CEO reports to the board

Board of Directors

Role

The principal role of the Board is to oversee the implementation of the Group's strategic initiatives and its functioning within the agreed framework, under relevant statutory and regulatory structures. The Board ensures the adequacy of financial and operational systems and internal control, as well as the implementation of corporate ethics and the code of conduct. All policies pertaining to the Group's operation and functioning are to be approved by the Board.

- CHAIRMAN
- GROUP PRESIDENT & CEO
- LEAD INDEPENDENT DIRECTOR
- NON-INDEPENDENT DIRECTOR
- EXECUTIVE DIRECTOR
- INDEPENDENT DIRECTOR
- COMMITTEE CHAIR

Matters reserved for the Board & Committees

The Board reserves a formal schedule of matters for its decision to ensure that the direction, management and control of the Group rest with the Board. This includes:

- Strategic issues and planning
- Ensuring regulatory compliance
- Appointment of auditors and review of the financial statements
- High-level Performance reviews
- Material acquisition and disposal of assets
- Reviewing the adequacy and integrity of internal controls
- Capital expenditure
- Authority levels
- Financing and borrowing activities, including an annual operating plan and budget

Board Committees

Audit

See page **38**

Corporate Governance & Nomination

See page **39**

Talent Management & Compensation

See page **39**

Group Risk

See page **40**

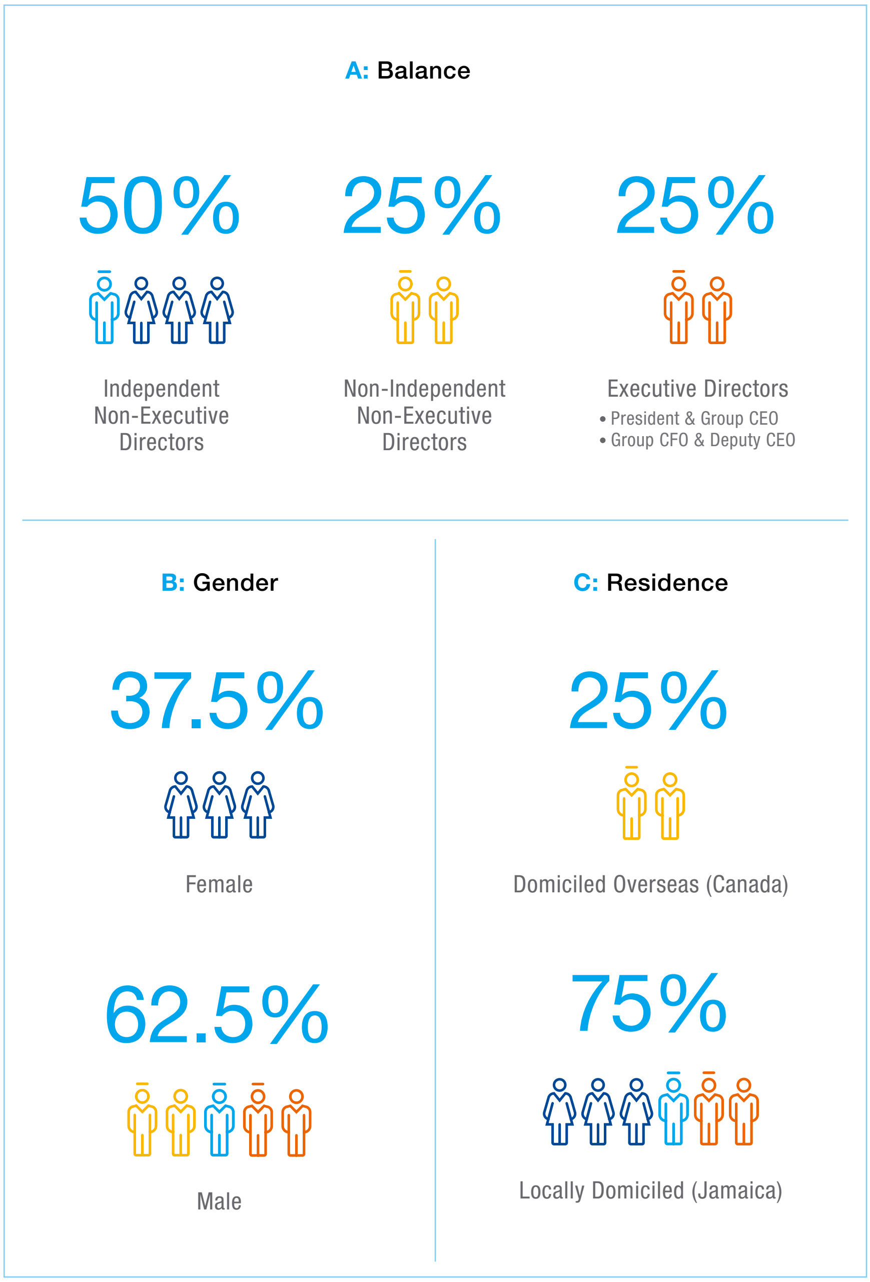
Internal Governance Structure

LEGAL & REGULATORY FRAMEWORK	POLICIES & PROCEDURES	TRANSPARENCY ACCOUNTABILITY	MONITORING & INTERNAL CONTROL
Regulators | Laws	Policies | Governing Standards	External Auditor | Shareholders	Internal Audit | Board Committees

Corporate **Governance Statement**

CONTINUED

Board Composition



The Board is composed of suitably qualified Directors, who collectively possess the knowledge, independence, diversity, skills and expertise required to provide oversight for the management and affairs of the Group's operations.

Our Articles require that the number of Directors be no less than five and no more than 16. As at September 30, 2022, the Board complement was eight Directors. There are six Non-Executive Directors, four of whom are deemed independent, and two Executive Directors – the President and Group Chief Executive Officer (CEO); and the Group Chief Financial Officer (CFO) and Deputy CEO.

Profiles of our Directors are available on our website at **www.myncb.com/Leadership-1/Overview/Board-Of-Directors** and on pages 25-28.

The definitions of 'Executive Directors', 'Non-Executive Directors' and 'Independent Directors' set out below are as stated in the Board Charter and are generally consistent with those outlined in the Jamaica Corporate Governance Code 2021:

- **Executive Director**
  Employed to the company and is normally responsible for aspects of the entity's day-to-day operations.
- **Non-Executive Director**
  A Director who is not an Executive Director.
- **Independent Director**
  A Director who:

  a. is free of any interest, position, association or relationship that might influence or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgment to bear on issues before the Board and to act in the best interest of the NCB

FIGURE 2:
Board skills and expertise matrix

	Strategy	Financial Expertise	Global Perspective	Financial Literacy	Legal skills & Expertise	Listed Company Experience	Human Resources & Compensation	Information Technology/ Cybersecurity	Stakeholder Engagement	Corporate Governance	Leadership	Risk Management	Financial Services Industry
Robert Almeida	●	●	●	●	○	●	●	○	●	●	●	●	●
Dennis Cohen	●	●	●	●	○	●	●	●	●	●	●	●	●
Sandra Glasgow	●	○	○	●	○	●	●	○	●	●	●	●	●
Patrick Hylton	●	●	●	●	○	●	●	●	●	●	●	●	●
Michael Lee-Chin	●	●	●	●	○	●	●	○	●	●	●	●	●
Sanya Goffe	●	○	○	●	●	●	●	○	●	●	●	●	●
Thalia Lyn	●	○	○	●	○	●	●	○	●	●	●	●	●
Prof. the Hon. Alvin Wint	●	●	●	●	○	●	●	○	●	●	●	●	●
TOTAL	8	5	5	8	1	8	8	2	8	8	8	8	8
%GE	100%	63%	63%	100%	13%	100%	100%	25%	100%	100%	100%	100%	100%

// **Strategy:** Demonstrated experience in developing, implementing and delivering strategic objectives. // **Financial Expertise:** Experience in financial accounting and reporting, capital management and/or actuarial expertise. // **Global Perspective:** Having a global perspective through exposure or responsibility for international operations. // **Financial literacy:** Ability to analyse and interpret financial statements. // **Legal Skills & Expertise:** Proven ability and understanding in the application of legal principles. // **Listed Company Experience:** Minimum of 1 year's experience as a Non-Executive Director with a listed company. // **Human Resources & Compensation:** Knowledge and understanding of human resource management, talent development and compensation issues and models. // **Information Technology/Cybersecurity:** Experience in IT Governance/technology strategies and innovation and/or cybersecurity.
// **Stakeholder Engagement:** Demonstrated ability to build and maintain key relationships with industry, government and regulators. // **Corporate Governance:** Knowledge and understanding of governance structures and the application of the principles of corporate governance. // **Leadership:** C-level experience (with large organisation). // **Risk Management:** Proven ability in identifying, assessing and managing macro, strategic, operational and financial risks. // **Financial Services Industry:** Exposure to and understanding of the banking, insurance and/or securities industries.

Financial Group Limited and its shareholders generally;

b. does not represent a substantial shareholding of NCB Financial Group Limited;

c. is not a close relative of a significant shareholder of NCB Financial Group Limited; and

d. does not have an employment relationship with NCB Financial Group Limited or its parent companies.

The criteria for assessing independence under the Trinidad & Tobago Corporate Governance Code are primarily captured above, save and except for tenure and cross-directorships. This was considered by the Corporate Governance and Nomination Committee during the financial year; and it was determined that these factors would not significantly impact the outcome of assessments and as such, the existing definition of Independent Director should remain.

The Board Charter is available on the NCBFG website under **www.myncb.com/corporategovernance**

Board Leadership

The role of the Chairman and that of the President and Group CEO are clearly defined and the Board supports the separation of the two roles.

Role of the Chairman

As Chairman, Hon. Michael Lee-Chin, O.J. facilitates good Board leadership and governance. He has the requisite skills and experience in a broad portfolio of industries and organisations, including financial services, hospitality, real estate, and health care to lead this expanding Group. The Chairman also represents the Group to shareholders and the wider community and although, as the controlling shareholder of the Group, he is not an Independent Director, the Board believes that neither his significant interest in the Group nor his positions held outside NCB Financial Group impair his ability to fulfil his duties to the Board and Group.

Role of the President and Group Chief Executive Officer

The President and Group CEO, Hon. Patrick Hylton, O.J., C.D., is responsible for the overall management of the Group and leads the executive team. Mr Hylton also chairs the Boards of National Commercial Bank Jamaica Limited, NCB Capital Markets Limited, Guardian Holdings Limited and Clarien Bank Limited.

Role of the Lead Independent Director

The Jamaica Corporate Governance Code 2021 and the Trinidad and Tobago Corporate Governance Code 2013 recommend that where a Chairman is not an Independent Non-Executive Director, the Board should appoint a lead Independent Director.

The responsibilities of Professor the Honourable Alvin Wint, O.J., C.D., as Lead Independent Director, include providing a sounding board for the Chairman and chairing meetings of the Board where the Board Chairman is absent; chairing meetings of the Independent Directors, guided by the framework set out in the Board Charter and being available, as needed, for consultation with shareholders and other stakeholders.

Role of the Corporate Secretary

The appointment and removal of a Corporate Secretary is subject to the approval of the Board. The Board has appointed Mr Dave Garcia as the Corporate Secretary. He is suitably qualified and capable of performing the duties of the position. The Corporate Secretary ensures that appropriate and timely information is provided to the Board and its committees and is responsible for advising and supporting the Chairman and Board on all governance matters. All Directors have access to the Corporate Secretary.

Independence

Clause 2.4.1 of our Board Charter requires that the number of Independent Directors be no less than one-third of the Board membership.

One of the Board's responsibilities is to identify, on an annual basis, which Directors meet the criteria for independence. The activities concerning the annual review of independence have been delegated to the Corporate Governance and Nomination Committee. Independent Directors are expected to avoid serving on the Boards of competing companies.

To assess whether a Director may continue to be considered independent, each Director is required to submit an annual declaration of his or her interests and potential areas of conflict, which may adversely affect the Director's ability to effectively carry out his or her role and fulfil his or her duties to the company. Every quarter, each Director confirms his or her connected parties. Additionally, Directors are required to notify the Board of any status changes which would affect their independence and, once so notified, the Board will consider how this may affect its functioning.

As at September 30, 2022, 50% of the Directors were deemed to be independent:

- Professor the Honourable Alvin Wint, O.J. C.D. (Lead Independent Director)
- Sandra A. C. Glasgow
- Thalia Lyn, OD, JP
- Sanya Goffe

Meetings of Independent Directors

To facilitate free and open communication amongst Independent Directors, meetings are held at which only Independent Directors are present, except as may otherwise be determined by the

Independent Directors themselves. These meetings are chaired by the lead Independent Director or, in his absence, another Independent Director elected by the others present.

The objectives of these meetings are:

- To assess the extent to which Directors are able to provide an independent perspective on Board deliberations.
- To assess the extent of their independence from the controlling shareholder and from management.
- To assess the quality, quantity and timeliness of the flow of information between the company's management and the Board that is necessary for the Board to effectively and reasonably perform its duties.
- To carry out such other purposes as may from time to time be agreed.

The Corporate Secretary (as a member of management) does not attend the meeting, nor does any other employee of the company. The Lead Independent Director reports on the outcome of each meeting at the next regular Board meeting, orally or in writing, to the extent the Independent Directors consider reporting necessary. If an oral report is given, any material feedback is captured in the minutes. Action items are identified and carried out accordingly.

Access to Independent Professional Assistance

Directors are entitled to obtain independent professional advice relating to the affairs of the Group or their responsibilities as Directors, subject to approval of the fee by the Board if the Group is to pay it.

Access to Information and Management

The Board has unrestricted access to all company-related information. Managers and representatives who can provide additional insight into the items being discussed are invited to Board meetings.

Board Appointment and Renewal Process

The Board recognises that it derives its strength from the diversity, independence, skills and expertise of its members. It has delegated the development of a Board succession plan, as well as the screening and selection of candidates, to the Corporate Governance and Nomination Committee, which consists exclusively of Independent Directors.

The development of a candidate profile precedes the screening process, which includes confirming the interest and suitability of potential candidates, arranging interviews and conducting background checks. The Corporate Governance and Nomination Committee reviews the outcome of the screening process and prepares a report for consideration by the Board. The report takes into account the candidate's résumé background check findings and results of the interview process, as well as any other factors. The Board will then consider and, if thought fit, approve the appointment subject to any regulatory approvals and non-objections.

Under the Articles of Incorporation of NCBFG, any Director appointed either to fill a casual vacancy or as an addition to the existing Board will hold office only until the next annual general meeting, where he/she will be eligible for re-election. The Articles also require that all Non-Executive Directors retire at least once every three years. They are, however, eligible for re-election if recommended by the Board, for a further three-year period. During the financial year, ongoing discussions took place regarding the identification of additional Directors. The nomination procedure is contained in the appendix of the Corporate Governance and Nomination Committee Charter, which is available on the NCB Financial Group website – **www.myncb.com**.

Director Induction and Continuing Development

Induction

There were no board appointments during this financial year; however, our process is such that newly appointed Directors are required to participate in a comprehensive induction programme. This involves meetings with other members of the Board, Committee Chairs, executive management, heads of various divisions, heads of major subsidiaries as well as the Group's internal auditors. The programme is tailored based on the experience and background of the individual. During the induction, new directors are encouraged to identify areas for which they would like additional information, further meetings or training, which are then arranged by the Corporate Secretary.

On completion of the induction programme, all new directors are expected to have sufficient knowledge and understanding of the business to enable them to effectively contribute to strategic discussions and oversight of the Group.

Continuing Development

The Board is required to be up to date with current business, industry, regulatory and legislative developments, as well as trends that will affect the Group's business operations. Consequently, the Group has a continuing development programme in place for its Directors, which involves distribution of publications; payment for professional memberships; workshops; presentations at Board meetings; and attendance at conferences encompassing topics on (inter alia) directorship, corporate governance, business, industry or regulatory developments. Additionally, the Corporate Governance & Nomination Committee is charged with ensuring that Board members are developed through training or mentorship, where deemed necessary.

The annual continuing development calendar includes training in at least three specific areas for NCB Financial Group Directors as well as other Directors serving on boards within the Group.

For the financial year 2022, the following interactive training sessions were held:

Training Session	Topic	Presenter(s)
Anti-Money Laundering / Counter-Financing of Terrorism/ Proliferation Financing	Digital Assets: Anti-Money Laundering and Sanctions Compliance Implications	Representatives from McKinsey & Company
Information Technology/ Cyber Security	Ransomware & General Security Awareness Best Practices	Brad Curtis, Mandiant Consulting
Corporate Governance/ Environmental, Social and Governance (ESG)	ESG: Playing Offense – Opportunities in Climate and the Evolving Role of the Board	Dan Stephens, Senior Partner, McKinsey & Company
Environmental, Social and Governance (ESG)	ESG	Carolyn Bell-Wisdom, Partner, PricewaterhouseCoopers (PwC) Jamaica & Janice Noronha, PwC Canada

In addition to the above training sessions, the Directors of NCB Financial Group were provided with a variety of thought leadership articles during the financial year. Those Directors serving on Audit Committees within the Group were exposed to training on the topic 'The Audit Committee's Role in Digital Transformation', facilitated by The Institute of Internal Auditors and conducted by Mark Edmead, Senior Instructor.

NCB Financial Group also holds corporate membership in the National Association of Corporate Directors (NACD), which is extended to all Directors with an interest. Through membership, Directors have access to director certification programmes, conferences, online resources and educational programmes.

The Focus of the Board

During the year, the Board of NCB Financial Group Limited continued its focus on group and subsidiary governance. Some of the key activities undertaken included:

Area of Focus	Matters considered/Activities undertaken
Subsidiary Governance	▶ Proposal for business undertakings by subsidiaries. ▶ Hosting meetings of Committee Chairs by the Chairs of the respective Group Committees, with the primary objective of sharing best practices to ensure consistency in the application of charter responsibilities across the Group. ▶ Activities of subsidiaries through reports and escalation of minutes.
Strategic issues and planning	▶ Receiving management updates on NCBFG's transformation programme, Accelerate, as well as holding discussions and/or deliberations regarding other business transformation initiatives.
Financial performance:	▶ Review and approval of financial statements and stock exchange releases, draft audited financial statements, annual budget, and borrowing activities of the Group. ▶ Review of financial statements, financing and borrowing activities.
Board effectiveness	▶ Recruitment of new Directors. ▶ Participation in and review of results of externally facilitated Board effectiveness survey and peer evaluations, as well as review of action plans to improve results or address areas of opportunity, where applicable.
Risk	▶ Review of risk appetite and principal risks. ▶ Development of an ESG framework across the Group. ▶ Consideration of proposals involving intragroup exposure. ▶ Receiving presentations at Committee meetings from the heads of risk for NCBJ, GHL and Clarien, thereby allowing for interrogation. ▶ Approval of Automatic Information Exchange Policy and revisions to the Group Risk Appetite Statement and Group Risk Committee Charter.
Organisational Health/Culture	▶ Review of plans for organisational health and results of related surveys. ▶ Approval of the NCB Financial Group succession management policy. ▶ COVID-19 updates, including vaccination status of Directors and evolving measures to mitigate the impact of COVID-19.

Corporate
Governance Statement

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Board Remuneration

The remuneration of the Group's Board members should be sufficient to attract, retain and motivate suitably qualified and experienced persons required to drive the business in achieving its strategic objectives without detracting from their ability to exercise independent judgment.

Executive Directors and Non-Independent Directors do not receive remuneration for Directorships held in NCBFG or its wholly-owned subsidiaries, while aggregate remuneration for Non-Executive Directors is approved by shareholders at annual general meetings.

There is a Non-Executive Directors' Remuneration Committee, comprising those Directors who do not receive fees as Non-Executive Directors and chaired by the Board Chairman. Factors that are considered when determining remuneration for Non-Executive Directors include:

- Setting appropriate amounts that do not interfere with judgment and independence
- Size, risks and complexity of operations of the Group
- Time commitment required
- External market factors

There is no direct link between Non-Executive Directors' remuneration and the annual financial results of the Group and/or its subsidiaries; and there is no requirement for share qualification.

Remuneration includes a retainer for the year and a fee for each Board and Committee meeting attended. The fee structure payable during the financial year remained the same as in the prior year, consisting of the following:

- A retainer for the Chairman of $2,666,667 per annum (not actually paid) and a retainer for other Board members of $1,125,005 per annum.
- Directors who chair the Audit, Corporate Governance and Nomination and Risk Committees receive instead a retainer of $1,968,760 per annum. The Lead Independent Director, however, receives a retainer of $2,000,000 per annum.
- A fee payable to Directors of $83,333 per Board meeting and $66,667 for each Committee meeting attended.

Fees paid for the Financial Year 2022 are set out below:

Director	Q/E December 2021 (JMD)	Q/E March 2022 (JMD)	Q/E June 2022 (JMD)	Q/E September 2022 (JMD)	TOTAL (JMD)
Sandra Glasgow	$1,058,858.02	$842,189.68	$992,191.33	$858,556.00	$3,751,795.03
Sanya Goffe	$714,584.00	$564,584.34	$714,584.01	$647,917.02	$2,641,669.37
Thalia Lyn, O.D., J.P.	$514,584.00	$431,251.00	$514,584.00	$514,584.00	$1,975,003.00
Prof. the Hon. Alvin Wint, O.J., C.D.	$1,066,666.00	$849,999.68	$999,999.35	$866,666.01	$3,783,331.04

Board Committees

To assist in exercising its responsibilities, the Board has established four standing Committees, three of which are chaired by Independent Non-Executive Directors:

- Audit Committee (chaired by Professor the Honourable A. Wint, O.J., C.D., Lead Independent Director)
- Corporate Governance and Nomination Committee (chaired by Mrs Sandra Glasgow)
- Group Risk Committee (chaired by Professor the Honourable A. Wint, O.J. C.D., Lead Independent Director)
- Talent Management & Compensation Committee (chaired by Hon. Michael Lee-Chin, O.J., Board Chairman)

Each Committee is guided by a board-approved charter, which may be viewed at

www.myncb.com/corporategovernance

AUDIT COMMITTEE

The Audit Committee solely comprises Independent Directors.

Prof. the Hon. Alvin Wint, O.J., C.D. CHAIR
Sandra Glasgow
Sanya Goffe

Its purpose is to assist the Board of Directors in fulfilling oversight responsibilities for the financial and operational reporting processes; the system of internal control; the audit process; and the organisation's process for monitoring compliance with laws and regulations and the code of conduct.

Under the Audit Committee Charter, meetings are required to be held at least four times a year, with the possibility of more if circumstances require. Representatives of the external auditors, PricewaterhouseCoopers, are invitees for all Audit Committee meetings within the Group.

The Audit Committee executed its responsibilities under its charter during the year. Some of the activities included:

- Review of quarterly unaudited financial statements and stock exchange releases, with the external auditor present, and recommending approval of their release by the Board, giving due consideration to whether they were complete and consistent with the information known to Committee members.
- Review of the External Auditor's proposed audit strategy, scope and fees for the audit of the year-end financial statements.
- Review of related party transactions to ensure compliance with the policy on related party transactions.
- Submission of a quarterly report to the Board, in writing, from the Audit Committee Chairman on matters reviewed and discussed by the Committee.
- Evaluation of the services provided by the External Auditor.
- Separate private sessions held with the External Auditor and the Group Chief Audit Executive.
- The review of statements of confirmation of execution of charter responsibilities to be issued to subsidiary Audit Committees
- The review of the Audit Committee Charter and Internal Audit Charter
- The review of reports received under the Whistleblower Policy
- The pre-approval of non-audit service engagements by the Company's External Auditors.

The annual meeting of Audit Committee Chairs took place once again this year, chaired by Prof. Wint and involved the Group Chief Audit Executive along with the Audit Committee Chairs of Guardian Holdings Limited and Clarien Bank Limited, as well as the respective heads of Internal Audit and Corporate Secretaries. The meetings continue to be fruitful.

Corporate **Governance Statement**

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The Committee members along with those serving as Audit Committee members within the Group were exposed to training in 'The Audit Committee's Role in Digital Transformation' during the financial year.

CORPORATE GOVERNANCE AND NOMINATION COMMITTEE

The Corporate Governance and Nomination Committee is solely comprised of Independent Directors:

Sandra Glasgow CHAIR
Sanya Goffe
Thalia Lyn, O.D., J.P.
Prof. the Hon. Alvin Wint, O.J., C.D.

The purpose of the Corporate Governance and Nomination Committee is to assist the NCBFG's Board of Directors in ensuring that its composition, structure, policies and processes meet all relevant legal and regulatory requirements; to strive to achieve global corporate governance best practice standards; and to facilitate the Board's and management's objective of increasing the long-term value of the Group. The Committee is required to meet at least twice a year.

During the financial year, the Committee held three meetings and undertook the following activities:

- Reviewed the policy framework of the Group to ensure that policies remain up-to-date.
- Reviewed and recommended updates of key corporate governance policies and charters for Board approval - Corporate Governance & Nomination Committee Charter, Board Charter and Securities Trading Policy.
- Reviewed the results of the externally facilitated Board Effectiveness Survey, determining possible actions to be taken to address areas of opportunity and track those actions.
- Reviewed the independence status of existing Directors.
- Reviewed the Jamaica Stock Exchange Corporate Governance Index Gap Analysis and a proposed action plan to address gaps.
- Reviewed the Board's skills matrix and identified gaps to be filled.
- Reviewed the Board succession plan.
- Reviewed the proposed modification of Board and Committee evaluation templates for subsidiaries.

The meeting of the Corporate Governance Chairs was hosted by Mrs Sandra Glasgow, Committee Chair, with invitations extended to the Corporate Governance Chairs and Corporate Secretaries of Guardian Holdings Limited and Clarien Bank Limited.

THE TALENT MANAGEMENT & COMPENSATION COMMITTEE

The purpose of the Talent Management and Compensation Committee is to support Board oversight of:

- The Group's compensation principles and practices.
- The review of the relationship between risk, risk management, and compensation in light of the Group's objectives, including safety and soundness and the avoidance of practices that would encourage excessive or unnecessary risk-taking.
- Succession management for the senior officers in the Group and general human resource issues.
- Recruitment and retention of talent.

The members of the Committee are as follows:

Hon. Michael Lee-Chin, O.J. CHAIR
Hon. Patrick Hylton, O.J., C.D.
Prof. the Hon. Alvin Wint, O.J., C.D.
Sandra Glasgow

During the financial year, the Committee held four meetings primarily focused on succession planning. The activities undertaken included:

- Review of succession planning strategies for executive leadership within the Group and its major subsidiaries, as well as the review and recommendation of an NCB Financial Group Succession Management Policy for Board approval.
- Review of proposals for compensation of executives, senior management and executive assistants.

The Chair hosted the meeting of the talent management Chairs, which also included the heads of human resources of the NCB Sub-Group, GHL and Clarien along with the Corporate Secretaries of each entity.

GROUP RISK COMMITTEE

The Group Risk Committee comprises:

Prof. the Hon. Alvin Wint, O.J., C.D. CHAIR
Robert Almeida
Dennis Cohen
Hon Patrick Hylton, O.J., C.D.
Sandra Glasgow
Sanya Goffe

The purpose of the Group Risk Committee is to assist the Board in fulfilling its responsibility for oversight of the Group's risk management framework including the risk appetite, and the policies and major procedures related to managing credit, market & liquidity, capital, operations, regulatory compliance, anti-money laundering and counter-financing of terrorism, as well as certain other risks as determined from time to time. The Committee is responsible for evaluating the adequacy of the risk management function and also plays a role in the decision-making process around significant risks to be undertaken by the Group.

Four meetings were held during the financial year at which the heads of risk for each of three major sub-groups – NCB, Clarien and Guardian – presented reports to the Group Risk Committee which allowed for direct interrogation. Areas of focus included regulatory & financial crimes compliance, insurance, credit, operations, market & liquidity, capital, litigation, cross-border and emerging risks. Managers with responsibility for areas such as regulatory and financial crimes compliance, fraud prevention and information technology were also invited to join the meetings to provide Committee members with additional insight. The Committee also considered proposed revisions to the Group Risk Appetite Statement and Group Risk Committee Charter, recommending them for Board approval.

Additionally, the Committee has included in its ongoing monitoring the steps being taken to ensure NCB's compliance with data protection legislation relevant to NCB's operations. In keeping with the requirements under the group reporting framework, the Group Risk Committee Chair hosted the annual meeting of Risk Committee Chairs. This meeting was attended by the Risk Committee Chairs of GHL and Clarien as well as the heads of Risk and Corporate Secretaries.

Exposure to Environmental, Social and Governance (ESG) Risks

NCB is committed to conducting business in an environmentally and socially responsible manner.

This is consistent with the NCB Financial Group's good corporate governance and good citizenship principles aimed at assisting in the achievement of prosperous economies in the countries in which the Group operates. Accordingly, when consideration is given within the NCB Sub-Group to financing development projects from a risk perspective, evidence of approval/ non-objection from the relevant environmental agency is a pre-requisite. In addition, emerging risks are considered at Group Risk Committee meetings. During the year, discussions took place around defining the Group's ESG framework.

Meetings and Attendance at Board and Committee Meetings

Meetings and training sessions have continued to be held virtually with Directors receiving their meeting packs through an online Board portal, which facilitates the secure and convenient sharing and utilisation of Board and Board Committee documentation.

The frequencies of meetings and activities were in accordance with the respective Charters.

Corporate **Governance Statement**

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The attendance record of the NCB Financial Group Directors is reflected below:

Director	Board	Audit Commitee	Corporate Governance & Nomination Committee	Talent Management & Compensation Committee	Group Risk Committee
Robert Almeida	**7/7**	N/A	N/A	N/A	**4/4**
Dennis Cohen	**7/7**	N/A	N/A	N/A	**4/4**
Sandra Glasgow	**7/7**	**6/6**	**3/3**	**4/4**	**4/4**
Hon. Patrick Hylton, OJ, CD	**7/7**	N/A	N/A	**4/4**	**4/4**
Hon. Michael Lee-Chin, OJ	**7/7**	N/A	N/A	**3/4**	N/A
Sanya Goffe	**7/7**	**6/6**	**3/3**	N/A	**4/4**
Thalia Lyn, OD, JP	**7/7**	N/A	**3/3**	N/A	N/A
Prof. the Hon. Alvin Wint, OJ, CD	**7/7**	**6/6**	**3/3**	**3/4**	**4/4**

Board Performance

One of the principal responsibilities of the Board is to review its performance.

Board and Committee Evaluation

The Board evaluation process comprises two major activities:

- Director self/peer evaluations in which Directors evaluate themselves and each other.
- Board effectiveness surveys administered by external parties.

For Director self/peer evaluations, each Director is provided with a report on the feedback received on him/her, all Directors receive comments on overall observations, and the Chairman receives details of each Director's evaluation so he may determine whether any further steps – in particular, conversations with specific Directors – would be warranted or helpful.

The Board Effectiveness Survey was again facilitated by McKinsey & Company, a leading global consulting firm. This year the survey was again complemented by interviews with all Directors.

The results of the Board Effectiveness Survey were presented by representatives from McKinsey at a meeting of the Board of Directors held in February 2022 and generally reflected that Board members remained very satisfied with the Board's effectiveness.

Stakeholder Engagement

Disclosure and Transparency

The Group is committed to promoting investor confidence in the markets in which it operates by complying with its disclosure obligations (at a minimum) in a way that provides investors with equal access to timely, balanced and effective disclosures. All market-sensitive information is released to the Jamaica Stock Exchange (JSE) and the Trinidad and Tobago Stock Exchange (TTSE) in compliance with our disclosure obligations under the exchanges' listing rules. Additionally, the Group facilitates quarterly investor briefings using digital platforms that allow shareholders, journalists and other stakeholders to participate.

The Group also posts information released to the JSE and TTSE on its website.

Making contact with the investor relations team and company registrar:

The investor relations team is accessible and responds to enquiries received via various channels. Contact information is available for the Head – Group Investor Relations and Financial Advisory Unit of NCB and JCSD (our Registrar) and is set out under the Investor Relations tab of the NCBFG website – **www.myncb.com**. Shareholders' queries are generally handled there or by the Corporate Secretary's office of NCB Financial Group Limited. Questions and comments may also be submitted via e-mail to **ncbfginvestorqueries@jncb.com**

We believe that stakeholder engagement is vital to building a sustainable business and we engage many stakeholders in a variety of ways:

Shareholders	The President & Group CEO and the Group CFO & Deputy CEO, supported by the Corporate Secretary, executives within the Group and the Head of Investor Relations, interact regularly with shareholders, investment analysts and the media – most notably, after the release of the unaudited financial results at quarterly investor briefings. Investor briefings continued to be held virtually during this financial year. In February 2022, NCB Financial Group Limited held its Annual General Meeting in a hybrid format. Questions, comments and concerns were entertained via the meeting platform and a special e-mail box. These were in in turn addressed by the Chairman, Lead Independent Director, Board Members, Corporate Secretary, Company Executives and/or a representative of our External Auditors. During the financial year, we introduced a sign language interpreter at our investor briefings and Annual General Meetings.
Employees	The safety and well-being of our employees remained a priority. Our employees were kept up to date on the performance of the business. They also had the opportunity to interact with executives via frequently held webinars and virtual town hall meetings. The Board also carefully considered the results of the organisational health index surveys presented, which would reflect feedback received from employees, in addition to any action plans put forward by management.
Communities	The Board continues to be fully supportive of the important work being carried out by the three foundations and companies within the Group towards improving the lives of the people living in the local communities in which we operate. Additional information on activities relating to corporate social responsibility can be found on pages 129-138.
Customers	The Board regularly receives operational updates on the overall customer experience and organisational health. The focus on engaging customers through digital channels continued during this financial year.
Regulators and the Government	The Board, senior management and other key personnel continue to engage regulators and/or government on issues critical to good governance as well as any other issues that they deem important.
Suppliers & Business Partners	The Board recognises that our suppliers and business partners are critical to the success of our digital transformation journey and is supportive of collaboration to continue to improve operational performance through technology and various other means as well as for business continuity.

Corporate **Governance Statement**

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Articles of Incorporation

The Articles of Incorporation of NCB Financial Group Limited have not been amended since its incorporation in April 2016.

Other Key Governance Policies

In addition to the Board Charter, there are other key policies, which further illustrate our guiding philosophy as a business:

1. The Code of Conduct applicable to all Directors within NCB Group as well as the Code of Business Conduct applicable to employees.
2. The Enterprise Risk Management Policy
3. The Corporate Disclosure Policy
4. The Anti-Bribery and Corruption Policy
5. Securities Trading Policy
6. Whistleblower Policy
7. Regulatory and Financial Crime Compliance Policy
8. Board Succession Planning Policy

The above-mentioned policies are all available on the Company's website and the intranet. There is a requirement for an annual declaration by staff confirming that various policies (including some of these) have been read, understood and are being followed. In addition, annual refresher training may take place on matters concerning ethics and compliance. Directors must annually sign the Code of Conduct. Additional details may be found under Policies and Practices on pages 45-48.

Awards and Recognition

The details of several recent awards obtained by NCB are on page 44.

In May 2022, the Caribbean Corporate Governance Institute in association with Arthur Lok Jack School of Business launched the Trinidad and Tobago Corporate Governance Disclosure Ranking, which assesses the disclosure practices of companies with securities listed on the Trinidad and Tobago Stock Exchange, as well as how those activities conform to international best practices and the National Corporate Governance Code. NCB Financial Group Limited ranked first in the evaluation using international corporate governance codes and second measured against the Trinidad and Tobago Corporate Governance Code.

In addition, the Jamaica Stock Exchange (JSE) assigned NCB Financial Group Limited the maximum rating of "AA" on its last published Corporate Governance Index (CGI) – for the last three years (2020, 2021 and 2022). The CGI provides a numerical basis for measuring the strength of a company's adherence to corporate governance standards and best practices. These standards and best practices are based on governance codes developed by The Private Sector Organisation of Jamaica. They also cover legal and regulatory requirements as embodied in the rules of the JSE, the Companies Act and the Securities Act. A rating of "AA" means "The Company's performance was excellent in terms of the various principles of corporate governance as documented in the JSE's Corporate Governance Index".

Sandra Glasgow

Sandra A. C. Glasgow
Chair
Corporate Governance & Nomination Committee

Awards & **Recognition**

Our people work hard to create value and change lives. The individuals, teams and leaders that make us who we are continue to be the drivers of our growth and progress.

Every day, across NCB Financial Group Limited, we are focused on delivering exceptional service and delighting our customers. This relentless commitment continues to garner recognition and awards from organisations, publications and indices across the globe.

Awarded to NCB Financial Group Limited

JAMAICA STOCK EXCHANGE - BEST PRACTICES AWARDS 2021

- **Corporate Disclosure & Investor Relations Award** – 1st place
- **Website Award** – 1st place
- **Annual Report Award** – 2nd Runner Up

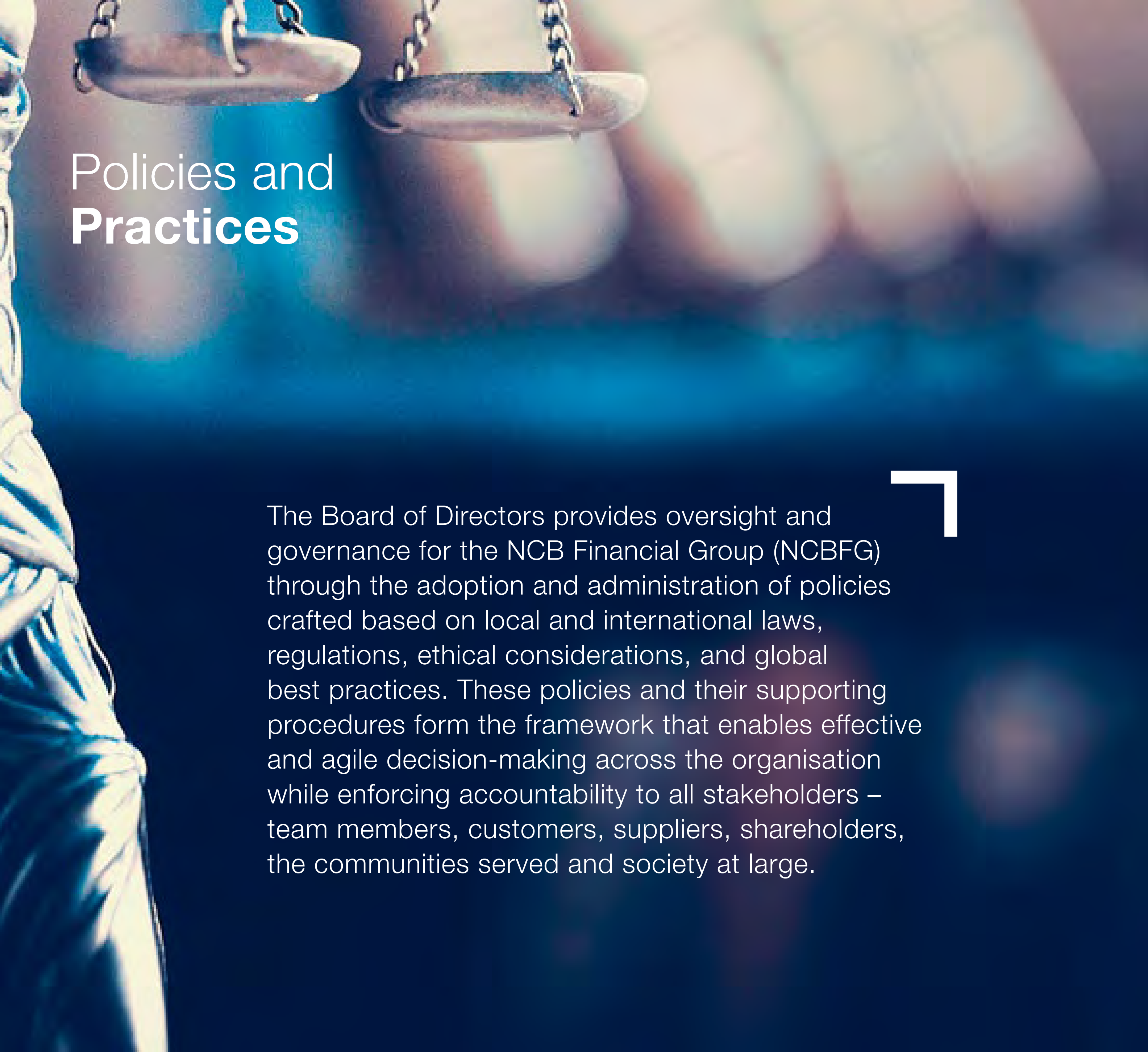
TRINIDAD AND TOBAGO CORPORATE GOVERNANCE DISCLOSURE RANKING

- **1st based on International Corporate Governance Codes**
- **2nd based on the Trinidad and Tobago Corporate Governance Code**

International Awards awarded to National Commercial Bank Jamaica Limited

GLOBAL FINANCE

- **Safest Bank Award** – Jamaica, 2022
- **Best Bank Award** – Jamaica, 2022
- **Best FX Provider** – Jamaica, 2022
- **Best Private Bank** – Jamaica, 2022



Policies and **Practices**

The Board of Directors provides oversight and governance for the NCB Financial Group (NCBFG) through the adoption and administration of policies crafted based on local and international laws, regulations, ethical considerations, and global best practices. These policies and their supporting procedures form the framework that enables effective and agile decision-making across the organisation while enforcing accountability to all stakeholders – team members, customers, suppliers, shareholders, the communities served and society at large.

Due to the nature of the Group's multinational operations, each policy outlines the scope of its application for the various entities that comprise the Group. Some policies apply to all subsidiaries of NCBFG, while others apply only to specific subsidiaries.

Several of our policies are available for viewing at **www.myncb.com/corporategovernance**

DIVIDEND POLICY

The Group maintains a dividend policy to ensure the organisation meets the capital needs of its shareholders, investors, and operations while making returns available to its shareholders. This helps ensure that adequate capital is maintained to meet the Group's strategic objectives, while remaining compliant with all regulatory requirements.

DIVIDEND PAY-OUT RATE

The Board of Directors has determined a dividend pay-out rate that allows it to declare dividends to shareholders at its discretion. These dividends will be paid from the realised earnings of the Group and will be subject to a maximum of

50% of the profits earned each year. If the pay-out falls below 50% in any one year, the Board of Directors reserves the right to increase future distributions proportionately.

The Board of Directors may also distribute to shareholders the full amount of dividends received from NCBFG subsidiaries and realised gains arising from non-recurring and extraordinary transactions at its discretion.

The Dividend Policy is consistent with the Capital Management Plan and is reviewed annually, or as deemed necessary by the Board of Directors.

SECURITIES TRADING POLICY

To ensure the organisation remains compliant with regulations, legislation and principles relating to disclosure and avoiding insider trading, the Group maintains a Securities Trading Policy. This policy explicitly defines persons within, or associated with, NCBFG and its subsidiaries or associated entities who must not buy, sell, or otherwise deal in stock units or other securities in the NCB Public Companies ("NCB Listed Securities") if they possess price-sensitive information about any NCB Public Company, including NCBFG.

Policies and **Practices**

CORPORATE DISCLOSURE POLICY

To maintain transparency in its operations, the Group has adopted a Corporate Disclosure Policy which regulates the disclosure of information by and about the organisation and its business activities, whether through regulatory filings, electronic or digital channels, interviews or conversations with media, media releases, speeches, presentations, and other similar channels.

This policy ensures that communication to the public regarding NCBFG's financial performance, operations and other information that may be of interest to investors is disseminated consistently, and is timely, factual, and accurate. Additionally, this policy dictates that this type of information be filed with the relevant regulators and stock exchanges in accordance with applicable laws.

ANTI-BRIBERY AND CORRUPTION POLICY

In support of its zero-tolerance approach to bribery and corruption, the Group has adopted an Anti-bribery and Corruption Policy, which provides guidelines for the appropriate professional, legal, ethical, and socially responsible behaviour of all employees.

This policy also provides insight and guidance for employees to recognise and deal with issues of bribery and corruption, while outlining a framework for the implementation and enforcement of effective systems to counter all forms of illegal and unethical behaviours, including bribery and corruption.

CORPORATE SOCIAL RESPONSIBILITY POLICY

The Group is guided by a Corporate Social Responsibility Policy, which outlines the primary beliefs on which the operations of the Group were established and are maintained. This policy outlines the organisation's six key principles that lay the foundation for the Group to maintain its position as a good corporate citizen:

- Inspired People
- Doing Good Business
- Creating Lifelong Delighted Customers
- Data Security
- Community Development
- Environmental Sustainability

BOARD REMUNERATION POLICY

In support of its commitment to attracting and retaining highly qualified Directors for all entities within the Group, NCBFG maintains a Board Remuneration Policy which provides a framework and outlines the principles for the remuneration of its Directors. This framework helps ensure that the organisation is effectively positioned to recruit, retain and motivate the best-qualified individuals who can drive the enterprise to success, while aligning the interests of the Board of Directors and senior management teams with those of the shareholders.

ENTERPRISE RISK MANAGEMENT POLICY

To enable effective decision-making and risk management across the Group, the organisation has established a group risk committee as a standing committee to the Board of Directors. This committee has charted an Enterprise Risk Management Policy, approved by the Board, which illustrates the Group's risk management framework, as well as other considerations such as risk appetite, managing credit, anti-money laundering and counter-financing of terrorism.

This policy also outlines the significant practices employed to manage risk, including new and emergent risks, within the various entities comprising the Group. It also contains the checks and balances to determine the adequacy of the Group's risk management function.

INFORMATION SECURITY POLICY

The Group has adopted Information Security Policies which governs information security in all areas of the organisation. These policies outline the procedures and processes related to the storage of digital data, and its transmission over the communication channels owned and operated by the organisation. These policies also provide guidelines for payment card industry (PCI) assets that involve information technology (IT) assets, which have a direct relation to cardholder data and business processes

for payment card processing, as distinct from general assets identified throughout the Group.

Other areas governed include cybersecurity and privacy laws and frameworks established in the countries in which NCBFG and its subsidiaries operate.

CODE OF BUSINESS CONDUCT

Given the Group's unique position as a financial services provider, its relationships with customers and clients give its employees a privileged view of the financial conditions and personal lives of the people they serve. With continued business growth, expansion and an evolving regulatory framework, the Group has adopted Codes of Business Conduct to ensure that employees of the Group adhere to the appropriate professional, legal, ethical, and socially responsible behaviour in all their interactions.

Empowering People.

Unlock

D

Building Communities.

Unlocking dreams means different things to different people. For some, it means being debt-free. For others, it is finally being able to stop taking the bus, getting an education, buying a home, or transforming their business. It is sometimes knowing their family will be alright, that they can build a lasting legacy, or retire on their terms. No matter the definition, we remain committed to helping our customers, team members and beneficiaries unlock their dreams and charge toward their goals. Along our 185-year history, we have discovered that one of the wonderful things about unlocking dreams is its multiplier effect.

Now, as always, we are fuelled by creating economic opportunity for the people and communities we serve, and we are inspired by their stories.

king
Dreams.

Scan the QR code or visit **www.myncb.com/annualreport2022** to tune into **Sandre**, **Gavin**, **Esther**, **Christopher**, **Kevin**, and **Lesline’s** stories of unlocking dreams, spotlighted over the following pages.

Sandre Malcolm
– Managing Director at Campus Elite & Lynk Small Business Customer

Sandre, the young Managing Director of the creative marketing and promotions firm Campus Elite, is a graduate of the University of the West Indies (Mona) who now hires current students at the university as part of his workforce. His small business not only promotes Lynk, TFOB (2021) Limited's digital wallet, but he is a Lynk customer. Sandre pays his young team members—some of whom are unbanked, all of whom have smartphones—with Lynk and is impressed by how they use it, not just to send and receive money, but as a budget management tool. Watch Sandre's story of Unlocking Dreams with the support of Lynk at www.myncb.com/sandrestory

Gavin Samuels
– Head of FIRST Tech Challenge Jamaica & N.C.B. Foundation Beneficiary

Gavin's love of science as a child set him on a path to robotics. Today, he is the head of FIRST Tech Challenge Jamaica which, since the first staging of its National Robotics Championship in 2019, has gone full 'STEM' ahead, promoting science, technology, engineering, and mathematics (STEM) to young people across Jamaica. FIRST's mission helps to unlock the potential of Jamaican's young people and builds the nation's tech industry. The N.C.B. Foundation is proud to partner with Gavin to power this initiative. Watch Gavin's story of Unlocking Dreams with the N.C.B. Foundation at www.myncb.com/gavinstory

Esther Lyle
– Small Farmer in Southfield, St. Elizabeth, Jamaica & Guardian Life Limited Client

Esther, principal of a woman-owned farm in Southfield, St. Elizabeth, farms vegetables, eggs, and goats and is known for running a tight ship. A savvy and level-headed business woman, she is devoted to her family and deeply connected to her community. Esther has ambitions of adding agro-processing facilities as part of her plan to scale her business and grow not just produce, but a legacy for family. Esther's Fisheries and Agriculture Multi-Advantage (FAMA) Plan from Guardian Life helped her when she became ill, and gives her security for the future. Watch Esther's story of Unlocking Dreams with support from Guardian Life at www.myncb.com/estherstory

Christopher Faria
– Founder and Director of AgraLiving Institute Bermuda & Corporate Client of Clarien Bank Limited

Christopher, Corporate Client of Clarien Bank Limited (CBL) and founder and director of social enterprise, AgraLiving Institute Bermuda, works daily to improve food security and provide sustainable farming education to Bermudians. Retailer of seasonal produce, seeds, farm tools, and courses for home growers, AgraLiving is powered by ecommerce solutions from CBL that allow customers across the archipelago to shop and book courses on its website. Christopher's advice for sustainable gardening is threefold: start small, connect with educational resources, and partner with others. As it turns out, advice for growing a garden is much like growing a financial base. Watch Christopher's story of Unlocking Dreams with support from CBL at www.myncb.com/christopherstory

Kevin Ingram
– Head – Branch Sales – Retail Banking & Customer Experience Division at National Commercial Bank Jamaica Limited

The list of positions Kevin has not held at National Commercial Bank Jamaica Limited (NCBJ) may be shorter than the list of the ones he has. After joining NCBJ with a three-year plan, Kevin built his career in finance, and even met his wife, over his over 30-year tenure at NCBJ. Today, Kevin, aka "Mister NCB," remains unrelentingly committed to empowering every customer with whom he works – he says it's why he bounds out of bed every morning. Watch Kevin's story of Unlocking Dreams at NCBJ at www.myncb.com/kevinstory

Lesline Aiken
– Verification Clerk at National Commercial Bank Jamaica Limited

Lesline, a deaf team member at National Commercial Bank Jamaica Limited (NCBJ), earned the nickname "Eagle Eye" while working as a Verification Clerk at NCBJ. During a tenure approaching two decades, she has opened the door for other deaf team members and taught her co-workers sign language. Her stellar work ethic and personal and professional stories are daily reminders of the importance of inclusion and how embracing a diverse worforce adds value for companies. Watch Lesline's story of Unlocking Dreams at NCBJ at www.myncb.com/leslinestory

MD

MANAGEMENT DISCUSSION

&A

& ANALYSIS

"Our shareholders can rest assured that we are taking full advantage of this moment in history. It is within this context that I affirm that the NCB Financial Group remains focused and committed to its aspiration of becoming a world-class Caribbean financial ecosystem and its purpose of Empowering People. Unlocking Dreams. Building Communities."

Hon. Patrick Hylton, OJ, CD, LL.D (Hon)
President and Group Chief Executive Officer

Letter from
the President

Dear Shareholders, Colleagues, Customers and Partners,

I will start this year's letter in the same way I closed last year's letter to you.

> *"These are the times in which a genius would wish to live. It is not in the still calm of life, or the repose of a pacific station, that great characters are formed. The habits of a vigorous mind are formed in contending with difficulties. Great necessities call out great virtues."*
>
> ––– Abigail Adams

Since then, despite a relaxation of pandemic precautions on a global scale, we have seen several challenging developments – among these the Russia-Ukraine conflict, a number of local and global benchmark rate increases to tame inflation, and in July 2022, the World Health Organization classifiication of monkey pox as a "public health emergency of international concern." No country or business has been exempt from the leadership challenge of a lifetime due to the economic and social effects of this unusual chain of events.

For many, this has been unsettling. However, I view the time in which we are living as a game-changer and an opportune time to accelerate positive change. So, what have we been doing with this opportunity?

1) Innovating and disrupting the status quo

2) Building new capabilities

3) Focusing on our people

4) Strengthening our resilience

Innovating and disrupting the status quo

We introduced Lynk, our digital wallet, in December 2021. There is no need to visit a branch to sign up; it may all be done on a mobile device. Payments to businesses and transfers to individuals are both free and instant. We have been able to expand access to financial services for the unbanked and remove many pain points from the typical banking experience thanks to a regulatory environment created to enable greater financial inclusion and our development of a fintech company. Even though it is still early, it is not surprising that since the launch, more than 170,000 unique customers and more than 4,700 merchants have joined. Additionally, Lynk is the only digital wallet integrated with JAM-DEX, Jamaica's central bank digital currency.

Using a strategic alliance with an online pharmacy in Trinidad and Tobago, Guardian Life began offering e-pharmacy services to its clients in 2021. Through the use of an integrated platform, our customers have access to a service that links patients and doctors with an online pharmacy, streamlining the prescription filling procedure and providing integrated delivery.

Both of these ideas, would have been considered but not implemented before the pandemic. However, with the urgent need to adapt to the constraints of the new environment, both initiatives were accelerated and implemented, ultimately creating significant value for customers.

Building new capabilities

As a financial group, we have begun to deploy artificial intelligence and machine-learning enabled solutions to enhance our customers' experiences and drive key business outcomes. At Guardian, we are leveraging artificial intelligence tools to mitigate claims fraud and identify measures to reduce claims costs. At National Commercial Bank Jamaica Limited, our WhatsApp chabot, Simone, has assisted over 100,000 customers with sales and service transactions since its inception in 2021.

Through the launch of our fintech solution, we have leveraged capabilities such as cloud technology and marketing automation. In addition, we continue to invest in recruiting and developing talent in advanced analytics, software engineering, user experience design and cloud engineering, among other next generation capabilities.

Focusing on our people

In the same way that the pandemic reminded us to stay close to our loved ones, we continue to stay close to our customers and employees. Without our team and our customers, we would be unable to deliver desired returns to our shareholders.

Our focus on organisation health continues, as well as our investments in building the capabilities and supporting the engagement of our team members.

With respect to our customers, we continue to listen and respond to feedback.

At Guardian Group, our One Guardian Digital Platform for customers unifies all our Trinidad and Tobago business product lines delivering an omni-channel experience for our customers across web, phone, walk-in and text messages. Key features include quick quotes, online payments, client portfolio view across insurance and investment products, a health e-card and an artificial intelligence bot built into the platform for real-time customer queries that are connected to our Customer Service for real-time support.

Based on the feedback of several of our stakeholders, we have developed new ways of making banking, investing and overall wealth building easier for our customers and business partners. We launched NCB Assist Biz which is an automated self-managed solution for business customers to submit and track the fulfilment of service requests/ resolution of complaints.

We also launched the NCB Capital Markets Limted (NCBCM) mobile app, NCBCM Wealth Connect, which allows customers to view their portfolio balances, transaction history, and stock market data from the Jamaica Stock Exchange. It also allows them to execute unit trust and equity trades and make transfers between their National Commercial Bank Jamaica Limited (NCBJ) and NCBCM accounts.

All these solutions were guided by customer feedback. To get continuous input from our customers, versus relying exclusively on semi-annual surveys, we leverage our WhatsApp chatbot to get feedback from customers on their experiences with us across a number of customer journeys and interactions.

Strengthening resilience

This year, we commemorate a significant milestone for our Group, whose roots date back 185 years to 1837, the year the Colonial Bank of London, England, opened its doors on Harbour Street in Kingston, Jamaica. Throughout this 185-year history, the organisation has overcome many challenges and so our resilience continues to be a strength. But like any muscle, it weakens if you stop working on it and it gets stronger if you continue to work on it and challenge yourself to take on more. We have invested in developing the resilience of our team members and the resilience of our organisation.

We have invested in a series of wellness activities, and skills-based workshops and trainings that equip our employees with relevant skills for the future. We have expanded our leadership development programmes, many of which equip our managers and senior leaders with skills to lead in uncertainty. Our hybrid work model has facilitated operational resilience and greater workforce productivity and flexibility.

As an organisation, NCB Financial Group maintains strong capital positions across its Group. The Group's liquidity positions are robust and supports its resilience to market shocks. In continuance of the strategy to grow liquidity buffers, NCBJ successfully raised US$300 million in August 2022 via a Merchant Voucher Securitisation transaction in the international private placement markets. NCBFG continues to have access to funding in the international markets despite market volatility. The resilience of our Merchant Acquiring and Payments franchises led to the following Fitch rating upgrades in June 2022:

- Merchant Voucher Receivables programme to 'BBB-' from 'BB+' (Investment Grade) with stable outlook
- Diversified Payment Rights programme to 'BB+', from 'BB' with stable outlook

Our shareholders can rest assured that we are taking full advantage of this moment in history. It is within this context that I affirm that the NCB Financial Group remains focused and committed to its aspiration of becoming a world-class Caribbean financial ecosystem and its purpose of Empowering People. Unlocking Dreams. Building Communities. I am grateful for each team member, customer, supplier, partner and shareholder who continues to be a part of our story and our journey.

Hon. Patrick Hylton, OJ, CD
President & Group Chief Executive Officer
NCB Financial Group

Management Team

ALLISON WYNTER
Group Chief Risk Officer

Allison is responsible for the identification, assessment, measurement, monitoring and management of the principal risks faced by the Group, with particular emphasis on those risks related to credit, markets, liquidity, and operations.

DAVE GARCIA
Group General Counsel and Corporate Secretary

Dave provides the Group with leadership, direction and general advice on legal, governance and corporate secretarial matters, while maintaining effective relationships with stakeholders. He guides the Group's legal strategy as well as the ongoing development and monitoring of the governance framework. He ensures appropriate oversight and management of legal risk.

DENNIS COHEN
Group Chief Financial Officer and Deputy Chief Executive Officer

Dennis provides leadership and oversight for the Group's financial planning and reporting. He is also responsible for monitoring the Group's performance against strategic and budgetary objectives. In addition, Dennis oversees the Group's transformation office, investor relations, and other key business segments.

The leaders of the NCB Financial Group work together towards a common goal of creating stakeholder value, committing to building superior customer experiences and raising the bar for the financial services industry.

MISHECA SEYMOUR SENIOR
Group Chief Compliance Officer

Misheca is responsible for the development, implementation and effectiveness of compliance and fraud prevention programmes. This includes the maintenance of appropriate measures to combat money laundering and the financing of terrorism. It also involves the prevention, detection, investigation, management, and reporting of fraud, while ensuring compliance with relevant regulations.

MUKISA RICKETTS
Group Chief Audit Executive

Mukisa provides strategic direction and oversight of the internal audit activities for the Group. In this role, she facilitates transparency of the Group's operations through independent and objective assessment of the effectiveness of the risk management, governance processes and the internal control environment.

PATRICK HYLTON
President and
Group Chief Executive Officer

Patrick provides strategic leadership for all entities within the Group. He leads the development of the Group's vision, strategic plans, objectives, and capital allocation decisions, and works closely with the executive leadership team to execute the strategies designed to meet stated objectives. These objectives are optimised to deliver short- and long-term growth, manage risk prudently, and enhance customer experience and employee engagement. Patrick communicates with the Board, shareholders and other key stakeholders to ensure continuous alignment on performance and strategic direction.

Executive **Summary**

The management of NCB Financial Group Limited ("NCBFG" or "the Company") and its subsidiaries (hereafter referred to as "the NCB Financial Group", "the Group", "we", "our" or "our organisation") is responsible for the integrity and objectivity of the information contained in this Management Discussion and Analysis ("MD&A").

The financial data presented in this MD&A is based on the informed judgment of management with proper consideration given to materiality. Management maintains an accounting and reporting framework, which includes internal controls required to ensure that transactions are properly maintained and recorded, that assets are secured from unauthorised use and that disposal of assets and liabilities are fully recognised. Importantly, the effectiveness of this control mechanism is frequently monitored and supported by written policies and instructions, trained staff, strong internal audit and procedures for risk assessment.

The MD&A provides a guided approach towards evaluating the performance of the Group for the year ended September 30, 2022, as well as compares current financial results with prior year's results. It is to be read in conjunction with the audited consolidated financial statements and related notes. The financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The MD&A may contain forward-looking statements. These statements may include the words "believe", "expect", "intend", "plan", "estimate", "may", and similar expressions as well as statements other than statements of historical facts including, without limitation, those regarding the business strategy, plans, targets, 2023 outlook, 2024 strategic plan, expectations related to general economic conditions, market trends, anticipated impact on business segments and objectives of the management of NCBFG for future operations. Forward-looking statements are subject to uncertainty and uncertainties that may substantially differentiate actual results from forward-looking statements. These statements are not to be interpreted as guarantees of future performance and therefore, undue reliance should not be placed on them. Although forward-looking statements contained in this MD&A are based upon what the management of NCBFG believes are reasonable assumptions, there can be no assurance that forward-looking statements will prove to be exact, as actual results and future events could differ materially from those anticipated in such statements. NCBFG undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change. All sums are represented in Jamaican dollars, unless otherwise stated.

Corporate Overview

NCBFG is the licensed holding company of four direct subsidiaries, namely: National Commercial Bank Jamaica Limited ("NCBJ"), NCB Global Holdings Limited ("NCBGH"), Clarien Group Limited ("CGL") and TFOB (2021) Limited ("TFOB"). NCB Financial Group operates in the financial services industry, providing products and services in banking, insurance and investment management through 21 territories across the Caribbean. The NCB Financial Group is also the largest financial conglomerate in Jamaica and is among the largest within the Caribbean, measured by profitability and total assets.

NCBFG offers a wide range of products and services distributed through seven business segments. The products and services offered to customers include: loans, deposits, electronic banking, payment services, structured finance, trade finance, foreign exchange, wealth management, pension fund management, annuities, trust and general, health and life insurance services. Our products and services are made easily accessible to customers via multiple channels, including online platforms, mobile apps and - for banking services - self-service options and through our financial kiosks, intelligent ABMs at our Bank on the Go locations. NCBFG remains committed to delivering superior value for customers through various digital channels to ensure a delightful customer experience.

NCBFG's shares are listed on both the Jamaica and Trinidad & Tobago Stock Exchanges. More details on the Company may be found on our website at **www.myncb.com**.

Direct Subsidiaries of NCB Financial Group Limited

SUBSIDIARY	PRINCIPAL ACTIVITIES	PERCENTAGE OWNERSHIP
CLARIEN	Banking, investment and trust services	50.10
National Commercial Bank Jamaica Limited	Commercial banking	100
Global Holdings Limited	Holding company	100
TFOB (2021) Limited	Digital/electronic payment services	100

The full list of subsidiaries can be found in note #1 of the financial statements, **page 169.**

NCBFG Business Segments

OPERATING ACTIVITIES	SEGMENTS	SUBSIDIARY
Banking and Investment Activities	Consumer & SME Banking Payment Services Corporate & Commercial Banking Treasury & Correspondent Banking	NCBJ and its wholly owned commercial banking subsidiary Commercial banking subsidiary of Clarien Group TFOB (2021) Limited
	Wealth, Asset Management & Investment Banking	Wealth, securities dealing, brokerage, investment & asset management subsidiaries of NCBJ Investment management subsidiary of CGL Asset management subsidiaries of GHL
Insurance Activities	Life & Health Insurance and Pension Fund Management	Life and health insurance subsidiaries of GHL Insurance and pension fund management subsidiary of NCBJ
	General Insurance	Property and casualty insurance subsidiaries of GHL
Other	Other	All other subsidiaries not named above

Executive **Summary**

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CLARIEN GROUP LIMITED

Clarien Group is one of Bermuda's largest independent integrated financial services organisations. The establishment boasts more than eight decades of banking experience in the financial services industry. In December 2017, NCBFG acquired a 50.1% majority stake in Clarien Group Limited. The partnership has positioned Clarien to become a regional leader in financial services and wealth management. Clarien Bank Limited ("CBL"), a major subsidiary of Clarien Group Limited and one of four licensed banks in Bermuda, provides banking, investments and trust business for Bermudian and international clients. Clarien Bank is involved in community banking and provides retail and private banking services to individuals, and commercial banking services to small and medium-sized businesses. CBL offers services such as demand and term deposits, consumer, commercial and mortgage lending, credit and debit cards, and letters of credit. Additionally, through its subsidiaries, CBL engages in investment management, brokerage and advisory services and trust administration. The Clarien Group serves its customers through four primary channels: 1) Personal Banking, 2) Commercial Banking, 3) Private Banking and 4) Asset Management.

NATIONAL COMMERCIAL BANK JAMAICA LIMITED

National Commercial Bank Jamaica Limited ("NCBJ"), one of eight commercial banking institutions in Jamaica, ranks number one by profit and total assets among commercial banks within Jamaica. NCBJ is a deposit-taking institution ("DTI") licensed under the Banking Services Act in Jamaica and is regulated by the Bank of Jamaica ("BOJ").

NCBJ and its subsidiaries ("NCBJ Banking Group") continues to be the largest and most profitable banking and financial services Group in Jamaica based on net profit and total assets. NCBJ and its subsidiaries operate primarily in Jamaica, however, banking, wealth management and other financial services are also offered in the Cayman Islands, Trinidad and Tobago, and Barbados.

NCB GLOBAL HOLDINGS LIMITED

NCBGH, a wholly owned subsidiary of NCBFG, incorporated in Trinidad and Tobago as a holding company, owns a 61.77% majority stake in Guardian Holdings Limited ("GHL").

The Guardian Group is a leading insurance provider with its operations spanning 21 territories across the English and Dutch speaking Caribbean, including the islands of Jamaica, Trinidad and Tobago, Barbados, Curacao, Aruba, St. Maarten and Bonaire. The Guardian Group offers world-class products and services in life and health insurance, asset management, trust services and general insurance through several subsidiaries across the Caribbean.

TFOB (2021) LIMITED

TFOB (2021) Limited ("TFOB"), incorporated in April 2021, is a fintech company currently focused on developing the Group's latest payment platform, Lynk. The Lynk mobile wallet, launched in late 2021, currently offers several payment options to wallet holders including local money transfers, bill payments and mobile top-up. Subsequent to the financial year, TFOB was granted approval by the Bank of Jamaica to operate a remittance service as a Primary Agent. This new payment platform will aid in promoting greater financial inclusion and enable a fast, secure, reliable and safe payment alternative.

Credit Ratings

Each year, NCB Financial Group and its subsidiaries are rated by independent international & regional rating agencies. These ratings provide an unbiased outlook of the Group's financial strength and credit quality using distinctive methodologies that guide their assessment and evaluation of our companies.

Rating agencies utilise their own methodologies for assessing our creditworthiness and that of our obligations and securities (including long-term debt, short-term borrowings and asset securitisations) which are based on independent analyses and financial modelling.

When reviewing our credit ratings, including financial strength, performance, prospects, operations, asset quality, capitalisation and liquidity position, as well as the general operating environment,

Tables 1 & 2 provide the latest public rating for NCBFG and its main subsidiaries.

Table 1 NCBFG Ratings

RATING AGENCY	TYPE OF RATING	RATINGS ASSIGNED		OUTLOOK
CariCRIS[1]	Issuer/Corporate Credit Rating	Regional Scale	*Cari***A+** (local currency)	Stable
			*Cari***A** (foreign currency)	
		National Scale	*jm***AAA** (local currency)	
			*jm***AA+** (foreign currency)	

Source: Caribbean Information & Credit Rating Services Limited ("CariCRIS") Rating Release – NCB Financial Group Limited, September 16, 2022.

Table 2 Ratings

SUBSIDIARY	RATING AGENCY / RATING TYPE OR INSTRUMENT RATED	RATINGS ASSIGNED		OUTLOOK
NCBJ	CariCRIS	Regional Scale	*Cari***A** (local currency)	Stable
			*Cari***A-** (foreign currency)	
		National Scale	*jm***AA+** (local currency)	
			*jm***AA** (foreign currency)	
	Fitch Ratings	Long-term Issuer Default Ratings (IDRs)	***'B+'*** (foreign and local currency)	Negative
		Short-term IDRs	***'B'*** (foreign and local currency)	
		Viability Rating	***'b+'***	
		Support Rating	***'4'***	
		Support Rating Floor	***'B+'***	
	S&P Global Ratings	Issuer Credit Rating	B+/Stable/B	Stable
NCB Capital Markets Limited (NCBCM)	CariCRIS - Issuer/Corporate Credit Rating	Regional Scale	*Cari***A-** *(local currency)*	
			*Cari***BBB+** *(local currency)*	
		National Scale	*jm***AA-** *(local currency)*	
NCB (Cayman) Limited		Regional Scale	*Cari***A** (foreign and local currency)	
NCB Capital Markets (Barbados) Limited		Regional Scale	*Cari***BBB** (foreign and local currency)	
		National Scale	*bb***AAA** (local currency)	
NCB Merchant Bank Trinidad & Tobago Limited		Regional Scale	*Cari***A** (foreign and local currency)	
		National Scale	*tt***A** (local currency)	
GHL * (Insurance composite) (T&T)	AM Best	Long-term Issuer Credit Rating	bbb- (Good)	Stable
Guardian General Insurance Limited (T&T)		Financial Strength Rating	A- (Excellent)	
		Long-term Issuer Credit Rating	a- (Excellent)	
Guardian Life of the Caribbean (T&T)		Financial Strength Rating	A- (Excellent)	
		Long-term Issuer Credit Rating	a- (Excellent)	

these agencies take into consideration both qualitative and quantitative factors. Other factors that influence our credit ratings include the rating agency's assessment of the general operating environment for financial services companies; our relative position in the industry; the sovereign credit rating of the relevant governments; current or future regulatory and legislative initiatives; the agency's views on whether the relevant governments would provide meaningful support to our organisation in a crisis; our various risk exposures and risk management policies; our reputation; diversity of funding sources and funding costs; the current and expected level and volatility of our earnings; our capital position and capital management practices; and our corporate governance. Additionally, from time to time, rating agencies may adjust their methodologies which may impact our credit rating. Our organisation maintains active discourse with these major rating agencies and it is our objective to preserve high-quality credit ratings through outstanding financial performance.

Performance Measurement

The Group executed a range of strategic initiatives that are embedded with performance indicators to monitor and track progress. The plans and related indicators are translated down to the business units, executive and individual employee levels. The performance of the group is measured against internal targets alongside country specific, regional and international benchmarks. We monitor various aspects of our performance on a regular basis and challenge ourselves to continuously improve our performance. Strategic progress is assessed using financial and non-financial metrics to cover all areas of our performance and to ensure we meet or exceed the expected results for the benefit of all our stakeholders. Our financial measures include quantitative targets for net profit, revenue, cost optimisation, digitisation, core statement of financial position portfolios, profitability metrics, market share, capital management and strength, liquidity, risk management and operating efficiency. Our non-financial targets include objectives in the areas of customer service, customer satisfaction, customer loyalty, sales effectiveness, innovation, product penetration, efficiency improvements, branch optimisation, employee satisfaction, employee engagement, organisational health, regional expansion, corporate governance, corporate social responsibility and community involvement.

To proactively respond to changes in our operating environment, our senior and executive management team monitors key metrics and forecasts performance on a weekly basis. Our performance reports include forward looking projections to ensure prudent and timely decision-making as well as historical performance assessments so that corrective actions can be made where necessary. We actively pursue our strategic imperatives and review outcomes using defined strategic measures to ensure alignment with the overall mission of the organisation.

Central banks across the world sought to combat inflationary pressures by employing contractionary monetary tools throughout the financial year. The effects of these measures, coupled with rising global tensions resulted in an intensification of market volatility which led to the decline in investment and trading opportunities. Interest rate management has been at the forefront of the Group's operations as we navigate the rising interest rates and its consequent impact on consumers. Frequent stress testing and scenario analyses were also conducted and the organisation, through the efficacy of the executive management team and the resilience of the employees, made adjustments where required and implemented additional measures to enhance the performance of the Group.

Financial **Snapshot**

TABLE 3: Five-year Summary of Selected Financial Data

(in millions, except per stock unit amounts)	2018	2019	2020	2021	2022	% Change Financial Year 2021 vs. Financial Year 2021	Five-year compounded annual growth rate (CAGR)
	For the year ended September 30						
Consolidated Income Statement Extract							
Banking & Investment Activities							
Net interest income	35,144	44,595	52,490	48,627	**59,199**	22%	14%
Credit impairment losses	(1,961)	(4,825)	(10,285)	(3,385)	**(2,724)**	(20%)	9%
Net interest income, net of impairments	33,184	39,770	42,205	45,242	**56,475**	25%	14%
Net fee & commission	15,864	19,180	21,369	22,489	**26,133**	16%	13%
Gain on foreign currency and investment activities	15,611	15,412	8,793	22,830	**16,576**	(27%)	2%
Net result from banking & investment activities	**65,818**	**76,749**	**76,371**	**98,154**	**107,293**	**9.3%**	**13%**
Insurance Activities							
Net underwriting income	8,759	48,155	101,669	110,234	**123,909**	12%	94%
Policyholders' & annuitants' benefits & reserves and other insurance related expenses	(4,962)	(33,723)	(69,213)	(87,282)	**(81,605)**	(7%)	101%
Net result from insurance operations	**3,797**	**14,432**	**32,456**	**22,952**	**42,304**	**84%**	**83%**
Operating income	69,615	91,181	108,827	121,105	**149,597**	24%	21%
Staff costs	23,776	32,121	40,527	44,501	**49,106**	10%	20%
Other operating expenses, including depreciation & amortisation and finance cost	19,652	32,616	41,039	50,350	**55,354**	10%	30%
Net profit	28,581	31,165	26,883	20,076	**39,923**	99%	9%
Net profit attributable to stockholders of the parent	27,959	29,869	19,090	14,227	**27,319**	92%	(1%)
Earnings per stock unit ($)	11.39	12.30	8.01	6.25	**11.89**	90%	(1%)
Dividends paid per stock unit ($)	2.70	3.40	1.90	0.50	**0.00**	(100%)	(100%)
Consolidated Statement of Financial Position Extract (at year end)							
Investment securities	389,490	759,496	853,086	900,512	**959,487**	7%	20%
Net loans	372,635	423,103	452,955	523,489	**580,988**	11%	9%
Total assets	978,585	1,616,300	1,800,260	1,917,128	**2,078,689**	8%	16%
Customer deposits	484,848	504,679	573,969	647,085	**715,277**	11%	8%
Repurchase agreements	152,885	174,620	211,436	224,805	**247,677**	10%	10%
Liabilities under annuity and insurance contracts	38,093	394,615	405,015	433,057	**437,175**	1%	63%
Other borrowed funds	65,559	124,953	125,066	136,972	**153,272**	12%	19%
Equity	139,584	183,871	200,205	206,665	**197,999**	(4%)	7%
Equity attributable to stockholders of the parent	130,041	147,590	156,115	161,094	**149,528**	(7%)	3%

Financial **Snapshot**

CONTINUED

TABLE 4: Key Ratios and Per Stock Unit Data

	Year ended September 30				
	2018	2019	2020	2021	**2022**
Profitability ratios					
Return on average total assets	3.42%	2.40%	1.57%	1.08%	**2.00%**
Return on average equity	22.73%	21.52%	12.57%	8.96%	**17.59%**
Net results from banking activities to operating income	94.55%	84.17%	70.18%	81.05%	**71.72%**
Net insurance results to operating income	5.45%	15.83%	29.82%	18.95%	**28.28%**
Cost to income ratio	60.68%	67.43%	68.48%	76.19%	**68.58%**
Insurance loss ratio	54.63%	61.28%	60.31%	69.56%	**56.87%**
Per stock unit data					
Dividend payout ratio (based on payment date)	23.71%	27.64%	23.72%	8.00%	**0.00%**
Dividend yield	2.17%	1.63%	1.45%	0.39%	**0.00%**
Book value (J$)	52.74	61.60	65.82	70.20	**65.16**
Market Price - Jamaica Stock Exchange (JSE)					
High	J$130.00	J$249.00	J$215.00	J$150.00	**J$132.28**
Low	J$84.01	J$110.11	J$130.00	J$121.03	**J$88.92**
Year end - close	J$124.52	J$208.79	J$130.90	J$127.52	**J$89.89**
Market Price - Trinidad and Tobago (TTSE)					
High	TT$6.75	TT$10.71	TT$11.50	TT$9.00	**TT$8.25**
Low	TT$5.05	TT$5.73	TT$7.15	TT$7.80	**TT$4.50**
Year end - close	TT$5.73	TT$10.44	TT$7.75	TT$8.25	**TT$4.50**

2022 Overview

We remained focused and committed to advancing our strategic transformation, undeterred by the many headwinds that could have restrained aspects of our performance in FY 2022. We continued to execute on a range of strategic initiatives geared towards growth and long-term resilience as we navigated the changing economic and operating environments. The successful implementation of our initiatives demonstrates the Group's commitment to achieving its goal to create a regional financial ecosystem to provide world-class products and services through our fully integrated subsidiaries.

The following four pillars continue to anchor our aspiration for 2024 and beyond:

1. **Strong financial performance –** delivering world-class growth, efficiency, return of assets and return on equity.

2. **Inspired people and culture –** becoming the employer of choice, with strong organisational health, and a place where each employee is proud to be a part of the team and committed to our success as an organisation.

3. **Delighted customers –** being the preferred and most trusted financial partner for customers across segments.

4. **Digital to the core –** operating a world-class technology and analytics platform that enables fast, simple, intuitive, secure, stable and delightful digital first experiences for customers and employees.

We have made significant progress with each of the foregoing imperatives and capitalised on the opportunities unearthed by the gradual improvement in economic activities, notwithstanding the accompanying challenges and volatilities that also emerged. Additionally, we continued to invest heavily in the development and training of our team at all levels, as we are acutely aware that the current and future successes accruing to the organisation will only be delivered through the efforts of our team.

The steady advancement of our technological capabilities yielded favourable results by improving efficiency and enhancing customer experience through the creation of a seamless multichannel experience. We remain resolute in achieving our aspirations, thereby unlocking potential growth opportunities and further strengthening our regional position.

Improving economic conditions in most of our operating territories augured well for the Group's performance during the financial year. NCB Financial Group Limited reported consolidated net profit of $39.9 billion and net profit attributable to stockholders of the parent of $27.3 billion, a 92% or $13.1 billion increase when compared to the prior year. Our asset base increased to $2.08 trillion, up 8% or $161.6 billion primarily due to increased investment securities and net loans. The growth in the asset base along with improved net profits resulted in return on average assets of 2.00% compared to 1.08% in the prior financial year. Equity attributable to stockholders of the company declined by 7% or $11.9 billion to $149.5 billion with return on average equity of 17.59%, up from 8.96% in the prior financial year.

JAMAICA

As Jamaica's largest and most profitable financial conglomerate, we are striving to lead a digital revolution across the island, as we modernise our operating model and expose our customers, staff and stakeholders to first class digital processes and solutions. For the 2022 financial year, a significant portion of our efforts was devoted to honing our digital capabilities and bringing innovative digital solutions to market.

Since the launch of TFOB in 2021, we have made significant strides in our efforts to support the national agenda of promoting financial inclusion, while also bringing a first-class digital payment solution, Lynk, to the market. To date we have enrolled over 170,000 wallet holders and 4,700 merchants to the payments platform and we are also currently the sole distributor of the Central Bank's Digital Currency (CBDC) - JAM-DEX. Through our collaboration with the Bank of Jamaica, we have distributed $250 million in CBDC to wallet holders as part of the national goal of proliferating access to financial services for the unbanked and the use of the new digital currency.

We have also gained notable traction in our ongoing push to migrate routine customer transactions from our banking halls to our electronic platforms, and as such, were able to consolidate our local footprint by closing five branch locations, while gaining cost efficiencies.

We continue to develop and deploy artificial intelligence and machine learning enabled solutions and capabilities across the Group to improve operational efficiencies and service delivery. We are having great success with Simone, our AI chat bot, launched in 2021 and have to date assisted customers in closing over 200,000 sales and service transactions. Additional digital inroads were made in our wealth management arm through the launch of the NCB Capital Markets mobile app, which now allows customers to carry out a wide range of enquires as well as to execute and track service requests and transactions in real time.

For obvious reasons, we continue to pay special attention to our business customers and ascribe a great deal of importance to their growth and success. As part of our efforts to support this, NCB Assistbiz was launched. The NCB Assistbiz is an automated self-managed solution, that allows business customers to raise and track the resolution of service requests and complaints.

BERMUDA

Bermuda has seen a gradual uptick in tourism with the relaxation of some COVID-19 restrictions. While visitor arrivals and other tourism related activities are still below pre-pandemic levels, the recovery boosted Bermuda's employment, foreign exchange income and government revenue, which bodes well for the island's economic outcome for 2022 and the outlook in 2023. On the downside, however, the country has been relegated to the EU's "grey list" of tax havens. While the classification does not come with the imposition of penalties, it can inflict reputational harm on the territory's financial services industry, particularly its offshore banking sector.

Notwithstanding the foregoing, the territory's government has remained focused on its medium-term economic recovery plan, which is geared towards diversifying Bermuda's economy through the growth of new industries. The focus will be on those with the largest expected impact relative to the government's commitment – e.g. medical tourism, vertical farming, Small and Medium-sized Enterprise (SME) marketplace, residential schemes, casino industry, sub-sea communications and the space strategy, and improving the legal and regulatory frameworks for businesses. With these developments, Clarien is poised to capitalise on the opportunities that will come to the fore by offering specialised service and solutions to the market as the country embarks on its own transformation journey.

Financial **Snapshot**

CONTINUED

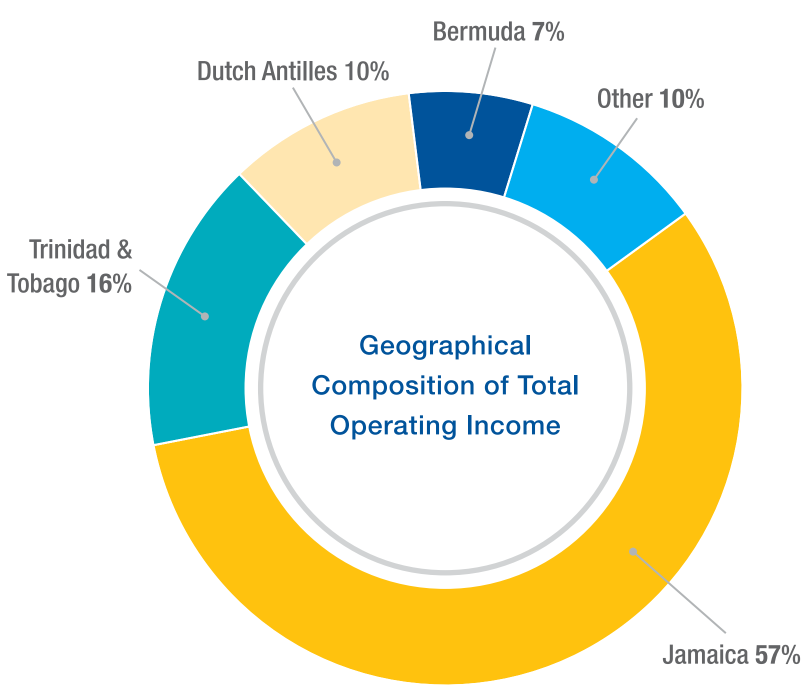
Clarien Bank seeks to be a leader in the development and deployment of digital banking services and solutions in Bermuda, as it drives the transition away from face-to-face and manual interactions to greater use of online and self-service models. In support of this objective, and recognition of the importance of all customer segments, Clarien has partnered with Age Concerns, a volunteer-based seniors support group, to assist seniors in Bermuda with their adaptation to digital banking practices. Additionally, Clarien had introduced a digital account opening platform for individual current and saving accounts – a first for the Bermuda market. The bank has further built on the momentum created from these digital innovations and in April 2022 adopted a totally digital, self-service-based model for its personal banking service offering.

With the digital inroads that have been made, Clarien is well positioned to capture market share in the underserved segments, as well as to expand to other jurisdictions that are exhibiting potential. This positive outlook is bolstered by the recent acquisition of an unrestricted banking licence which will now allow the bank to offer banking services to a wider cross section of the Bermudian public.

TRINIDAD AND TOBAGO, BARBADOS AND THE WIDER CARIBBEAN

Trinidad and Tobago, Barbados and the wider Caribbean are seeing the establishment of a new state of normalcy, increased business and consumer activity and a resultant improvement in economic performance for 2022. Trinidad and Tobago registered economic growth in 2022, as there was improved activity in both their non-energy and energy sectors. The 2023 prospects for the country appear positive as there are expectations of higher energy prices and energy demand which bode well for the economy. The Barbadian economy likewise reflected an improved outturn in 2022 due to the better than expected rebound of its tourism sector. While the country grapples with the effects of rising inflation and interest rates, its central bank reports that continued economic recovery will be largely dependent on the continued recovery of its tourism sector, and the acceleration of investments in a series of special projects.

The aforementioned positive developments have translated to a general improvement in the outturn of our insurance, wealth management and investment banking operations in these territories. We are encouraged by these results and will remain steadfast in our drive to push the digital agenda in all business segments in which we operate. We continue to release new and updated technological applications and solutions to facilitate improved customer experiences, operational efficiencies and greater investor confidence.



OUTLOOK

While regional and global economies reflected varying rates of recovery in 2022, for many, the outlook for 2023 is fraught with uncertainty given concerns about rising inflation, rising interest rates and geopolitical tensions in Europe. For our industry in particular, there are added concerns as a result of the imminent adoption of the revised IFRS 17 standard which will impact our insurance business and the implementation of more stringent capital adequacy standards as a result of Basel III, which will likewise impact our Jamaican banking business. Notwithstanding the foregoing and even fears of an ensuing global recession, we believe that we have laid a solid foundation to allow us to not only survive, but to thrive regardless of the challenges.

The execution of our Strategic Programme continues in earnest as we chart the path to achieving our ambitious 2024 goals. The achievement of our four-pronged aspiration of **strong financial performance, inspired people and culture, delighted customers** and being **digital to the core** remain the strategic imperatives that will guide the Group to transition to a world-class financial ecosystem and establishing our position as a regional leader. We are cognisant of the challenges that may lie ahead, but we have chosen to focus our attention on the variables that we are able to control and direct in order to achieve the desired outcome. We also recognise the importance of staying close to our team and our customers as all achievements and successes will be done through and for these respective groups of stakeholders.

Finally, as we look to the future, we will endeavour to always be deliberate in every aspect of our transformation journey, as nothing can be left to chance given the scale and importance of our mandate. We are taking measured and calculated steps forward, leveraging our strengths and capabilities along the way. Significant resources have been deployed to hone these capabilities, some which may have been developed over the last 185 years of our existence, and others which we would have acquired in more recent times. While there may be challenges ahead, we also know that there are accompanying opportunities and so we remain optimistic about the future.

Operating **Environment**

MACROECONOMIC PERFORMANCE

TABLE 1: Regional Economic Growth & Inflation

PERIOD	Barbados	Bermuda	Cayman	Jamaica	T&T
GDP Growth					
2019	-1.3%	2.9%	3.8%	0.9%	-1.2%
2020	14.0%	-8.5%	-6.7%	-9.9%	-7.9%
2021	3.3%	3.8%	1.8%	4.6%	-0.7%
YTD 2022	10.5%[1]	3.9%[2]	3.8%[3]	4.8%[4]	-0.1%[5]
2022F	10.0%	3.3%	4.0%	2.8%	5.8%
2023F	5.0%	2.8%	2.4%	3.0%	1.6%
GDP Growth					
2021	3.0%	1.5%	3.3%	7.3%	2.1%

Sources: Bermuda Government, S&P, Moody's, STATIN, Fitch Solutions, IMF, BOJ, ESO, CBTT

Economic Performance

As recovery from the COVID-19 pandemic gathered momentum in the world's major economies, the markets in the Group's operating territories began to rebound during the first half of FY 2022. This positively impacted the financial performance of our business lines.[6] Rising inoculation rates and the removal of COVID-19 restrictions facilitated the normalisation of business activity, setting the stage for recovery. Increased employment, which drove greater private consumption, combined with pent-up demand for travel in key tourism export markets, improved traveller sentiment and strong external demand to spur recovery in our tourism-dependent territories (Jamaica, Barbados, Bermuda, and the Cayman Islands) (see Table 1). With sharp increases in energy prices, stemming from geopolitical tensions and the rebound in global growth pushing up energy prices, Trinidad and Tobago (T&T) also began to shake off the effects of the pandemic, recording improved economic performance in 2021.

However, in 2023 as the primary effects of the pandemic fade, the pace of economic expansion will be expected to slow across our markets. While the recovery augurs well for business performance, expectations for further increases in interest rates in Jamaica and the US, one of the region's key export markets, are likely to keep trading gains depressed due to lower bond prices, compressing the margins in our securities business. As a result, high interest rates could challenge loan demand and fixed-income capital market transactions. Moreover, economic growth could slow faster than expected, given the possibility of recession in the

1. This represents output for H1 2022).
2. This represents output for H1 2022.
3. This represents output for H1 2022.
4. This represents output for H1 2022.
5. This represents output for H1 2022.
6. NCBFG reported unaudited consolidated net profit of J$25.9 billion for the nine months ended June 30, 2022, an increase of J$12.0 billion (or +86%) over the prior year.
7. This is Q1 of NCBFG's financial year.
8. Bermuda, Jamaica, T&T, Cayman and Barbados eased COVID-related lockdowns and restrictions at the start of H2 in April 2021, in H1 2022, at the beginning of April 2022, in August 2022, and September 2022, respectively.
9. Barbados grew by 10.5% during the H1 2022. Bermuda and Cayman Islands recorded a growth rate of 3.9%, 3.8%, while Jamaica grew by 6.4% and 4.8% in Q1 and Q2 2022.
10. Global hotel occupancy

markets of major trading partners, like the US, the UK, and Canada, which would reduce export demand for goods and services in the region.

At the start of our financial year, the recovery story differed across all countries, as vaccination rates varied and government policy towards the pandemic began to diverge. New waves of infection resulted in the re-imposition of restrictions in some countries, while others opened borders and partially re-opened their domestic economies, driving growth. Jamaica began to rebound in the June quarter of 2021, and sustained it throughout the December quarter,[7] with economic activity expanding by 6.7%. Barbados also grew by 11.3%, and Bermuda by 1.0% in the same quarter. These early signs of rebound were supported by the relaxation of some of the COVID-19 measures, including reduced curfew hours and the easing of travel restrictions;[8] as increased vaccination levels helped reduce infection rates, which positively impacted commerce and tourism-related activities. Whilst data on the Cayman Islands is limited, it is estimated that the sovereign achieved improved economic results in the December quarter, despite sustained border closures. Higher income levels among the Cayman Islands' main trading partners led to a rise in demand for the islands' key services including finance and insurance. There was also strong demand for consumer goods and real estate. In contrast, economic activity remained depressed in Trinidad and Tobago, which was reflected in the 0.1% contraction during the quarter as the energy sector continued to be adversely affected by low natural gas production and supply challenges persisted. Renewed restrictions, spurred by a surge in COVID-19 cases, also weighed on the non-energy sector.

Since the start of 2022, the recovery has been more broad-based, with all major operating territories experiencing growth on the back of a continued revival in international tourism, and elevated global natural gas and oil prices. Jamaica, Barbados, the Cayman Islands and Bermuda reported improvement in real output for their respective periods[9] due to wider border reopening, the removal of remaining COVID-19-related restrictions and even more robust labour markets[10] in key tourism export markets. Reduced fears around travelling and greater airlifts to the region also buoyed the recovery. According to the Bermuda Tourism Authority, visitor arrivals increased by 313.6% year-on-year in Q1 2022 but remained below pre-pandemic levels.[11]

In Jamaica, tourist arrivals increased by 173.36% from January to June 2022 relative to 2021, supported by the best summer season on record. Considering this strong rebound, the country is expected to see 2.6 million visitors, with a corresponding spend of US$4.2 billion by the end of 2022, exceeding pre-COVID-19 levels by US$500 million to US$600 million. In Barbados, long-stay arrivals reached 55% of 2019 levels during Q2 2022. Similarly, the Cayman Islands' economic performance was broad-based, with the acceleration largely reflecting a recovery in tourism[12] and transport-related sectors.

This robust recovery in the tourism sector across countries also had spillover effects in other key sectors of the economy, such as construction, manufacturing and agriculture. While the sector has reported robust recovery, visitor numbers remain largely below pre-pandemic levels due to the slower rebound in the cruise industry. Cruise travel had lagged stopovers, as restrictions and travel advisory risk warnings on cruises were lifted much later. Furthermore, traveller fears ebbed more slowly, largely because of the more densely congregated settings, allowing viruses to spread easily among travellers onboard ships. That being said, cruise travel is expected to pick up in our 2022-23 financial year, with the removal of almost all of their COVID-19 vaccination requirements, the addition of travel insurance, and new laws that protect travellers by requiring cruise lines in some areas to provide refunds for cancelled or delayed voyages.

While Trinidad and Tobago's real GDP was still in the negative territory, as at the end of March 2022, there has been a drastic improvement from 2021 levels and overall positive growth of 5.8% is expected for 2022 (see Figure 1). Growth is being bolstered by

exceeded pre-pandemic levels consistently throughout the summer. For July and August 2022, hotels saw a global occupancy average of 67% compared with an average of 64% over the same timeframe in 2019. These positive trends indicate consistent consumer confidence when it comes to booking travel for future stays, laying excellent foundations for a strong Q4, where on-the-books data is already outpacing 2019 bookings.

11. In Bermuda, the tourism sector contributed 16.0% of Bermudian GDP and 22.1% of total employment in 2019, and though tourism restarted in 2021 these figures remained significantly lower at 8.5% and 11.4% respectively.

12. Air arrivals rose by 1,866.8% to 41,007 as all regional markets recorded stronger growth, led by the US market, which provided 31,325 visitors. The hotel and restaurant sector had an estimated growth of 27.8%, while transport and communication expanded by an estimated 14.3%.

Operating **Environment**

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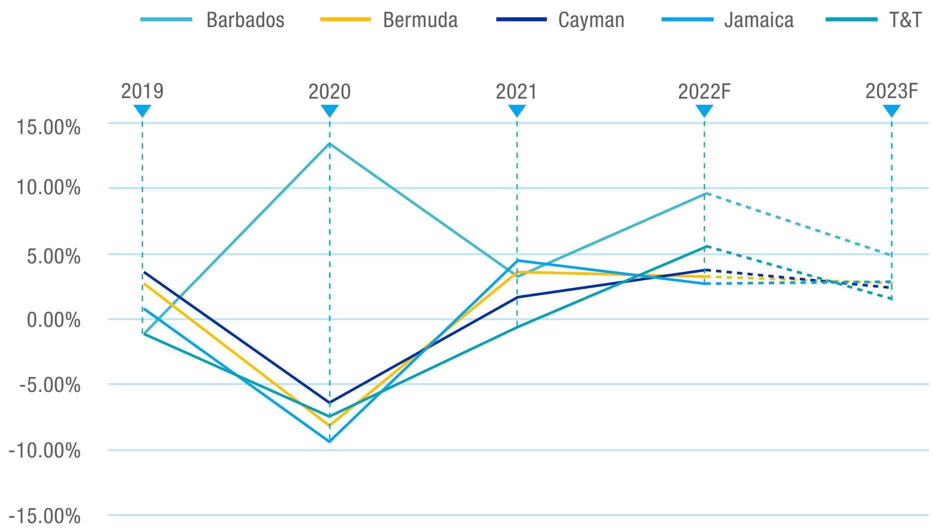
FIGURE 1: Economic Performance (2019-2023f)



Sources: Bermuda Government, S&P, Moody's, STATIN, Fitch Solutions, IMF, BOJ, ESO, CBTT

elevated natural gas and oil prices and increased production since then. Importantly, the non-energy sector rebounded by 2.2% during the second quarter, driven by strong performances in the manufacturing[13] and transport and storage sub-sectors.

Overall the reopening and recovery in economic performance across our operating territories have influenced an improvement in NCBFG's net profit outturn in the recently concluded financial year. Recovering economic activity, lower unemployment rates and increased corporate profitability spurred loan growth, while a higher market interest rate environment, supported interest income. Further, increased retail and corporate activity supported fee income, given higher transaction volumes due to increased credit card usage, in the Payment Services segment. The removal of lockdown restrictions in operating territories benefitted the mobility of advisors and customers and resulted in a strong performance in the Life and Health Insurance segment, as reflected in the growth in net premium income. That being said, the high interest rate environment has weighed on margins in our securities business and has reduced trading gains in the face of the downturn in the bond and stock markets. The environment, however, continues to create opportunities and demand for new alternative investment products, which has positively impacted fee and commission income.

OUTLOOK

The forecast is for growth to be moderate across our operating territories in 2023 (see Figure 1), as high inflation and tighter financial conditions are presenting headwinds expected to slow the pace of recovery in key trading partners and the region. The IMF is projecting a deceleration in global and regional growth to 2.7% and 1.7% in 2023

13. This excludes refining and petrochemical.

from 3.2% and 3.5% in 2022, respectively. This slowdown reflects the maturing of the recovery from the pandemic-induced recession, and tighter financial conditions due partly to aggressive US monetary policy tightening, weakening external demand growth, increased inflation, and policy uncertainty in some countries. However, the still-positive growth outlook is supported by the fact that the region's mainstay, tourism, should continue to improve, as labour markets remain tight with increased wages in key countries such as the US, the UK, and Canada. This, along with rising comfort around travelling, including on cruise ships, the upcoming winter-tourist season, investments to expand hotel capacity,[14] and new airlifts bode well for the sector in Bermuda, Jamaica, the Cayman Islands, and Barbados. Against this background, the expectation is that these countries will see tourist activity returning to 2019 levels by the end of 2023. However, the latest United Nations World Trade Organization (UNWTO) confidence index and booking trends are suggesting a potential for a slowdown in travel demand, given the combination of rising interest rates, high, though falling, energy and food prices, and prospects of a global recession. Should this materialise, the return to pre-pandemic levels of economic activity could be delayed beyond 2023.

Natural gas prices are expected to improve slightly in 2023[15] and should remain relatively high, which along with higher production, will continue to support growth in Trinidad. Local energy production is poised to benefit from the start-up of several upstream projects from bpTT, Shell Trinidad and Tobago, EOG Resources Trinidad and Touchstone Exploration. However, delays in the completion of natural gas upstream projects could prolong some supply challenges currently plaguing the energy sector and limit the near- to medium-term economic rebound. The sector and sovereign should be helped by OPEC+'s announcement of a production cut of 2 million barrels per day (b/d) to support prices in the near future amidst a falloff from recession concerns. Moreover, OPEC has cut its global economic growth forecast for 2023[16], which could mean further production cuts may be on the horizon to shore up prices where necessary.

There are several risks to the economic outlook for our new financial year. First, lower business investment and consumer spending in the construction and real estate sectors, due to higher borrowing costs in countries such as Jamaica, could weigh on the growth outlook. Second, a prolonged conflict and severe sanctions on Russia could result in elevated energy and food prices, thereby negatively impacting private consumption given the high dependence of most of our operating markets on imported commodities. Third, a further slowdown or recession in key markets could result in lower regional remittance flows and weaken private consumption.

Inflation

During the fiscal year, inflationary pressures persisted amidst geopolitical tensions and supply chain bottlenecks across all operating territories. Supply chain challenges resulting from the global economic recovery and the negative effects of the geopolitical tensions between Russia and Ukraine on commodity prices fueled inflationary pressures in many countries globally. Inflation rose sharply in Jamaica and the Cayman Islands but was more moderate and delayed in Barbados, Bermuda, and Trinidad and Tobago (see figure 2).

Jamaica, which has a floating exchange rate regime and therefore greater pass-through potential of imported inflation, experienced the sharpest rise in consumer prices relative to other operating territories, followed by Cayman, whose hot housing market drove prices higher. After months of a steady acceleration in inflation, consumer prices appeared to have peaked at 11.8% in April 2022 and declined to 9.3% by the end of our financial year (September 2022). Despite the moderation, it remained firmly outside the Bank of Jamaica's (BOJ) 4% to 6% target range for the 14th consecutive month. Supply chain bottlenecks, though easing, have not returned to pre-pandemic levels. This, along with stronger demand for commodities amidst the widespread

14. Jamaica is experiencing the largest hotel development boom in any one year. An additional 8,000 hotel rooms are in the pipeline at various stages of development and planning at a cost of about US$2 billion (Source: Ministry of Tourism). In Barbados there are at least two new development projects, including Sam Lord's Castle Estate and Carlisle Bay development project, inclusive of five hotels (Source: Caribbean Export development Agency). In Cayman there are at least five new resorts slated to open between 2023 and 2025 (Source: Travel Age West).

15. EIA Forecast: Natural gas prices are expected to increase to US$15.14 per thousand cubic feet in 2022 to US$15.60 per thousand cubic feet in 2023.

16. OPEC cut its 2022 global economic growth forecast to 2.7% from 3.1%, and trimmed 2023's figure to 2.5%.

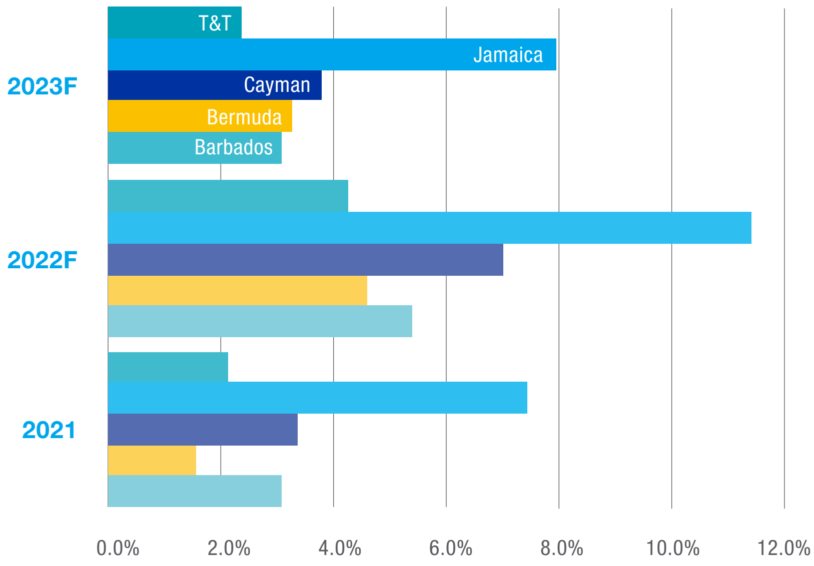
Operating **Environment**

CONTINUED

economic reopening, has sustained above-average commodity prices, particularly for food and energy. Additionally, higher energy prices translated into increased utility and transportation costs.

Similarly, these factors influenced 5.9% and 4.5% increases in domestic prices in Trinidad and Tobago, and Bermuda, respectively, for the 12 months ending July 2022, relative to 3.9% and 2.5% at the start of the financial year. For Barbados, the factors also influenced an 8.3% inflation rate for August 2022, up from 4.4% at the beginning of our financial year. The travel and tourism demand recovery also impacted prices, with the transport and foreign travel sector in Bermuda being the largest contributor (9.0%) to the twelve-month increase in its consumer price index (CPI). In Cayman, 11 of the 12 CPI divisions used to measure inflation recorded increases in average prices during the second quarter, with the largest increase (19.2%) for housing and utilities. This influenced the 12.1% inflation rate for the quarter ending June 2022, higher than the 6.4% reported at the start of the financial year and the highest increase among our operating territories. While rates increased significantly for most countries, the overall hike was depressed by government subsidies implemented to reduce the impact of high prices on consumers. For example, the Jamaican government instituted an electricity subsidy, while the Barbados government capped the value-added tax on fuel

FIGURE 2: Regional Inoculation Rates



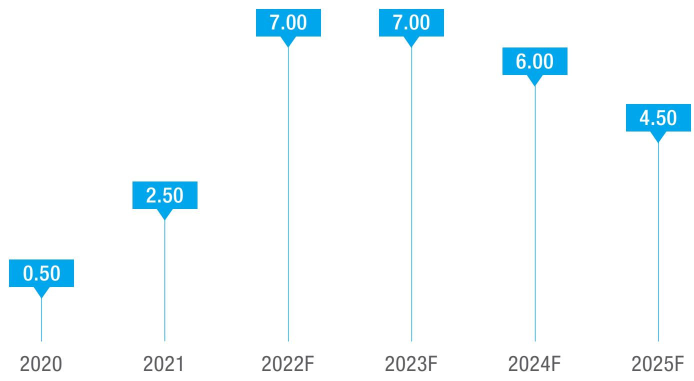
prices as well as electricity, and recently broadened the basket of VAT-free items. These measures are being complemented by a Barbados private sector initiative to reduce mark-ups on a select basket of items for six months. Similarly, the Trinidad and Tobago government paid some TT$2.6 billion to subsidise fuel, while the Cayman Islands Government offered a fuel cost credit to residents to help alleviate the price of electricity. Regionally, consumer prices are expected to decline but remain elevated for the rest of 2022, given still-high food and commodity prices, persisting geopolitical tension, and supply chain challenges. However, price pressures should ease more significantly in 2023 as slowdowns in demand and economic activity stemming from aggressive monetary policy actions cause a further drop in commodity and food prices and supply chain costs. Global supply chain pressures have been subsiding since April 2022, evidenced by the continual decline in the Global Supply Chain Pressure Index, which will help contain freight costs and gradually lead to greater availability of products and a reduction in the cost of goods. Additionally, prices for commodities such as oil, gas, grains and foods have all declined since their respective highs,[17] which will limit import-led inflation. Most notably, lower import-led inflation should lower production costs which bodes well for businesses and consumers.

17. Based on the WTI crude oil, prices have declined by 23.8% from the peak of US$114.17 back in June 2022; Natural Gas prices have decline by 10.6% from the peak back in August 2022; Wheat prices have declined by 17.9% from the peak back in May 2022 and according to the FAO Index of the United Nations food prices have declined by 14.9% from the peak back in March 2022.

Monetary Policy

Globally, higher policy rates to combat persistent inflationary pressures were a consistent theme throughout our financial year. This trend has been fueled by the fact that countries, particularly those in the Latin America and Caribbean region, have been susceptible to the adverse effects of the geopolitical tensions between Russia and Ukraine on food and fuel prices. Regionally, however, there has been some amount of monetary policy divergence as global inflation has filtered into local markets at different rates. For example, markets with a floating exchange rate policy and high reliance on fuel imports would have experienced higher inflation pass-throughs, resulting in monetary policy action by central banks. In contrast, countries with a fixed exchange regime and less reliance on fuels in their import mix would have seen their policy rates remain constant.

FIGURE 3: **Jamaica's Central Bank Policy Rate**



In Jamaica, which has a floating exchange rate regime and a high reliance on fuel imports, the BOJ entered an aggressive monetary tightening cycle during our fiscal year to stem spiralling inflation. As at September 2022, the BOJ had carried out nine consecutive hikes of its benchmark rate, resulting in a cumulative 600 basis point increase in its policy rate to 6.50%. Although inflation has been decelerating since May 2022 and global pressures easing, it remains well outside the BOJ's target range. Consequently, the Bank is expected to administer additional increases in its policy rate going into our new financial year as inflation is expected to remain above target in the near term. BOJ is also expected to increase its policy rate to prevent capital outflow, as the Federal Reserve has raised its rate by 300 basis points since March 2022. Furthermore, inflation expectations,[18] though falling, remain high, and there are signs that inflation needs to sufficiently solidify on the downward path, with risks of reversal remaining.

That being said, we expect the BOJ to halt increases in 2023 as inflation trends sustainably lower due to consistent declines in commodity and food prices, barring any increase in geopolitical tensions. BOJ has and will continue to employ the tools to bring inflation back within its target range.

In contrast, while inflation in Trinidad and Tobago and Barbados has increased, monetary policy remained accommodative in both countries, with their central banks' benchmark rates unchanged at 3.50% and 2.0%, respectively. In particular, Trinidad and Tobago's current inflation rate is relatively low compared to Jamaica, Barbados, and major developed markets such as the United States, Canada, and the United Kingdom. This lower rate reflects that Trinidad and Tobago is a producer of oil and gas, and as such, was able to stave off some of the adverse

18. Inflation expectations for the 12-months ahead decreased to 11.7% in the September's survey relative to the previous survey's estimate of 12.6% in August).

Operating **Environment**

CONTINUED

effects of the geopolitical tensions on energy prices compared to fuel importers. On the other hand, like many other countries, rising food prices contributed significantly to Trinidad and Tobago's inflation as its food inflation rate reached 10.3% in July, while core inflation (which excludes food items) measured 4.9%. Nonetheless, Trinidad and Tobago's relatively low inflation rate has allowed the country to maintain its accommodative monetary policy.

In contrast, while inflation in Barbados has been comparable with highs seen globally, the country's policy rate has remained accommodative. This stance is likely due to its desire to maintain its economic growth trajectory after the sharp COVID-19-induced recession in 2020-21. Additionally, the Barbados government has been focused on reducing the local impact of high energy prices by capping the value-added tax on fuel prices, as well as electricity, and recently broadened the basket of VAT-free items. These measures are being complemented by a private sector initiative to reduce mark-ups on a select basket of items. Against this background, the Central Bank of Barbados has maintained its accommodative stance.

OUTLOOK

Inflation is expected to moderate across all our markets in FY 2022-23. In Jamaica, inflation is expected to stabilise in the 9.0 to 11.0 % range for the rest of 2022 before falling within the target range by December 2023. The Bank of Jamaica's inflation forecast reflects a lower trajectory for imported inflation due to lower grain prices, more policy actions and a less depreciated exchange rate bolstered by FX interventions. This will lead to inflation averaging 7.3% in 2023, down from the expected 11.3% in 2022. The rate is expected to average 2.30%[19] in Trinidad, 3.2% in Bermuda, 3.7% in the Cayman Islands in 2023, and 3.0% in Barbados in 2023, which all represents lower outturn relative to 2022. However, there are downside risks that could adversely impact this forecast, including adverse weather conditions as well as an escalation of geopolitical tensions affecting commodity prices.

Given expectations for a gradual reduction in inflation across operating territories, policy rates are expected to trend higher for Jamaica, Trinidad and Tobago, and Barbados in the near term. However, Bermuda and the Cayman Islands' monetary policy decisions are centred on preserving the currency peg. The Bank of Jamaica's policy rate is expected to rise to 7.0% in 2023, representing a 50 bps increase relative to the current level. Meanwhile, Trinidad's rate is expected to be 3.75%, a 25 bps increase over its current level and Barbados is expected to be 7.50%, which represents an increase of 550 bps. The increase in Jamaica's policy rate aims to bring inflation within its 4.0 to 6.0% target range and prevent capital outflow, given its floating exchange rate regime. However, the policy rate for both Barbados and Trinidad and Tobago is expected to rise to reduce the interest rate differential with the US assets to prevent major capital outflow, given the need for US dollar inflows to support the quasi-fixed and fixed exchange rate regimes, respectively.

Overall, monetary policy actions will sustain a high-interest rate environment in 2023 across most of our major operating territories, continuing to bolster NCBFG's interest income. However, this is likely to be tempered by a slowdown in loan demand, given higher market interest rates. Elevated regional and international market rates will continue to sustain market volatility, but its impact should ease as hikes are halted.

19. Fitch Solutions

TABLE 2: Regional Debt and Fiscal Indicators.

	2020			2021F			2022F		
Variables	Primary Balance (% of GDP)	Fiscal Balance (% of GDP)	Debt -to-GDP (%)	Primary Balance (% of GDP)	Fiscal Balance (% of GDP)	Debt -to-GDP (%)	Primary Balance (% of GDP)	Fiscal Balance (% of GDP)	Debt -to-GDP (%)
Barbados	-1.0	-4.9	137.3	1	-3.4	132.5	3.6	-1.0	123.6
Bermuda	-0.4	-2.3	46.5	0.2	-1.5	43.1	0.6	-1.0	41.5
The Cayman Islands	-2.1	-2.4	4.5	N/A	N/A	9.3	N/A	N/A	8.7
Jamaica	3.5	-3.1	94.8	6.8	0.9	94.2	5.9	0.3	87.3
Trinidad and Tobago	-5.0	-7.7	75.1	1.0	-2.0	74.4	2.1	-1.3	74.8

Sources: Economics and Statistics Office, S&P Global rating, World Bank, IMF, Fiscal Policy Paper 2022

Fiscal and Debt Dynamics

In line with the economic rebound that was seen across our operating territories, fiscal and debt metrics have been recovering and are expected to make further improvements in FY 2023. Supported by better revenues from improved economic activity and the impact of higher consumer prices on tax revenue collection, all countries are projected to see a turnaround in their primary deficit to a marginal surplus, and a decline in their fiscal deficits in 2022. In fact, Jamaica is expected to sustain its primary and fiscal surpluses, though at a slightly lower level (see Table 2). The end of extraordinary pandemic-related expenditures and fiscal consolidation efforts to narrow budget deficits have and will continue to support improving fiscal dynamics. In Jamaica, the government is already performing ahead of budget, as fiscal year to July 2022, there has been a robust revenue outturn, coupled with a decline in expenditure. With revenues exceeding budgeted inflows by $21.65 billion, (or 10.1%) the fiscal deficit and the primary surplus were 98.7% and 112.4% respectively, higher than the budget for the period. Higher than anticipated GDP growth in the second half of our financial year was behind the robust revenue growth, as the economy continued its recovery. Similarly, Barbados, Bermuda and Trinidad and Tobago have seen revenue uptake from corporation taxes benefit from the improved economic activity during the year, while personal income taxes were boosted by the pick-up in employment levels owing to increased tourism receipts and oil revenues. So far, in Trinidad and Tobago total government revenues climbed by almost 48% in the first nine months of FY 2022, and are forecast to increase by approximately 41% for the full fiscal year, owing primarily to stronger tax collections from the energy sector.[20] In Barbados, revenue inflows are projected to rise 18.0% year-on-year to BB$3.2 billion (31.0% of GDP) in FY2023, from BB$2.7 billion (29.7% of GDP) in FY2022. However, the Barbadian government is expected to keep slightly elevated expenditures to mitigate the lingering effects of the COVID-19 pandemic.

20. S&P Global Ratings (2022).

Operating **Environment**

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Expenditures are forecasted to grow 7.8% in FY 2023, 34.5% of GDP and slightly above the historical average of 34.0% of GDP. This should prevent the fiscal deficit from narrowing beyond current projections.

Given favourable fiscal and economic performances, commitment to fiscal consolidation, and use of cheaper budgetary loans received from the IMF, World Bank, and the IDB, debt-to-GDP ratio is on trend to decline for most territories by the end of 2022 (see Table 2). The exception is the Cayman Islands, where the debt-to-GDP ratio is expected to rise to 9.3% and 8.7% in 2022 and 2023 respectively, due to increased domestic borrowings to solidify its long-term financial position and fund infrastructure projects, while continuing to support those in need amid COVID's impact. Nevertheless, Cayman remains the territory with the lowest debt level and is expected to remain well below debt levels seen in other Caribbean markets.

In our new financial year, further improvements are expected in fiscal and debt performances across our operating territories (see Table 2), although there are risks from recession in the region's major trading partners. Growth in the region is expected to be moderate. However, the still-positive performance; as tourism continues to improve towards pre-pandemic levels, energy prices remain elevated and widespread re-opening supports commercial activity; should bolster governments' revenue flows. Furthermore, as some countries, especially Jamaica and Barbados, work to reduce debt levels, a greater focus on fiscal consolidation will limit expenditure and reduce or increase budget deficits and surpluses. According to projections, though lower, Trinidad and Tobago will record a fiscal deficit given higher-than-projected expenditure driven mostly by education, training and health allocations. While Barbados has the highest debt burden among our territories, it is currently committed to the plans under the Barbados Economic Recovery and Transformation (BERT) plan, supported by the IMF under the extended fund facility (EFF) which aims to fix the country's balance of payments problem and reduce the current burden. There are, however, risks to the fiscal and debt projections including Trinidad and Tobago's exposure to the volatility of global oil prices, the impact of high inflation on spending and tourism receipts, and the threat of a global recession.

Stronger fiscal performances, along with expectations for further improvement, have been reflected in the largely positive rating actions across territories. In its most recent rating action on Jamaica (March 2022), Fitch Ratings maintained Jamaica's B+ rating with a stable outlook owing to its strong governance and commitment to debt reduction. It also expects that the economic recovery will continue building into 2023, given the ongoing strengthening in economic conditions, which is driving recovery in the fiscal position. **Importantly, the government has returned to a path of downward trending debt, supported by higher projected GDP and less borrowing, which could put the debt-to-GDP ratio below 90% by the end of FY 2023 for the first time in 23 years.** Similarly, Barbados had its 'B' & 'B-' ratings and stable outlook affirmed by Fitch (October 2022) and S&P (September 2022). **This stable outlook reflects Standard & Poor's (S&P) view that despite difficult global economic conditions,** Barbados continues to make progress under its domestic BERT program, having met the benchmarks under the IMF's EFF. At the same time, high reserve levels will continue to provide external liquidity to support Barbados' balance of payment position. **S&P also revised Trinidad's rating outlook to stable from negative. Trinidad will benefit from significantly higher energy and petrochemical prices, which will more than offset lower-than-expected energy production.** Higher prices will spur improved incomes and stronger government revenue collection than previously anticipated, helping to stem the rise in government debt. **Moody's Investor Service also affirmed the Government of the Cayman Islands' Aa3 rating and the Government of Bermuda's A2 rating, maintaining its stable outlook on both sovereigns.** The stable outlook balances the high level of economic development and low debt metrics against the credit challenges resulting from a small and narrow economic base for Cayman. While the stable outlook for Bermuda reflects Moody's expectations that fiscal consolidation efforts will stabilise debt around current levels, supported by

TABLE 3: Credit Rating

Country	Credit Rating
Jamaica	B+/Stable
Trinidad and Tobago	BBB-/Stable
Barbados	B-/Stable
The Cayman Islands	Aa3/Stable
Bermuda	A2/Sable

Sources: Moody's, Fitch Solutions and S&P Global moderate growth due to a rebound in tourism activity and growth in the international business sector.

Stock Market Performance

Despite the strengthening economy, investor sentiment turned negative in Trinidad and Tobago and Jamaica, as their respective stock markets saw an overall decline for FY 2022 due to external market uncertainty, domestic inflation and/or rising interest rates. However, the market in Barbados showed some recovery, following two consecutive years of decline,[21] though the market is still below pre-pandemic levels. The performance seen was not specific to these two countries as the MSCI Emerging Markets (EM) Index, which covers emerging market equities, fell 27% from the beginning of the year to September 30, 2022. Inflationary pressures, a stronger US dollar, and tighter financial conditions have all weighed on developing market stocks.

Improving employment levels and the removal of travel restrictions have supported a modest rebound in corporate earnings across several industries, which have influenced some stock markets, such as Barbados, more positively relative to Trinidad and Tobago and Jamaica. Barbados, in particular, has seen an improvement in its tourism sector, which has helped boost private sector spending and goods production, supporting the slight appreciation in its stock market. In Jamaica, although a similar economic rebound is supporting above-pre-pandemic levels of employment and growth across industries, stock market activity declined as interest rate hikes increased the relative attractiveness of short-term money market assets and tight Jamaican dollar liquidity weighed on institutional investor participation in the market. Interest rate hikes, in particular, have harmed stock valuations due to the increased cost of debt and cost of equity for companies, which have put downward pressure on the future value of their cash flows. Consequently, some investors would have adopted an asset reallocation strategy which weighed on the demand for stocks in Jamaica. The falloff in demand has especially affected large-cap stocks. In contrast, the Junior Market, which tracks the performance of small-capitalisation stocks, increased 27.7% over the fiscal year ending September 30, 2022. Successful execution of four initial public offerings and increased investor appetite for small-cap stocks, which are relatively cheaper than their large-cap counterparts on the Jamaica Stock Exchange Main Market, supported this performance. Additionally, many junior market stocks have benefitted from the wider economic reopening which has helped their bottom lines.

Similarly, the Trinidad and Tobago Stock Exchange (TTSE) declined during the financial year (-6.0%). Though volumes were up (113.4%) in FY 2022, the market decline reflects a depreciation in stock prices across several sectors, including banking, conglomerates, and manufacturing. However, an increase in energy-sector-related stocks tempered the decline. The general pullback in prices is attributed to negative investor sentiment seen globally, especially towards stocks, as well as increased aversion to riskier assets amidst the expectation of a recession in

TABLE 4: Regional Stock Exchanges

Regional Stock Market	2019-20	2020-21	2021-22
Jamaica Stock Exchange	-26.40%	10.50%	-9.80%
Trinidad & Tobago Stock Exchange	-6.00%	8.60%	-6.00%
Barbados Stock Exchange	-16.10%	-10.90%	1.70%

21. This is proxied by year-over-year change in the JSE combined index, the TTSE composite index and BSE composite index.

Operating **Environment**

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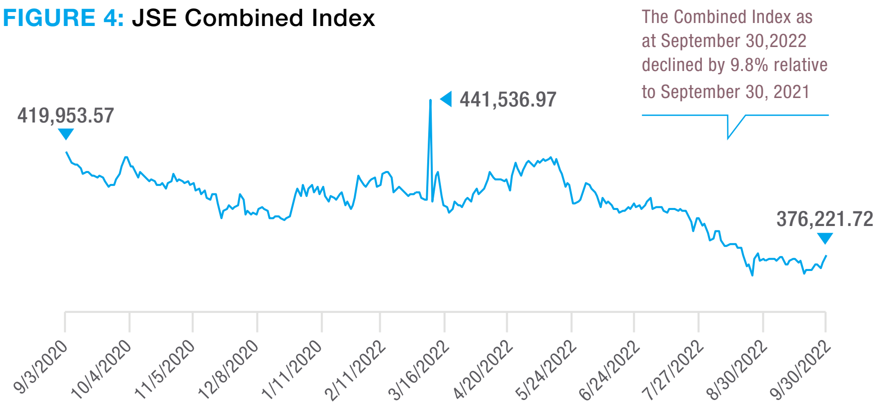
key developed countries such as the US and the UK. Furthermore, some investors took profits on their holdings when energy prices peaked in anticipation of a future decline; as the negative effects of geopolitical tensions begin to fade. However, we do note that market activity improved significantly on the TTSE, with an approximately 113.4% increase year over year. Even though the economy was under lockdown for a significant portion of the year, trading activity benefited from continued usage of the TTSE online trading platform, which made trading more convenient and accessible for investors. Additionally, the cross-listing of Massy on the Jamaica Stock Exchange increased activity volume.

FIGURE 4: JSE Combined Index



Sources: JSE and NCBCM Research

OUTLOOK

For our 2023 financial year, expectations for growth across key sectors bode well for employment levels and business activity, which should ultimately filter through to the earnings of corporates and market activity. The peak Christmas season is also drawing near, and will mark the first season in 3 years without restrictions, this should drive demand in e-commerce, manufacturing, and distribution. Global supply chain challenges have also been subsiding since April 2022, evidenced by the continual decline in the Global Supply Chain Pressure Index,[22] which will help to contain input costs for various companies and augurs well for earnings growth.

Equity financing will become more attractive as debt financing becomes more expensive due to the higher interest rate environment expected across all our territories. Against this background, we anticipate more listings, particularly small-cap stocks, which will help drive stock market activity. In particular, in Jamaica, the partnership between the JSE and the Jamaica Manufacturers Association to support the listing of its members should spur primary market activity for equities. Similarly, the SME market initiative in Trinidad presents an opportunity to grow investment banking fees and market activity. All the above factors should drive investor interest and stock prices higher, therefore boosting trading gains from equities and revenue from investment banking fees for our securities dealer businesses.

Furthermore, exchanges like Barbados Stock Exchange (BSE) and the Jamaica Stock Exchange (JSE) have expanded their range of services to drive stock market activity. The BSE has engaged Blockstation, a leading Canadian fintech company, to launch a new blockchain-driven tokenised securities marketplace. Additionally, it has joined forces with the Caribbean Development Bank (CDB), the Barbados Small Business Association (SBA), and its Ministry of Energy, Small Business and Entrepreneurship to launch an intensive incubator programme for small- to medium-sized enterprises (SMEs) to get them investment ready for listing on the exchange. Likewise, the JSE will be launching short selling as a new service in the near- to medium-term. This service

22. The global supply pressure index has decline by 69.2% since April 2022, which highlights that supply chain issues have been reduced.

FIGURE 5: TTSE Composite Index

Sources: TTSE and NCBCM Research

will likely drive active participation from investors, as short selling provides additional risk protection for investment portfolios, given that it allows portfolio managers to hedge long positions. Overall, introducing these new services is expected to drive interest from retail and institutional investors across both exchanges as they will have new services and possible listings.

However, the general pullback in prices, especially for Jamaica's large-cap stocks, is expected to continue over the near term as high inflation and the resulting high-interest rates and tight liquidity impact the demand for stocks, especially among institutional investors. Additionally, central banks in Trinidad and Tobago and Barbados are expected to increase their policy rates in 2023, resulting in a higher capital cost for companies. This could influence slower recovery in the TTSE and potentially lead to a decline in the BSE as a higher cost of capital has the potential to depress corporate earnings and cash flows. Lower earnings and cash inflows and a higher required rate of return for investors would translate into lower valuations for equities, especially for growth stocks that have cash flows further into the future. This could weigh on the market's overall performance in our new financial year.

Global Fixed-Income Performance

FY 2022 was a turbulent year for emerging market bonds due to a myriad of factors, including geopolitical tensions, precipitated by the war between Russia and Ukraine, inflationary pressures, aggressive Federal Reserve tightening, and pandemic-related developments. The downturn in the bond market was reflected in the performance of the JP Morgan Emerging Market Bond Index Plus (EMBI+),[23] which declined by over 30%. While the market declined only marginally in our first quarter (-0.3%), geopolitical tensions in the second quarter and a change in the monetary policy stance of the US Federal Reserve extended the decline in emerging market bonds throughout the financial year. The Fed's 25 bps rate hike in March 2022, the first since 2018, marked the start of what was to become an aggressive monetary policy tightening cycle and precipitated a general risk-off sentiment among investors, which weighed heavily on emerging markets and other bond prices during the year. The Fed's current hiking cycle, which at the end of September 2022 resulted in a cumulative 300 bps hike, has been the most aggressive in over 30 years.[24] This hawkish stance to curb inflation resulted in further price declines and rising yields of the most liquid JAMAN, BARBAD, BERMUD and TRITOB bonds (see regional bond performance graph in Table 5). All bonds recorded year-over-year increases in yields (see Figure 6) and reductions in prices (see Table 5). During the year, yields rose as high as 7.8% (from 6.3% on Oct 1, 2021) for the BARBAD 2029, 7.1% (from 3.8%) for the JAMAN 2028s, 5.5% (from 2.3%) for the BERMUD 2029, and 6.0% (from 3.3%) for TRITOB

23. This is an emerging market bond index used as benchmarks for bond performance in emerging markets. The JP Morgan EMBI+ Index, measures Brady bonds, which are dollar-denominated bonds issued primarily by Latin American countries.

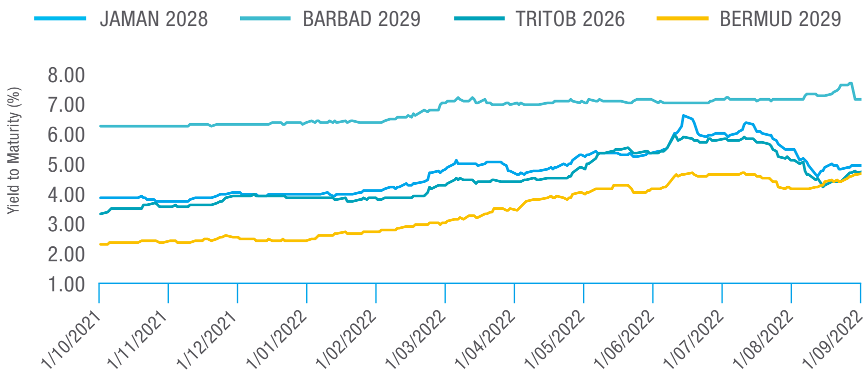
24. Comparing the Speed of US Interest Rate Hikes (1988-2022) – October 2022.

Operating **Environment**

CONTINUED

2026. While rating affirmations and positive changes in outlooks during the financial year added some positive sentiments around the bonds, they were outweighed by the impact of the rising interest rate environment and the increasing possibility of a recession in major developed nations.

FIGURE 6: Regional Bond Performance 2021-22 FY



Sources: Bloomberg

OUTLOOK

With inflation persistently high, the currently aggressive monetary policy tightening cycle by the US Federal Reserve is expected to continue. This is likely to keep financial conditions tight and support further strengthening of the US dollar, creating headwinds for emerging markets, and raising the risk of further capital outflows and a flight to safety. This is expected to result in continued downward pressure on EM bond prices and capital gains for investors.

In contrast to the global macroeconomic environment, bottom-up fundamentals generally have looked strong in emerging markets. That said, there is a high degree of differentiation between individual countries. Most higher credit-quality countries (such as Bermuda) have the fiscal strength and access to capital to withstand a prolonged slowdown. Within this cohort, fiscal and current account balances have improved, while debt ratios have receded from recent peaks. On the other hand, lower-rated (such as Barbados and Jamaica) and distressed credits are highly vulnerable to slowing growth and tighter financial conditions. Moreover, most of these countries suffer from one or more of these ailments: significant financing needs with limited access to capital; political instability; poor or unorthodox economic policy; and weak environmental, social, and governance (ESG) characteristics. EM sovereign bonds in these territories are expected to continue experiencing negative returns. Furthermore, the appetite for debt financing is expected to remain depressed. Similarly, emerging market corporate balance sheets, on the whole, remain resilient.

Inflationary pressures and central banks hiking rates into a slower global growth environment are expected to lead to falling revenues, rising input costs, and narrowing profit margins for many companies. For example, in the financial sector, investment companies may see a reduction in bottom lines due to the high-interest rate environment, which has tempered investment appetite. However, most corporates are entering this period from a position of balance sheet strength, which should allow them to weather the storm without material credit deterioration. For example, commodity producers such as oil and gas companies may benefit from elevated prices. Therefore, a mild slowdown is not expected to push leverage to uncomfortable levels.

Investors are expected to be more conservative across portfolios and to remain so for at least the remainder of 2022 into 2023, more as a reflection of the challenging macro environment than significant concerns around bottom-up fundamentals and valuations. Notwithstanding, it is expected that the Fed will pivot to easing monetary policy in mid-2023 as inflation falls back to its 2% target and the need to shore up economic growth becomes a top concern.

As the aggressive rate hikes ease, yields should fall and bond prices begin to recover. This will present more attractive opportunities for capital gains for investors and hence an increase in investment and transaction income from clients as well as investment income in which the group has a position. In addition, S&P Global Ratings Credit Markets Research expects global bond issuance to contract about 19% in 2022 but rise by about 2% in 2023.

TABLE 4: Regional Bond Performance

Regional Issuers	Credit Rating	Price (October 1, 2021)	Price (September 30, 2021)	Change
JAMAN 2028	B+/Stable	$116.71	$104.23	-10.7%
TRITOB 2026	BBB-/Stable	$105.14	$96.77	-8.0%
BERMUD 2029	A2/Sable	$116.46	$96.12	-17.5%
BARBAD 2029	B/Stable	$101.23	$93.32	-7.8%

Financial **Performance**

SEGMENT PERFORMANCE AND BUSINESS OPERATIONS

Our performance is managed and reported through two main types of business activities: 1. banking & investment management and 2. insurance services, which comprise a total of seven operating segments.

Elevated inflation and the consequent interest rate increases adversely impacted liquidity as well as the demand for credit facilities throughout the year. Despite this, four of the seven segments recorded improved performances over the prior year, while three reflected declines. Our commercial banking segment, which includes Consumer & SME Banking, Payment Services, Corporate & Commercial Banking and Treasury & Correspondent Banking, contributed operating profits of $21.4 billion, up $1.1 billion or 5% over the prior year, Wealth, Asset Management & Investment Banking contributed $9.2 billion, down 18% from FY2021 and our Insurance Services segments contributed $42.9 billion, a 75% increase over the prior year.

Despite the challenges to core performance for some business segments, we remained resilient and responsive to the adjustments in the business landscape. Our commitment to digital transformation continues to encourage operational efficiency while providing expert financial services and creating value for our customers. We are maintaining a positive outlook as dynamic shifts in the market provides exciting opportunities for growth and innovation.

Consumer & SME Banking (CSME)

This segment serves mass and small and medium business customers in Jamaica, Bermuda, The Cayman Islands and the United Kingdom. The segment's performance was negatively impacted by lower consumer demand amidst uncertain economic conditions. The segment recorded net operating profit of $58 million, a decline of $1.6 billion or 97% from the prior year. External revenue was $35.1 billion, 12% or $3.9 billion higher than the previous year's outturn. The improvement in revenues was mainly driven by a 13% growth in the performing loan portfolio which resulted in a 4% increase in net interest income and an 8% increase in net fee and commission income. Additionally, a $743 million or 3% reduction in credit impairment losses due to improved economic outlook and adjustments to probability of default assumptions supported a $3.7 billion or 14% increase in operating income to $30.8 billion.

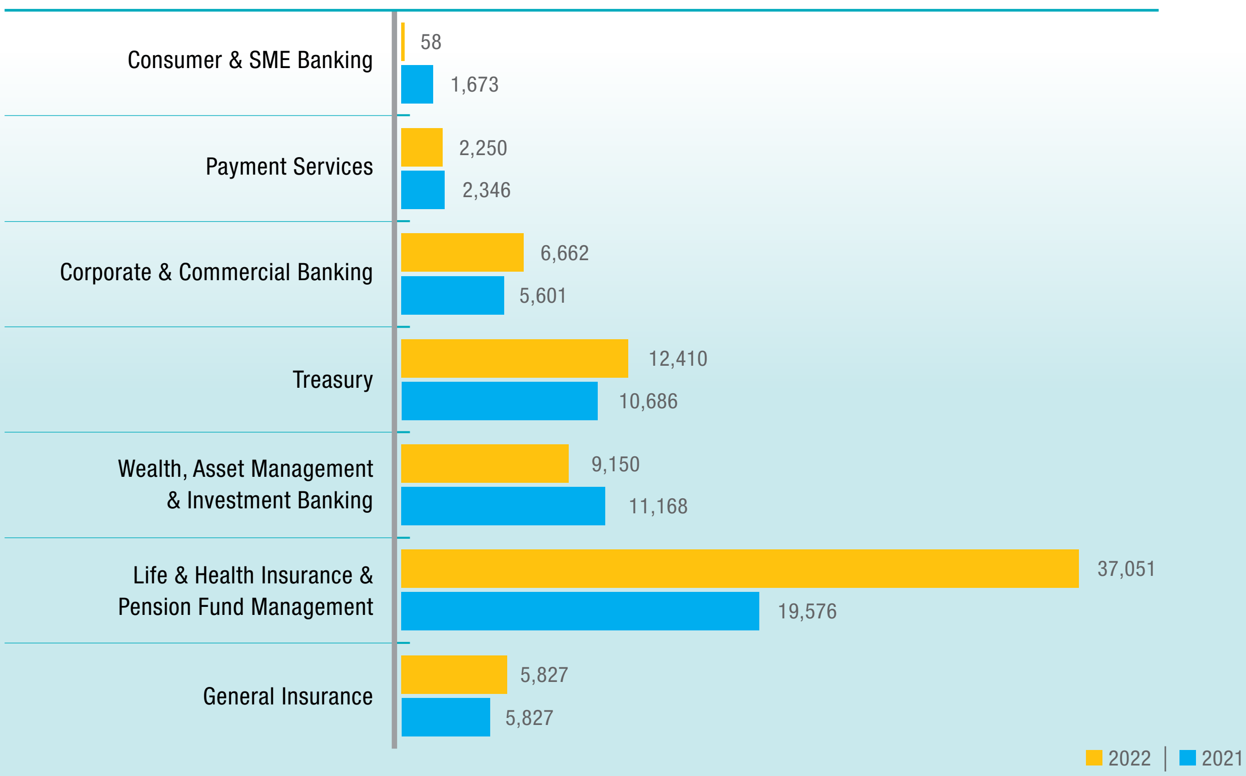
Operating expenses increased by $2.1 billion or 13% to $18.4 billion. This was primarily driven by a $704 million increase in staff cost coupled with increases in asset tax and professional services incurred to support the segment's strategic transformation.

The segment continues to support the evolving needs of our retail customers and small & medium sized enterprises (SMEs) as they navigate the changing economic climate. CSME has exhibited resilience and agility amid the challenging landscape by migrating multiple services and operations to digital channels allowing customers to use ABMs, online banking and mobile connectivity to conveniently meet their needs. Digitisation has played an integral role in reshaping the structure of retail banking. In the Jamaican market we continued to focus on driving efficiency in our branch network through the revamping of our branch footprint and workforce efficiency. Under our digital acceleration efforts, we closed five branches during the 2022 financial year. We are committed to structuring our branch network to maintain connectivity to customers as we support them through their financial growth and life cycle.

Payment Services

This segment consists of Card Issuing (supplying physical and virtual payment instruments - credit cards) and Card Acquiring (various services to merchants where the instruments are used, including payment processes and execution), as well as TFOB, the newest direct subsidiary of NCBFG, which provides a digital wallet Lynk The removal of government-mandated restrictions and the subsequent resurgence of business and social activities have stimulated increased transaction volume and value throughout the year. Operating income increased by $2.0 billion or 17% to $14.2 billion. The positive income outturn was primarily supported by a $2.0 billion or 31% increase in net fee and commission income.

Segment Operating Profit (J$'M)



Financial **Performance**

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TABLE 5: Segment Selected Financial Data [1]

Year ended September 30	Commercial & SME Banking 2020	2021	2022	Payment Services 2020	2021	2022	Corporate & Commercial Banking 2020	2021	2022
Segment's Contribution of Performance (%) **{Segment Result as a percentage of Consolidated Statement Result}**									
Total revenue	12.4%	11.6%	**11.9%**	6.8%	6.6%	**7.9%**	4.7%	4.6%	**4.7%**
Net interest income	44.1%	50.1%	**43.0%**	12.0%	11.8%	**9.5%**	13.8%	15.5%	**14.8%**
Total operating income	20.9%	22.3%	**20.6%**	8.6%	10.1%	**9.5%**	6.2%	8.6%	**6.8%**
Total operating expenses	21.9%	17.3%	**17.7%**	5.8%	6.8%	**7.8%**	1.7%	1.3%	**1.9%**
Operating profit	-3.9%	6.4%	**0.1%**	9.0%	8.9%	**5.0%**	9.9%	21.3%	**14.8%**
Total assets	24.4%	25.0%	**23.1%**	1.5%	1.6%	**2.1%**	8.7%	10.0%	**8.8%**
Selected Segment Performance Indicators (%)									
Cost-to-income ratio	85.5%	84.8%	**93.4%**	59.3%	80.1%	**83.8%**	46.5%	50.8%	**35.5%**
Operating profit as a percentage of average assets	-0.2%	0.4%	**0.0%**	8.7%	8.2%	**6.0%**	1.9%	3.2%	**3.6%**
Selected Segment Financial Data (in millions)									
Total revenue	31,816	33,742	**38,128**	17,345	19,162	**25,315**	12,155	13,369	**15,127**
Total operating income	22,700	27,047	**30,785**	9,343	12,181	**14,219**	6,722	10,403	**10,206**
Net interest income, net of credit impairment losses	18,090	21,471	**23,304**	4,016	5,640	**5,549**	5,364	8,472	**8,982**
Net insurance activities	-	-	**-**	-	-	**-**	-	-	**-**
Other income	4,610	5,576	**7,481**	5,327	6,541	**8,670**	1,358	1,930	**1,225**
Total direct operating expense	17,852	16,376	**18,441**	4,710	6,466	**8,101**	1,367	1,232	**1,997**
Staff costs	9,584	8,835	**9,539**	923	1,067	**1,518**	244	443	**649**
Operating profit	(1,055)	1,673	**58**	2,440	2,346	**2,250**	2,712	5,601	**6,662**
Segment assets	439,335	480,660	**479,573**	27,252	30,121	**44,280**	156,881	192,517	**182,203**
Segment liabilities	382,909	422,702	**455,123**	8,274	4,600	**26,685**	126,646	152,284	**167,154**

[1] Segment data does not give effect to the elimination of intersegment transactions.

Treasury & Correspondent Banking			Wealth, Asset Management & Investment Banking			Life & Health Insurance & Pension Fund Management			General Insurance		
2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
6.9%	7.7%	**8.0%**	7.1%	8.9%	**7.6%**	40.6%	39.5%	**39.6%**	25.7%	27.4%	**26.5%**
6.1%	7.1%	**8.1%**	10.8%	13.3%	**13.0%**	27.7%	21.0%	**28.6%**	1.7%	1.7%	**1.7%**
8.2%	10.8%	**10.0%**	10.3%	14.1%	**10.7%**	36.0%	30.4%	**38.0%**	13.7%	13.1%	**12.9%**
1.9%	1.5%	**1.7%**	6.2%	6.3%	**6.6%**	19.0%	18.2%	**19.0%**	10.7%	11.6%	**12.9%**
25.3%	40.7%	**27.5%**	22.5%	42.5%	**20.3%**	87.0%	74.6%	**82.1%**	22.8%	18.5%	**12.9%**
20.3%	20.1%	**21.0%**	19.3%	20.1%	**20.1%**	31.3%	24.8%	**29.8%**	5.5%	5.7%	**5.7%**
22.5%	18.3%	**16.9%**	46.4%	34.2%	**44.4%**	38.2%	45.1%	**34.2%**	58.0%	70.5%	**69.2%**
2.0%	2.8%	**3.0%**	2.0%	3.1%	**2.3%**	4.7%	3.8%	**6.8%**	6.1%	4.7%	**5.1%**
17,599	22,406	**25,613**	18,353	26,136	**24,424**	104,208	115,367	**126,408**	65,962	80,031	**84,652**
8,968	13,037	**14,919**	11,179	17,103	**16,009**	39,219	36,867	**56,869**	14,939	15,855	**19,250**
2,926	3,641	**4,853**	5,980	6,254	**8,274**	13,190	8,722	**15,798**	800	1,113	**877**
-	-	**-**	-	-	**-**	17,607	10,914	**28,181**	12,795	12,091	**14,021**
6,042	9,396	**10,066**	5,199	10,848	**7,735**	8,422	17,231	**12,890**	1,343	2,652	**4,352**
1,543	1,385	**1,800**	5,047	5,935	**6,858**	15,501	17,291	**19,818**	8,720	10,990	**13,424**
189	231	**293**	2,401	2,979	**3,198**	8,151	8,129	**8,834**	4,939	6,153	**6,298**
6,892	10,686	**12,410**	6,132	11,168	**9,150**	23,718	19,576	**37,051**	6,218	4,865	**5,827**
366,204	386,144	**437,530**	346,603	385,479	**417,792**	563,591	477,088	**620,212**	99,683	109,491	**118,597**
388,005	418,110	**412,217**	299,625	331,618	**375,163**	431,195	415,185	**461,873**	66,228	72,162	**77,902**

Financial **Performance**

CONTINUED

Total operating expenses were $8.1 billion representing a $1.6 billion or 25% increase when compared to the previous year's performance. The segment's operating profit decreased by $96 million or 4% to $2.3 billion.

We are working to continuously deliver cutting edge digital payment solutions to our consumers with digital wallet, card and other payment solutions. Our targeted approach to the growth of our cards portfolio through extensive eCommerce product availability whilst engaging in equipment and platform upgrades augurs well for business expansion and performance. Technological advancements to provide reliable, multifaceted payment platforms is an integral part of our strategy to deepen market reach.

Corporate & Commercial Banking

This segment offers banking services, including loans and other credit products, to commercial and large corporate clients. Operating income declined by $196 million or 2% to $10.2 billion. Lower expected credit loss reversals in 2022, decreased other income and a 17% or $255 million reduction in net fee and commission eroded the $1.2 billion or 16% increase in net interest income.

Operating expenses increased by 62% or $765 million as the segment registered higher staff costs and increased costs related to professional services. The overall performance was, however, tempered as costs allocated from support units were $2.0 billion or 57% below the prior year due to the completion of the segmentation of customers into Consumer, SME, Commercial and Corporate based on turnover and size. Consequently, operating profit was $6.7 billion, a $1.1 billion or 19% increase over the prior year.

Despite the high interest rate environment, we are anticipating continued expansion in the segment's loan portfolio as commercial entities and large corporations seek innovative financing solutions to capitalise on opportunities in the burgeoning market.

Treasury & Correspondent Banking

Our treasury and correspondent banking segment incorporates liquidity and balance sheet management functions for our banking activities in Jamaica and Bermuda, foreign currency dealing activities, management of correspondent banking relationships as well as relationships with other financial institutions. Our Treasury and Correspondent Banking segment reported operating profit of $12.4 billion, an increase of $1.7 billion or 16% when compared to the prior year. External revenues totalled $18.8 billion, representing a 4% or $684 million increase compared to the previous year. The segment recorded a 37% or $1.3 billion increase in net interest income which is reflective of the investment portfolio composition and the higher interest rate conditions. Gains on foreign currency and investment activities were $597 million or 7% higher than the prior year's outturn largely as a result of exchange income gains which offset the decline in gains on investment activities due to fair value losses and fewer market opportunities caused by the negative impact of increased policy rates on bond prices and market liquidity.

Total operating expenses also increased by 30% or $415 million to $1.8 billion while costs allocated from support units declined by 27% to $709 million. Cost to income improved from 18.3% in the 2021 financial year to 16.9%.

Wealth, Asset Management & Investment Banking

Our wealth, asset management and investment banking segment primarily operates in Jamaica, The Cayman Islands, Trinidad & Tobago, Barbados and Bermuda, providing stock brokerage services, securities trading, investment management and other financial services. The segment registered an operating profit of $9.2 billion, which was $2.0 billion or 18% lower than the prior year's results. The performance was adversely impacted by a $1.1 billion or 6% decline in operating income. The largest contributor to the decline in operating income was a $3.4 billion or 56% decrease in gain on investment activities due to a reduction in equity and securities trading activity amid tight market conditions. The falloff in gain on investment activities eroded a $1.2 billion or 19% increase in net interest income. During the year, our main wealth management subsidiary

NCBCM successfully earned fees through the management of specialised funds and the launch of structured products along with arrangement fees. This contributed to net fee and commission income increasing by 3% over the prior year.

The adverse performance was exacerbated by a 16% or $923 million increase in operating costs relative to the prior year. The segment remained steadfast in providing unique products and wealth management services to our customers throughout the year. We are also actively pursuing greater operational efficiency while improving the quality and convenience of services to our clients. To this end, we have launched additional features to our Jamaican online wealth management platform to offer more capabilities via our NCBCM App so that clients may execute trades and check accounts easily.

Life & Health Insurance and Pension Fund Management

This segment incorporates the results of the life, health insurance and pension fund management services of the Group across 21 countries within the region, primarily through the Guardian Group. The largest territorial contributors to this segment are Trinidad & Tobago, Jamaica and the English and Dutch Caribbean.

The segment generated an operating profit of $37.1 billion, representing an increase of 89% or $17.5 billion when compared to the prior year. In the face of ongoing economic challenges in all our major operating jurisdictions, the segment was able to drive demand for its products which resulted in an increase in gross written premiums. This, coupled with the decline in net insurance benefits and claims and reserves, resulted in a $17.3 billion or 158% increase in net insurance activities. This improved performance was mainly due to actuarial reserve releases due to changes in investment returns, expense assumptions and model refinements partially offset by higher claims. These increases were also partially offset by increased lapses and surrenders.

Operating expenses amounted to $19.8 billion compared to $17.3 billion in the prior year. The segment remains focused on deriving synergies and effecting long-term cost savings to support its growth trajectory. It is anticipated that the implementation of several initiatives across the segment will gradually provide returns on various customer-centric investments.

General Insurance

This business segment reports the results of general insurance, which incorporates property and casualty insurance from the Guardian Group. External revenues increased by $4.5 billion or 6% to $84.3 billion. The segment also experienced an increase in written premiums, principally from organic growth in all territories, mainly in the property and marine business classes. Net results from insurance activities increased by $1.9 billion or 16% to $14 billion. The increase was mainly due to lower claims expenses from non-renewal of a reinsurance portfolio, higher commissions earned on cancellation of a structured layer of a catastrophe programme and increased reinsurance commissions on property. Additionally, operating expenses were $2.4 billion or 22% higher than the prior year. The impact of this led to the segment reporting a $961 million increase in operating profits from $4.9 billion in the prior year to $5.8 billion.

INCOME STATEMENT ANALYSIS

Operating Income

Operating income increased by 24% or $28.5 billion to $149.6 billion. Our banking and investment segment contributed $9.1 billion of this increase while insurance activities contributed $19.4 billion, which was mainly due to the rebound in consumer and business activities, higher interest rates and positive demand for insurance products. Gross revenues totalled $319.4 billion compared to $292.1 billion in the prior year.

The contribution from net insurance activities increased to 28% of the Group's net operating income, up from 19% in the prior year. During the financial year, the Guardian Group implemented several initiatives in the life, health and pensions (LHP) segment of our Trinidadian and Jamaican operations.

Operating Income ($M)

Financial **Performance**

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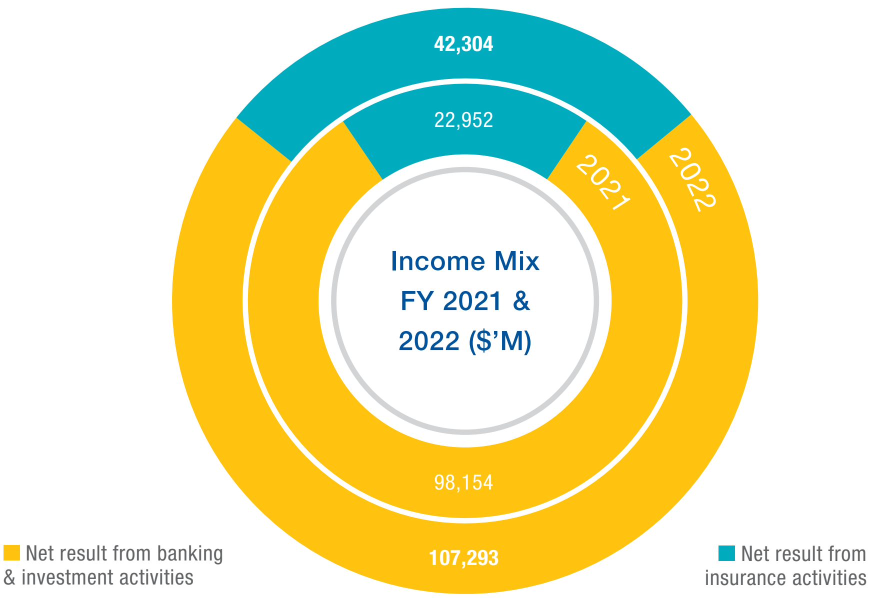


Net interest income, net of credit impairment losses, contributed 38% to net operating income, marginally up from 37% in the previous year. Of the non-interest bearing items, gain on foreign currency and investment activities accounted for 11% of operating income compared to 19% in 2021. Meanwhile, the contribution from net fee and commission income declined to 17% of operating income compared to 19% in 2021.

Net Interest Income

The Group earned net interest income, net of credit impairment losses, of $56.5 billion, an increase of $11.2 billion, or 25%.

- Interest income from loans increased by $4.7 billion or 11% to $48.2 billion on account of robust growth in the Group's loan and card portfolios.
- Interest income from investment securities, reverse repurchase agreements and deposits totalled $36.8 billion which was $5.6 billion higher than the prior year's total of $31.1 billion.
- Interest expense declined by $223 million, or 1%, to $25.7 billion for the year. The main contributor to the decline was interest expenses on policyholders' benefits.

[More details on net interest income item can be found in note 6 of the Financial Statements – see page 219].

- Credit impairment losses, which include expected credit losses on investment securities and loans and advances, totalled $2.7 billion, decreased by $662 million or 20% from $3.4 billion in the prior year. The reduction in credit impairment provisions was due to the reversal of previously booked provisions resulting from improved loan portfolio quality given further improvements in the macroeconomic outlook, the reopening of the economies in which we operate and the resultant gradual return to normalcy for various business sectors and consumer activities. The Group's delinquency management processes remain robust and proactive to effectively respond to the risk environment in all our operating jurisdictions.

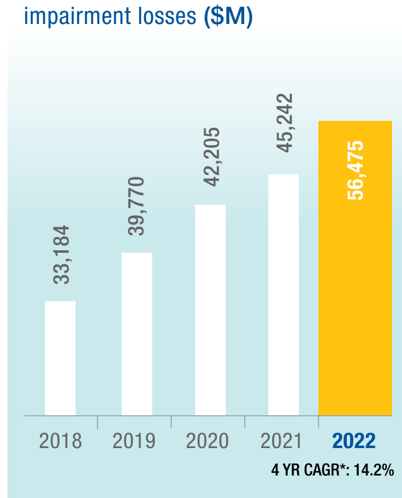
[A summary of this expense item can be found in note 13 of the Financial Statements – see page 224].

Other Revenue Items

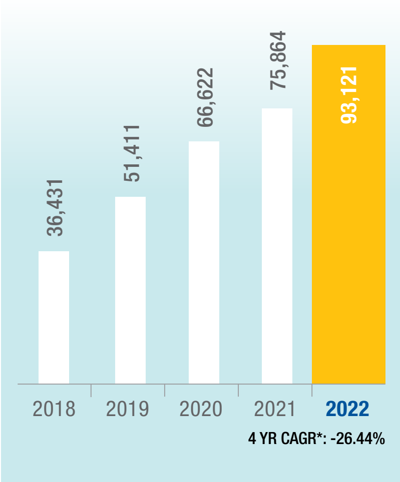
Non-interest income grew to $93.1 billion, up $17.3 billion or 23%, over the prior year.

- Net result from insurance activities totalled $42.3 billion, up $19.4 billion or 84%, from the prior year's performance of $23.0 billion. The improvement was driven by the implementation of various initiatives which resulted in operational synergies,

Net-interest Income: net of impairment losses **($M)**



Non-interest Income ($M)



cost savings and centres of excellence that produced long-term cost savings which led to favourable reserve movements contributing to the Group's improved performance.

- Net underwriting income increased by 12% or $13.7 billion to $123.9 billion.

  - The improvement in underwriting income was driven primarily by the improvement in premium income from annuity contracts, life and health and general insurance lines which increased by $6.4 billion (or 19%), $6.4 billion (or 13%) and $1.9 billion (or 3%) respectively. This demonstrated increased demand for annuity and insurance products.

[Additional details on this income item can be found in note 9 of the Financial Statements – see page 221].

  - Net policyholders' and annuitants' benefits and reserves decreased by $5.7 billion or 8% to $64.9 billion.

[Further details on this expense item can be found in note 10 of the Financial Statements – see page 221].

  - Commission and other selling expenses incurred in providing insurance services remained relatively flat at $16.7 billion.

- Net fee and commission income totalled $26.1 billion, an increase of $3.6 billion or 16%. The rebound in business and consumer activities and transaction value and volumes were the main drivers of the growth.

[A summary by segment can be found in note 7 of the Financial Statements – see page 220].

- Gains on foreign currency and investment activities declined by $6.3 billion or 27% from the prior year's result to $16.6 billion. This decline was mainly as a result of unrealised fair value losses on fair value through profit and loss financial instruments of $2.9 billion, an adverse variance of $5.9 billion from the prior year, coupled with reduced gains from the sale of debt securities of $4.4 billion consequent on increased interest rates in the local and global markets, which resulted in lower bond prices. This was partially offset by a $5.4 billion increase in net foreign exchange income.

[Further details on this income item can be found in note 8 of the Financial Statements – see page 220].

Operating Expenses

Operating expenses totalled $104.5 billion, up $9.6 billion or 10% over the prior year. The increase in operating expenses was driven primarily by higher staff costs and other operating costs associated with our ongoing transformation.

- Staff costs were $49.1 billion, having increased by $4.6 billion, or 10%, primarily due to the annual negotiated increases in salaries, wages and allowances coupled with increased termination costs due to the restructuring of the Jamaican banking branch network. Given our focus on digital and data driven capabilities, we continue to invest in the necessary talent and increased training and competency building across the Group, which is crucial to the successful execution of our strategic initiatives.

[Further details on staff costs can be found in note 12 of the Financial Statements – see page 223].

- Depreciation, amortisation and finance charges totalled $10.9 billion, down $205 million compared to the prior year. The main driver of the reduction was a change in the depreciation policy, extending the useful life of certain categories of assets, which resulted in a $417 million or 4% reduction in depreciation and amortisation costs. Finance costs reflected a 12% or $213 million increase over the prior year.

[Additional details on these expenses can be found in notes 28, 29 and 55 of the Financial Statements – see pages 236 - 239 and 347].

- Other operating expenses totalled $44.4 billion, an increase of $5.2 billion or 13%.

Operating Expenses ($M)

Financial **Performance**

CONTINUED

- Property, vehicle and ABM maintenance and utilities grew by $2.0 billion or 24%. The increase was driven primarily by maintenance costs related to our technological infrastructure due to the expansion of our digital capabilities.
- Technical consultancy and professional fees went up by $1.1 billion or 12% driven by the continued execution of the various strategic initiatives geared towards advancing the digital transformation of our business.
- Marketing, customer care, advertising and donations grew by $820.4 million to total $5.0 billion for the year. The main drivers of this increase included additional spending on call centre agents to facilitate increased customer calls and enquiries, and increased spending on marketing and public relations activities.

[A list of other operating expenses can be found in note 14 of the Financial Statements – see page 224].

ASSET PERFORMANCE OVERVIEW

Our asset base grew by 8% or $161.6 billion to $2.08 trillion compared to the prior financial year. The growth in our asset base was primarily driven by increases in our investment securities and loan portfolios. Return on assets (ROA) improved to 2.00% compared to 1.08% from the prior year. The improvement in ROA stems primarily from improved net profit.

CASH IN HAND AND BALANCES AT CENTRAL BANKS

Cash in hand and balances held at central banks increased by 2% or $1.7 billion to $70.9 billion compared to the prior year. This comprises cash held by our banks, statutory reserves, operational balances and short-term investments with central banks. Statutory reserves with the central banks represent the required ratio of prescribed functional and foreign currency liabilities, which is not available for investment, lending or other use by the Group.

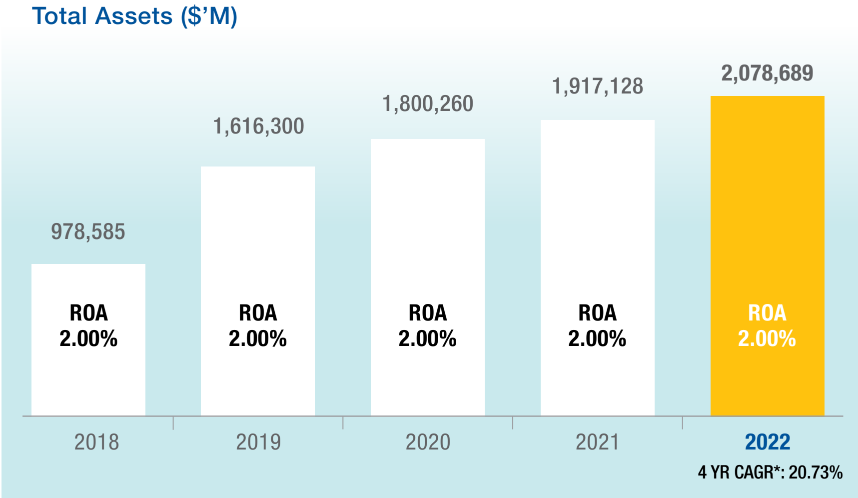
DUE FROM BANKS

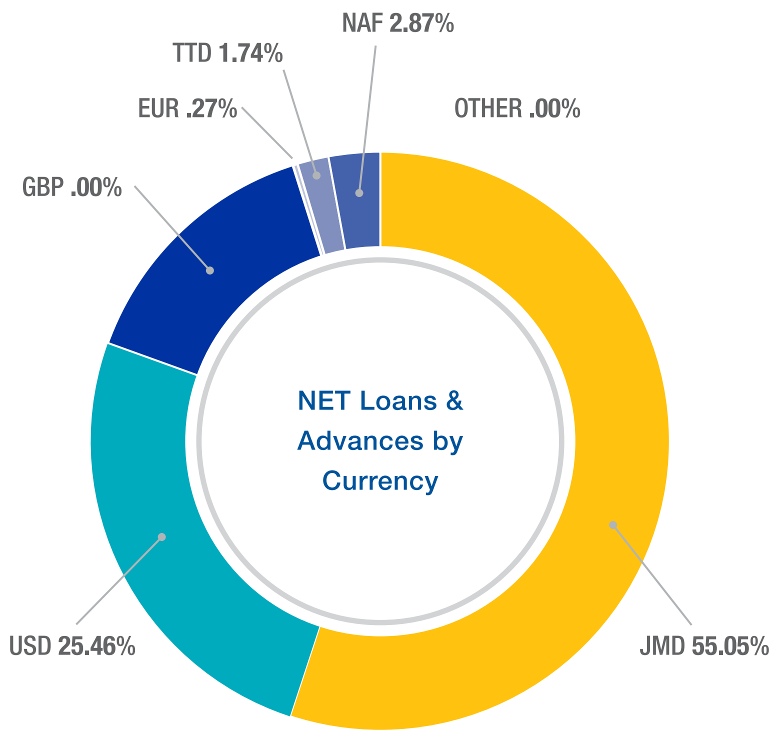
Balances due from banks increased by 6% or $10.3 billion to $185.8 billion when compared to the prior year. These balances comprise placements with banks, short-term deposits and other balances held with correspondent banks. These amounts are held to facilitate the payment of wire transfers, bank drafts, treasury related activities and to satisfy liquidity requirements.

INVESTMENT SECURITIES & REVERSE REPURCHASE AGREEMENTS

Investment securities and reverse repurchase agreements totalled $967.8 billion, reflecting a 6% or $57.6 billion increase when compared to prior year. Our investment portfolio continues to be the Group's largest interest-bearing asset, representing 46% of total assets (September 2021: 47%). This portfolio comprises debt securities (government securities and corporate bonds), equity securities (quoted and unquoted), and collective investment schemes. These instruments are classified as fair value through profit or loss, fair value through other comprehensive income and carried at amortised cost.

Total Assets ($'M)





NET LOANS

Loans and advances, net of credit impairment losses, totalled $581.0 billion up from $523.5 billion, representing an 11.0% or $57.5 billion increase compared to the prior year. This asset category represents the second largest asset on our consolidated statement of financial position which amounts to 28% of total assets (September 2021 – 27%). Non-performing loans amounted to $25.9 billion, a decline of 20% or $6.6 billion when compared to the prior year. As at September 30, 2022, 55% of our loan portfolio was denominated in Jamaican currency (September 30, 2021 – 55%) and 26% denominated in United States dollars (September 30, 2021 – 25%).

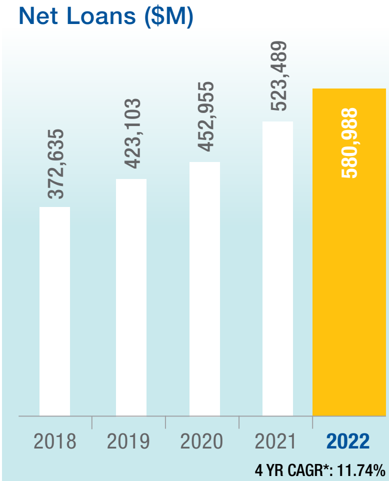
Customer Deposits ($M)

LIABILITIES OVERVIEW

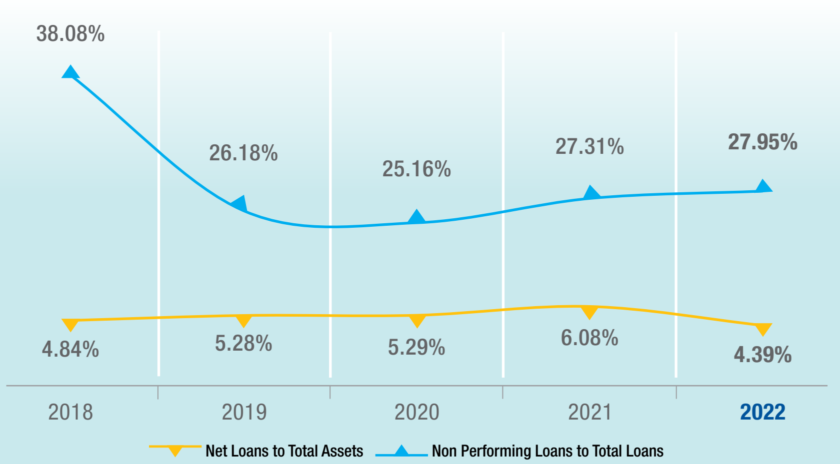
FUNDING

Our funding portfolio is made up of short and long-term borrowing arrangements under the following funding lines: customer deposits, obligations under repurchase agreements, obligations under securitisation arrangements, amounts due to banks, other borrowed funds, mutual funds, segregated fund liabilities, investment contract liabilities and liabilities under annuity and insurance contracts.

Net Loans ($M)



Loans to Assets



Financial **Performance**

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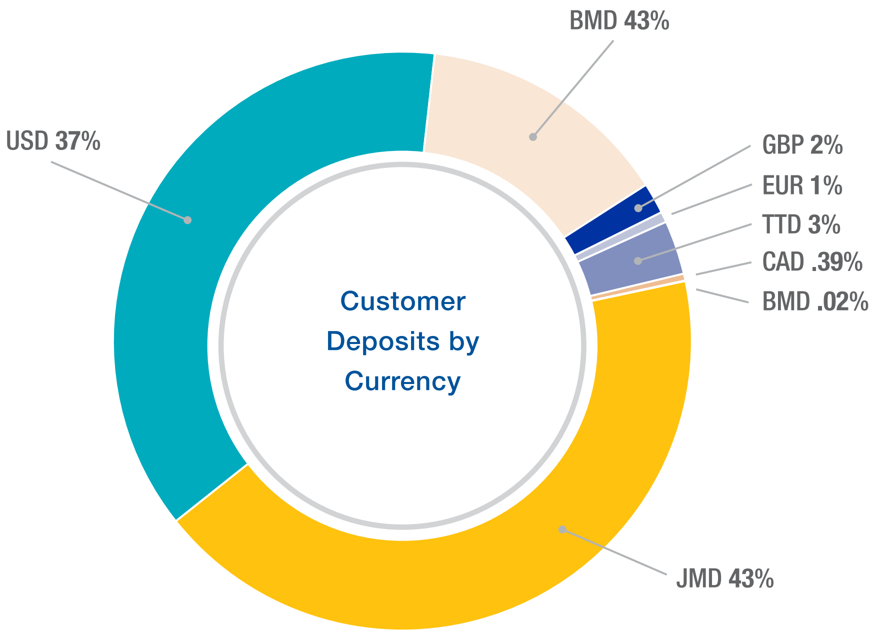


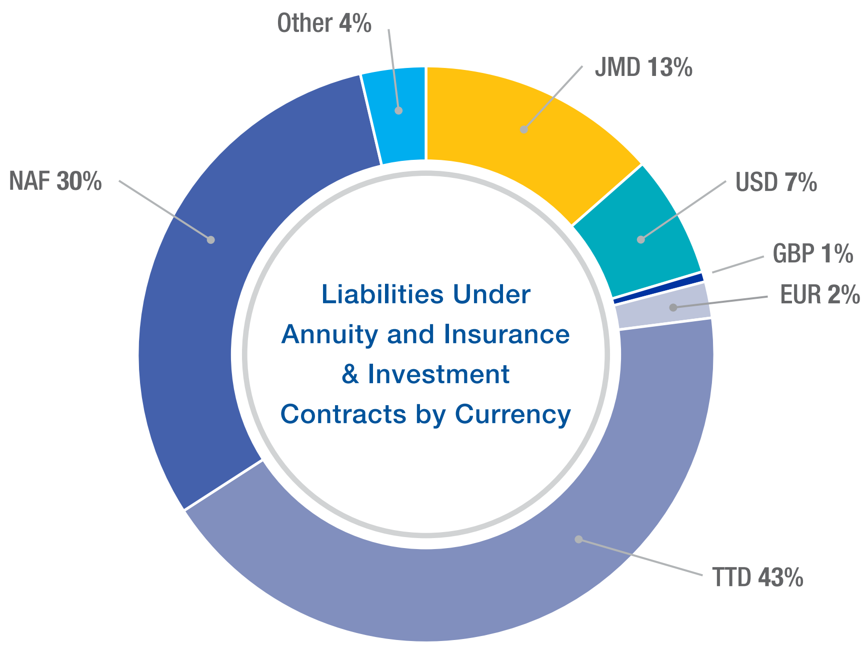
CUSTOMER DEPOSITS

The largest source of funding continues to be our customer deposits. This represents 38% of total liabilities (September 2021 – 38%). Customer deposits amounted to $715.3 billion, reflecting a 11% or $68.2 billion increase when compared to the prior year. Of our total customer deposits, 43% is denominated in Jamaica dollars and 38% in United States currency.

LIABILITIES UNDER ANNUITY & INSURANCE CONTRACTS AND INVESTMENT CONTRACT LIABILITIES

Liabilities under annuity & insurance contracts increased to $437.2 billion from $433.1 billion, representing an increase of 1% or $4.1 billion over the prior year. Our life insurance subsidiaries issue life and health insurance and annuity contracts that insure human life against death, survival or critical illness over the life of the contract. Our general insurance subsidiaries issue property and casualty insurance contracts that protects our customers against the risk of causing harm to third parties while undergoing legitimate activities. Both contractual and non-contractual events are covered if harm or damage has been done. As per our property insurance contracts, customers are compensated for the value of damage suffered or for the value of the property lost. Liabilities under life and health insurance and annuity contracts accounted for 88% of the balance at the end of the year (September 2021 – 89%). Investment contracts are those contracts that transfer financial risk with no significant insurance risk. The Group issues investment contracts including deposit administration contracts. Premiums under these contracts are recognised directly as liabilities.

Liabilities under Annuity, Insurance and Investment Contracts	2022 $'M	% of Total %	2021 $'M	% of Total %
Liabilities under life and health insurance and annuity contracts	385,081	88.1%	384,443	89%
Liabilities under general insurance contracts	52,094	11.9%	48,614	11%
Total	**437,175**	**100%**	**433,057**	**100%**



At the end of the financial year, investment contract liabilities totalled $46.2 billion, up from $43.8 billion in the prior year. Investment contract liabilities carry floating rates of interest and therefore the carrying amounts approximate their fair values.

REPURCHASE AGREEMENTS

Repurchase agreements are securities sold with the agreement to repurchase. These are treated as collateralised financing transactions and are used by the Group as short-term funding and as a product for corporate and individual wealth clients. Repurchase agreements increased by 10.2% or $22.9 billion to $247.7 billion. This category represents a significant source of funding, totalling 13% of total liabilities (September 2021 – 13%).

OBLIGATIONS UNDER SECURITISATION ARRANGEMENTS

Obligations under securitisation arrangements increased by 57% or $36.0 billion to $99.1 billion when compared to the prior year. NCB Financial Group through its wholly owned subsidiary, NCBJ, successfully raised US$300 million through the securitisation of its Credit Card Merchant Voucher Receivables in the international private placement market. The transaction was rated by Fitch Ratings and achieved investment grade rating of “BBB-”, Outlook Stable. In the previous financial year, NCBJ had entered into a structured financing transaction involving the securitisation of its Diversified Payment Rights (DPR). Under this structured financial arrangement, US$250 million was raised, which was then deployed to bolster the US dollar liquidity.

OTHER BORROWED FUNDS

Other borrowed funds, which comprise various funding sources, totalled $153.3 billion, reflecting a 12% or $16.3 billion increase over the prior year. Each source of funding has different terms, tenures and interest rates which were accessed for the benefit of our customers. The most significant balance in this portfolio was corporate notes totalling $131.4 billion, representing a 6% or $7.0 billion increase over the prior year.

Financial **Performance**

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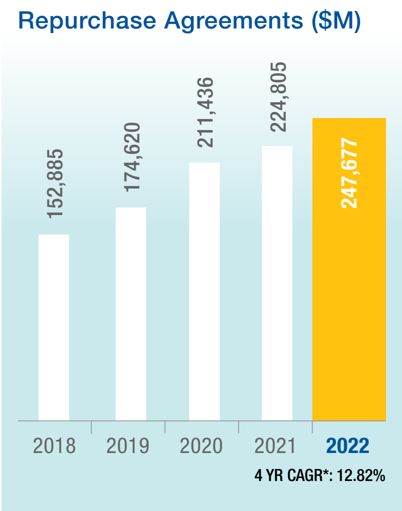
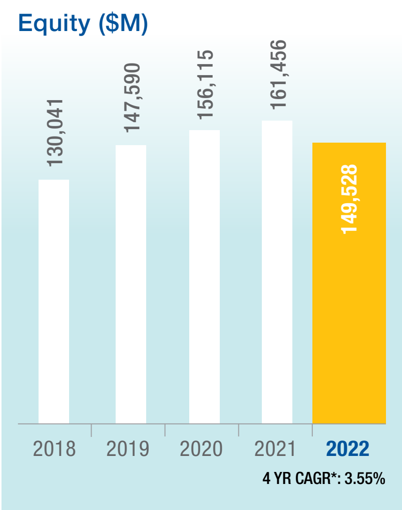




STOCKHOLDERS' EQUITY

Total stockholders' equity was $198.0 billion, reflecting a decline of 4% or $8.6 billion when compared to the prior year. Equity attributable to stockholders of the Group declined to $149.5 billion, representing a decline of $11.9 billion, or 7% over the prior year. Return on average equity improved to 17.59% from 8.97% in the previous financial year.

CAPITAL MANAGEMENT

The Group's objectives when managing capital are broader than the equity presented in the statement of financial position. Our capital management processes are in place to ensure compliance with capital requirements set by the relevant regulators; safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders; maintain a strong capital base to support the growth and development of our business and optimise capital allocation within the Group to maximise value.

Our management team recognises that the maintenance of adequate capital and the management thereof are critical to ensuring that regulatory requirements, strategic objectives and shareholder expectations are met each financial year. Each regulated entity within the Group is required to hold a minimum amount of capital as stipulated by the relevant regulator in the specific jurisdiction. To meet these requirements, a capital management plan is completed which is guided by the Group's Capital Management Policy. The Group's capital management plans are focused on maintaining adequate levels of capital, optimising the Group's portfolio, balancing shareholder risk-return objectives and being flexible in responding to changing market conditions. During the year, the regulated entities met or exceeded the minimum regulatory requirements.

[A summary on capital management can be found in note 49 (f) to the Financial Statements – page 332].

The closing share price on the Jamaica Stock Exchange as at September 30, 2022 was $89.89 per share (September 30, 2021: $127.52) which resulted in a price earnings ratio (current share price as a percentage of per share earnings) of 7.56 (September 2021: 20.40). The share price on the Trinidad & Tobago Stock Exchange as at September 30, 2022 was TT$4.50 per share (September 30, 2021 – TT$8.25).

Notwithstanding the various positive trends, we continue to closely monitor several market and other developments that present potential headwinds for our business. These developments include:

- The fragile geo-political situation in Russia, Ukraine and Europe with possible implications for the global economy,
- The potential for further central bank rate increases impacting capital via fair valuation of investment assets, and
- Regulatory developments in some of our territories along with the implementation of IFRS 17 and the Basel II framework.

Based on these, among other factors, the Board of Directors during the year, determined it prudent to continue bolstering capital and not pay a dividend for the year.

NCBFG Total Shareholder Return

For The Year Ended September 30	2017	2018	2019	2020	2021	2022	Three-Year CAGR (%)	Five-Year CAGR (%)
Closing Price of Common Shares ($ per share)	87.02	124.52	208.79	130.90	127.52	89.89	(24%)	1%
Dividend Paid ($ per share)	2.70	2.70	3.40	1.90	0.50	0.00	(100%)	(100%)
							Three-Year Shareholder Return	**Five-Year Shareholder Return**
NCBFG Shareholder Return (%)	**115.9%**	**46%**	**70%**	**(36%)**	**(2%)**	**(30%)**	**(56%)**	**13%**
JSE Index Annual Movement (%)	**60%**	**36%**	**44%**	**(26%)**	**9%**	**(13%)**		

RELATED AND CONNECTED PARTY TRANSACTIONS

The Group considers the following individuals or entities to be related:

- Parent and companies controlled by our major shareholder
- Subsidiaries
- Associated companies of the Group
- Directors and key management personnel and their families
- Companies controlled by directors and related by virtue of common directorship.

Parties are considered to be related or connected if one party has the ability to control or exercise significant influence over the other party in making financial or operational decisions.

In the normal course of business, we may engage in financial and commercial transactions with related parties. These transactions are executed on an arm's length basis, on substantially the same terms, including interest rates and collateral, where applicable, as those prevailing at the time for comparable transactions with unrelated parties (with the exception of loans included under the staff loan policy). Related party transactions with terms outside of normal business conditions require approval by the Board of Directors. Additionally, certain subsidiaries have Corporate Governance and Conduct Review Committees, which monitor overall related party exposures and approve transactions with related parties outside of the normal course of business. Periodic reports are also submitted to the Audit Committee.

STAFF LOANS AND OTHER CONCESSIONARY FACILITIES

We provide credit facilities at concessionary rates to employees and pensioners. The amounts that can be borrowed at concessionary rates are capped and all amounts in excess of the cap are accessible through normal customer facilities. The benefit of the discounted rate is assessed annually and if determined to be material, included in the financial statements.

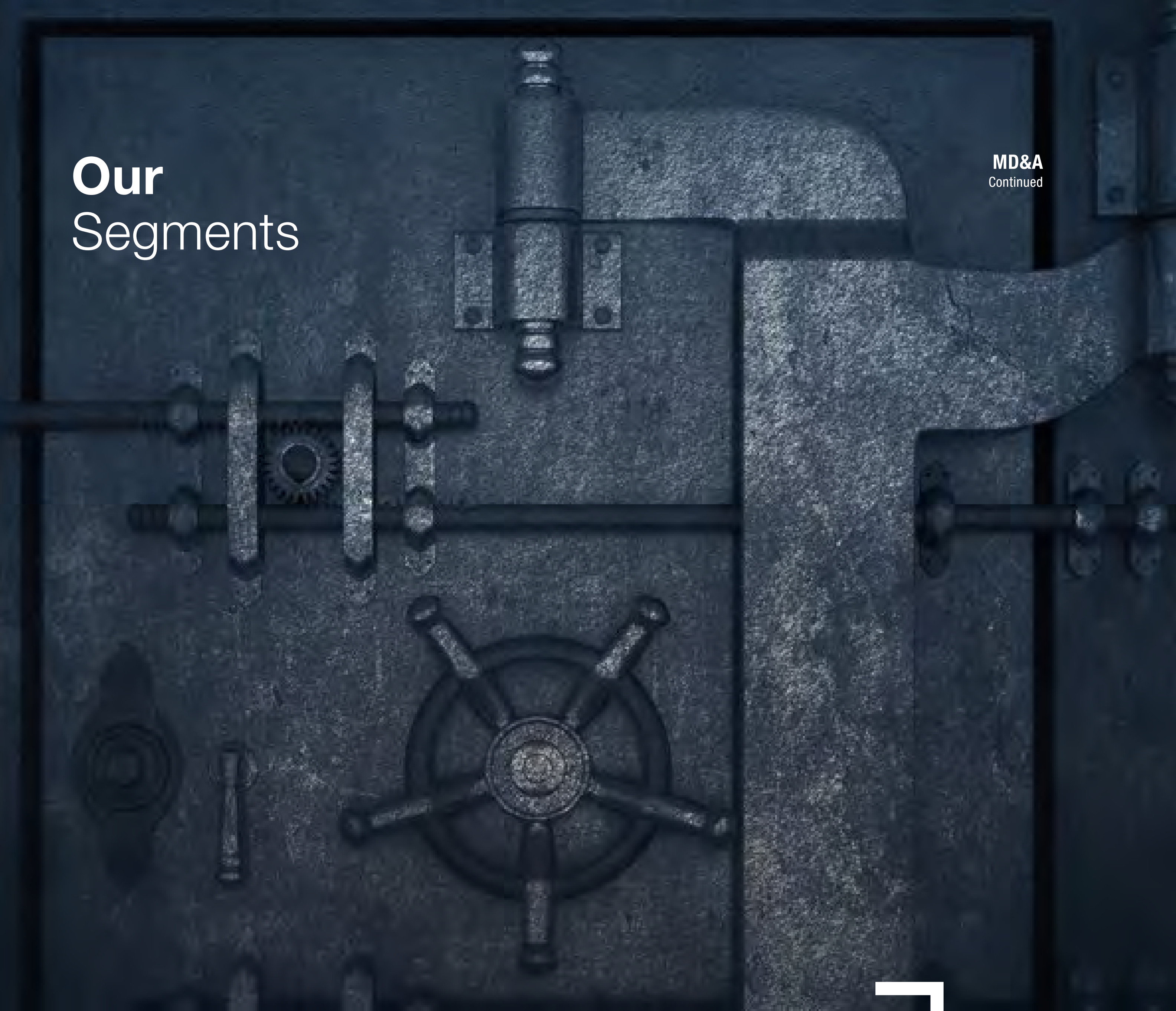
OTHER MAJOR RELATED PARTY TRANSACTIONS

Related parties may engage in transactions involving financial assets or financial liabilities such as investment securities, reverse repurchase agreements, repurchase agreements or corporate notes, which are executed at prevailing fair market prices. From time to time, these transactions may involve corporate finance services for which fees are charged at rates that are consistent with those charged for similar services to unrelated customers. Transactions and balances between the Group companies are eliminated on consolidation of the financial statements.

In the normal course of business, we also enter into agreements with related parties, which typically involve the provision of advisory, insurance and other services. These services are provided on terms which are consistent with those offered to other unrelated customers.

[A summary of related party transactions and balances can be found in note 48 of the Financial Statements - see pag 274].

Our Segments



By delivering financial services through our five segments, we provide a unique advantage to each customer: the capability and might of the regional reach and expertise of one team. With a unified purpose, we work to empower people, unlock dreams, and build communities through our focus on accelerated growth, an inspired people and culture, delighted customers, and being digital to the core across every segment: **Banking // Payment Services // Wealth, Asset Management & Investment Banking // Treasury & Correspondent Banking // Insurance & Pension Fund Management.**

Banking

Bringing the ever-evolving financial needs of corporate, commercial, and retail banking customers into focus, NCBFG's banking services are offered through National Commercial Bank Jamaica Limited (NCBJ) and Clarien Bank Limited (CBL), subsidiaries of the Group in Jamaica, Bermuda, the Cayman Islands, and the United Kingdom.

Services offered include personal and business banking for individuals, small- and medium-sized enterprises (SMEs), micro-entrepreneurs, large corporations, and government entities.

ACCELERATED GROWTH

NCBJ and CBL continue to make a significant mark in the areas of large-scale corporate and commercial financing solutions – especially with the ability to collaborate with other NCBFG subsidiaries such as NCB Capital Markets Limited and NCB Insurance Agency and Fund Managers Limited (NCBIA) for more complex financing solutions for clients.

In Bermuda, Clarien has continued to attract several large-scale commercial projects in both the public and private sectors. Likewise, NCBJ's Corporate Banking arm has financed several large and complex deals over the period, including a $2.5 billion construction loan for Sygnus Real Estate Finance Limited's 'One Belmont' project, and $6 billion for the Morant Bay Urban Centre development in St. Thomas, Jamaica.

Building on its portfolio of pre-approved loan facilities available digitally, without a visit to a branch, NCBJ launched its Personal Advance Premium. Double-digit year-over-year growth in the digital loans portfolio has been enabled by ongoing advanced data analytics initiatives and customer sign-up for online and mobile banking, which facilitate secure, authenticated acceptance of pre-approved loans. The portfolio growth and customer feedback also confirm our customers' preferences for more convenient alternatives for accessing financing.

NCB (Cayman) Limited's banking licence in the Cayman Islands was upgraded from class B to class A in FY 2022, permitting them to offer services to both local and overseas clients.

In a market-leading move, NCBJ launched Jamaica's first electric vehicle (EV) loan, as well as a renewable energy loan, both of which enable customers to access financing for electric and hybrid vehicles, as well as installation of solar-powered energy systems and eco-friendly alternative energy projects. These financing solutions were the first elements of NCBJ's long-term 'Green Financing' initiative, which aligns with its ESG objectives and the global focus on reducing the negative effects of climate change.

In Jamaica, SMEs were able to access up to $250 million in financing through the SME Boost loan, which was earmarked to provide support for the productive sector.

Expanding access to financing for individual and business customers continues to be a key focus. As such, in FY 2022, NCBJ embarked on a targeted mission to transform all lending journeys to facilitate long-term sustainable growth, capture efficiencies and create delightful digital credit journeys. The overall objectives are:

- Streamlining the credit underwriting process to decrease the time it takes for customers to access loans.
- Digitally enabling and automating more than 70% of loan volumes.
- Improving the overall end-to-end client experience from application to disbursement.

DIGITAL TO THE CORE

Transformation of the service model continued in both NCBJ and CBL locations in their operating territories throughout this year. There has been an expansion of their respective hybrid or '**phygital**' business models which combine digital and physical channels to provide more efficient, convenient, and delightful service. Clients can now self-serve online or via intelligent ABMs, chatbots, and interactive voice response channels. Assisted sales and advisory services for more specialised or complex transactions are available in person or by telephone, video chat, or

Our Segments

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chatbot. Assistive services for the elderly and members of the special needs community are available in person on a priority basis. CBL has reported remarkable levels of adoption of digital and self-service options by Bermudian clients, with in-person transactions decreasing by over 51% since July 2020 and a growing preference for online and alternative banking channels. Similarly, in-branch transactions at NCBJ experienced continued reductions including cash withdrawals, as well as cash and cheque deposits.

As customer education around the alternative banking channels increased, more customers began opting for 24/7 banking options, such as NCBJ's mobile apps; personal and business online banking platforms; and intelligent automated banking machines (iABMs) in Bank on the Go facilities island wide. Today, the mobile app is the preferred channel for making bill payments and transfers, while the iABMs, available 24 hours a day, 7 days a week, have become the primary channel for cash withdrawals and deposits for individual and business customers.

In support of its aspiration of becoming Bermuda's digital bank of choice, CBL has introduced a digital lounge – equipped with iPads and Wi-Fi for clients to use – as well as its re-imagined flagship location, which offers customers a world-class digital-first personal banking experience.

NCBJ's branch model has also undergone a significant transformation and is now structured in a hub-and-spoke configuration. Today, 21 physical locations are attached to six financial centres (or hubs). While the financial centres provide the full range of product and service offerings from the Group, the services available at the other locations are more tailored to the needs of residents and operate in a digital-first manner.

NCBJ's branch transformation was complemented by the introduction of an enterprise queue management solution, which allows customers to set appointments online to do banking transactions at their preferred branches. After a pilot period earlier this year, the solution was implemented at all locations island wide. In addition to facilitating appointment scheduling, the solution gathers data on services requested, wait times, and overall service experience via automated surveys sent to customers after their visits. These insights are leveraged to guide staffing decisions, launch service-enhancement initiatives, and inform the prioritisation of services to be enabled for self-service.

In a first for the Bermudian market, CBL attracted in new customers with its new bank account onboarding application that can be completed entirely online, in only 15 minutes.

On the corporate and commercial side of the business, the introduction of the transaction banking service offering is focused on the development and implementation of digital infrastructure to enhance the efficiency of payment transactions, as well as cash and liquidity management for clients. Additionally, customer relationship management tools have been implemented for tracking pipeline opportunities and assisting with portfolio management.

DELIGHTED CUSTOMERS

SMEs continue to be a top priority for NCBFG's banking subsidiaries, and major strides have been made in improving the type and level of support SMEs can access through NCBJ and CBL.

NCBJ formed a partnership with RevUP Caribbean, a first-of-its-kind virtual business incubator working to develop a strong Caribbean ecosystem for micro, small and medium enterprises (MSMEs), while providing them with the tools and financing needed to support growth and development. Specifically intended for growth-minded equity-seeking entrepreneurs, the programme gives participants access to financing, training, and expert consultation to achieve their goals.

The SME CX (Customer Experience Hub) was created to provide remote assistance to SME clients with business online banking and other daily transactions not yet available online. This service was implemented in response to client feedback around difficulties finding time for physical branch visits while running their businesses.

In Bermuda, CBL continues to leverage its long-term partnership with Ignite Bermuda to support the building of a robust entrepreneurial ecosystem on the island. This programme supports CBL's goal of creating economic opportunities for entrepreneurs and small businesses in Bermuda by providing access to training and development tools to help grow their businesses.

Since 2019, the Ignite programme has supported over 80 local entrepreneurs, while creating 47 full-time and 105 part-time jobs. Participants in the programme have also seen growth in average sales of over 30% after completing more than 120 hours of training and development work.

Looking ahead, the Banking segment will stay focused on the modernisation of its physical footprint and expansion of digitally enabled services. Growth will be enabled through new product offerings and a more streamlined, scalable business model, along with the expansion of loan financing and transaction management services for business clients.

Payments

Changes in the global landscape have given rise to numerous opportunities for traditional payments institutions and fintech disruptors alike to innovate and develop new solutions to reduce friction in the process of making and receiving payments globally. Poised

Our Segments

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for growth, revenues from global payments are expected to benefit from a compound annual growth rate (CAGR) of 8.3% from now until 2026, and industry players who have embraced the future-facing moves needed to grow with the industry are already reaping the rewards.[1]

The success of any payments business relies on the understanding that it extends far beyond card payments at traditional point-of-sale (POS) terminals. In today's marketplace, payment tools and solutions must be able to deliver fast, simple, intuitive, and frictionless ways for customers to transact, whether transferring money between individuals or paying for goods and services online or in person. The growing global appetite for digital currencies and low-cost instantaneous payment solutions is paving the way for fintech companies to serve burgeoning populations of micro-entrepreneurs, as well as underbanked and unbanked communities across the globe.

To meet the needs of today's diverse payments landscape, NCBFG's Payments segment offers solutions for point of sale (POS), e-commerce, and digital payments, as well as credit and debit cards through NCBJ. NCBFG's most recent offering was through TFOB (2021) Limited, which launched Lynk, a digital wallet in 2021.

ACCELERATED GROWTH

Despite the uncertainties surrounding revenue from traditional payments during the pandemic, NCBJ saw revenue of over $280 billion from POS and mobile POS (mPOS) transactions for the period. This represented a 34% increase year-over-year. Now serving over 20,000 merchants island wide, NCBJ is focused on migrating merchants from legacy POS solutions to lower cost, higher-margin payment solutions which can facilitate both card-present and card-not-present transactions.

Contactless transactions continue to be favoured by local merchants and consumers, with a twelvefold year-over-year increase in this type of transaction.

Despite a return to in-person commerce, Jamaican businesses have continued to avail of NCBJ's award-winning e-commerce solutions, which include easy-to-use website templates and social media payment buttons. This has resulted in over $100 billion in e-commerce sales because of increased adoption and utilisation of e-commerce platforms by Jamaican merchants and their customers in Jamaica and overseas.

NCBJ was recognised by Global Finance Magazine for innovation in payments for its 'e-Commerce in a Box' solution, which provides business customers with an intuitive integrated digital payment solution to quickly create an online presence for their business, with or without a website developer.

In response to the global shifts in commerce, NCBJ continued the migration of its legacy KeyCard users to Visa and MasterCard,

1. "The 2022 McKinsey Global Payments Report," October 2022, McKinsey.com.

improving their overall cardholder experience. The new cards give them greater access to cross-border transactions, insurance coverage from price and purchase protection, extended warranty, travel insurance and upgraded security benefits from chip-and-PIN and EMV protection. To date, 100% of business customers have migrated to Visa or MasterCard, while over 90% of consumer credit cardholders and 60% of prepaid cardholders have completed the switch.

Likewise, the migration of NCB's Midas card users to NCB Visa Debit is ongoing, with over 70% of active cardholders successfully migrated to date. NCB's Visa Debit, customers also gain access to international purchasing power, along with added perks like the NCB Miles rewards platform, Visa Direct, tap-and-go technology, and improved security features like chip-and-PIN and EMV technology.

Increased USD revenue for NCBJ and its clients is expected through growth in acceptance of American Express (Amex) in the market. NCBJ aims to maintain its position as 'acquirer of choice' in Jamaica, as the first to accept and process Amex, Visa, MasterCard, Discover and China Union Pay on a single terminal, along with contactless capabilities. Business clients in sectors such as tourism stand to benefit significantly from efficiency and revenue gains from the addition of Amex to a single terminal.

DIGITAL TO THE CORE

Following a pioneering partnership with the Bank of Jamaica, Lynk, a digital wallet produced by NCBFG's fintech subsidiary, TFOB, became the first platform to enable transactions using JAM-DEX, Jamaica's newly minted central bank digital currency (CBDC).

With Lynk, payments to businesses and transfers to individuals are free and instant. Paperless registration can be done via mobile devices, relieving customers of the need to visit a branch to sign up. As a result, for the unbanked, access to financial services has been vastly improved, and many pain points from the typical banking experience removed, thanks to a regulatory environment that enables greater financial inclusion.

Since its launch in December 2021, over 170,000 unique customers and more than 4,700 merchants have joined the platform.

On the payment card (credit, debit, and prepaid cards) side of the business, an enhanced end-to-end digital onboarding process has

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been introduced for credit card and prepaid card customers, allowing them to seamlessly apply for, receive and activate their cards.

DELIGHTED CUSTOMERS

As international fintech platforms and payment solutions continue to raise the bar for customer experience, NCBJ seeks to create customer experience excellence to set itself apart from other players in the space.

NCBJ focused on increasing uptime on service solutions, as well as training and upskilling partners to ensure they are equipped with the knowledge and tools needed to self-serve and troubleshoot effectively.

The introduction of additional digital payment solutions has helped to improve redundancy for merchant partners, enabling them to toggle between payment solutions. It has also increased accessibility for merchants and customers, allowing them to use their preferred methods of payment.

The global growth in the popularity of buy-now-pay-later solutions was met by NCBJ's rebranded FlexiPay option, which lets customers make purchases upfront with their NCB credit card, and then repay in a predetermined set of instalments over time. Customers availing themselves of these flexible payment options can benefit from interest rates as low as 0%.

The introduction of payment facilitators (online marketplaces) has also reduced the e-commerce barriers to entry for micro-businesses by offering alternatives for online payments that do not involve costs for setting up their own websites or e-commerce platforms.

In the new financial year, efforts to optimise the capabilities of the Payment Services segment will see the growth of remittance services through Lynk, the launch of virtual cards, and POS terminal upgrades alongside other initiatives to increase financial inclusion and enhance the security and ease of payment transactions. The continuation of first-to-market products is consistent with NCBJ's legacy of innovation in the region.

Wealth, Asset Management & Investment Banking

As globalisation and digitisation continue to reshape the investment and asset management industry, NCBFG's Wealth, Asset Management and Investment Banking segment is focused on growth through deepening penetration of Caribbean financial markets outside of Jamaica, along with digital transformation. This segment delivers services through Guardian Asset Management Limited as well as NCB Capital Markets Limited and its subsidiaries in Barbados, Trinidad and Tobago, and the Cayman Islands.

ACCELERATED GROWTH

Despite challenges in the macroeconomic environment, such as rising interest rates and inflation, NCB Capital Markets Limited (NCBCM) and its subsidiaries successfully arranged transactions totalling more than $22 billion across the region during FY 2022. This included deals across varying sectors and industries, including manufacturing, distribution, finance, energy, and regional government.

In Jamaica, NCBCM led the arrangement of US$2.2 million in equity financing from Stratus Alternative Investment Funds SCC (Stratus), to help with the development of the Morant Bay Urban Centre. This public-private partnership between the Government of Jamaica and Stratus will enable the transformation of the town of Morant Bay in St. Thomas, Jamaica by creating job opportunities and facilitating further infrastructural development.

NCBCM made the strategic decision to explore business opportunities in Guyana and has applied for a securities licence to operate as a securities dealer in that country. While awaiting approval, NCBCM has begun supporting the financing of several initiatives in the territory, including a US$10-million syndicated term loan for Guyana Shorebase Inc.

“Transactions totalling more than **J$22 billion** across the region during FY 2022.”

With operations in four Caribbean territories – Jamaica, Barbados, Trinidad and Tobago, and the Cayman Islands – large corporates and small to medium-sized enterprises (SMEs) have been able to benefit from the regional presence of NCBFG’s wealth and asset management business.

NCBCM arranged financing deals to facilitate cross-border acquisitions for corporations seeking to expand their regional footprint across the Caribbean by acquiring companies in other territories.

NCB Capital Markets (Cayman) Ltd. arranged US$25.4 million in bonds for Seprod Limited to assist with the acquisition of US Bryden & Sons Holdings Limited, a transaction which is expected to make Seprod one of the largest producers of consumer products in the Caribbean. NCB Capital Markets (Cayman) Ltd. also arranged US$21.5M in financing for Proven Investments Limited to assist with the acquisition of Fidelity Bank (Cayman) Limited, a key move in its efforts to expand across the region.

In Trinidad, Guardian Asset Management (GAM) experienced significant portfolio growth through its cross-sales initiative. GAM products were offered to Trinidad and Tobago life insurance clients, driving year-over-year growth of over 100%.

Our Segments

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DIGITAL TO THE CORE

Customer experience, operational efficiency and convenience continue to be among the primary drivers of the digital transformation of NCBFG's investment business. As such, the Group continues to make significant investments in improving and enhancing its digital offerings – making investments and portfolio management accessible to clients anytime and anywhere.

Key moves in this area include the introduction of the Wealth Connect mobile app in Jamaica in January 2022, giving investors access to view and trade stocks on the Jamaica Stock Exchange (JSE), monitor portfolios, view transaction histories and trade equities.

Additionally, NCBCM's market-changing digital equities platform, GoIPO was introduced to the Trinidad and Tobago market in June 2022, via the NCB Merchant Bank Trinidad and Tobago (NCBMBTT). This gives investors with accounts registered with Jamaica Central Securities Depository (JCSD) and the Trinidad and Tobago Central Depository (TTCD) the ability to participate in their local equities market using a fast, efficient, paperless platform.

DELIGHTED CUSTOMERS

To ensure that corporate and individual clients enjoy a differentiated customer experience, NCBCM launched the Wealth Hub in Jamaica, a specialised contact centre for NCBCM clients to access customer support and assistance with investment queries as needed.

In the Cayman Islands, several improvements to the online banking platform were implemented, reducing the occurrence of technical issues and account lock-outs.

Corporate customers will also benefit from the implementation of a deal management system, which helps to automate several of the processes involved in transactions. This system will boost efficiency and speed for the business, as it facilitates the digitisation of records and offers clients a more seamless experience.

High on the agenda for the wealth and asset management teams is the continued focus on deepening the penetration of wealth management and investment banking services in the region, providing individuals and companies with alternatives for wealth creation, and access to capital for business growth. Also high on the priority list is continued digital transformation to enable seamless investment transactions within each territory, and across borders where applicable.

Treasury & Correspondent Banking

NCBJ's Treasury and Correspondent Banking segment has direct responsibility for liquidity management, asset and liability management, financial institutions relationship management, currency risk management and market risk management for the bank. This segment of the business continues to play a critical role in enabling the organisation's 2024 strategic aspiration of becoming the leading financial services ecosystem in the region.

ACCELERATED GROWTH

Despite market volatility, NCBJ maintained access to funding in international markets. This saw the successful execution of a US$300-million financing transaction, with a tenor of ten years, via the merchant voucher receivables programme.

NCB's merchant acquiring and payments franchises continued to experience growth and remained resilient during the period, meriting a June 2022 upgrade in its Fitch Ratings. The rating for its merchant voucher receivables programme moved from 'BBB-' to 'BB+' or 'investment grade' with a stable outlook, while its diversified payments rights programme moved from 'BB' to 'BB+', with a stable outlook.

Competitive pricing and the growing volume of foreign exchange (FX) transactions on the bank's electronic platforms also maintained NCBJ's position as the market leader in providing foreign currency liquidity in all major currencies. Similarly, NCBJ preserved its position as market

leader for the provision of forward contracts, which saw turnover of US$490 million in FY 2022.

As a result of NCBJ's performance, the bank was named Best FX Provider (Jamaica) by Global Finance, and Best FX Bank (Jamaica) 2022 by Global Banking Review.

DIGITAL TO THE CORE

The Treasury and Correspondent Banking team continues to pursue operational efficiency and excellence through the digitisation of processes, products and services.

During the financial year, there was a focus on optimising the delivery of FX spot and FX forward products, by migrating these transactions to online channels. The negotiated rate feature was also implemented to reduce the number of customer touchpoints involved in completing FX transactions.

DELIGHTED CUSTOMERS

Digital enablement continues to be a key driver for improving the customer experience. During the financial year, customers benefitted from a more integrated digital onboarding process. Customers were also provided with online training and support for using the digital channels, which has enabled faster and more efficient payment processing.

Our Segments

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Looking ahead, the Treasury and Correspondent segment will continue to achieve its mandate through an enhanced focus on customer experience improvements and digitisation. An upgrade to the existing treasury management system and the addition of a treasury services module on NCBJ's online banking platform, are among the enhancements to improve the ease and efficiency with which customers can manage their liquidity, foreign exchange and other cash management needs.

Insurance & Pension Fund Management

NCB Financial Group (NCBFG) provides life, health, and general insurance and pension fund management through the subsidiaries of Guardian Holdings Limited (GHL) and NCB Insurance Agency and Fund Managers Limited (NCBIAFM), an agency of Guardian Life Limited.

ACCELERATED GROWTH

The Group's streamlined insurance and pension fund management subsidiaries remained undaunted in their quest to achieve strong financial performance, through the introduction of various customer experience-enhancing digital innovations and data-powered decision-making. A cross-sales initiative formed a core component of the organisation's customer-centric sales strategy, giving customers access to a wide range of products and investments for every stage of their life cycle and enabling strong revenue growth.

As a result, GHL tripled its earnings for its third quarter, with higher revenues and greater efficiencies. Between July and September, GHL

earned profits of TT$621.6 million on gross written premiums of TT$1.75 billion, a remarkable increase over the TT$202.4 million earned on its revenues of TT$1.6 billion from the previous year. Over nine months, GHL's profits were TT$1.06 billion, more than doubling its TT$472.5 billion profits from the previous year.

While the insurance business serves over 21 territories across the Caribbean region, Trinidad and Tobago, Jamaica and the English- and Dutch-speaking Caribbean continue to be the largest producers. Since the streamlining of the Group's insurance business, NCBIAFM has become the leading insurance agency for Guardian Life Limited. In addition, NCBIAFM has increased its Pension Fund Assets under Management to over $123 billion during the reporting period.

DIGITAL TO THE CORE

In the area of digital transformation, Guardian Life began offering e-pharmacy services to clients in 2021, connecting patients and doctors with a virtual pharmacy. Additionally, the insurance arm of the business has successfully deployed artificial intelligence (AI) and machine-learning-enabled solutions to enhance the customer experience and drive key business outcomes. Key among these is the use of AI tools by Guardian Life to help mitigate incidents of claims fraud and identify measures to reduce the costs of claims.

NCBIAFM successfully launched the ground-breaking SMART Online Portal, a pivotal move for the business as it enables customers to enrol in a pension plan without ever having to visit a physical location. Key strides were also made in NCBIAFM's digital onboarding capabilities, which include the automation of processes such as delivering insurance policy contracts to clients immediately after completing an online application; know-your-customer (KYC) verifications; and integration of the client portal with NCB's e-commerce gateway to facilitate digital payments.

Guardian Group has also made similar headway with digital transformation, including the deployment of a digital platform in the form of its Customer 360 Portal, empowering customers in Trinidad and Tobago, Jamaica, and Barbados to manage portfolios and transactions digitally. Some of the innovative features of the platform include access to quick, automated quotes, online payments, portfolio management, health e-cards, and real-time customer support via an AI-powered bot.

Customer relationship management solutions are being leveraged by the Group's life insurance business to support more personalised customer engagement strategies geared towards driving recurring revenue, repeat purchases, reduction in attrition and increased customer acquisition, as well as increasing the lifetime value of the client base. This focus has also resulted in the implementation of a Guardian Life customer engagement platform, which uses built-in metrics to track customer service cases routed to the back office.

At the core, Guardian Group continues to focus on the unification of the customer experience and engagement through centralised digital solutions, which deliver speed and useful business intelligence to drive innovation. Priorities for NCBFG's insurance portfolio will continue to be centred on digital migration and digital onboarding, with the aim of migrating at least 30% of routine transactions to digital platforms.

DELIGHTED CUSTOMERS

Identified as a key differentiator for the insurance and pensions business, a deliberate and concentrated effort has been made to transform the customer experience meaningfully and positively, driving customer obsession across the Group.

These efforts include the implementation of monitoring tools and systems to track the entire customer journey from pre-purchase to post-sale, and the establishment of a customer council to govern and support decision-making related to the Group's customer experience mandates.

On the pension fund management side of the business, executed through NCBIAFM, efforts are being made to improve pension coverage in Jamaica from 10% to 50% by lobbying for important amendments to the Insurance Act and legislation to cover micro-insurance. NCBIAFM is currently the largest provider of segregated pension fund management services and the second-largest pension fund provider in Jamaica.

Looking ahead, leveraging local and regional partnerships, using technology and analytics for ongoing digital transformation, and customer-centric sales remain high on the list of strategic priorities for the Insurance business, which continues to empower businesses and individuals to protect life, health, loved ones and property.

Our Business **Enablers**

In a financial ecosystem that is shifting to digital delivery, it is imperative that we use data, analytics and technology to empower our team with the tools to drive growth, manage risk, and improve efficiency and the customer experience across every segment. Our people have also been provided with the training required to deliver on the promise of a hybrid, or phygital (physical and digital), delivery network. In 2022, we continued to invest in our team as part of being a great place for us all to work, helping employees thrive during a year of continued change and creating opportunities for them to grow and develop in their careers.

Technology and Analytics

The drive to become an organisation that is digital-to-the-core remains high on the agenda for the NCB Financial Group (NCBFG). This strategic pillar is enabled by the organisation's focus on leveraging technology and analytics to:

- Diversify revenue through innovation and the creation of a digital ecosystem.
- Enhance efficiency and derive benefits from economies of scale.
- Create delightful, world-class experiences for customers that are simple, convenient, personalised, reliable, and secure.
- Improve risk management and organisational resilience.

IMPROVING UPTIME FOR ENHANCED CUSTOMER EXPERIENCE

Efforts to improve platform and application stability across the Group are direct enablers of enhancing the customer experience at all touchpoints. National Commercial Bank Jamaica Limited (NCBJ), showed significant improvement in this area, with improved branch and online systems availability. In-branch systems saw an improvement in uptime with a jump from 97.76% to 99.41%, a 27-hour annual reduction in downtime.

TECHNOLOGY AS A REVENUE DRIVER

Technology continues to be a key enabler of high-growth initiatives across the organisation, as more arms of the business look to digitisation as a means of providing the right capabilities and platforms to achieve their objectives. To this end, NCBJ's core information technology engine has played a key role in supporting 63 special initiatives, 44 of which have projected net recurring benefits of over $2.3 billion for the period.

Implementation of the 'One Guardian' digital platform created new avenues for revenue, as it facilitates anytime-anywhere access to fulfil customers' insurance needs. By unifying all business lines in Trinidad and Tobago, 'One Guardian' delivers an omnichannel experience for customers across web, phone, walk-in and text messages. The platform boasts key features like quick quotes, online payments, client portfolio view across insurance and investment products, a health e-card, and a built-in artificial intelligence (AI) bot for real-time support from the customer service team.

The enterprise data warehouse was another key implementation by Guardian Group, pulling key data from multiple business units and integrating them into a single hub. This has enabled the business to easily identify risks, opportunities, and support data-driven decision-making.

Guardian Life rounded out their innovation portfolio in 2021 with the launch of e-pharmacy services, which leverages a strategic alliance with an online pharmacy out of Trinidad and Tobago to serve clients. Through this integrated platform, customers now have access to a service that connects patients and doctors with a virtual pharmacy. This has streamlined prescription filling procedures and provides integrated delivery.

PIONEERING CENTRAL BANK DIGITAL CURRENCY PARTNERSHIP

A pioneering move for the Group was a partnership with the Bank of Jamaica, to offer the country's Central Bank Digital Currency (CBDC), JAM-DEX, through the development of a secure digital platform, which uses fintech to facilitate transactions.

Our Business **Enablers**

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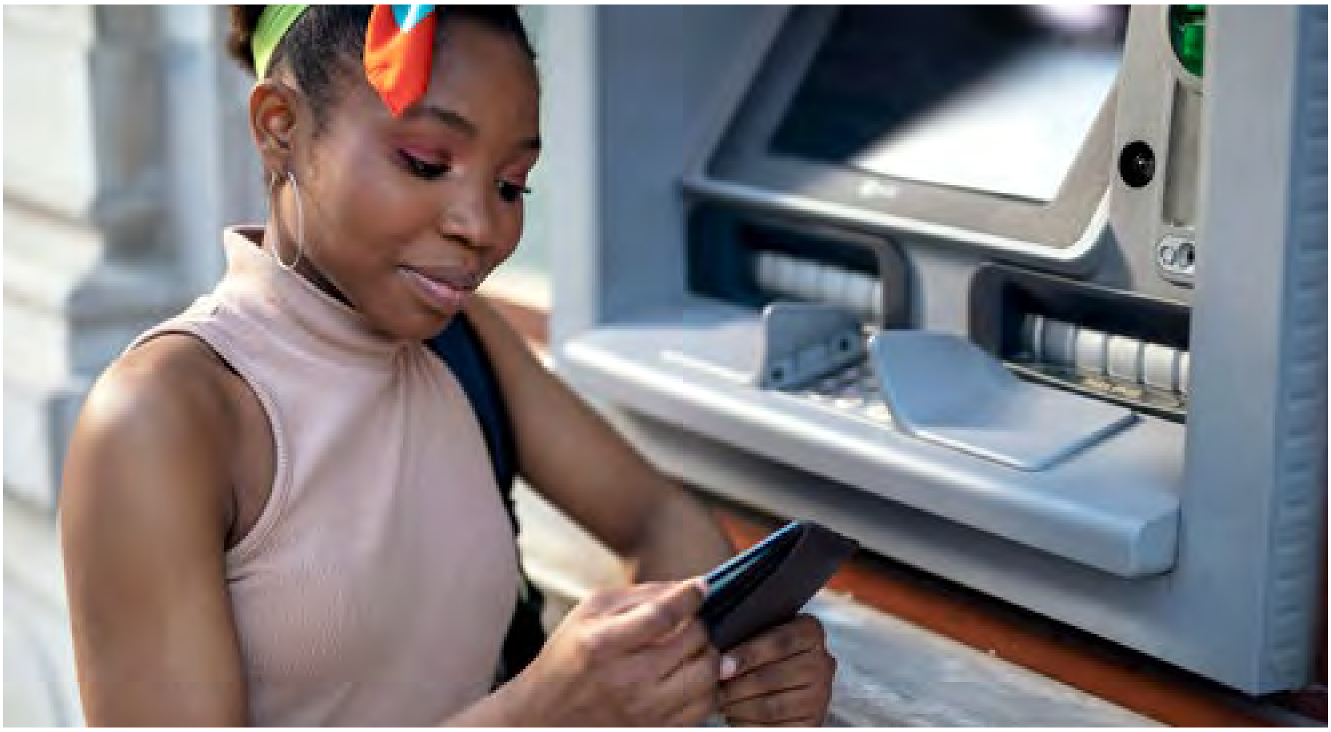


Today, JAM-DEX is available to Jamaican users through an innovative digital wallet, Lynk. Produced by TFOB (2021) Limited, the fintech arm of the Group, Lynk enables persons to conduct digital transactions using JAM-DEX with other Lynk users, as well as withdraw and deposit cash at select NCB ABMs island-wide.

With a fully digital onboarding experience which is user-friendly and does not require a branch visit, Lynk now serves over 170,000 users in Jamaica, as well as over 4,700 micro-merchant vendors.

As the Government of Jamaica (GOJ) also moves to accelerate its digital aspirations, Lynk's digital wallet is an efficient, cost-effective alternative to traditional cash or cheque payments from public subsistence payment programmes like the Programme of Advancement Through Health and Education (PATH), and the Christmas Work Programme. Proposed to help improve the processes of disbursement and collection of funds from social welfare programmes, the application is an opportunity for significant cost-savings and improved efficiency for the GOJ. Lynk also furthers the financial inclusion objectives of the Group and the Government of Jamaica.

According to PriceWaterhouseCooper's (PwC's) CBDC Global Index Report produced in April 2022, Jamaica now ranks fourth among the ten countries which have adopted central bank digital currencies.

The Group's fintech venture and digital transformation aspirations, have resulted in the increased utilisation of next-generation technological capabilities like cloud technology, and marketing automation.

GROWTH OF ALTERNATIVE BANKING CHANNELS

Bermuda-based subsidiary, Clarien Bank, made noteworthy progress with its digital goals, following the successful introduction of its digital onboarding service. This service enables clients to open an account online in under 15 minutes without visiting a physical location. Over 300 accounts have been opened online to date, with a steadily increasing number of customers opting to utilise this channel instead of taking the more traditional route.

Another major benefit for customers in Bermuda is the expansion of Clarien's fleet of intelligent ABMs (iABMs) to include a US-dollar dispenser, giving travellers easy access to the currency without the need to go into a branch.

In the Cayman Islands, continued enhancements were implemented on NCB Cayman's online platform, enabling improved digital service offerings, including the introduction of soft tokens for dual-factor authentication, and improved wire transfer capabilities.

Customers from Trinidad and Tobago (TT) as well as Jamaica will benefit from an expanded portfolio of digital financing options from NCBFG's subsidiaries. In Jamaica, SME customers can apply for SME Digital Quick Biz loans, while personal banking customers can access pre-approved and personal advance loans within minutes via online banking and mobile app portals.

Similarly, NCB Merchant Bank of Trinidad and Tobago Limited (NCBMBTT) introduced a digital loan portal, ncbloanaccess.com which allows TT nationals to apply for an unsecured loan of up to TT$150,000 online or from a mobile device.

NCBJ continued enhancements to its online banking and mobile platforms. Thanks to transaction limit increases, select customers are now able to execute higher-value transactions without visiting a branch. Additionally, customers can access more self-serve solutions to reset passwords and unlock their online profiles when needed, which has vastly improved the speed of resolution for these common issues. Mobile application (app) users have been empowered with several new capabilities, including the ability to:

- Purchase phone credit for pre-paid phones
- Accept pre-approved loan offers
- Initiate quick send and requests for transfers between NCBJ customers
- Block and unblock credit cards
- Share transaction receipts
- Edit and delete beneficiaries
- Interact with live chatbot Simone

GOIPO GOES TO TRINIDAD AND TOBAGO

NCBMBTT became a first mover in Trinidad and Tobago with its introduction of the revolutionary GoIPO platform from NCB Capital Markets Limited (NCBCM). It allows customers to digitally access initial public offerings (IPOs) and additional public offerings (APOs) on the Trinidad and Tobago Stock Exchange (TTSE).

DATA ANALYTICS AND SECURITY

Across the Group, we have accelerated the utilisation of data analytics, artificial intelligence, and machine-learning-enabled solutions to enhance the customer experience and drive key business outcomes.

At Guardian, artificial intelligence tools are being used to mitigate incidents of claims fraud and identify measures to reduce the costs of claims.

At NCBJ, the WhatsApp chatbot, Simone, has assisted customers with over 218,000 sales and service transactions since launching in 2021. Leveraging analytics and technology, ABM reversals based on customer complaints have been fully automated, reducing the turn-around time for refunds.

The organisation continues to give priority to the protection of stakeholder data and privacy, while bolstering its cybersecurity infrastructure to protect against existing and emerging risks and threats. NCBJ's cybersecurity framework to enable better management and reduction of cybersecurity risks is guided by the National Institute of Standards and Technology's (NIST) Cybersecurity Framework, which is used globally. These guidelines are used to assess the organisation's security controls, which include people, processes, and technology. This is supported by ongoing education programmes targeting customers, staff and directors.

Guardian Group has bolstered its cybersecurity and data protection efforts, with the launch of an in-house data protection programme. The programme includes staff and customer education, documentation of the Group's data processing activities, an increase in vendor due diligence, and the implementation of data privacy statements at all points where the personal data of customers is collected.

These ongoing transformation efforts combine to create a digital-first enterprise that will bolster the resilience and long-term viability of the organisation.

Our Business **Enablers**

CONTINUED

People

Our people are the engine of NCBFG's success. They serve our customers and communities, develop technology, make strategic decisions, manage risks, and propel innovation. It is their tenacity and passion that help us fulfil our purpose – Empowering People. Unlocking Dreams. Building Communities. – and continue to achieve our bold aspirations. Therefore, attracting and retaining the best talent is a strategic imperative, evidenced by Inspired People and Culture being one of our four strategic pillars. We strive to become the employer of choice, with strong organisational health, and a place where each employee is proud to be a part of the team and committed to our success as an organisation. The unprecedented wave of challenges over the past few years has tested our teams in new ways but has also intensified our resolve and commitment to our team.

ATTRACTING THE BEST TALENT

The advent of remote work and the 'Great Resignation' intensified the war for talent globally. As a result, NCBFG has applied innovative new strategies to attract top talent.

At NCB Capital Markets Limited (NCBCM), the NCBCM Analyst Initiative served as the platform for attracting top analyst talent. The programme recruits tertiary students and provides them with an opportunity for holistic training across a wide range of financial sector areas including enhancing their understanding of local and overseas bond and equity markets. The quality of the programme has enabled NCBCM to recruit most participants to fill full-time positions. Alumni of this programme also continue to rank highly in the annual Jamaica Stock Exchange Market Research Competition, with the programme producing the first- and second-place winners in the 2022 staging.

TFOB (2021) Limited has leveraged the appeal of digital start-up culture and the reputation of NCBFG to attract, develop and retain some of the best digital talent from across the region and the Caribbean Diaspora, including product owners, scrum masters, architects, developers, designers, and marketing managers.

INVESTING IN EMPLOYEE DEVELOPMENT

Important to our human capital strategy is helping our people advance their skills and professional development through a robust suite of training, leadership development, upskilling programmes, mentorship efforts, and performance reviews.

Training and Upskilling

Assessments of learning needs were conducted by NCBJ, and the relevant training was identified for staff to facilitate upskilling for team members. NCBJ enabled team members to develop 'Employee of the Future' skillsets through cross-training and a broad range of courses offered through the School of Digital Transformation and Analytics. Courses spanned areas including software development, data analytics, digital marketing, agile, and user interface and user experience design.

Job rotation opportunities and initiatives such as NCBJ's Staff Innovation Challenge, also provide hands-on experience and exposure for team members in other disciplines.

Leadership Development

Clarien prioritised the improvement of organisational health with continued investment in leadership coaching and management training. The goal was to equip managers with the tools and resources to ensure effectiveness in their roles and a positive impact on their teams. A highlight of this initiative was the sponsorship of WeSpeak in April 2022, a full day of training workshops designed especially for female managers.

At NCBJ, 20 young team members formed the inaugural cohort of a one-year Enterprise Operations leadership programme, which includes discussions with leaders across the group, selected readings and opportunities to develop and implement ideas to drive organisational health.

Leadership Circles, launched by the Guardian Group in May 2022, was facilitated by a group of subject matter experts. The programme is an ongoing learning journey that provides a suite of transformative leadership interventions designed to groom the organisation's leaders and provide them with the necessary tools to be more supportive, consultative, and inspiring. It is also designed to help them better handle uncertainty, complexity, and change. The goal of the programme is to create a positive and thriving culture by building a new standard of leadership that attracts and inspires great people.

The Coaching Excellence pilot programme was rolled out for NCBJ leaders to provide them with peer support for their team coach roles. The programme currently focuses on enabling over 50 leaders to remove barriers and reinforce the mindset and tools needed to effectively coach team members.

NCBJ also rolled out its AVID (Agile, Visionary, Inspiring, and Driven) Leader programme, which is focused on creating alignment around the profile of the NCB Leader. It is an enabler for defined leadership behaviours that we aspire to see consistently exhibited across the leadership team.

Overall, the expected outcomes for the leadership initiatives across the Group include:

Our Business **Enablers**

CONTINUED

- Improved leader effectiveness, impact, and influence
- Leaders as coaches who support, inspire trust, and engage staff
- Cultivation of talent and gaps in the talent pipeline addressed

FOSTERING EMPLOYEE ENGAGEMENT AND FULFILMENT

Organisational Health initiatives continue to be a priority across NCBFG. Progress is measured for each department across the Group twice a year, and improvement initiatives are continuously refined. NCBFG also benchmarks its performance against global companies, in line with its world-class aspirations.

Some of the more effective organisational health initiatives launched by NCBJ (organisation-wide or on individual teams) include:

- Organisational health website with insights, metrics, and resources for improving health
- Bi-weekly digital innovation sessions
- Job rotation programmes
- One-on-one mentorships
- The 'My Journey: My Story' series featuring NCBJ team members sharing their journeys and change processes to inspire and build motivation among their peers
- 'Who Are We?' sessions highlighting the functions and members of various teams.

A significant focus for FY 2022 was building resilience. NCBJ's Resilience Programme was designed to build awareness around the elements of resilience and its contribution to sustained success while providing opportunities for team members to build personal resilience. The programme ran over six months and featured:

- Vision Board Session with Nicole Mclaren reaching over 650 participants
- Employee of the Future series engaging over 900 team members around the 'Employee of the Future' characteristics, an employee assessment and an all-staff townhall. This programme was also used as a launching pad for the Talent Mobility Programme and Talent Block consulting segment.
- Ways of Wellness – This 6-week series focused on building awareness around various elements of wellness and featured sessions with professionals, including a medical doctor and psychologists to assist our employees in being proactive about their health and well-being. Employee engagement was sustained through a four-week challenge and a wellness bingo initiative.

At Clarien, a resumption of in-person social events was a boost for organisational health and lifted the morale and engagement of team members. Clarien also continued investing in leadership coaching and management training, equipping managers with the tools and resources to ensure they are effective and have a positive impact on their teams.

At Guardian Group, Hello GG was launched to focus on a new Guardian Group corporate culture that brings out the giggle in team members, the greater good in the communities served, and simple good greetings that bring a smile to customers' faces. Its main purpose is to reinvigorate a Group-wide corporate service culture in which every employee has the power to positively influence each experience at every touchpoint.

THE RIGHT TOOLS FOR HYBRID WORKING SUCCESS

Remote and hybrid work have become the norm across the globe and, with that, new tools have become necessary to sustain and enhance productivity, and facilitate engagement and connection, in the absence of regular in-person opportunities for some team members. In FY 2022, NCBJ advanced its cloud storage capabilities and integrated Office 365 and Microsoft Teams to optimise meetings, calls, chat, collaboration, and business processes between remote and resident team members. The new platforms have enabled better communication, knowledge and resource sharing, and team building exercises, as well as added efficiency to the flow of work, to empower employees to maximise productivity, and drive collaboration and coordination to help break down silos, maintaining their connection to their company's mission and culture.

NCBJ also moved to digitise the following requests to enable team members to access remotely:

- SMART Pension contribution and pension change contribution forms
- Mortgage pre-approval requests
- Reference letters

REWARD AND RECOGNITION

Our remuneration and benefits packages are designed to be competitive. They form a key part of our strategies for the attraction and retention of top talent. We offer comprehensive benefits, including health insurance, retirement benefits, life and disability insurance, on-site wellness centres, and more, improving well-being and engagement and fostering an equitable workplace. Team members also benefit from subsidised loan and credit card rates and select reductions on transaction fees. Scholarships are also available for children of employees.

Celebrating excellence and encouraging performance took on greater significance across the group in FY 2022. We strengthened morale and improved engagement, particularly as teams adjusted to the remote work environment.

Clarien honoured some of the most dedicated team members with a Long Service Awards Ceremony, while at NCBJ, high-performing team members were recognised at the annual Pinnacle Awards, which celebrates the highest performing sales and service employees and branches throughout NCBJ.

ADVANCING DIVERSITY, EQUITY & INCLUSION

Our team members have the right to fair labour practises and a safe, harassment-free, family-friendly work environment. That starts with making sure our employees feel welcome, respected, and trusted at work.

Our Business **Enablers**

CONTINUED

We are always working to build and maintain a culture of respect, equity, and inclusion across the Group. This is accomplished through the establishment of employee participation forums; efforts to foster inclusion and elevate various perspectives; as well as education and training programmes aimed to uncover ways in which our people can contribute to an inclusive culture.

Creating a welcoming environment for people with disabilities (PWDs) enables us to capitalise on their skills, advance their careers, and, as a result, help the organisation better serve customers with disabilities.

Clarien continued to work on strengthening diversity, equity and inclusion by hosting special events and seminars aimed at sparking important dialogue around issues such as race and gender equality. These included:

- An hour-long virtual presentation in honour of Black History Month, featuring African American author, educator, and motivational speaker Melodye Van Putten as host.
- A fireside chat with five female small business owners in celebration of International Women's Day 2022. The guest speakers discussed their professional journeys, obstacles they have overcome as women and women of colour, and the lessons learnt as they charted their paths to success.
- The second annual Inclusion Survey, which provided all full-time employees and consultants the chance to share their views and feedback on how to maintain a safe, respectful, and welcoming work culture.
- The development of further training for managers and those who sit on interview panels to acknowledge and then eliminate any unconscious bias.

"Increase accessibility for persons with disabilities to public goods and services by providing Jamaican sign language training for approximately 100 persons that interact with the deaf"

Connecting with Persons with Disabilities

NCBJ teamed up with RISE Life Management Services Limited to become involved in a European Union grant-funded initiative aimed at ensuring that persons with disabilities (PWDs):

- Are fully integrated into society
- Have access to appropriate care and support services
- Are treated as valuable human resources

This human rights-based project is scheduled to continue over 20 months. The project includes training and financial support, as well as the promotion of the rights of PWDs. A key goal of the project is to increase accessibility for persons with disabilities to public goods and services by providing Jamaican sign language training for approximately 100 persons that interact with the deaf, from government agencies, youth volunteer groups and civil society organisations (CSOs) in Jamaica.

With the recent passage of the Disability Act (2014), this initiative is an opportunity to better prepare our staff to engage with PWDs and to improve the experience of existing staff by increasing the number of employees competent in sign language.

This opportunity was a precursor to a more expansive roll-out of training. This aspect of the initiative culminated with a formal commencement ceremony for all participants of the sign language training held at the Police Officers' Club in September 2022 coinciding with International Week of Deaf People. Several employees who had participated in the learning activity attended the ceremony.

A GREAT TEAM AND A WINNING CULTURE

Efforts across the Group have resulted in greater organisational health outcomes and team engagement. NCBFG prides itself on resisting complacency, and so the focus on Inspired People and Culture will remain centred in continuous improvement in support of our effort to meet our world-class aspirations.

Environmental, Social & Governance **(ESG)**

The NCB Financial Group has a vital role to play in addressing some of the most important environmental and social challenges of our time. Environmental, social and governance (ESG) matters play a significant role in how we conduct business, including how we develop our products and services, serve our customers, support our employees, and build our communities.

The scope and reach of our business in the region and our approach to ESG matters have the potential to contribute to the development of more sustainable and inclusive economies across the region. This is crucial for the long-term health and prosperity of Caribbean people and communities.

Combined, our Group corporate social responsibility (CSR) and corporate governance policies, available at **www.myncb.com**, put our ESG objectives into practice. Together, the policies provide guiding principles for all NCB Financial Group subsidiaries operating across the region. In addition, GHL and Clarien subsidiaries have localised CSR policies aligned with the Group's policy.

The Group CSR Policy and Corporate Governance Policy combined ground us in the following objectives:

- To ensure the Group can enjoy long-term success, providing appropriate benefits for stakeholders, including employees, customers, suppliers, shareholders, and communities.
- To comply with, and exceed where practicable, all applicable legislation, rules and regulations for operating our business in the respective territories.
- To drive competitive performance and profitability through responsible and ethical business practices.
- To review, report annually, and strive to continually improve our CSR performance while evolving our approach based on lessons learnt along the way.

Guided by our CSR policy, our environmental and social activities are focused on six primary areas:

- Inspired people
- Doing good business
- Creating delighted, lifelong customers
- Data security
- Community development
- Environmental sustainability

Environmental

SUPPORTING OUR CLIENTS' GREEN ASPIRATIONS WITH CAPITAL.

As our clients adapt and expand their businesses in a rapidly changing world, we offer them tailored advice and financing solutions.

Whether a client is trying to convert their business model and operations to decrease emissions, create and scale new energy solutions to address the climate challenge, or transition to greener water and waste management solutions, our goal is to help them succeed. This entails transactions that promote renewable energy, clean technologies, water and waste management, conservation, sustainable transportation, green buildings, and energy efficiency

NCBJ partnered with USAID to provide a special loan guarantee for SMEs in select Caribbean countries with collateral constraints, enabling them to access funding for:

- Energy-saving projects
- Clean energy production projects
- Working capital support
- Investments in machinery
- Equipment
- Facilities
- Business expansion
- Small-scale irrigation systems

USAID has guaranteed 50% of loans in this programme up to US$25 million ($3.4 billion).

Environmental, Social & Governance **(ESG)**

CONTINUED

Throughout FY 2022, NCBJ conducted transactions that provided financing for renewable energy and water and waste management projects including:

Entity	Industry	Jurisdiction	Deal Size	Rationale
BMR ENERGY	Wind/Solar Energy	Jamaica/The Cayman Islands/ Guatemala	US$88M – NCB hold US$44M	Up to US$44M invested in wind/solar plants in all three countries. This is particularly important to Jamaica, given the Government of Jamaica's intention to have up to 50% of Jamaican power generation come from alternative/renewable energy sources.
WIGTON WINDFARM	Wind	Jamaica	J$4B – NCBJ hold position J$600M	Lender to Wigton Wind Farm to improve their financial structure and take on greater capital investment. The savings from the refinancing allows the organisation to carry out capital improvements to make the plant more efficient.
ISSA HOTELS	Wastewater Treatment	Jamaica	US$3M	As part of the financing arrangement, Issa Hotels used short-term financing to install wastewater treatment plants on their properties to recycle water for lawn maintenance. This reduced the entity's dependence on the national water utility service.

The development of solutions to environmental challenges, such as climate change, is essential for the preservation of our planet and the creation of sustainable economic growth in the region.

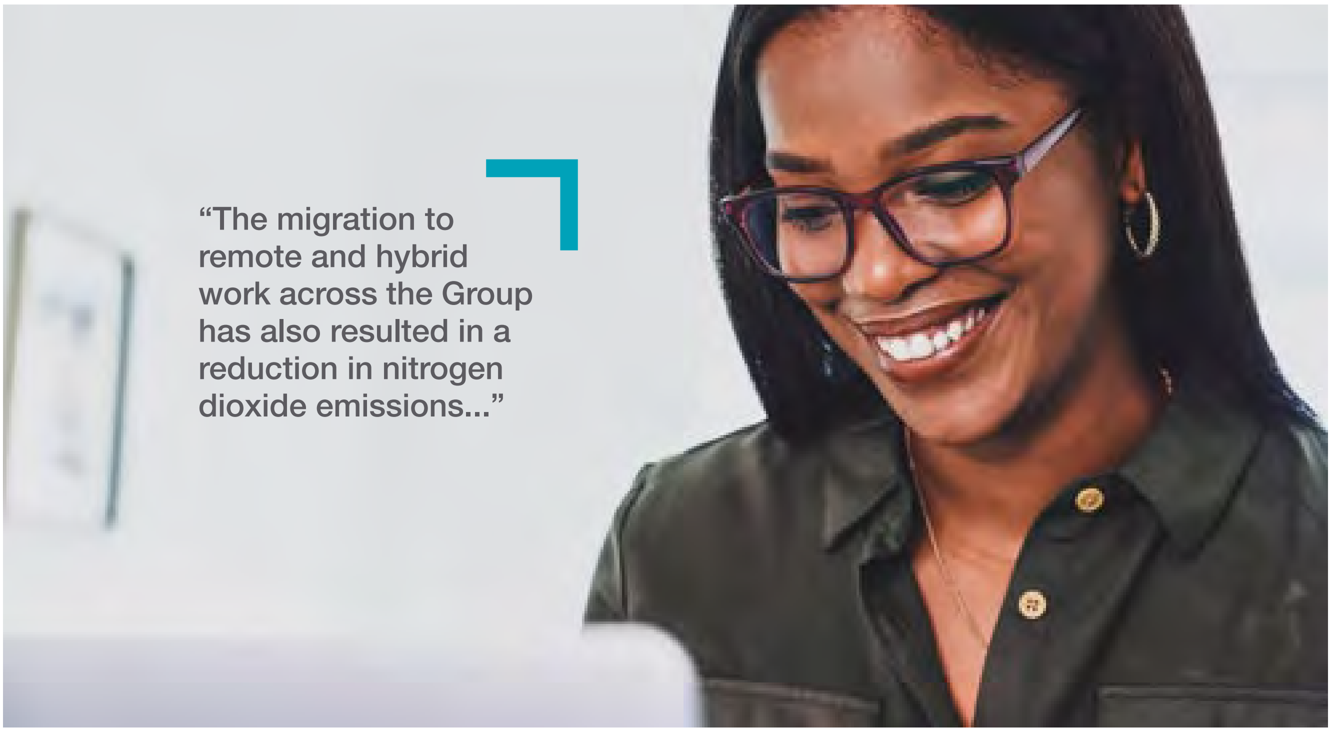
Launched on the cusp of FY 2022, the NCBJ electric vehicle (EV) lending facility is now available to local car buyers for the purchase of new or used automobiles, SUVs, pick-up trucks, and minivans with unique incentives to encourage consumers. The facility covers plug-in electric vehicles and hybrid electric vehicles.

Later in the year, NCBJ announced a partnership with EVERGO to install EV charging stations at select NCB locations across Jamaica.

Clarien partnered with BE Solar, a fourth-generation Bermudian firm committed to its vision of an efficient Bermuda fuelled by affordable, renewable energy.

Through Clarien Bank's Solar Loan programme, launched in September 2020, clients get an easy way to invest in clean renewable electricity. The programme boasts low monthly payments, competitive interest rates, and minimal upfront costs, so clients can enjoy financial savings as well as the climate benefits that come from using solar energy.

Continuing this meaningful partnership, BE Solar's Director of Development, Stratton Hatfield, and Sales Director, Joanna Frith, presented an Energy Empowerment Workshop in Q3 to educate employees and spread awareness about environmental and social responsibility.



ENHANCING RESOURCE MANAGEMENT AND EFFICIENCY

Responsible resource management is an important part of our sustainability strategy, helping reduce our environmental impact while improving efficiency and reducing costs. We are focused on reducing our water, office materials, and waste footprint.

In FY 2022, we made progress toward our commitment to reducing office paper usage with the continued migration to digital-first processes across the NCB Financial Group.

NCBJ achieved a reduction in paper consumption by implementing the following solutions:

- Initiation of the campaign to switch customers to mPOS and payment buttons, which facilitate digital payment confirmations.
- Continued migration of customers to e-statements and facilitated digital loan acceptance for select facilities.
- Expansion of the digital onboarding process for deposit accounts.
- Introduction of digital welcome kits for credit cards.

NCBJ has started the process of looking for opportunities to reduce electronic waste (e-waste), diverting it from landfills by disposing of e-waste responsibly.

At many of our corporate offices and branches across the Group, we have already deployed water efficiency measures, including low-flow fixtures, aerators, and touch-free faucets.

We have also moved gradually away from lighting solutions containing materials considered harmful to the environment and have increased our drive to deploy 100% environmentally friendly LED lighting solutions. We are also working to implement air conditioning (AC) solutions that utilise environmentally friendly refrigerants by replacing our old AC systems with energy-efficient Inverter-type AC systems.

Additionally, we continue our drive to implement additional solar photovoltaic (PV) solutions to improve our energy efficiency and reduce our grid dependency.

The migration to remote and hybrid work across the Group has also resulted in a reduction in nitrogen dioxide emissions, the main pollutant generated by traffic emissions, due to a smaller commuting population.

Reducing the environmental impact of our physical operations in the countries in which we operate has helped us become more sustainable. Managing our carbon footprint by reducing greenhouse gas (GHG) emissions and boosting resource management and efficiency has been crucial to our operational sustainability.

Environmental, Social & Governance **(ESG)**

CONTINUED

Social

OUR ORGANISATION'S SUCCESS IS LINKED TO THE STRENGTH OF OUR COMMUNITIES.

CSR is an integral component of NCBFG's purpose of empowering people, unlocking dreams, and building communities. Recognising that the well-being of individuals in society is one of the benefits of sustainable economic growth, our commitment to delivering on CSR is considered both an enabler and an outcome of the Groups's long-term success.

The communities in which we operate regionally should directly benefit from our presence through the creation of wealth and jobs as well as the investment of time and resources in nation-building initiatives. These include education, skill acquisition, increased digital literacy, and the development of self-reliance.

During the fiscal year, the N.C.B. Foundation, the Guardian Group Foundation, and the Clarien Foundation impacted tens of thousands of people through a range of CSR activities.

THE N.C.B. FOUNDATION

One of the N.C.B. Foundation's principal areas of focus is its mission to expand Jamaica's digital producer pool which will ultimately help to accelerate the country's digital transformation. Young Jamaicans are empowered to:

- Create digital solutions to local and global problems to grow our economy.
- Become financially independent and literate.
- Be resilient in a volatile, uncertain, complex, and ambiguous world.
- Be community and nation builders.

Scholarships & Grants

Our flagship scholarship and grant programme supported:

- Scholarships and awards for digital producers in priority fields.
- Level Up grants for short online courses for digital businesses.
- Book grants for primary and secondary students.
- Dr. Rickert Allen Scholarship for one Jamaican student at the University College of the Caribbean pursuing the BSc. Innovation & Entrepreneurship or the BSc. in Networking with the cyber security programme.

Donation	Beneficiaries
$100M	≈3,500

BOOST Initiative

The Building Out Our STEM Teachers (BOOST) Scholarship which started in 2021, provides scholarships and subsidies to increase the pool of secondary teachers specialising in science, technology, engineering, and mathematics. The N.C.B. Foundation came on board in FY 2022 to support the training and placement of 10 high-quality

teachers in digital studies such as IT (Information Technology).

Donation	Beneficiaries
$9M	10 SPONSORED FELLOWS

CSEC National Bursary Programme

The programme works with the Ministry of Education, Youth, and Information (MOEYI) subsidy to ensure students can satisfy the minimum subject requirements for tertiary admission or career advancement.

For the 2021/22 academic year, support for Principles of Accounts (POA) and Principles of Business (POB) was extended to all qualifying students, including regular students with a 70% or higher average, as well as PATH students and needy students, as wards of the state, with a ministry-approved average of 50% or higher in each subject area in private and public institutions island-wide.

Donation	Beneficiaries
$9.8M	3,000+

Stuart Reid Adopt A School Programme

Launched in 2014, the programme which has now been expanded to 43 primary schools across Jamaica, has helped build digital and physical infrastructure across our adopted schools, strengthening the quality of education for children. The schools have benefited from donations of cash and equipment from the N.C.B. Foundation as well as volunteer programmes facilitated by the branches or units within NCBJ that have adopted schools.

Environmental, Social & Governance **(ESG)**

CONTINUED

Financial Literacy Programme

The NCB Financial Literacy Programme is a multi-year partnership with Junior Achievement Jamaica that provides financial literacy training to fourth and sixth graders in our adopted primary schools. The curriculum encourages students to develop a business mindset by teaching them about earning, spending, and saving. The JA More Than Money for grade four and JA Money Maker for grade six were the curricula used. Each has competition-based core aspects.

Donation	Beneficiaries
$12.8M	1,300*

*(Grades 4, 5 and 6 students combined) and 15 institutions

Employee Volunteerism

The NCBJ Volunteer Corps now has a complement of over 450, who committed more than1,600 hours to projects and initiatives aligned with the Foundation's focus, including:

- Beach clean-ups
- Renovating adopted schools
- Sign language workshops
- School mentoring
- Visits to retirement and children's homes
- Visits to adopted schools for graduation presentations, reading sessions, etc.
- Financial literacy sessions
- Labour Day activities

Labour Day

With the recent passage of the Disabilities Act (2014) in Jamaica, the Foundation decided to focus its annual Labour Day efforts on empowering select special needs schools with digital technology, in line with its primary focus on digital education. Three special needs schools received donations and benefitted from 100 employees and students volunteering to rehabilitate sections of each school.

Donation	Beneficiaries
$4M	≈300*

*Special needs students and staff.

Branch Allocation Programme

Branches across our network approved funding to support over 150 initiatives and projects in the communities surrounding their branches.

Donation	Beneficiaries
$16M	≈2,500

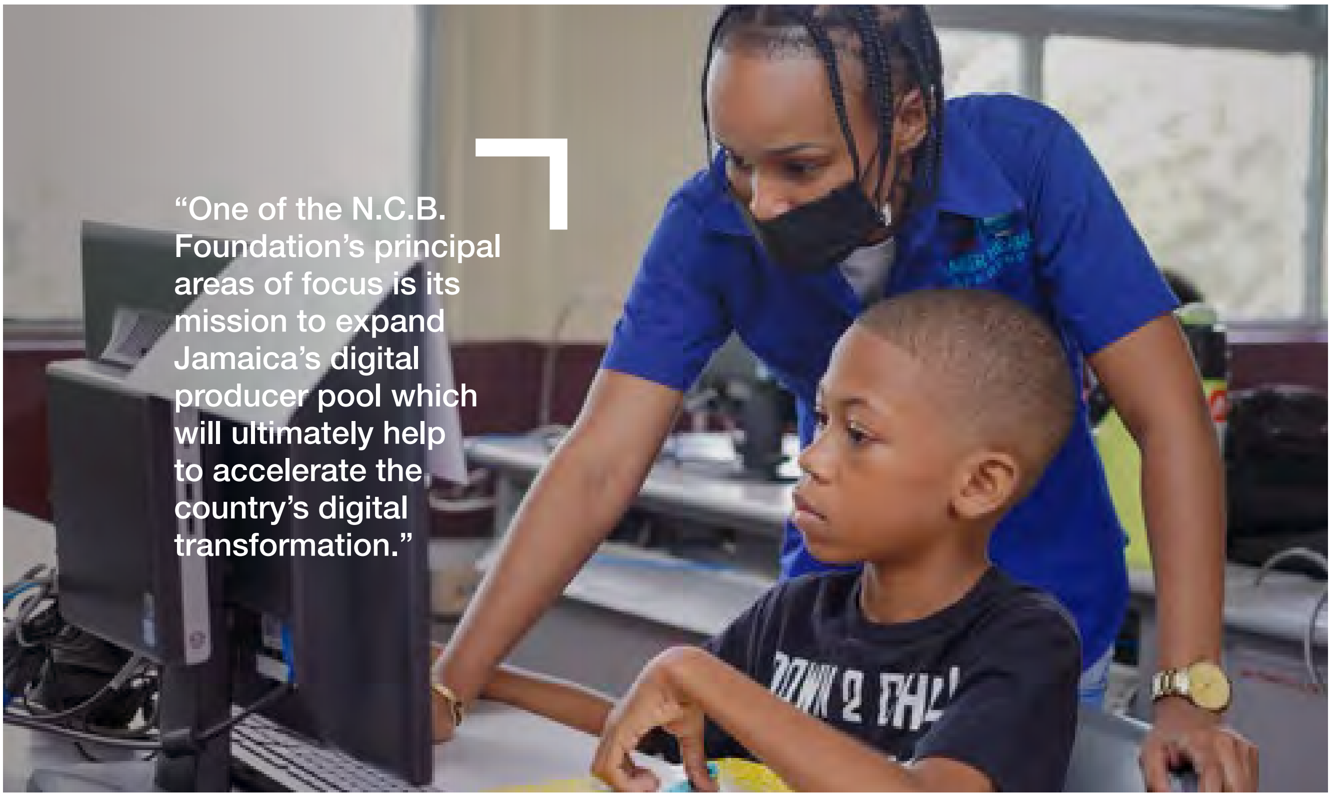
PROJECT STAR

The Private Sector Organisation of Jamaica (PSOJ) partnered with the Jamaica Constabulary Force (JCF) to create safer, more resilient communities with lower violent crime. Project STAR targets 10–20 violent neighbourhoods through effective collaborations, data-driven problem-solving, accurate and timely reporting, and accountable oversight and governance. This donation falls within the percentage of our annual budget allocated to projects that support initiatives of national importance.

Donation	Beneficiaries
$10M	1 OF TOTAL TARGET COMMUNITIES

NCB I.C.O.N. LAB

The NCB I.C.O.N. Lab is the result of a multi-year partnership between the N.C.B. Foundation, Trust for the Americas, and MICO University. The Lab provides access for Jamaican youth between 16 and 30 years old to technology, collaboration spaces, and seed-funding grants, as well as training in life skills, innovation, and entrepreneurship to foster an entrepreneurial and learning mindset to transform Jamaican youth into change agents for their communities. The Lab supported 11 business ventures each of which received seed funding of



"One of the N.C.B. Foundation's principal areas of focus is its mission to expand Jamaica's digital producer pool which will ultimately help to accelerate the country's digital transformation."

US$1,000 and together graduated 92 participants in FY 2022.

Donation	Beneficiaries
US$160K	102

Grant A Wish Programme 2021

The Grant A Wish programme supports Jamaica's most vulnerable during the holiday season and empowers Jamaicans to identify and vote for individuals and organisations deserving of support. The FY 2022 programme supported individuals and organisations in the following categories:

- Medical
- Education
- Frontline workers
- Community projects
- Micro-entrepreneurship grants

The programme generated over 1 million online votes, while more than 70 everyday heroes and community organisations received donations and micro-entrepreneurship grants to help them continue their work.

Donation	Beneficiaries
$15M	77

Amber Coding Academy

The academy, aimed at developing Jamaica's digital workforce and supporting the technological ambitions of young people including at-risk youths, launched with an initial cohort of 27 budding software engineers, who graduated on June 1, 2022, and received job placements with Amber Group, Digicel and NCB. Jamaica's Prime Minister, The Most Honourable Andrew Holness, was keynote speaker at a convocation marking the end of the training period. The event highlighted a total of 11 phenomenal mobile applications developed by the graduates.

A second cohort was upskilled in Angular, Angular JS, and HTML code having completed their theoretical training in September 2022. The new graduates will start internships and jobs in FY 2023.

Donation	Beneficiaries
$15M	50

Environmental, Social & Governance **(ESG)**

CONTINUED

Next Gen Talk Group

Fifteen young Jamaican entrepreneurs benefitted from over 18 months of mentorship with Hon. Michael Lee-Chin, OJ. The mentorship sessions were both online and virtual and facilitated the creation of networks among the participants as well as created new business opportunities.

THE GUARDIAN GROUP

HAPPYTALISM

As part of our commitment to developing and supporting the Caribbean region during difficult days, Guardian Group launched Happytalism, a regional initiative focused on the key issues of mental health and financial well-being. The objective of this 3-month programme was to bring to the fore, the science behind how people rise to challenges and create happier outlooks on life, despite negative or unfavourable circumstances.

Participants in the initiative received advice, tips, and profound insights on becoming more emotionally resilient, and happier as well as better disposed financially.

Featured speakers included best-selling author Dr. Tal Ben Shahar, who spoke to the 'Happy' part of the initiative. His life-changing insights were condensed into 30-second sound bites. Those wanting a deeper dive could listen to a series of 10-minute talks or register for a workshop.

Happytalism also offered participants insights into the award-winning branding and business development methodology of Ross | ReThink called INTANGIENCE™. The transformative branding and business development methodology provided a look at the breakthrough thinking applied by the most successful global brands.

SHINE 2021

Guardian Group donated over TT$250,000 to 45 children's charities in its December 2021 staging of SHINE (Securing Hope for those in Need). The physical staging of the Charity Walk & Run event remained on pause due to COVID-19 restrictions, but the giving continued. The team closed FY2022 in planning mode for the return to physical 5K and 10K events in November 2022.

Donation	Beneficiaries
TT$250K	45 CHILDREN'S CHARITIES

CLARIEN

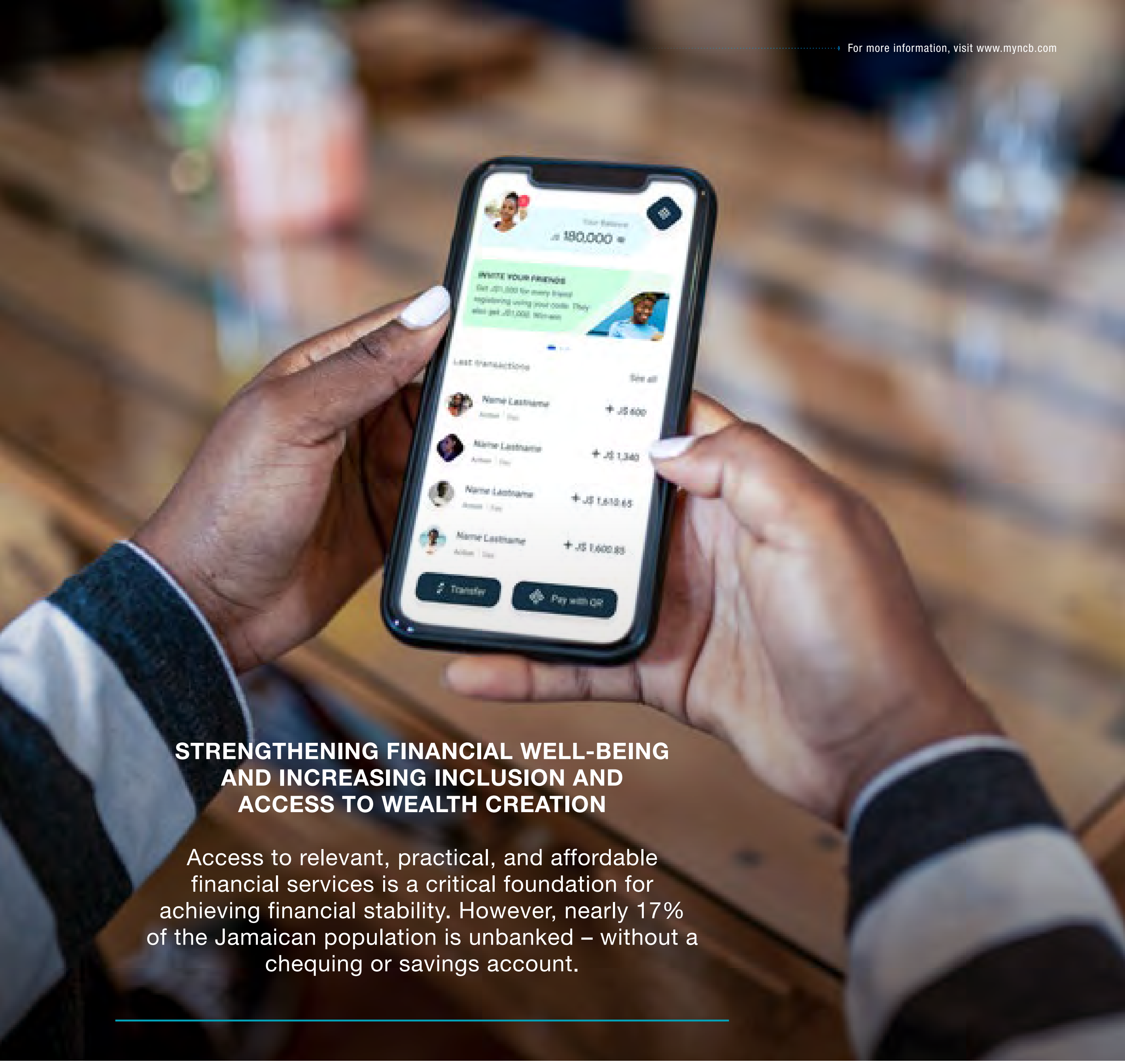
During FY 2022, Clarien continued its engagement in, and donations, to numerous philanthropic causes and activities across Bermuda.

Clarien was able to support and participate in a variety of live events, including:

- A Step-A-Thon hosted by the cancer care charity PALS
- The 35th Annual End to End
- Relay for Life

Clarien supported several other charitable organisations including the National Museum of Bermuda, AGE Concern, and Action on Alzheimer's & Dementia. Clarien also hosted a staff denim day in March 2022, raising US$1,520 for relief efforts for the people of Ukraine. Half was collected through the denim day activity and the other was matched by Clarien.

The Clarien Foundation donated US$117,500 to nine local organisations in June 2022 to support their continued efforts to develop and strengthen the Bermuda community. The focus of the beneficiary organisations ranges from health, education, and families, to entrepreneurship and human rights.



STRENGTHENING FINANCIAL WELL-BEING AND INCREASING INCLUSION AND ACCESS TO WEALTH CREATION

Access to relevant, practical, and affordable financial services is a critical foundation for achieving financial stability. However, nearly 17% of the Jamaican population is unbanked – without a chequing or savings account.

NCBJ and Lynk saw this as an opportunity to develop products to meet the needs of low- and moderate-income consumers and provide tools that help people become financially resilient and ultimately, build wealth.

NCBJ has introduced accounts that facilitate ‘low-risk’ KYC (Know Your Customer) requirements, thereby giving easier access to banking services such as traditional bank accounts and prepaid cards.

Lynk’s digital wallet also offers usage of Jamaica’s central bank digital currency. Over 170,000 new customers have been on-boarded since the pandemic and digital access was further expanded to facilitate the receiving and making of payments by these groups.

NCBJ has also developed a low-risk underwriting framework for micro and small businesses (those with gross revenues less than $75 million and less than 20 employees). The framework allows the entities that meet the criteria to access low-risk credit facilities. The maximum borrowing amount is $25 million, subject to limitations under the applicable Business Product Programme.

NCBJ also improved access for visually impaired persons to its digital banking applications for iOS users this year. This follows the implementation for Android users during the previous fiscal year.

Environmental, Social & Governance **(ESG)**

CONTINUED

SAFEGUARDING OUR STAKEHOLDERS IN THE DIGITAL LANDSCAPE

As digital solutions play a growing role in financial services and the economy, the risk of cyber-attacks and other threats to information security is an ongoing concern. Data privacy and cybersecurity, therefore, remain top priorities for the Group.

NCBJ has dedicated significant and diverse resources to cybersecurity:

- Cybercrime and fraud education initiatives for the benefit of the public via media and conferences – e.g. 'No Click, No Link'.
- Participating and presenting at various external conferences and events as thought leaders – e.g., Jamaica Bankers Association (JBA) and the Association of Certified Anti-Money Laundering Specialists (ACAMS).
- Articles published by the management team to educate the financial community – e.g. 'Addressing Bribery and Corruption in Jamaica'.

Clarien continues to make data security, and the protection of our client's personal and banking information, a top priority. Clarien was featured on the popular radio programme 'Mind Your Business' in Bermuda in February 2022, providing advice on how small- and medium-sized enterprises may defend themselves after being hacked. The bank also gave a workshop titled 'Have you been hacked? Follow these steps', in the same month to the Bermuda Economic Development Corporation.

WHAT CAPITAL CAN DO

NCB Capital Markets Limited (NCBCM) arranged over $1.2 billion to assist with the build-out of the Morant Bay Urban Centre.

This public-private partnership between the Government of Jamaica and Stratus will transform the town of Morant Bay, rationalise the footprint of government agencies in the Parish, create job opportunities and facilitate development of infrastructure.

In honour of Teachers' Day, NCBCM entered a partnership with the Jamaica Teacher's Association (JTA) which will see approximately $30 million being distributed on behalf of the JTA to the investment accounts of teachers island-wide.

NCBCM's commitment to building financial literacy continued with a social media campaign around financial literacy launched in Barbados. The organisation is also aligned with the island's Job Start Programme, which provides internship opportunities for young people regardless of their socioeconomic background.

Governance

GUIDED BY OUR GOVERNING ETHOS.

Strong corporate governance policies enable us to safeguard the interests of stakeholders, including consumers, clients, shareholders, employees, and communities.

We believe the organisation's long-term success stems from its commitment to governance principles. These standards apply uniformly across all our business divisions and operating regions.

Our governance systems encourage accountability, transparency, and ethical conduct. We examine and improve our governance structures, procedures, and controls regularly to ensure we are functioning at the maximum degree of efficiency.

The rules and processes of the NCBFG are governed by applicable laws, regulations, codes of ethics, and best practices. These policies and procedures offer the operational foundation and assist in maintaining obligations to clients, suppliers, shareholders, and society at large. Regulators continue to recognise and reward NCBFG's clear commitment to good governance. During FY 2022, the organisation earned an 'AA' ranking in corporate governance from the Jamaica Stock Exchange and has also earned the highest scores among companies listed on the Trinidad and Tobago Stock Exchange for adherence to international corporate governance benchmarks.

For more on NCBFG's corporate governance please refer to Corporate Governance on page 29.

Risk Management and **Governance**

With the uncertainty wrought on the global financial landscape by ongoing global disruption, financial institutions have had to reassess the resilience of operational frameworks and business models. At NCBFG we saw that our risk infrastructure needed to evolve to proactively identify potential obstacles to the achievement of Group strategic objectives. In addition to developing an effective suite of threat responses, the three lines of defence model played a critical role in ensuring the Group's ability to respond to the challenges of a post-pandemic landscape.

Financial risks took centre stage as central banks responded to inflationary pressures with aggressive rate hikes to dampen liquidity and tame inflation. Liquidity contingency plans and strategies for market risk management were employed to manage the increased risk exposure. Our Enterprise Risk Management framework continued to play a key role in the identification and assessment of all material and emerging risks as we implemented strategies designed to ensure the Group's operational resilience.

THE RISK GOVERNANCE FRAMEWORK

The Group's risk governance framework provides a comprehensive set of controls as well as ongoing management of the major risks assumed in the Group's business activities. Ultimate responsibility for the risk governance framework lies with the NCBFG Board of Directors, which has delegated primary responsibility for its oversight to the Group Risk Committee. That Committee considers and interrogates reports on all the major risks relevant to the entire Group and each of its sub-groups (NCB, Guardian and Clarien). The NCBFG Audit Committee considers the effectiveness and implications of the assurance activities carried out by the Group's internal audit function in relation to the key risks. Additionally, the NCBFG Corporate Governance and Nomination Committee gives ongoing consideration to the governance framework itself.

The oversight of the NCBFG Board and Board Committees is supplemented by the boards, board committees and management committees of our subsidiaries. Each of the three sub-groups has a framework that includes Risk and Audit Committees and based on the significance of the exposure, some of the other entities within the Group also have such committees. The extent to which board committees and management committees are established and used to manage the relevant risks is based on the extent to which the relevant risks are considered significant for the entities.

There are therefore management committees across the Group which support risk management oversight for strategic risk; operational risk; information technology security and fraud risks; capital adequacy; market and liquidity risks; and regulatory risk.

Risk Management and **Governance**

CONTINUED

RISK MANAGEMENT PRINCIPLES

Our risk management principles are anchored on the theme that the Group will ensure any risks undertaken are clearly understood, measured and managed. The responsibility of Business Unit managers to recognise their role as the owners of risk is also important, as is their accountability for effective risk management practices within their respective business units.

SIGNIFICANT RISKS

CREDIT RISK

Credit risk for the organisation includes the possibility of a customer or borrower defaulting on promised payments (e.g. principal, interest, or margin), or of a trading partner failing to fulfil obligations on a transaction or a portfolio of transactions, forcing NCBFG to terminate the trade, or replace the counter-party at a loss. During this financial year, inflationary pressures had significant impact on our personal customers, who had to bear the brunt of increased costs without a corresponding increase in income.

Our business clients were not immune to the impact of higher costs, but had more flexibility, as they had the option of passing on price increases to their customers or of implementing cost-reduction strategies such as staff releases. Our strategy of remaining close

to our customers and proactively providing them with credit solutions, through our frontline teams and collections units, enabled us to proactively manage our credit quality. The resulting impact was an improvement in our credit quality metrics as businesses continued to reopen and normal working hours resumed for customers. Accordingly, our estimated credit losses (ECLs) were adjusted downward to reflect the lower probabilities of default.

We stayed close to our customers, through our frontline teams and collections units, to proactively manage our credit quality. As businesses reopened and normal working hours resumed for consumers, our credit quality metrics generally improved. This enabled our estimated credit losses (ECLs) to be adjusted down to reflect the lower probabilities of default and the improving macroeconomic environments.

LIQUIDITY RISK

This is the potential for loss if the Group is unable to meet payment obligations when they fall due. We have taken steps to safeguard NCBFG against liquidity risk; while ensuring the Group's ability to honour obligations and liabilities to depositors and suppliers, while taking advantage of any profitable opportunities that might arise. The Group's Enterprise Risk Management Policy requires that liquidity be managed within established policy guidelines and benchmarks.

One of the Group's principal liquidity strategies is the maintenance of diverse and stable sources of funding. Accordingly, the Group's liquidity funding providers include NCBJ's diverse range of retail and corporate customers, as well as repurchase agreements and long-term secured funding sources, which include Diversified Payment Rights securitisation. We also monitor the credit rating of the Group to ensure access to credit at a good price. The Group Risk Committee also closely monitors the Group's liquidity risk positions and reviews all relevant information including:

- Factors affecting liquidity in the relevant domestic markets
- Key liquidity metrics, trends and comparisons with established limits and benchmarks
- Liquidity scenarios as well as strategies to manage the various scenarios

MARKET RISK

Measures are in place to address the Group's exposure to market risk, which is the possibility that movements in certain market variables such as interest rates, foreign exchange rates, equity prices, market liquidity and credit spreads may adversely affect its income and/or the value of its portfolios. The infrastructure designed to manage the Group's market risk involves the definition, approval and monitoring of limits, as well as stress testing, and qualitative risk assessments.

OPERATIONAL RISK

This is defined as risk of loss, direct and indirect, arising from disruptions to an institution's operations due to inadequate or failed processes, people, systems or from external events. The Group continues to progress with the medium- to long-term strategy of becoming 'digital to the core', the results of which include faster decision making; the employment of new and emerging technologies; and the development of a flexible workforce. Our risk infrastructure continues to employ a robust risk assessment framework to efficiently identify inherent risks, as well as controls to ensure any residual risks remain consistent with the organisation's risk appetite.

With operational resilience as a priority, we focused on key operational exposures, such as information technology risks, which also were the subject of close oversight by Board Risk committees. These risks included:

- Cybersecurity risks
- Third-party risks
- Business continuity risks
- Data risks
- Fraud risks

To manage our information technology risks, we constantly examine how information is processed, accessed, transmitted, stored and retrieved during a disaster. This examination is done across business processes and activities. Our risk reduction processes are continually being updated to ensure world-class defence mechanisms are in place to respond to any potential exposures. In addition to a robust cybersecurity policy, protocols are also in place to assess, prevent and effectively respond to disruptive cyber events. Given the importance of cybersecurity, the Group also maintains cybersecurity insurance coverage.

INSURANCE RISK

The Group's primary exposure to insurance risk is through Guardian Holdings Limited (GHL). Insurance risk is defined as the risk that future claims and expenses will exceed expected allowances for claims and expenses in the measurement

Risk Management and **Governance**

CONTINUED

of policyholders' liabilities and product pricing. This category includes underwriting, reserving and catastrophe risks.

For long- and short-term business operations, insurance risk arises from uncertainty regarding the timing and volume of future cash flows from insurance contracts. It results from inadequate or inappropriate pricing, underwriting and monitoring of actual claims and reserving experience, inappropriate policy terms and conditions, less-than-consistent application/unsuitability of delegated authorities and limits for underwriting and inappropriate/ inadequate reinsurance arrangements.

We maintain mitigation of insurance risk through:

- Defined delegated authorities in underwriting and claims.
- Robust actuarial controls and reviews in product development, pricing, asset-liability management, reserving.
- Maintenance of AM-Best-rated reinsurance partners.
- Strict adherence to regulatory guidelines, including scenario and stress testing for mortality and morbidity, pricing adequacy and overall capital adequacy.

Catastrophe reinsurance coverage is part of Guardian's overall reinsurance protections. With increased focus on climate change and the continuing intensification of climate-related events in the Caribbean, this area is robustly monitored. Of particular interest is exposure to floods, windstorms and earthquakes. In collaboration with the reinsurance brokers, the property and casualty actuaries perform detailed modelling and, based on these results, the reinsurance programme is designed. It is then approved by GHL's Board of Directors with an understanding of the net probable maximum loss (PML) and the resulting impact on capital. The programme is also subject to regulatory review.

LEGAL RISK

The Group is subject to legal risk, which has the potential to adversely impact its business. Legal risk is associated with failure to comply with legal obligations, including ineffective management of litigation proceedings. The Group is expected to meet and maintain high standards in all business dealings and transactions. Failure to adequately do so, or to address the relevant obligations, can lead to financial loss and reputational damage.
Business units – the first line of defence – are responsible for managing day-to-day legal risk, while the Group's legal team acts as the second line of defence. The risk is managed through a combination of activities, including:

- Ongoing compliance with, review and updating of the various procedures and transaction documents throughout the Group.
- Incorporation of legal guidance into processes and conduct.
- Review and updating of standard transaction documentation.

- The use of transaction-specific advice and documentation for transactions involving higher levels of risk or financial exposure.

Management of risk by the legal team is supported, when necessary, by the retention of external counsel managed by internal personnel. Reporting, particularly regarding disputes, is done to the relevant boards or risk committees within the Group, with consolidated reporting to the Group Risk Committee and the Board of NCBFG.

REGULATORY RISK

The Group is also subject to regulatory risk, which could negatively impact its businesses. Regulatory risk arises from a failure to comply with regulatory requirements, or changes in regulations and law that might affect aspects of the Group's operations, including risks related to financial crimes compliance. The Group must therefore continuously assess and monitor such risks and be prepared to react if they materialise.

Adopting the 'three lines of defence' model, the business units are the first line of defence responsible for managing day-to-day regulatory risk. The Group's compliance function acts as the second line of defence, providing advice, monitoring and oversight, and reporting to management committees, the Group Risk Committee and the Group's board of directors. The third line is the Group Internal Audit team, which provides independent assessment and assurance for the regulatory compliance programme. External audits of the compliance function are also undertaken.

Measures to mitigate regulatory risk include:

- The maintenance of the governance framework for compliance.
- A comprehensive training programme.
- Maintenance of relevant policies and procedures.
- Automated and manual transaction monitoring.
- Sanction screening and procedures for identifying, reporting and remediating regulatory risk events.

REPUTATIONAL RISK

Reputational risk is the potential for negative publicity, whether true or not, regarding an institution's business practices, actions or inactions. It can cause a decline in the institution's value, liquidity, or customer base. All risks have the potential to impact the Group's reputation, which in turn could negatively affect the brand, earnings and capital.

Our organisational culture and the Enterprise Risk Management Framework support the management of this risk. In effect, our Enterprise Risk Management Framework outlines the approach to be taken with the management of the more significant risks - credit, market, operational, insurance, regulatory and legal risks - which acts to safeguard the reputation of the organisation.

Financial Statements

NCB FINANCIAL GROUP LIMITED

SEPTEMBER 30, 2022

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NOTES TO THE FINANCIAL STATEMENTS

Directors' **Report**

The directors submit herewith the Consolidated Income Statement of NCB Financial Group Limited and its subsidiaries for the year ended September 30, 2022, together with the Consolidated Statement of Financial Position as at that date:

Operating Results

	$'000
Gross operating revenue	319,402,779
Profit before taxation	45,869,034
Taxation	(5,946,189)
Net profit	39,922,845

Dividends

No dividend was paid during the year.

Directors

During the financial year, the Board of Directors comprised:

- Hon. Michael A. Lee-Chin, OJ – Chairman
- Hon. Patrick A.A. Hylton, OJ, CD – President & Group Chief Executive Officer
- Mr Dennis G. Cohen – Group Chief Financial Officer & Deputy Chief Executive Officer
- Mr Robert W. Almeida
- Mrs Sandra A.C. Glasgow
- Mrs Sanya M. Goffe
- Mrs Thalia G. Lyn, OD
- Professor the Honourable Alvin G. Wint, OJ, CD - Lead Independent Director

Corporate Secretary

The Corporate Secretary is Mr Dave L. Garcia.

Pursuant to Article 94-96 of the Company's Articles of Incorporation, one third of the Directors (or the number nearest to one third) other than the Managing Director (that is, our President and Group Chief Executive Officer) and Deputy Managing Director (that is, our Group Chief Financial Officer and Deputy Chief Executive Officer) will retire at the Annual General Meeting and shall then be eligible for re-election. The Directors retiring are Mrs Thalia Lyn and Hon. Michael Lee-Chin, OJ.

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office and offer themselves for re-appointment.

On behalf of the Board

Dave L. Garcia
Corporate Secretary

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Independent auditor's report

To the Members of NCB Financial Group Limited

Report on the audit of the consolidated and stand-alone financial statements

Our opinion

In our opinion, the consolidated financial statements and the stand-alone financial statements give a true and fair view of the consolidated financial position of NCB Financial Group Limited (the Company) and its subsidiaries (together 'the Group') and the stand-alone financial position of the Company as at September 30, 2022, and of their consolidated and stand-alone financial performance and their consolidated and stand-alone cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and with the requirements of the Jamaican Companies Act.

What we have audited

The Group's consolidated and stand-alone financial statements comprise:

- the consolidated statement of financial position as at September 30, 2022;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the company statement of financial position as at September 30, 2022;
- the company statement of comprehensive income for the year then ended;
- the company statement of changes in equity for the year then ended;
- the company 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 consolidated and stand-alone 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.

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

B.L. Scott B.J. Denning G.A. Reece P.A. Williams R.S. Nathan C.I. Bell-Wisdom G.K. Moore T.N. Smith DaSilva K.D. Powell.

Independence
We are independent of the Group 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.

Our audit approach

Audit scope
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and stand-alone financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

How we tailored our group audit scope
We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industries in which the Group operates.

We determined the scope of our audit by first considering the internal organisation of the Group and then identifying the components of the audit that have the most significant impact on the consolidated financial statements. The Group comprised 53 reporting components of which we selected 23, which mainly represent the principal business units within the Group and are located in Jamaica, Bermuda, Trinidad and Tobago and the Dutch Antilles. Full scope audits were performed for 12 components, while audits of one or more financial statement line items were performed for 11 components. The audit work performed covered 94% of the Group’s total assets and 97% of total revenue. For in-scope business units located in the Dutch Antilles, we used component auditors from a non-PwC firm who are familiar with the local laws and regulations to perform this audit work.

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and stand-alone financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and stand-alone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters, as it pertains to the stand-alone financial statements, in our report.

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Key audit matter	How our audit addressed the key audit matter
IFRS 9 'Financial Instruments' – ***Probabilities of Default, Forward Looking Information and Significant Increase in Credit Risk (Group)*** *See notes 2(i), 21 and 22 to the financial statements for disclosures of related accounting policies, judgements, estimates and balances.*	
As at September 30, 2022, the Group's loans and advances totalled \$595 billion. The Group's investment securities measured at amortised cost and fair value through other comprehensive income (FVOCI) totalled \$752 billion. The resultant impairment recorded under the expected credit loss (ECL) impairment model amounted to \$14 billion for loans and advances and \$1 billion for debt securities. In aggregate, the above exposures represent 64% of total assets at the reporting date. In assessing impairment, IFRS 9 prescribes a forward looking ECL impairment model which takes into account reasonable and supportable forward looking information as well as probabilities of default (PD). PDs represent the likelihood of a borrower defaulting on its obligation over the next twelve months or over the remaining lifetime of the obligation. The twelve month and lifetime PDs are determined differently for loans and investments. For investment securities, which include debt securities comprising sovereign and corporate securities, PDs are developed by reference to external data collated by Standard & Poor's (S&P) with adjustments for industry and country specific risks, where appropriate. For loans and advances, management developed PDs based on the Group's specific historical default rates for each industry classification. In performing historical analyses, management identified economic variables impacting credit risk and ECLs for each portfolio.	Our approach to addressing the matter, with the assistance of our valuation specialist, involved the following procedures, amongst others: • Updated our understanding of management's ECL model including any changes to source data and assumptions. • Tested the completeness of all loans and advances and debt securities to determine whether all items were included in the ECL models by agreeing the models to detailed loans and securities listings. • Evaluated the reasonableness of management's judgements pertaining to PD, SICR and forward looking information, including macro-economic factors, impacting the weighting of the scenarios as follows: **Debt securities** PD: • Tested the critical data fields used in the ECL model, such as the maturity date, amortised cost, accrued interest, credit rating and interest rate by tracing data back to relevant source documents. • Agreed the credit ratings and historic default rates used to calculate the PDs, on a sample basis, to external sources such as external rating agencies.

Key audit matter	How our audit addressed the key audit matter
The estimation and application of forward looking information requires significant judgement. Stage 1 and Stage 2 credit loss allowances are modelled based on the macroeconomic variables (or changes in macroeconomic variables) which most closely correlate with credit losses in the relevant portfolio. Each macroeconomic scenario used in the ECL calculation incorporates forecasts of the relevant macroeconomic variables. 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). The consideration of days past due as well as adverse changes in a borrower's credit rating, industry or the economic environment are factors considered in determining whether there has been a SICR. The estimation of ECL in Stage 1 and Stage 2 is a discounted probability-weighted estimate that considers a minimum of three future macroeconomic scenarios. The base case scenario is derived from macroeconomic forecasts which are publicly available. Upside and downside scenarios are set relative to the base case scenario adjusted for reasonably possible alternative macroeconomic conditions. We focused on this area due to the complexity of the techniques used to determine PDs and the number of significant judgements made by management regarding SICR and possible future economic scenarios as it pertains to debt securities and loans and advances.	SICR: • Tested, on a sample basis, the accuracy of the initial credit risk and the credit risk at the reporting date using rating agency definitions of 'investment grade' and evaluated the appropriateness of the group classification of debt securities as Stage 2. • Performed an independent qualitative assessment for a sample of borrowers to determine if there was any adverse public information affecting the criteria used to perform the staging. **Loans and advances** PD: • Tested the critical data fields used in the ECL model for the PD determination, such as default date, effective interest rate, write-off data, and loan type by tracing data back to source documents. • Reperformed the calculation of days past due, a key data input into the PD parameter, in the Group's banking system on a sample basis. SICR: • Evaluated staging of loans and advances and compared our results to those identified and classified by management. **Forward Looking Information (Debt Securities & Loans and advances)**: • Assessed the reasonableness of the Group's methodology for determining economic scenarios considering industry and component specific facts and circumstances within each of the jurisdictions that the Group operates.

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Key audit matter	How our audit addressed the key audit matter
	• Evaluated the reasonableness of the increase in the weighting used for the worst case scenario by agreeing the forward looking economic information to external sources published or pronounced by reputable third parties. • Sensitized the probability weightings used in the ECL calculation. The results of our procedures indicated that the assumptions used by management for determining the probability of default, significant increase in credit risk and forward looking information were not unreasonable.

Key audit matter	How our audit addressed the key audit matter
Methodologies and assumptions used for determining insurance contract liabilities for life and health insurance and annuity contracts (Group) *See notes 2(w) and 39 to the financial statements for disclosures of related accounting policies, judgements, estimates and balances.* As at September 30, 2022, reserves for life and health insurance and annuity contracts account for $385 billion or 20% of the total liabilities of the Group. Economic assumptions such as investment return, associated discount rates and borrowing rates, policy expenses and assumptions such as mortality and persistency are key inputs used to estimate these long-term liabilities. Management used internal and external actuarial experts to assist in determining these assumptions and in valuing these actuarial liabilities. We focused on this area because the valuation of the provisions for the settlement of future claims involves complex and subjective judgements about future events, both internal and external to the business, for which small changes in assumptions may significantly impact the valuation of these liabilities.	Our approach to addressing the matter, with the assistance of our actuarial specialists, involved the following procedures, amongst others: • Tested the completeness, accuracy and reliability of the underlying data utilised by management to support the actuarial valuation. Tested a sample of contracts to assess whether contract features and demographic data corresponded to the data file used by management's actuarial experts. • Evaluated the methodologies and assumptions utilised by management's actuarial experts considering industry and component specific facts and circumstances. Tested the key inputs and assumptions including investment return, associated discount rates and borrowing rates, policy expenses and mortality and persistency by reference to entity experience and relevant public information. The results of our procedures indicated that the assumptions used by management for determining insurance contract liabilities for life and health insurance and annuity contracts were not unreasonable and that the methodologies used were actuarially established, accepted and appropriate in the circumstances.

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Key audit matter	How our audit addressed the key audit matter
Goodwill *impairment (Group)* *See notes 2(o)(i) and 28 to the financial statements for disclosures of related accounting policies, judgements, estimates and balances.* The total carrying value of goodwill is $20 billion or 1% of total assets as at September 30, 2022. In accordance with IAS 36, 'Impairment of Assets', management performed an annual goodwill impairment assessment to determine whether the carrying value exceeded the recoverable amount of the cash generating unit (CGU) to which the goodwill is allocated and is therefore impaired at the reporting date. Goodwill relating to the recoverable amount of a CGU is calculated as the higher of the value-in-use and fair value less costs of disposal. Management determined the recoverable amount by reference to value-in-use which is based on discounted cash flow projections over which management makes significant judgements on key inputs. As a result of the assessment, management determined there was no impairment as at September 30, 2022. We focused on this area as the goodwill impairment assessment requires significant management judgement and estimation, is sensitive to changes in key assumptions and due to the potential impact of the increased volatility of prices in various markets on those key assumptions. The key assumptions were assessed by management as being: • revenue growth rate; • projected reinsurance; • projected claims ratio; • projected expense ratio; • terminal growth rate projections; and • discount rate.	Our approach to addressing the matter, with the assistance of our specialist, involved the following procedures, amongst others: • Updated our understanding of management's approach to performing their annual impairment assessment. This included updating our understanding of the process by which management's key assumptions and methodologies were developed and assessing their appropriateness. • Compared previous forecasts to actual results in order to assess the performance of the business and the extent to which reliance could be placed on management's ability to forecast. • Assessed whether the three-year forecast used in the valuation model was consistent with the Board approved business plan, and that the key assumptions were subject to oversight from the Board of Directors. • Evaluated the revenue growth rate and the discount rate against valuations of similar companies with the assistance of our valuation specialist. • Compared the key assumptions to externally derived data where available, including market expectations of investment return, projected economic growth, terminal growth rate and interest rates. • Agreed the projected claims and expense ratios and reinsurance to audited financial information and assessed for reasonableness in light of the current economic climate and market outlook. • Tested the calculations for mathematical accuracy and assessed the sensitivity of the calculations by varying the key assumptions and adjustments within management's cash flow forecast. The results of our procedures indicated management's determination that goodwill was not impaired at the reporting date was not unreasonable.

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Key audit matter	How our audit addressed the key audit matter
Valuation of unquoted corporate debt and government securities classified as fair value through profit or loss, fair value through other comprehensive income and pledged assets (Group). *See notes 3(a), 23 and 50 to the financial statements for disclosures of related accounting policies, judgements, estimates and balances.* As at September 30, 2022, unquoted corporate debt and government securities classified as investment securities at fair value through profit or loss, fair value through other comprehensive income, and pledged assets together account for $45 billion or 2% of total assets of the Group. These securities are classified and disclosed as Level 3 within the fair value hierarchy as one or more of the significant inputs is not based on observable market data. For unquoted corporate debt and government securities, management uses valuation techniques which utilise the application of a market yield curve adjusted by a risk premium to discount the contractual cash flows of the instruments. We focused on this area as the yield curve is an unobservable input requiring management's judgement and estimation, which is subject to high estimation uncertainty.	Our approach to addressing the matter, with the assistance of our valuation expert, involved the following procedures, amongst others: • Updated our understanding of management's approach to performing the fair value assessment. This included updating our understanding of the process by which management's key assumptions and methodologies were developed and assessing their appropriateness. • Tested the source data inputs used in the valuation model by performing confirmation procedures on a sample basis, and agreed the issuance date, maturity date, coupon rate and risk premium at issuance to source documentation. • Developed independent territory specific yield curves using industry data and experience and compared to management's yield curves. • Tested, on a sample basis, the contractual cash flows of the underlying securities by comparing to source documentation and evaluated the impact of any variations. The results of our procedures indicated that the assumptions used by management for determining the fair value of unquoted corporate debt and government securities were not unreasonable.

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Other information

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the consolidated and stand-alone 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 consolidated and stand-alone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and stand-alone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and stand-alone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated and stand-alone financial statements

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

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

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

Auditor's responsibilities for the audit of the consolidated and stand-alone financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and stand-alone 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 consolidated and stand-alone 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 consolidated and stand-alone 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 Group and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group or Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and stand-alone 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 Group or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and stand-alone financial statements, including the disclosures, and whether the consolidated and stand-alone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and stand-alone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

As required by the Jamaican Companies Act, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

The engagement partner on the audit resulting in this independent auditor's report is Paul Williams.

PricewaterhouseCoopers

Chartered Accountants
November 30, 2022
Kingston, Jamaica

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Consolidated
Income Statement

Year ended September 30, 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2022 $'000	2021 $'000
Operating Income			
Banking and investment activities			
Interest income		84,923,549	74,574,816
Interest expense		(25,724,687)	(25,947,849)
Net interest income	6	59,198,862	48,626,967
Fee and commission income		35,302,748	28,280,912
Fee and commission expense		(9,169,997)	(5,791,918)
Net fee and commission income	7	26,132,751	22,488,994
Gain on foreign currency and investment activities	8	16,576,264	22,830,152
Credit impairment losses	13	(2,723,555)	(3,385,126)
Dividend income	11	2,498,263	2,315,752
Other operating income		5,610,038	5,276,924
		21,961,010	27,037,702
Net revenues from banking and investment activities		107,292,623	98,153,663
Insurance activities			
Premium income	9	164,690,753	150,037,225
Insurance premium ceded to reinsurers	9	(50,583,005)	(48,582,448)
Reinsurance commission income		9,801,164	8,778,843
Net underwriting income		123,908,912	110,233,620
Gross policyholders' and annuitants' benefits and reserves	10	(113,569,020)	(77,276,066)
Reinsurance on policyholders' and annuitants' benefits and reserves	10	48,670,360	6,707,259
Commission and other selling expenses		(16,706,258)	(16,713,121)
Net revenues from insurance activities		42,303,994	22,951,692
Net operating income		149,596,617	121,105,355
Operating Expenses			
Staff costs	12	49,105,761	44,500,542
Depreciation and amortisation		8,892,804	9,309,964
Finance cost		2,048,822	1,836,346
Other operating expenses	14	44,412,709	39,203,259
		104,460,096	94,850,111
Operating Profit		45,136,521	26,255,244
Share of profit of associates	24	732,513	340,289
Profit before Taxation		45,869,034	26,595,533
Taxation	15	(5,946,189)	(6,519,927)
NET PROFIT		39,922,845	20,075,606
Attributable to:			
Stockholders of the parent		27,318,907	14,226,671
Non-controlling interest	53	12,603,938	5,848,935
		39,922,845	20,075,606
Earnings per stock unit			
Basic and diluted (expressed in $)	16	11.89	6.25

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NCB Financial Group Limited

Consolidated Statement of **Comprehensive Income**

Year ended September 30, 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2022 $'000	2021 $'000
Net Profit		39,922,845	20,075,606
Other Comprehensive Income, net of tax -			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations		4,596,111	975,959
		4,596,111	975,959
Items that may be reclassified subsequently to profit or loss			
Currency translation (losses)/gains		(3,191,404)	1,406,148
Expected credit (losses)/reversals on debt instruments at fair value through other comprehensive income (FVOCI)		(366,683)	79,417
Unrealised (losses)/gains on securities designated as FVOCI		(52,250,530)	4,524,416
Realised fair value losses/(gains) on sale and maturity of securities designated as FVOCI		3,649,163	(6,714,168)
		(52,159,454)	(704,187)
Total other comprehensive (loss)/income		(47,563,343)	271,772
TOTAL COMPREHENSIVE (LOSS)/INCOME		(7,640,498)	20,347,378
Total comprehensive (loss)/income attributable to:			
Stockholders of parent		(12,391,467)	18,866,223
Non-controlling interest	53	4,750,969	1,481,155
		(7,640,498)	20,347,378

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NCB Financial Group Limited

Consolidated Statement of **Financial Position**

September 30, 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2022	2021
		$'000	$'000
ASSETS			
Cash in hand and balances at Central Banks	17	70,856,440	69,134,649
Due from banks	18	185,806,679	175,494,037
Derivative financial instruments	19	874,471	767,441
Reverse repurchase agreements	20	8,300,133	9,667,060
Loans and advances, net of provision for credit losses	21	580,987,814	523,488,890
Investment securities	22	711,734,420	683,855,078
Pledged assets	23	256,614,981	223,301,253
Investment in associates	24	7,051,463	5,950,188
Investment properties	25	38,713,587	38,218,322
Intangible assets	28	54,690,029	52,546,872
Property, plant and equipment	29	29,077,875	28,221,326
Right-of-use assets	55	5,111,594	5,234,938
Properties for development and sale	26	2,008,010	2,794,053
Reinsurance assets	27	30,312,857	26,635,997
Deferred income tax assets	30	25,469,940	14,421,483
Income tax recoverable		2,558,641	3,767,401
Letters of credit and undertaking		6,451,165	4,801,671
Other assets	31	62,068,502	48,827,313
Total Assets		2,078,688,601	1,917,127,972

NCB Financial Group Limited

Consolidated Statement of **Financial Position** (Continued)

September 30, 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2022 $'000	2021 $'000
LIABILITIES			
Due to banks	32	37,501,992	24,104,359
Customer deposits		715,276,682	647,085,400
Repurchase agreements		247,676,853	224,805,387
Obligations under securitisation arrangements	33	99,085,658	63,087,217
Derivative financial instruments	19	-	45,228
Other borrowed funds	34	153,272,229	136,972,443
Deferred income tax liabilities	30	9,126,008	9,254,122
Third party interest in mutual funds	36	33,587,741	33,699,975
Segregated fund liabilities	38	14,436,764	15,419,433
Investment contract liabilities	37	46,176,282	43,772,829
Liabilities under annuity and insurance contracts	39	437,175,410	433,056,798
Post-employment benefit obligations	40	4,091,822	9,484,565
Letters of credit and undertaking		6,451,165	4,801,671
Lease Liabilities	55	5,173,159	5,377,512
Other liabilities	41	71,657,387	59,496,007
Total Liabilities		1,880,689,152	1,710,462,946
STOCKHOLDERS' EQUITY			
Share capital	42	153,827,330	153,827,330
Treasury shares	42	(26,652,675)	(27,198,690)
Reserves from scheme of arrangement	43	(147,034,858)	(147,034,858)
Fair value and capital reserves	43	(26,945,082)	17,361,407
Loan loss reserve	44	6,349,934	2,269,374
Banking reserve fund	45	6,897,231	6,795,733
Retained earnings reserve	46	67,170,000	65,320,000
Retained earnings		115,916,115	90,115,895
Equity attributable to stockholders of the parent		149,527,995	161,456,191
Non-controlling interest	53	48,471,454	45,208,835
Total stockholders' equity		197,999,449	206,665,026
Total stockholders' equity and liabilities		2,078,688,601	1,917,127,972

Approved for issue by the Board of Directors on November 29, 2022 and signed on its behalf by:

Hon. Patrick Hylton, OJ, CD	President and Group Chief Executive Officer	Dennis Cohen	Group Chief Financial Officer and Deputy Chief Executive Officer
Professor, the Hon. Alvin Wint, OJ, CD	Lead Independent Director	Dave Garcia	Corporate Secretary

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NCB Financial Group Limited

Consolidated Statement of **Changes in Equity**

Year ended September 30, 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital	Treasury Shares	Reserves from the Scheme of Arrangement	Fair Value and Capital Reserves	Loan Loss Reserve	Banking Reserve Fund	Retained Earnings Reserve	Retained Earnings	Non-controlling interest	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 October 2020		153,827,330	(15,150,201)	(147,034,858)	12,216,660	-	6,735,063	58,580,000	86,940,684	44,090,245	200,204,923
Total comprehensive income :											
Net profit		-	-	-	-	-	-	-	14,226,671	5,848,935	20,075,606
Other comprehensive income		-	-	-	5,144,747	-	-	-	(505,195)	(4,367,780)	271,772
Transfer to loan loss reserve		-	-	-	-	2,269,374	-	-	(2,269,374)	-	-
Transfer to banking reserve fund		-	-	-	-	-	60,670	-	(60,670)	-	-
Transfer to retained earnings reserve		-	-	-	-	-	-	6,740,000	(6,740,000)	-	-
Purchase of treasury shares	42	-	(14,889,477)	-	-	-	-	-	-	-	(14,889,477)
Disposal of treasury shares	42	-	2,840,988	-	-	-	-	-	(312,492)	-	2,528,496
Dividends paid to non-controlling interest		-	-	-	-	-	-	-	-	(362,565)	(362,565)
Transaction with owners of the Company :											
Dividends paid	52	-	-	-	-	-	-	-	(1,163,729)	-	(1,163,729)
Balance at September 30, 2021		153,827,330	(27,198,690)	(147,034,858)	17,361,407	2,269,374	6,795,733	65,320,000	90,115,895	45,208,835	206,665,026
Total comprehensive income:											
Net profit		-	-	-	-	-	-	-	31,915,018	12,603,938	44,518,956
Other comprehensive income		-	-	-	(44,306,489)	-	-	-	-	(7,852,969)	(52,159,458)
Transfer to loan loss reserve		-	-	-	-	4,080,560	-	-	(4,080,560)	-	-
Transfer to banking reserve fund		-	-	-	-	-	101,498	-	(101,498)	-	-
Transfer to retained earnings reserve		-	-	-	-	-	-	1,850,000	(1,850,000)	-	-
Disposal of treasury shares	42	-	546,015	-	-	-	-	-	(82,740)	-	463,275
Dividends paid to non-controlling interest		-	-	-	-	-	-	-	-	(1,488,350)	(1,488,350)
Balance at September 30, 2022		153,827,330	(26,652,675)	(147,034,858)	(26,945,082)	6,349,934	6,897,231	67,170,000	115,916,115	48,471,454	197,999,449

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NCB Financial Group Limited

Consolidated Statement of **Cash Flows**

Year ended September 30, 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2022 $'000	2021 $'000
Cash Flows from Operating Activities			
Net profit		39,922,845	20,075,606
Adjustments to reconcile net profit to net cash provided by operating activities		9,565,986	18,379,727
Net cash provided by operating activities	47	49,488,831	38,455,333
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment	29	(3,093,060)	(3,440,521)
Acquisition of intangible assets – computer software	28	(8,640,526)	(4,956,374)
Proceeds from disposal of property, plant and equipment		3,459,229	79,338
Purchase of investment property	25	(1,209,841)	(2,464,615)
Proceeds from disposal of investment property		952,088	19,393
Purchase of investment securities		(533,056,538)	(676,729,612)
Sales/maturities of investment securities		438,687,607	647,446,405
Net cash used in investing activities		(102,901,041)	(40,045,986)
Cash Flows from Financing Activities			
Proceeds from securitisation arrangements		45,187,455	-
Repayment of securitisation arrangements		(9,089,479)	(7,894,566)
Proceeds from other borrowed funds		64,458,635	55,166,682
Repayments of other borrowed funds		(49,767,061)	(45,264,920)
Due to banks		8,654,988	(2,978,153)
Purchase of treasury shares	42	-	(831,815)
Proceeds from disposal of treasury shares	42	463,275	2,528,496
Lease liabilities		(1,633,705)	(2,564,669)
Dividends paid		(1,488,350)	(1,526,294)
Net cash provided by/(used in) financing activities		56,785,758	(3,365,239)
Net increase/(decrease) of exchange rate changes on cash and cash equivalents		3,375,153	(466,371)
Net increase/(decrease) in cash and cash equivalents		6,748,701	(5,422,263)
Cash and cash equivalents at beginning of period		195,743,140	201,165,403
Cash and Cash Equivalents at End of Period		202,491,841	195,743,140
Comprising:			
Cash in hand and balances at Central Banks	17	25,364,556	27,886,988
Due from banks	18	183,381,829	171,369,963
Reverse repurchase agreements	20	1,870,664	4,677,979
Investment securities	22	11,894,607	7,190,324
Due to banks	32	(20,019,815)	(15,382,114)
		202,491,841	195,743,140

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NCB Financial Group Limited

Company Statement of **Comprehensive Income**

Year ended September 30, 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2022 $'000	2021 $'000
Income			
Management fees	7	3,500,000	3,500,000
Dividend income	11	1,229,820	14,973,250
Credit impairment losses	13	(9,699)	(441)
Losses on foreign currency activities	8	(2,529,690)	(6,394,631)
		2,190,431	12,078,178
Expenses			
Staff costs	12	4,372,593	3,972,871
Finance cost		125,084	159,465
Other operating expenses	14	1,936,300	1,787,205
		6,433,977	5,919,541
Operating (loss)/profit		(4,243,546)	6,158,637
Interest income	6	2,219,338	523,379
Interest expense	6	(6,224,453)	(6,314,782)
(Loss)/profit before Taxation		(8,248,661)	367,234
Taxation	15	2,182,620	3,198,298
NET (LOSS)/PROFIT		(6,066,041)	3,565,532
Other comprehensive income			
Changes in unrealised gains on securities designated as FVOCI		(361)	(231)
TOTAL COMPREHENSIVE (LOSS)/INCOME		(6,066,402)	3,565,301

FINANCIAL STATEMENTS - COMPANY STATEMENT OF COMPREHENSIVE INCOME

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NCB Financial Group Limited

Company Statement of **Financial Position**

September 30, 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2022	2021
		$'000	**$'000**
ASSETS			
Due from banks	18	280,630	15,797,132
Loan to related party	21	50,395,070	-
Investment securities	22	7,126,192	7,126,178
Investment in subsidiaries		167,811,096	216,086,443
Right-of-use assets		176,987	74,599
Deferred income tax assets	30	10,746,669	8,563,874
Income tax recoverable		618,345	494,079
Other assets	31	8,247,199	936,044
Total Assets		245,402,188	249,078,349
LIABILITIES			
Due to banks	32	18,639,756	16,369,976
Other borrowed funds	34	80,816,324	84,933,195
Derivative financial liability		402,695	-
Lease liabilities		121,489	76,438
Other liabilities	41	6,090,185	2,763,875
Total Liabilities		106,070,449	104,143,484
EQUITY			
Share capital	42	153,827,330	153,827,330
Treasury shares		(11,232,294)	(11,778,309)
Fair value reserves		1,043	1,404
Retained earnings		(3,264,340)	2,884,440
Total Equity		139,331,739	144,934,865
Total Equity and Liabilities		245,402,188	249,078,349

Approved for issue by the Board of Directors on November 29, 2022 and signed on its behalf by:

Hon. Patrick Hylton, OJ, CD — President and Group Chief Executive Officer

Dennis Cohen — Group Chief Financial Officer and Deputy Chief Executive Officer

Professor, the Hon. Alvin Wint, OJ, CD — Lead Independent Director

Dave Garcia — Corporate Secretary

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NCB Financial Group Limited

Company Statement of **Changes in Equity**

Year ended September 30, 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital	Treasury Shares	Fair Value Reserves	Retained Earnings	Total
		$'000	$'000	$'000	$'000	$'000
Balance at September 30, 2020		153,827,330	(561,635)	1,635	828,440	154,095,770
Total comprehensive income						
Net profit		-	-	-	3,565,532	3,565,532
Other comprehensive income		-	-	(231)	-	(231)
Purchase of treasury shares		-	(14,057,662)	-	-	(14,057,662)
Disposal of treasury shares		-	2,840,988	-	(312,492)	2,528,496
Transaction with owners of the Company -						
Dividends paid	52	-	-	-	(1,197,040)	(1,197,040)
Balance at September 30, 2021		153,827,330	(11,778,309)	1,404	2,884,440	144,934,865
Total comprehensive income						
Net profit		-	-	-	(6,066,041)	(6,066,041)
Other comprehensive income		-	-	(361)	-	(361)
Disposal of treasury shares		-	546,015	-	(82,739)	463,276
Balance at September 30, 2022		153,827,330	(11,232,294)	1,043	(3,264,340)	139,331,739

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NCB Financial Group Limited

Company Statement of **Cash Flows**

Year ended September 30, 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2022 $'000	2021 $'000
Cash Flows from Operating Activities			
Net (loss)/profit		(6,066,041)	3,565,532
Adjustments to reconcile net profit to cash provided by operating activities			
Finance cost		125,084	159,465
Interest income	6	(2,219,338)	(523,379)
Interest expense	6	6,224,453	6,314,782
Income tax expense	15	(2,182,620)	(3,198,298)
Foreign exchange losses	8	2,529,690	6,394,631
Amortisation of upfront borrowing fees		128,704	121,332
Provision for credit losses		9,699	441
Changes in operating assets and liabilities:			
Loans and advances		(2,110,457)	249,963
Other		(1,446,827)	528,592
		1,058,388	10,047,529
Interest received		2,219,338	513,802
Interest paid		(6,462,866)	(6,154,703)
Income tax paid		(124,441)	(86,242)
		(3,309,581)	4,320,386
Net cash (used in)/provided by operating activities		(9,375,622)	7,885,918
Cash Flows from Investing Activities			
Outflow of cash to inject capital in subsidiary		(18,965)	(2,053,021)
Net cash used in investing activities		(18,965)	(2,053,021)
Cash Flows from Financing Activities			
Proceeds from disposal of treasury shares		463,276	2,528,496
Proceeds from other borrowed funds		39,312,323	31,963,928
Repayment of other borrowed funds		(44,840,559)	(24,939,638)
Repayment of lease liabilities		(177,840)	(150,577)
Due to banks		2,225,452	2,734,451
Dividends paid		-	(1,197,040)
Net cash (used in)/provided by financing activities		(3,017,348)	10,939,620
Net decrease of exchange rate changes on cash and cash equivalents		(3,104,567)	(3,736,258)
Net (decrease)/increase in cash and cash equivalents		(15,516,502)	13,036,259
Cash and cash equivalents at beginning of period		15,797,132	2,760,873
Cash and Cash Equivalents at End of Period	18	280,630	15,797,132

Notes to the Financial Statements

September 30, 2022

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities

NCB Financial Group Limited ("the Company") is a financial holding company, incorporated and domiciled in Jamaica. The Company is 52.68% (2021 – 52.63%) owned by AIC (Barbados) Limited. The ultimate parent company is Portland Holdings Inc., incorporated in Canada. Portland Holdings Inc. is controlled by Hon. Michael A. Lee-Chin, OJ, Chairman of the Company.

The Company's registered office is located at 32 Trafalgar Road, Kingston 10, Jamaica.

The Company's ordinary stock units are listed on the Jamaica Stock Exchange and the Trinidad and Tobago Stock Exchange.

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NCB Financial Group Limited
Notes to the Financial Statements
September 30, 2022
(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities (Continued)

The Company's subsidiaries and other consolidated entities, listed below, which together with the Company are referred to as "the Group", engage in the following principal activities:

	Country of Incorporation	Principal Activities	Percentage Ownership by the Company and its Subsidiaries	
			Company	Subsidiary
National Commercial Bank Jamaica Limited	Jamaica	Commercial Banking	100	
Data-Cap Processing Limited	Jamaica	Security Services		100
MSIB Limited (formerly Mutual Security Insurance Brokers Limited)	Jamaica	Dormant		100
NCB Capital Markets Limited	Jamaica	Securities Dealing and Stock Brokerage Services		100
NCB Capital Markets (Cayman) Limited	Cayman	Securities Dealing		100
NCB Merchant Bank (Trinidad and Tobago) Limited	Trinidad & Tobago	Merchant Banking		100
NCB Capital Markets (Barbados) Limited	Barbados	Brokerage Services		100
NCB Capital Markets SA	Dominican Republic	Inactive		100
NCB Capital Markets (Guyana) Inc	Guyana	Inactive		100
NCB (Cayman) Limited	Cayman	Commercial Banking		100
NCB Trust Company (Cayman) Limited *	Cayman	-		100
NCB Employee Share Scheme	Jamaica	Dormant		100
NCB Insurance Agency & Fund Managers	Jamaica	Insurance Agency and Pension Fund Management Services		100
N.C.B. (Investments) Limited	Jamaica	Dormant		100
N.C.B. Jamaica (Nominees) Limited	Jamaica	Dormant		100
NCB Remittance Services (Jamaica) Limited	Jamaica	Dormant		100
NCB Financial Services UK Limited*	United Kingdom	-		100
West Indies Trust Company Limited	Jamaica	Trust and Estate Management Services		100
NCB Global Holdings Limited	Trinidad & Tobago	Holding Company	100	
Guardian Holdings Limited	Trinidad & Tobago	Holding Company		61.77
Guardian Life of the Caribbean Limited	Trinidad & Tobago	Life and Health Insurance and Pensions Services		100
Guardian Life Limited	Jamaica	Life and Health Insurance and Pensions Services		100
Fatum Life Insurance N.V.	Curacao	Life and Health Insurance and Pensions Services		100
Fatum Life Aruba N.V.	Aruba	Life and Health Insurance and Pensions Services		100
Fatum Health N.V.	Curacao	Life and Health Insurance and Pensions Services		100
Guardian Life (OECS) Limited	Grenada	Life and Health Insurance and Pensions Services		100
Guardian General Insurance	T&T	Property and Casualty Insurance Services		100

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(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities (Continued)

	Country of Incorporation	Principal Activities	Percentage Ownership by the Company and its Subsidiaries	
			Company	Subsidiary
Guardian Holdings Limited (Continued)				
Guardian General Insurance Jamaica Limited	Jamaica	Property and Casualty Insurance Services		100
Fatum General Insurance N.V.	Curacao	Property and Casualty Insurance Services		100
Fatum General Insurance Aruba N.V.	Aruba	Property and Casualty Insurance Services		100
Fatum Brokers Holding B.V.	Curacao	Property and Casualty Insurance Services		100
Thoma Exploitatie B.V.	Netherlands	Property and Casualty Insurance Services		100
Guardian Re (S.A.C) Limited	Bermuda	Property and Casualty Insurance Services		100
Guardian General (OECS) Limited	Grenada	Property and Casualty Insurance Services		100
Guardian Group Trust Limited	Trinidad & Tobago	Asset Management		100
Guardian Asset Management and Investment Services Limited	Trinidad & Tobago	Asset Management		100
Laevulose Inc. Limited	Trinidad & Tobago	Strategic Alternative Investments		100
Clarien Group Limited	Bermuda	Holding Company	50.10	
Clarien Bank Limited	Bermuda	Commercial Banking		100
First Bermuda Group Limited	Bermuda	Holding Company		100
Onshore Nominees Limited	Bermuda	Nominee Entity of First Bermuda Group Limited		100
Offshore Nominees Limited	Bermuda	Nominee Entity of First Bermuda Group Limited		100
Clarien Investments Limited (“CIL”)	Bermuda	Investment Management		100
Clarien Brokerage Limited	Bermuda	Brokerage Services		100
Clarien Nominees Limited	Bermuda	Nominee Entity of CIL		100
Clarien Trust Limited	Bermuda	Trust administration		100
Clarien UK Limited	Bermuda	Inactive		100
Clarien BSX Services Limited	Bermuda	Trading member of Bermuda Stock Exchange		100
TFOB (2021) Limited	Jamaica	Digital/Electronic Payments		100

*No significant activities at this time

1. Identification and Principal Activities (Continued)

The shareholdings for all subsidiaries are the same as they were in the prior year.

The Group's associates are as follows:

	Principal Activities	Percentage ownership
RGM Limited	Property investment	33.33
Royal Star Holdings	Insurance	26.32
Elite Diagnostic Limited	Medical Imaging Services	18.69
Mundo Finance Limited	Micro Financing	50.00

The Group's associates are incorporated either in Jamaica or Trinidad & Tobago.

2. Significant Accounting Policies

(a) Basis of preparation

These financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS and have been prepared under the historical cost convention as modified by the revaluation of FVOCI securities, derivatives, investment property, certain property, plant and equipment, defined benefit pension plans where plan assets are measured at fair value and financial assets and liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from these estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations, impact from adoption and amendments to existing standards effective during the current year

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

Amendments to IFRS 7, IFRS 4, and IFRS 16 – Interest rate benchmark reform – Phase 2 (effective 1 January 2021). The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform.

Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9 (effective 1 January 2021). These amendments defer the date of application of IFRS 17 by two years to 1 January 2023 and change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9, Financial instrument until 1 January 2023.

Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions - Extension of the practical expedient (effective 1 April 2021). These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Give the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.

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

Amendments to IAS 1, Presentation of financial statements', on classification of liabilities, (effective for annual periods beginning on or after 1 January 2022. These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. The Group is currently assessing the impact of this amendment.

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NCB Financial Group Limited

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2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

Amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on, IFRS 9 and IFRS 16, (effective for annual periods beginning on or after 1 January 2022). Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making. Annual improvements make minor amendments to, IFRS 9, 'Financial instruments' and the Illustrative examples accompanying IFRS 16, 'Leases'. The Group is currently assessing the impact of this amendment.

Amendments to IAS 1, Presentation of financial statements', on classification of liabilities, (effective for annual periods beginning on or after 1 January 2023). Amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. The Group is currently assessing the impact of this amendment.

Amendments to IAS 1, Practice statement 2 and IAS 8, (effective for annual periods beginning on or after 1 January 2023). The amendments aim 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 Group is currently assessing the impact of this amendment.

Amendment to IAS 12 – deferred tax relates 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. The Group is currently assessing the impact of this amendment.

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2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

IFRS 17, 'Insurance contracts', as amended in June 2021 (effective for annual periods beginning on or after 1 January 2023). This standard will replace IFRS 4 Insurance Contracts and will materially change the recognition and measurement of insurance contracts and the corresponding presentation and disclosures in the Group's financial statements. In June 2020, the IASB released amendments which, among other things, addressed concerns raised on the initial release of the standard, dealt with some implementation challenges and confirmed the deferral of the standard's effective date as 1 January 2023.

IFRS 17 must be applied retrospectively. However if full retrospective application to a group of contracts is impractical, the modified retrospective or fair value methods may be used. The standard requires entities to measure insurance contract liabilities in the statement of financial position as the total of (a) the fulfilment cash flows – the current estimates of amounts that the Group expects to collect from premiums and pay out for claims, benefits and expenses, including an adjustment for the timing and risk for those amounts and (b) the contractual service margin – the future profit for providing insurance coverage. IFRS 17 will have a significant impact on the Group's consolidated financial statements, tax and regulatory capital positions and other financial metrics that are dependent upon IFRS accounting values. The Group's assessment of the impact of IFRS 17, including work to ensure implementation by the effective date, is ongoing. The Group is currently assessing the impact of this amendment, however the impact of the pending adoption is further detailed in Note 58.

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2. Significant Accounting Policies (Continued)

(b) Basis of consolidation

Subsidiaries

Subsidiaries are those entities which the Group controls because the Group (i) has power to direct relevant activities of the entities that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the entities, and (iii) has the ability to use its power over the entities to affect the amount of the entities' returns. The existence and effect of substantive rights, including substantive potential voting rights, are considered when assessing whether the Group has power over another entity. For a right to be substantive the holder must have practical ability to exercise that right when decisions about the direction of the relevant activities of the entities need to be made. The Group may have power over an entity even when it holds no ownership interests in the entity, or when it holds less than a majority of voting power in an entity. In such cases, the Group Exercises judgment and assesses its power to direct the relevant activities of the entity, as well as its voting rights relative to the size and dispersion of holdings of the other vote holders to determine if it has de-facto power over the entity. Protective rights of other investors, such as those that relate to fundamental changes in the entity's activities or apply only in exceptional circumstances, do not prevent the Group from controlling an entity. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets and liabilities acquired and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the cost of the acquisition, the non-controlling interest recognised and the fair value of any previously held equity interest in the acquiree, over the fair value of the net identifiable assets acquired is recorded as goodwill. If there is no excess and there is a shortfall, the Group reassesses the net identifiable assets acquired. If after reassessment, a shortfall remains, the acquisition is deemed to be a bargain purchase and the shortfall is recognised in income as a gain on acquisition. Any non- controlling interest balances represent the equity in a subsidiary not attributable to NCBFG's stockholders.

Intercompany transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed, where necessary, to ensure consistency with the policies adopted by the Group. In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment.

Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. The Group's investments in associates include goodwill identified on acquisition.

2. Significant Accounting Policies (Continued)

(b) Basis of consolidation (continued)

Associates (continued)

The Group's share of its associates' post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The Group determines at each reporting date whether there is any objective evidence that investments in associates are impaired. If this is the case, the Group recognises an impairment charge in the income statement for the difference between the recoverable amount of the associate and its carrying value.

The results of associates with financial reporting year-ends that are different from the Group are determined by using the results for the most recent audited period as well as the period covered by management accounts to ensure that a year's result is accounted for where applicable.

Investments in associates are accounted for using the equity method of accounting (as described above), and are initially recognised at cost.

In the Company's separate financial statements, investments in associates are accounted for at cost less impairment.

(c) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it earns revenues and incurs expenses and whose operating results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment. Operating segments are reported in a manner consistent with the internal reporting to the chief operating decision maker. The chief operating decision maker is the President and Group Chief Executive Officer.

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2. Significant Accounting Policies (Continued)

(d) Foreign currency translation

Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Jamaican dollars ("the presentation currency"), which is the Company's functional currency.

Transactions and balances
Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. At the date of the statement of financial position, monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rate.

Exchange differences resulting from the settlement of transactions at rates different from those at the dates of the transactions, and unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognised in the income statement.

Exchange differences on non-monetary financial assets are a component of the change in their fair value. Depending on the classification of a non-monetary financial asset, exchange differences are either recognised in the income statement (applicable for trading securities), or within other comprehensive income if non-monetary financial assets are classified as FVOCI. In the case of changes in the fair value of monetary assets denominated in foreign currency classified as FVOCI, a distinction is made between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in the income statement, and other changes in the carrying amount, except impairment, are recognised in other comprehensive income.

Group companies
The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement;
- Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and,
- All resulting exchange differences are recognised in other comprehensive income and accumulated as a separate component of equity.

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

(e) **Revenue recognition**

Interest income and expense
Interest income and expense are recognised in the income statement for all interest-bearing instruments on an accrual basis using the effective interest method based on the actual purchase price. Interest income includes coupons earned on fixed income investments and accrued discounts on treasury bills and other discounted instruments.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expenses over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering the contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

The Group accounts for interest income on loans in accordance with the regulations in the various territories. These regulations stipulate that, where collection of interest is considered doubtful or where the loan is in non-performing status (payment of principal or interest is outstanding for 90 days or more), interest should be taken into account on the cash basis and all previously accrued but uncollected interest be reversed in the period that collection is doubtful or the loan becomes non-performing. IFRS require that when loans are impaired, they are written down to their recoverable amounts and interest income is thereafter recognised by applying the original effective interest rate to the recoverable amount. The difference between the regulatory and IFRS bases of interest recognition was assessed to be immaterial.

Fee and commission income
Fee and commission income is generally recognised on an accrual basis when the service has been provided. Fees and commissions arising from negotiating or participating in the negotiation of a transaction for a third party are recognised on completion of the underlying transaction.

Premium income
Premium income is recognised on the accrual basis in accordance with the terms of the underlying contracts as outlined in Note 2(w).

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

Rental Income
Rental income is recognised on an accrual basis.

Realised and unrealised investment gains and losses
Realised and unrealised gains and losses on investments measured at amortised cost or fair value through profit or loss are recognised in the consolidated income statement in the period in which they arise.

Dividend distributions
Dividend distributions to the company's shareholders are recognised as an appropriation in the Group's consolidated financial statements in the period in which the dividends are approved by the Group's Board of Directors.

2. Significant Accounting Policies (Continued)

(f) Assets under management

The Group provides custody and trustee discretionary investment management services to third parties. Such assets under management represent the managed funds administered by the trust company.

Subscriptions, distributions and redemptions on mutual funds portfolio

Subscriptions - Units relating to the various pools of mutual funds consolidated in the Group's financial statements could be subscribed based on the net asset value per unit of the underlying funds determined on each business day.

Distributions - The net income and net realised capital gains of the various pools of mutual funds are calculated and accrued to the investor daily and distributed monthly. Investors have the option either to receive a cash distribution or to reinvest income distributions into units at the prevailing subscription price as at the date of distribution.

Redemptions - Units relating to the various pools of mutual funds consolidated in the Group's financial statements are redeemed at a price per unit based on the net asset value of the underlying funds published on the date that the request is made.

(g) Income taxes

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

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

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

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

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is charged or credited in the income statement, except where it relates to items charged or credited to other comprehensive income or equity, in which case, deferred tax is also dealt with in other comprehensive income or equity.

(h) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise balances with less than 90 days' maturity from the date of acquisition including cash and balances at Central Banks (excluding statutory reserves), due from banks, investment securities, reverse repurchase agreements and due to banks.

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2. Significant Accounting Policies (Continued)

(i) Financial assets

The Group classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

Business model assessment
The business models are determined at the level which best reflects how the Group manages portfolios of assets to achieve business objectives. judgment is used in determining business models, supported by relevant and objective evidence including:
- How the performance and risks of a portfolio of assets are managed, evaluated and reported to key management and how the managers of the portfolio are compensated;
- How the Group intends to generate profits from holding the portfolio of assets;
- The past experience on how the cash flows of the portfolio of assets were collected; and
- The historical and future expectations of asset sales within a portfolio.

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

Solely payments of principal and interest ("SPPI")
Where the business model is to collect or, to collect and sell a financial instrument's contractual cash flows, the Group assesses whether those cash flows represent SPPI. In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVPL. The cash flows of financial assets which contain an embedded derivative are not disaggregated when determining whether their cash flows are solely payments of principal and interest but are considered in their entirety. Principal amounts include par repayments from lending and financing arrangements, and interest primarily relates to basic lending returns, including compensation for credit risk and the time value of money associated with the principal amount outstanding over a period of time. Interest can also include other basic lending risks and costs (for example, liquidity risk, servicing or administrative costs) associated with holding the financial asset for a period of time, and a profit margin.

Equity instruments
The Group has elected to measure equity holdings that fall under IFRS 9 at FVPL, unless they form part of a strategic acquisition that is not held for trading purposes.

Debt instruments
The Group classifies portfolios of debt instruments, including hybrid contracts, based on:
(i) the Group's business model for managing the asset; and,
(ii) the cash flow characteristics of the asset.

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Notes to the Financial Statements
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2. Significant Accounting Policies (Continued)

(i) Financial assets (continued)

Initial recognition
Financial assets and liabilities are recognised when the Group becomes party to a contractual provision of the instrument. At initial recognition, regular way purchase of financial assets are recorded at fair value. The carrying value of financial assets at initial recognition includes any directly attributable transaction costs. Purchases of financial assets are recognised on the date on which the Group becomes the beneficial owner of the security.

De-recognition
The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or in which the Group neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in transferred financial assets that qualify for de-recognition that is created or retained by the Group is recognised as a separate asset or liability in the consolidated statement of financial position. On de-recognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income ("OCI") is recognised in profit or loss.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Classification of financial assets
Financial assets are measured based on the business model and the resulting classification. As required by IFRS 9, the Group applies a principles-based approach to the classification of financial assets on its business model and the nature of the cash flows of the asset. Financial instruments are classified as either:

- FVPL
- FVOCI or
- amortised cost

Financial assets measured at fair value through profit and loss (FVPL)
Financial instruments are classified in this category if they meet one of the criteria set out below and are so designated irrevocably at inception:
- this designation removes or significantly reduces an accounting mismatch; or
- when a group of financial assets and liabilities or a group of financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, or
- the financial instrument is held for trading purposes.
- the financial instrument is a derivative that is not designated as a hedge.

2. Significant Accounting Policies (Continued)

(i) Financial assets (continued)

Financial assets measured at fair value through other comprehensive income (FVOCI)
Financial assets held for a business model that is achieved by both collecting and selling contractual cash flows and that contain contractual terms that give rise on specified dates to cash flows that SPPI are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in net gains / (losses) on investment securities. Foreign exchange gains or losses are presented in gain on foreign currency and investment activities and impairment losses are presented as a separate line item in the income statement, as credit impairment losses.

Financial assets measured at amortised cost
Financial assets that are held to collect the contractual cash flows and that contain contractual terms that give rise on specified dates to cash flows that are SPPI are measured at amortised cost. Any gain or loss arising on derecognition is recognised directly in profit or loss together with foreign exchange gains or losses in gain on foreign currency and investment activities. Impairment losses are presented as a separate line item in the income statement, as credit impairment losses.

Impairment of financial assets
Under IFRS 9 the Group applies an impairment model that recognises expected credit losses (“ECL”) on financial assets measured at amortised cost and FVOCI and off balance sheet loan commitments and financial guarantees which were previously provided for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

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 significant increase in credit risk 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’.

To determine whether the life-time credit risk has increased significantly since initial recognition, the Group considers reasonable and supportable information that is available, including information from the past as well as forward-looking information. Factors such as whether payments of principal and interest are in delinquency, an adverse change in 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.

Purchased or originated credit-impaired assets (POCI)
Financial assets that are purchased or originated at a deep discount that reflects their incurred credit losses, are considered to be already credit-impaired on initial recognition. The Group calculates the credit adjusted effective interest rate, which is based on the originated fair value instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows. The ECL of these financial assets is always measured on a life time basis and changes in the ECL are recorded in the Income Statement.

2. Significant Accounting Policies (Continued)

(i) Financial assets (continued)

Definition of default
The Group determines that a financial instrument is in default, 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 greater than 90 days past due.

Write-offs
Financial assets (and the related impairment allowances) are normally written off, either partially or in full, when there is no realistic prospect of recovery. Where loans are secured, write offs generally occur after receipt of any proceeds from the realisation of security. In circumstances where the net realisable value of any collateral has been determined and there is no reasonable expectation of further recovery, write-off may be earlier.

Recognition and Measurement of ECL
The general approach to recognising and measuring ECL reflects:
- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and,
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Expected credit losses are calculated by multiplying the following three main components:
- The probability of default ("PD");
- The 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 estimated forward looking economic and 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. 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.

The PD, LGD and EAD models which support these determinations are reviewed periodically. 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, and for the incorporation of scenarios which have not generally been subject to experience gained through stress testing. The exercise of judgment in making estimations requires the use of assumptions which are subjective and sensitive to risk factors, in particular to changes in economic and credit conditions across geographical areas. Many of the risk factors have a high degree of interdependency and there is no single factor to which impairment allowances as a whole are sensitive. Therefore, sensitivities are considered in relation to key portfolios which are particularly sensitive to a few factors and these results are not extrapolated to the wider population of financial assets.

2. Significant Accounting Policies (Continued)

(i) Financial assets (continued)

The measurement of ECL for each stage and the assessment of significant increases in credit risk consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions.

For a revolving commitment, the Group includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.

For credit impaired financial assets, based on management's assessment of the borrower, a specific provision of expected life-time losses which incorporates collateral and recoveries from other credit-enhancements 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 requires 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 has forecasts of the relevant macroeconomic variables. The estimation of ECL in Stage 1 and Stage 2 is a discounted probability-weighted estimate that considers a minimum of three future macroeconomic scenarios. The base case scenario is based on macroeconomic forecasts that are publicly available. Upside and downside scenarios are set relative to the base case scenario based on reasonably possible alternative macroeconomic conditions.

Scenario design, including the identification of additional downside scenarios occurs on at least an annual basis and more frequently if conditions warrant. Scenarios are probability-weighted according to the best estimate of their relative likelihood based on historical frequency and current trends and conditions. Probability weights are updated on an annual basis or more frequently as warranted. The base scenario reflects the most likely outcome and is assigned the highest weighting.

The weightings assigned to each economic scenario as at October 1, 2021 and September 30, 2022 vary by jurisdiction and were as follows:

	Base	Best Case	Worst Case
Scenarios	85%	5%	10%

ECL on financial assets measured at amortised cost and FVOCI, are recognised in the income statement. For FVOCI financial assets, there is a corresponding adjustment to OCI, while for financial assets measured at amortised cost, the ECL is adjusted against the carrying amount of the asset. Unrealised gains and losses arising from changes in fair value on FVOCI assets are measured in other comprehensive income. For FVOCI assets, when the asset is sold, the cumulative gain or loss in OCI (including ECL there recognised) is reclassified to investment income in determining the gain or loss on disposal.

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

(i) **Financial assets (continued)**

Modification of loans
The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers and debt instruments. When this happens, the Group assesses whether or not the new terms are substantially different to the original terms. The Group does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flow to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Change in the currency in which the loan is denominated.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Group derecognises the original financial asset and recognises a new asset at fair value and recalculates the new effective interest rate for the asset. The date of negotiation is consequently considered to be the date of initial recognition for impairment calculation purposes and the purpose of determining if there has been a significant increase in credit risk. At this point the Group will assess if the asset is POCI.

Acceptance, guarantees, indemnities, letters of credit and undertakings
Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The amount of the loss allowance; and,
- The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

Loan commitments provided by the Group are measured as the amount net of loss allowance for the portfolio. The Group has not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Group cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the ECL is recognised as a provision.

2. Significant Accounting Policies (Continued)

(j) Derivative financial instruments

Derivatives are financial instruments that derive their value from the price of underlying items such as equities, bonds, interest rates, foreign exchange, credit spreads, commodities or other indices. Derivatives enable users to increase, reduce or alter exposure to credit or market risk. The Group transacts derivatives to manage its own exposure to interest rate and foreign exchange risk.

Derivative instruments are initially recognised at fair value on the date a derivative contract is entered into, and subsequently are re-measured at their fair value at the date of each statement of financial position. Fair values are obtained from quoted market prices and discounted cash flow models as appropriate. Derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Assets and liabilities are set off where the contracts are with the same counterparty, a legal right of set off exists and the cash flows are intended to be settled on a net basis.

Gains and losses from changes in the fair value of derivatives are included in the income statement.

(k) Repurchase and reverse repurchase transactions

Securities sold under agreements to repurchase (repurchase agreements) and securities purchased under agreements to resell (reverse repurchase agreements) are treated as collateralised financing transactions. The difference between the sale/purchase and repurchase/resale price is treated as interest and accrued over the life of the agreements using the effective yield method.

BACK TO INDEX: NOTES TO THE FINANCIAL STATEMENTS

2. Significant Accounting Policies (Continued)

(l) Loans and advances and provisions for credit losses

Loans and advances are recognised when cash is advanced to borrowers. They are initially recorded at fair value and subsequently measured at amortised cost using the effective interest rate method.

Provision for credit losses determined under the Bank of Jamaica (BOJ) regulatory requirements

The effect of the provision for credit losses determined under the BOJ regulatory requirements is to preserve capital. No amounts are booked to the income statement in respect of regulatory provisions. Provisions calculated based on regulatory requirements that exceed the amounts required under IFRS are transferred from retained earnings to a non-distributable loan loss reserve in stockholders' equity.

The provision for credit losses determined under the BOJ regulatory requirements comprises a "specific provision" and a "general provision". The specific is determined based on each specific loan for which problems have been identified. The general provision is considered to be prudential in nature and is established to absorb portfolio losses.

2. Significant Accounting Policies (Continued)

(l) Loans and advances and provisions for credit losses (continued)

Provision for credit losses determined under the Bank of Jamaica (BOJ) regulatory requirements (continued)

The specific provision is established for the estimated net loss for all non-performing loans and performing loans that meet specified criteria. Loans are considered to be non-performing where a principal or interest payment is contractually 90 days or more in arrears. At the time of classification as non-performing, any interest that is contractually due but in arrears is reversed from the income statement and interest is thereafter recognised in the income statement on the cash basis only. The estimated net loss is defined as the net exposure remaining after deducting the estimated net realisable value of the collateral (as defined by and determined by the regulations) from the outstanding principal balance of the loan. The regulations quantify the specific provision at ranges from 20% to 100% of each non-performing loan depending on the length of time the loan has been in arrears. In addition, where a non-performing loan is fully secured but the collateral is unrealised for a period of 12 months, a provision of 50% of the amounts outstanding should be made. Where the collateral is unrealised for a further 6 months (with limited exceptions which allow for up to a further 15 months) a full provision is made. The regulations further require that the specific provision for each loan should not be less than 1% of the amounts outstanding.

A general provision is established for all loans (other than loans for which specific provisions were established) at 1% of the amounts outstanding.

(m) Investment securities

All purchases and sales of investment securities are recognised at settlement date.

Investment securities are classified into the following categories: investment securities at FVPL, FVOCI and amortised cost securities and loans and receivables (LAR). Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Investment securities at FVPL are those which were either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or are securities included in a portfolio in which a pattern of short-term profit-taking exists or those financial assets that the entity upon initial recognition, designates as FVPL. They are initially recognised at fair value and transaction costs are expensed in the income statement. They are subsequently carried at fair value. Interest income on investment securities at FVPL is recognised as part of interest income in the income statement. All other realised and unrealised gains and losses are included in gain on foreign currency and investment activities in the income statement.

FVOCI and amortised cost securities are those intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity, changes in interest rates, foreign exchange rates or market prices. They are initially recognised at fair value (including transaction costs), and subsequently remeasured at fair value. Unrealised gains and losses arising from changes in fair value of FVOCI and amortised cost securities are recognised in OCI. When the securities are disposed of or impaired, the related accumulated unrealised gains or losses included in OCI are transferred to the income statement.

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2. Significant Accounting Policies (Continued)

(m) Investment securities (continued)

LAR are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than: (i) those financial assets that the Group intends to sell immediately or in the short term, which are classified as FVPL, or (ii) those financial assets that the entity upon initial recognition, designates as at FVPL or has designated as FVOCI and amortised cost. LAR are initially measured at fair value which is the consideration to originate the loan and are subsequently carried at amortised cost using the effective interest method.

The fair values of quoted investments in active markets are based on current bid prices. If there is no active market for a financial asset, the Group establishes fair value using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis and other valuation techniques commonly used by market participants.

In the case of equity securities classified as FVOCI and amortised cost, a significant or prolonged decline in the fair value below cost is considered an indicator of impairment. Significant or prolonged are assessed based on market conditions and other indicators. If any such evidence exists for FVOCI and amortised cost financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment losses previously recognised in the income statement, is removed from other comprehensive income and recognised in the income statement.

Investment securities are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred (if substantially all the risks and rewards have not been transferred, the Group tests control to ensure that continuing involvement on the basis of any retained powers of control does not prevent derecognition).

(n) Investment properties

Investment property is held for long-term rental yields and is, therefore, treated as a long-term investment. Investment property is measured initially at cost, including transaction costs, and is subsequently carried at fair value, representing open market value determined annually by the directors or by independent valuators. Changes in fair values are recorded in the income statement.

If investment properties become owner-occupied, they are reclassified as property, plant and equipment, and their fair value at the date of reclassification becomes its cost for subsequent accounting periods. Alternatively, where properties classified as held for use become investment properties because of a change in use, these properties are accounted for as investment properties and any differences arising between the carrying amount and the fair value of these items at the date of transfer are recognised in the consolidated statement of comprehensive income. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the consolidated statement of income.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Upon disposal, any surplus previously recorded in the property revaluation reserve in equity is transferred to retained earnings.

2. Significant Accounting Policies (Continued)

(o) Intangible assets

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries or associates and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, negative goodwill, in the case of a bargain purchase, the difference is recognised directly in the income statement.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Cash Generating Unit (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(ii) Contractual customer and distribution relationships, trade name, mutual fund and renewal rights

These assets are associated with the acquisition of a subsidiary and are measured at fair value as at the date of acquisition. These assets are amortised using the straight line method over their useful lives, not exceeding a period of twenty years.

(iii) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their expected useful life of three years.

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development team's employee costs and an appropriate portion of relevant overheads. All other costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred.

Intangible assets with indefinite useful lives are assessed for impairment annually, or more frequently if events changed in circumstances indicate a potential impairment.

2. Significant Accounting Policies (Continued)

(p) Property, plant and equipment and right-of-use assets

Land and buildings are shown at deemed cost less impairment losses, and less subsequent depreciation for buildings. All other property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to other operating expenses during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated on the straight-line basis, unless otherwise stated, at annual rates that will write off the carrying value of each asset over the period of its expected useful life. Annual depreciation rates or periods over which depreciation is charged are as follows:

Freehold Buildings & Leasehold improvements	2% & Period of lease
Motor Vehicles, Furniture & Equipment	5% - 33 1/3%

Gains or losses on disposals are determined by comparing proceeds with carrying amount. These are included in other operating income in the income statement.

(q) Properties for development and re-sale

Properties for sale or under construction that are intended for sale, are classified as properties for development and sale. These balances are carried at the lower of cost and net realisable values. These properties include offices, retail shops and residential units. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated selling expenses. An external valuation specialist was engaged in determining the net realisable value for the office and retail shops, and a discounted cash flow model was used as there is a lack of comparable data because of the nature of the properties. For the residential units, data from binding sales transactions are used to assess the net realisable value. Impairment losses on properties for development and sale are recognised in the consolidated statement of income when the net realisable value is lower than cost. Subsequently, where cost is less than the net realisable value, a reversal of any prior impairment losses is recognised in the consolidated statement of income.

(r) Impairment of long lived assets

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

BACK TO INDEX: NOTES TO THE FINANCIAL STATEMENTS

2. Significant Accounting Policies (Continued)

(s) Financial liabilities

The Group's financial liabilities comprise primarily amounts due to banks, customer deposits, repurchase agreements, obligations under securitisation arrangements, other borrowed funds, liabilities under annuity and insurance contracts, liabilities under letters of credit and undertaking and other liabilities.

The recognition and measurement of liabilities under annuity and insurance contracts is detailed in Note 2(s); short term liabilities FVTPL are measured at fair value and other financial liabilities are measured at amortised cost.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

(t) Borrowings

Borrowings, including those arising under securitisation arrangements, are recognised initially at fair value, being their issue proceeds, net of transaction costs incurred. Subsequently, borrowings are stated at amortised cost and any difference between net proceeds and the redemption value is recognised in the income statement over the period of the borrowings using the effective yield method.

(u) Structured products

Structured products are recognised initially at the nominal amount when funds are received. Derivatives are separately accounted for at FVPL (Note 19). The non-derivative elements are stated at amortised cost using the effective interest method.

2. Significant Accounting Policies (Continued)

(v) Leases

The Group has changed its accounting policy for leases where the Group is the lessee.

As lessee

The Group leases various buildings and equipment. Rental contracts are typically made for fixed periods of 1-10 years but may have extension options as described below.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and,
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

The right-of-use assets are presented within property, plant and equipment. Right-of-use assets are measured initially at cost comprising the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date less any lease incentive received;
- any initial direct costs; and,
- restoration costs.

Subsequently the right-of-use assets are measured at cost less accumulated depreciation and any accumulated impairment losses are adjusted for remeasurement of the lease liability due to reassessment or lease modifications.

The right of use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The amortisation period for the right-of-use assets is 1 to 10 years.

BACK TO INDEX: NOTES TO THE FINANCIAL STATEMENTS

2. Significant Accounting Policies (Continued)

(v) Leases (continued)

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the lessee's incremental borrowing rates, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Short-term leases are leases with a lease term of 12 months or less.

Low-value assets comprise computers, tablets, mobile phones and small items of office furniture.

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review; there were no onerous contracts;
- accounting for operating leases with a remaining lease term of less than 12 months is classified as short-term leases;
- excluding initial direct costs for the measurement of the right-of-use assets at the date of initial application; and,
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and Interpretation 4 Determining whether an Arrangement contains a Lease.

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

(w) **Insurance and investment contracts – classification, recognition and measurement**

Classification
The Group issues contracts that transfer insurance risk or financial risk or both. Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. As a general guideline, the Group defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur.

Investment contracts are those contracts that transfer financial risk with no significant insurance risk.

Recognition and measurement
Insurance contracts are classified depending on the duration of risk and whether or not the terms and conditions are fixed.

Short duration insurance contracts
These contracts are principally property, motor, casualty (employers' liability, public liability), and group life and health insurance contracts.

Property insurance contracts indemnify the Group's customers in the event of a loss from a specified insured peril such as fire, windstorm or earthquake (not limited to these perils) up to the insured amount and within the terms of the policy conditions. These contracts are issued for both private and commercial risks. Customers who undertake commercial activities on their premises could also receive compensation for consequential loss/business interruption caused by the insured perils.

Motor insurance contracts indemnify the Group's customers for their legal requirement under the road traffic legislation in the countries where the Group has issued these contracts. These contracts may be extended for additional coverage such as physical damage, theft and personal accident.

Casualty insurance contracts provide coverage for liability exposures that indemnify the Group's customers against actions from third parties which are subject to the policy limits and conditions. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employers' liability) and employers who become liable to pay compensation to third parties for bodily harm or property damage (public liability).

Marine insurance contracts indemnify the Group's customers for loss or damage to their insured cargo, commercial hull and pleasure craft vessels. Third party coverage is also provided.

Group life contracts protect the Group's customers from the consequences of events (such as death or critical illness) that would affect the ability of the customer or his/her dependants to maintain his/her current level of income.

Health insurance contracts provide for both unexpected and preventative medical treatment and drugs. On these contracts, the benefits paid on occurrence of the specified insurance event are either fixed or linked to the extent of the economic loss suffered by the policyholder. There are no maturity or surrender benefits.

For all these contracts, premiums are recognised as revenue (earned premiums) proportionally over the period of coverage. The portion of premiums received on contracts in force that relate to unexpired risks at the date of the statement of financial position is reported as an unearned premium liability. Premiums are shown before deduction of commissions payable to agents and brokers and exclude any taxes or duties levied on such premiums. Premium income includes premiums collected by agents and brokers not yet received by the Group.

BACK TO INDEX: NOTES TO THE FINANCIAL STATEMENTS

2. Significant Accounting Policies (Continued)

(w) Insurance and investment contracts – classification, recognition and measurement (continued)

Recognition and measurement (continued)

Short duration insurance contracts (continued)
Unearned premiums represent the portion of premiums written in the current year which relate to periods of insurance subsequent to the date of the statement of financial position calculated principally using the twenty-fourths method. Unearned premiums relating to marine cargo are calculated using 180 days after the first date of sailing. Unearned premiums relating to group life are calculated based on 25% of net premiums written.

Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to contract holders. They arise from events that have occurred up to the date of the statement of financial position even if they have not yet been reported to the Group. The Group does not discount its liabilities for unpaid claims. Liabilities for unpaid claims are estimated using techniques such as the input of assessments for individual cases reported to the Group and statistical analyses for the claims incurred but not reported (IBNR), and to estimate the expected ultimate cost of more complex claims that may be affected by external factors such as court decisions. Estimates are continually revised as more information becomes available and for the effects of anticipated inflation. Adjustments arising from these revisions are recognised within claims expense in the current year.

Long-term duration insurance contracts
These contracts are traditional participating and non-participating policies that insure events associated with human life (death, longevity, critical illnesses etc.) over a long duration and include annuity contracts. The contracts issued by the Group are organised by broad categories according to the features they contain. There are three main categories:

(1) Long-term insurance contracts with fixed and guaranteed terms and with discretionary participation features (DPF);
(2) Long-term insurance contracts with fixed and guaranteed terms and without DPF; and,
(3) Long-term insurance contracts without fixed terms.

These categories can be further segregated into “Unit-linked contracts” and “Interest-sensitive contracts”. The premiums paid for long duration insurance contracts either cover only the insured event, or they may comprise a portion that covers the insured event, and another portion to accumulate cash values available for withdrawal at the option of the policyholder. These cash values are increased by credited interest and decreased by policy administration fees, surrender charges and any withdrawals.

Revenue consists of fees deducted for policy administration, mortality and surrenders and interest credited is treated as an expense. Some of these contracts contain guarantees that entitle the holders to a minimum guaranteed crediting rate over the life of the policy. These guarantees are allowed for in the liability calculations. The interest credited to Unit-linked contracts are determined by reference to specific and separately identifiable pools of assets.

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2. Significant Accounting Policies (Continued)

(w) Insurance and investment contracts – classification, recognition and measurement (continued)

Recognition and measurement (continued)

Long-term duration insurance contracts (continued)

Long-term insurance contracts with fixed and guaranteed terms and with DPF
Insurance contracts may or may not contain DPF, which entitles the policyholder to receive, as a supplement to guaranteed benefits, additional benefits or bonuses:
a) That are likely to be a significant portion of the total contractual benefits;
b) Whose amount or timing is contractually at the discretion of the Group; and
c) That are contractually based on:
(i) The performance of a specified pool of contracts or a specified type of contract;
(ii) realised and/or unrealised investment returns on a specified pool of assets held by the Group; or
(iii) the profit or loss of the Group, fund or other entity that issues the contract.

The terms and conditions of these contracts set out the basis for the determination of discretionary benefits and within which the Group may exercise its discretion as to the quantum and timing of their payments to contract holders, which will be subject to actuarial advice.

Long-term insurance contracts with fixed and guaranteed terms and without DPF
These contracts do not contain features that provide additional benefits outside of those guaranteed at inception.

Long-term insurance contracts without fixed terms
These contracts prescribe no fixed terms or contain variable terms that have a material effect on the amount, timing, and uncertainty of the insurer's future cash flows.

Insurance liabilities
A liability for policyholders' benefits that is expected to be incurred in the future is recorded when the premiums are recognised. Typically, the liability is determined as the sum of the expected discounted value of the benefit payments less the expected discounted value of the theoretical premiums that would be required to meet the benefits based on the valuation assumptions used (the valuation premiums). In particular, the liability is based on assumptions as to mortality and investment income. A margin for adverse deviations is included in the assumptions.

2. Significant Accounting Policies (Continued)

(w) Insurance and investment contracts – classification, recognition and measurement (continued)

Recognition and measurement (continued)

Long-term duration insurance contracts (continued)

Insurance liabilities (continued)
Long duration insurance contract liabilities are calculated by independent actuaries at each statement of financial position date using the varying methods, each prescribed by the regulators in the respective jurisdictions. The change in these liabilities are recognised in the income statement.

For the Trinidad and Tobago life insurance subsidiary, actuarial liabilities are calculated using the Caribbean Policyholder Premium Method (CPPM) outlined in draft regulations issued by the Central Bank of Trinidad and Tobago. The Jamaican life insurance subsidiary use a very similar Policyholder Premium Method (PPM) as required under the Insurance Act 2001 of Jamaica. For the Dutch Caribbean life insurance subsidiaries, reserves are calculated on a Modified Net Premium Method in accordance with the requirements of the Central Bank of Curacao and St. Maarten and the Central Bank of Aruba.

Premiums
Premiums are shown before deduction of commission and are recognised as revenue when they become payable by the policyholder except for the following:
(a) The Jamaican life insurance subsidiary issues policies classified as Unit-linked long-term contracts with fixed and guaranteed terms without DPF, for which the investment component of the premiums is recognised as liabilities. The insurance component of the premiums is recognised as income.
(b) The Jamaican life insurance subsidiary issues policies classified as Interest sensitive long-term contracts without fixed terms, for which the investment component of premiums is recognised as liabilities. The insurance component of the premiums is recognised as income.

Investment contracts
The Group issues investment contracts including deposit administration contracts. Premiums under these contracts are recognised directly as liabilities. These liabilities are increased by credited interest or change in the unit prices and are decreased by policy administration fees, mortality and surrender charges and any withdrawals. Revenue consists of investment income and interest credited is treated as an expense.

Unit Linked Contracts
Unit-Linked funds represent funds maintained to meet specific investment objectives of policyholders who bear investment risk. The returns earned by investment of the funds, inclusive of realised and unrealised gains and losses accrue directly to the policyholders.

For the unit-linked contracts, the portion of the premium covering the insured risk is recorded as premium income. The portion of the premium which accumulates to cash value for the policyholder is unbundled and recorded as a liability and credited to the account of the policyholder in the respective unit-linked fund to which the contract is linked.

The liabilities arising from the unit-linked contracts comprise the liability for the insured risk and the accumulated cash value. The liability for the insurance risk is determined in a manner identical to the liability for contracts with fixed and guaranteed terms and is included in the policyholders' liability balance while the liability for the accumulated cash value is carried at fair value and is determined by reference to the fair value of the assets which fund the liabilities.

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NCB Financial Group Limited

Notes to the
Financial Statements

September 30, 2022

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(w) Insurance and investment contracts – classification, recognition and measurement (continued)

Recognition and measurement (continued)

Unit Linked Contracts (continued)

The assets and liabilities of the segregated funds are carried at fair values. Deposits and withdrawals are charged or are credited to the segregated fund liabilities. Unit values are determined by dividing the value of the assets in the funds on a valuation date by the number of units in the funds on the valuation date. The Group earns fees for the management of the funds' assets, policy administration, as well as for effecting the encashment of units.

Outstanding claims

Provision for outstanding claims and the related costs of settlement are based on incidents reported before the end of the financial year and include appropriate provisions for claims incurred but not yet reported. Estimates are continually revised as more information becomes available and for the effects of anticipated inflation. Adjustments arising on these revisions are included with claims expense in the current year. Benefits and claims payable represent the gross cost of all claims notified but not settled on the date of the statement of financial position. Any reinsurance recoverable is shown separately as a receivable.

Policyholders' benefits

Maturities and annuities are accounted for when due. Death and disability claims and surrenders are recognised in the financial statements in the year in which they have been notified. Differences between the estimated claims and subsequent settlements are recognised in the income statement in the year of settlement.

Liability adequacy test

At the date of the statement of financial position, the Group assesses whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities is inadequate, the deficiency is recognised in the income statement and the amount of the relevant insurance liabilities is increased.

Reinsurance contracts held

Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets.

The benefits to which the Group is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers, as well as longer term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

The Group periodically assesses its reinsurance assets for impairment. If there is objective evidence that a reinsurance asset is impaired, the Group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the consolidated income statement.

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2. Significant Accounting Policies (Continued)

(w) Insurance and investment contracts – classification, recognition and measurement (continued)

Receivables and payables related to insurance contracts and investment contracts
Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders. If there is objective evidence that the insurance receivable is impaired, the Group reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the consolidated income statement.

Salvage and subrogation reimbursements
Some insurance contracts permit the Group to sell (usually damaged) property acquired in settling a claim (salvage). The Group may also have the right to pursue third parties for payment of some or all costs (subrogation). The estimated cost of claims includes a deduction for the expected value of salvage and other recoveries.

(x) Provisions
Provisions are recognised when there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

(y) Post-employment benefits
The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans and post-employment medical plans.

Pension benefits
The Group and its subsidiaries operate a number of retirement plans, the assets of which are generally held in separate trustee administered funds. The pension plans are funded by payments from employees and by the relevant companies, taking into account the recommendations of independent qualified actuaries. The Group has both defined benefit and defined contribution plans.

Defined benefit pension plans
A defined benefit pension plan is a plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation.

The amount recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the statement of financial position date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates on sovereign and corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension obligation.

The current service cost of the defined benefit plan, included in staff costs in the income statement, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. The cost is included in staff costs in the income statement.

Past-service costs are recognised immediately in expenses.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

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

(y) Post-employment benefits (continued)

Pension benefits (continued)

Defined contribution pension plans
A defined contribution pension plan is a plan under which the Group pays fixed contributions into a separate fund. The Group has no legal or constructive obligations to pay further contributions. The contributions are charged to the income statement in the period to which they relate.

Other post-employment benefit obligations
The Group provides post-employment health care benefits to its retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using an accounting methodology similar to that for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited in other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

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

Annual leave
Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the year end date.

Other employee benefits
The Group makes loans to employees at interest rates below the comparable market rate. The loans revert to market rate if the employee leaves either the Group or the related party company. Reduced rate employee loans are financial assets and under IFRS 9, they are initially recognised at fair value and thereafter at amortised cost. For the Group's employees, the difference between fair value and the amount of the loan is recorded as a prepaid benefit with a corresponding decrease in the carrying value of loans and advances. The benefit is recognised as an expense over the expected service life of the employee, with a corresponding increase in interest income.

2. Significant Accounting Policies (Continued)

(z) Acceptances, guarantees, indemnities, letters of credit and undertakings

Acceptances, guarantees, indemnities and letters of credit and undertakings are various forms of contractual commitments to advance funds to or on behalf of customers and include:

(i) Obligations on the part of the Group to make payments (directly or indirectly) to a designated third party contingent upon a default by the Group's customer in the performance of an obligation under the terms of that customer's contract with the third party; and

(ii) Obligations to guarantee or stand as surety for the benefit of a third party.

Where obligations under acceptances, guarantees, indemnities and letters of credit and undertakings are not considered to be contingent, the amounts are reported as a liability in the statement of financial position. There are equal and offsetting claims against customers in the event of a call on these commitments, which are reported as an asset.

Where obligations are considered to be contingent, the amounts are disclosed in Note 57.

2. Significant Accounting Policies (Continued)

(aa) Share capital

Share issue costs
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, for the proceeds.

Dividends on ordinary shares
Dividends on ordinary shares are recognised in equity in the period in which they are declared.

Treasury shares
Subject to the applicable laws of the relevant jurisdictions in which the Company, its subsidiaries or consolidated entities operate, where the Company, its subsidiaries or consolidated entities acquire the shares of the Company, the consideration paid, including any directly attributable incremental costs (net of taxes) is deducted from equity attributable to the Company's stockholders until the shares are cancelled, reissued or disposed. Where the shares are subsequently sold or reissued, any consideration received, net of directly attributable incremental transaction costs and the related income tax effects, are included in equity attributable to the Company's stockholders.

(ab) Offsetting of financial instruments

Financial assets and liabilities are offset with the net amount presented in the statements of financial position, only if the Group holds a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis or to realise assets and settle the liability simultaneously. The legal right to set off the recognised amounts must be enforceable in both the normal course of business, and in the event of default, insolvency or bankruptcy of both the Group and its counterparty. In all other situations they are presented gross. When financial assets and financial liabilities are offset in the statement of financial position, the associated income and expense items will also be offset in the income statements, unless specifically prohibited by an applicable accounting standard.

(ac) Fiduciary activities

The Group acts as trustee and in other fiduciary capacities that result in holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other third parties. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Group.

3. Critical Accounting Estimates and Judgments in Applying Accounting Policies

The Group's financial statements and its financial results are influenced by accounting policies, assumptions, estimates and management judgment, which necessarily have to be made in the course of preparation of the financial statements.

The Group makes estimates and assumptions that may affect the reported amounts of assets and liabilities within the next financial year. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard.

Estimates and judgments are continuously evaluated and are based on past experience and other factors, including expectations with regard to future events. Accounting policies and management's judgments for certain items are especially critical for the Group's results and financial position due to their materiality.

(a) ***Fair value of investment securities***
Management uses its judgment in selecting appropriate valuation techniques to determine fair value of investment securities. These techniques are described in Note 50

(b) ***Income taxes***
There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for actual and anticipated tax audit issues based on estimates of whether additional taxes will be due. In determining these estimates, management considers the merit of any tax audit issues raised, based on their interpretation of the taxation laws, and their knowledge of any precedents established by the taxation authorities. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences could materially impact the current tax and deferred tax provisions in the period in which such determination is made.

3. Critical Accounting Estimates and Judgments in Applying Accounting Policies (Continued)

(c) Impairment of financial assets

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

Establishing staging
The Group establishes staging for different categories of financial assets according to the following criteria:

Debt securities and Deposits.
The Group uses its internal credit rating model to determine which of the three stages an asset is to be categorised for the purposes of ECL. The Group's internal credit rating model is a scale which allows for distinctions in risk characteristics and is referenced to the rating scale of international credit rating agencies. The scale is summarised in the following table:

Internal Rating	Classification	External rating – S&P or equivalent
Low Risk	Investment Grade	AAA – BBB
Medium Risk	Non-Investment Grade	BB – B
High Risk	Non-Investment Grade	CCC - C
Default	Default	D

For investment securities, once the asset has experienced a significant increase in credit risk the investment will move from Stage 1 to Stage 2. The Group has assumed that the credit risk of a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial asset that is investment grade is considered low credit risk. Stage 1 instruments are classified as follows:

- investment grade, or
- below investment grade at origination, and have not been downgraded more than 2 notches since origination.

Stage 2 instruments are assets which:

- have been downgraded from investment grade to below investment grade, or
- are rated below investment grade at origination and have been downgraded more than 2 notches since origination.

3. Critical Accounting Estimates and Judgments in Applying Accounting Policies (Continued)

(c) Impairment of financial assets (continued)

Debt securities and deposits. (continued)

Stage 3 instruments are assets in default where estimated future cash flows have been impacted negatively.

Other assets measured at amortised cost include, lease receivables, loan commitments and financial guarantee contracts. The assessment of significant increase in credit risk for these assets requires significant judgment. Movements between Stage 1 and Stage 2 are based on whether an instrument's credit risk at the reporting date has increased significantly relative to the date it was initially recognised. For the purposes of this assessment, credit risk is based on an instrument's lifetime PD, not the losses the Bank expects to incur.

All loans receive an initial risk rating at origination. The Group has established a credit quality review process involving analysis of the ability of borrowers and other counterparties to meet interest and capital repayment obligations based on factors that include days past due ("DPD"), performance and other known material changes. Ratings of individual loans are based on the following criteria:

- Credit structure and cash flow stability;
- Specific loan and collateral characteristics;
- Guarantees and other credit support;
- Macro-economic factors; and,
- Financial and management information for commercial loans.

This assessment results in each facility being classified as "low risk", "medium risk" or "high risk". The Group considers loans that have missed a full payment cycle, to have experienced a significant increase in credit risk. The Bank assesses loans as having experienced a significant increase in credit risk if any other qualitative indicator is triggered such as, known financial difficulty, credit issue with another account, expected forbearance or restructuring. If any of these factors indicates that a significant increase in credit risk has occurred, the instrument is moved from Stage 1 to Stage 2.

The thresholds for movement between Stage 1 and Stage 2 are symmetrical. After a financial asset has migrated to Stage 2, if its credit risk is no longer considered to have significantly increased relative to its initial recognition, the financial asset will move back to Stage 1.

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. A regression analysis is performed to determine which factors are most closely correlated with the credit losses for each portfolio. Where projections are available, these are used to forecast up to three years and subsequently the long term average performance is then used for the remaining life of the product. These projections are reassessed on an annual basis.

3. **Critical Accounting Estimates and Judgments in Applying Accounting Policies (Continued)**

(d) Geopolitical and economic developments

Though still expected to grow in 2022, global economic activity is slowing more broadly and sharply than previously forecasted, with inflation higher than it has been in several decades. High cost-of-living, tightening financial conditions in most regions, Russia's invasion of Ukraine, and the lingering effects of the COVID-19 pandemic are weighing on the growth outlook. Against this background, the IMF revised its 2023 global growth projections from 2.9% to 2.7%, while keeping its 3.2% forecast for 2022. Except for the global financial crisis and the acute phase of the COVID-19 pandemic, this is the weakest growth profile since 2001. Latin America and the Caribbean are expected to grow by 3.5% in 2022 and slow to 1.7% in 2023, following a 6.9% rebound in 2021.

All of our operating territories are expected to see strong growth in real GDP in 2022. Barbados is expected to lead with 10.5%, followed by Trinidad and Tobago (4.0%), Cayman Islands (4.0%), Jamaica (2.8%), and Bermuda (2.6%). Tourism dependent countries should continue to benefit from the recovery in global travel, and its spillover effects on other sectors. According to the most recent UNWTO World Tourism Barometer, international tourism experienced a strong rebound in the first seven months of 2022, with arrivals reaching 57% of its pre-pandemic levels. Notably, the Caribbean region is recovering at a faster pace, reaching 82% of its 2019 level over the same period. The rebound has been fueled by pent-up demand, increased airlifts, reduced fear around travelling, higher investments, economic recovery and strong labour markets in source countries. These factors have supported growth in our tourism dependent operating countries of Jamaica, Barbados, Cayman Islands and Bermuda, while elevated energy prices and increased energy production is driving growth in Trinidad & Tobago. Additionally, growth is being bolstered by the reopening of the economy, normalised business hours, higher employment, and greater private consumption.

However, the forecast is for growth to moderate across our operating territories in 2023 as high inflation and tighter financial conditions are presenting headwinds that could slow the pace of recovery in key trading partners and the region. Furthermore, while the tourism sector is still expected to grow, there is the risk of a moderation in the pace of growth. The latest UNWTO Confidence Index and booking trends are suggesting the potential for a slowdown in the demand for travel, given the combination of rising interest rates, high, though falling, energy and food prices, and prospects of a global recession. Although oil and natural gas prices are expected to fall in 2023, they should remain retatively high, which along with higher production, will continue to support growth in Trinidad.

Despite the risks to our operating environments, the outlook for growth this year remains positive, thanks to the more widespread economic reopening. The high inflation and interest environment have and should continue to fuel greater net interest and fee and commission income in the banking sector. However, this is likely to be tempered by a slowdown in loan demand given higher market interest rates. It will also continue to adversely affect insurance and securities dealers by reducing the value of bonds. Higher interest rates should reduce the assets and liabilities of life insurers, but the net effect is expected to be positive, because the impact on the value of liabilities is expected to be greater. However, bond prices are expected to remain weak, reducing opportunities for trading gains. Tighter liquidity conditions could cause some spread compression in our securities business. However, because of their ability to hedge against inflation, demand for new alternative investment products should increase, boosting fee and commission income. Furthermore, high debt costs will make equity financing more attractive supporting increased IPOs, APOs, and cross-listings on the JSE. However, the size of these transactions will be limited by tight JMD liquidity. Despite new headwinds, the Group will continue to capitalise on emerging opportunities, while attempting to mitigate existing and emerging risks.

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3. Critical Accounting Estimates and Judgments in Applying Accounting Policies (Continued)

(e) *Estimates of future benefit payments and premiums arising from long duration insurance contracts*

The determination of the liabilities under insurance contracts represents the liability for future benefits payable by the Group based on contracts for the life assurance business in force at the date of the statement of financial position. These liabilities represent the amount which, together with future premiums and investment returns will, in the opinion of the actuary, be sufficient to pay future benefits relating to contracts of insurance in force, as well as meet the expenses incurred in connection with such contracts. For the Trinidad and Tobago life insurance subsidiary, actuarial liabilities are calculated using the CPPM. The Jamaican life insurance subsidiary uses PPM. Both the CPPM and PPM valuations are based on assumptions of mortality, persistency, investment income, renewal expenses and other assumptions considered appropriate to be included in the basis for the determination of the liabilities of the Group under the terms of its life insurance policy contracts in force. A margin for risk or uncertainty (adverse deviations) in these assumptions is added to the liability. The assumptions are examined each year in order to determine their validity in light of current best estimates or to reflect emerging trends in the Group's experience.

For the Dutch Caribbean life insurance subsidiary, reserves are calculated on a Modified Net Premium Method. The Net Premium Method values liabilities as the present value of future benefits minus the present value of future net premiums.

The main source of uncertainty is that epidemics and wide-ranging lifestyle changes, such as in eating, smoking and exercise habits, could result in future mortality being significantly worse than in the past for the age groups in which the Group has significant exposure to mortality risk. However, continuing improvements in medical care and social conditions could result in improvements in longevity in excess of those allowed for in the estimates used to determine the liability for contracts where the Group is exposed for longevity risk.

Sensitivity analyses for key estimates used in determining the actuarial liabilities are included in Notes 39 and 49e.

3. Critical Accounting Estimates and Judgments in Applying Accounting Policies (Continued)

(f) *The ultimate liability arising from claims made under short duration insurance contracts*

For the property and casualty insurance business, outstanding claims comprise estimates of the amount of reported losses and loss expenses and a provision for losses incurred but not reported (IBNR) based on the historical experience of the Group and industry data. These claims are analysed separately between those arising from damage to insured property and consequential losses. Claims arising from damage to insured property can be estimated with greater reliability, and the Group's estimation processes reflect all the factors that influence the amount and timing of cash flows from these contracts. The shorter settlement period for these claims allow the Group to achieve a higher degree of certainty about the estimated cost of claims, and relatively little IBNR is held at year-end. However, the longer time needed to assess the emergence of claims arising from consequential losses makes the estimation process more uncertain for these claims. Significant delays may occur in the notification of claims and a substantial measure of experience and judgment is involved in assessing outstanding liabilities, the ultimate cost of which cannot be known with certainty as at the reporting date. The reserve for claims outstanding is determined on the basis of information currently available; however, it is inherent in the nature of the business written that the ultimate liabilities may vary as a result of subsequent developments.

Sensitivity analyses for key estimates used in determining the actuarial liabilities are included in Note 49.

(g) *Future obligations for post-employment benefits*

The cost of these benefits and the present value of the future obligations depend on a number of factors that are determined by actuaries using a number of assumptions. The assumptions used in determining the net periodic cost or income for retirement benefits include the expected long-term rate of return on the relevant plan assets, the discount rate and, in the case of health benefits, the expected rate of increase in health costs. Any changes in these assumptions will impact the net periodic cost or income recorded for retirement benefits and may affect planned funding of the pension plans. The expected return on plan assets assumption is determined on a uniform basis, considering long-term historical returns, asset allocation and future estimates of long-term investment returns. The Group determines the appropriate discount rate at the end of each year, which represents the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement benefit obligations. In determining the appropriate discount rate, the Group considered interest rate on government bonds that are denominated in the currency in which the benefits will be paid, and have terms to maturity approximating the terms of the related obligations. The expected rate of increase of health costs has been determined by comparing the historical relationship of the actual health cost increases with the rate of inflation. Other key assumptions for the retirement benefits are based on current market conditions.

(h) Interests in structured entities

Unit Trust Scheme

A subsidiary of the Group manages a Unit Trust Scheme comprising seven portfolios – the JMD Money Market Portfolio, the JMD High Yield Portfolio, the High Yield Asset and Loans Portfolio, the Caribbean Equity Portfolio, the USD Money Market Portfolio, the USD Indexed Bond Portfolio and the USD Bond Portfolio. The Unit Trust has an independent trustee. A subsidiary of the Group is the investment manager of the Unit Trust. Determining whether the Group controls the Unit Trust requires judgment. This would include a consideration of the investors' rights to remove the investment manager and an assessment of the exposure to variability arising from the aggregate economic interests of the Group in the Trust.

One of the Group's subsidiaries, as investment manager, earns income from preliminary charges ranging from 0-4% and management fees ranging from 1.5-1.75% on these Unit Trust portfolios. The Group owns 0.45% (2021 – 0.43%) of the units in the Unit Trust at September 30, 2022.

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3. Critical Accounting Estimates and Judgments in Applying Accounting Policies (Continued)

(h) Interests in structured entities (continued)

Unit Trust Scheme (continued)
In addition, pending the availability of investments consistent with the investment objective of each portfolio, a significant portion of the Unit Trust funds are invested in cash equivalent instruments issued by the Group. These are short-term fixed rate instruments with maturities of 90 days or less, collateralised by Government of Jamaica securities, that face an insignificant risk of changes in fair value. The interest margin earned by the Group on these instruments is immaterial to the results of its operations.

Management has concluded that, although the contractual terms provide the Group with power over the Unit Trust, the Group is acting as an agent for the investors in the Unit Trust as management does not consider the Group's aggregate economic exposure and interest in the Unit Trust to be significant. Management does not believe that the investment of Unit Trust funds in cash equivalent instruments issued by the Group changes this conclusion as (i) this investment is intended to be temporary and not representative of the Unit Trust's purpose or investment objective (ii) the investment is in cash equivalent instruments subject to an insignificant risk of changes in fair value that bear interest at market rates and (iii) the investment does not expose the Group to any additional variability of returns from the Unit Trust beyond its insignificant aggregate interest through fees and unit holdings. The Unit Trust has therefore not been consolidated.

Mutual Funds
The Group manages a series of mutual funds through its trust and asset management subsidiaries, Guardian Group Trust Limited and Guardian Asset Management and Investment Services Limited. These funds invest mainly in equity securities, debt securities and cash and cash equivalents. As at the consolidated statement of financial position date, the Group has determined that it controls specific funds by virtue of an entrenched management contract. Similar to the Group's consolidation of its subsidiaries, the assets and liabilities of these funds have been consolidated in the financial statements on a line-by-line basis. The carrying value of the total investments and cash held by the funds are recorded as investment securities of mutual fund unit holders and cash and cash equivalents of mutual fund unit holders respectively on the consolidated statement of financial position. Interests held by external parties in the funds that are consolidated are recorded as third party interest in mutual funds measured at net assets value on the consolidated statement of financial position.

4. Responsibilities of the Appointed Actuaries and External Auditors

The Boards of Directors of the insurance subsidiaries, pursuant to the legislation in the various jurisdictions where the Group operates, appoint the Actuaries. Their responsibility is to carry out an annual valuation of the Group's policyholders' liabilities in accordance with accepted actuarial practice and regulatory requirements and report thereon to the policyholders and shareholders. In performing the valuations for life insurance policies and annuities, the Actuaries make assumptions as to the future rates of interest, asset defaults, mortality, morbidity, claims experience, policy termination, inflation, reinsurance recoveries, expenses and other contingencies, taking into consideration the circumstances of the Group and the insurance policies in force. In performing valuations for the general insurance company's assumptions are also made in relation to loss ratios, earned income ratios, loss development factors etc.

The shareholders pursuant to the legislation in the various jurisdictions where the Group operates appoint the external auditors. Their responsibility is to conduct an independent and objective audit of the financial statements in accordance with International Standards on Auditing and report thereon to the shareholders. In carrying out their audit, the auditors also make use of the work of the Appointed Actuaries and their reports on the policyholders' liabilities.

NCB Financial Group Limited
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(expressed in Jamaican dollars unless otherwise indicated)

5. Segment Reporting

The Group is organised into the following business segments:

(a) Consumer & SME banking – This incorporates the provision of banking services to individual and small and medium business clients.

(b) Payment services – This incorporates the provision of card related and digital/electronic payment services.

(c) Corporate & commercial banking – This incorporates the provision of banking services to large corporate clients.

(d) Treasury & correspondent banking – This incorporates the Group's liquidity and investment management function, management of correspondent bank relationships, and relationships with other financial institutions as well as foreign currency dealing activities.

(e) Wealth, asset management & investment banking – This incorporates stock brokerage, securities trading, investment management and other financial services provided by certain overseas subsidiaries.

(f) Life and health insurance & pension fund management – This incorporates life insurance, health insurance, pension and investment management services.

(g) General insurance – This incorporates property and casualty insurance services.

The Group's trustee services and the outstanding transactions and balances of certain inactive subsidiaries are classified as unallocated for segment reporting.

Unallocated assets and liabilities
Unallocated assets and liabilities comprise current income tax payable and recoverable, deferred income tax assets and liabilities and assets and liabilities of support units of the Group that are not allocated to the banking segments.

Direct allocated costs and unallocated corporate expenses
Costs incurred by the support units of National Commercial Bank Jamaica Limited ("NCBJ") are allocated to the business segments based on certain criteria determined by management. These criteria include staff complement, square footage and time spent providing the service to the business segment. The expenses that are allocated are mainly staff costs, depreciation and amortisation and other operating expenses and are treated as direct allocated costs.

Costs allocated to the banking segments are reported directly by those segments to the President & Group Chief Executive Officer and Board of Directors. Costs allocated to the non-banking segments are not included in the individual internal reports presented by those segments and are treated as unallocated corporate expenses.

Eliminations
Eliminations comprise inter-segment transactions.

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NCB Financial Group Limited

Notes to the
Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

5. Segment Reporting (Continued)

Year ended September 30, 2022	Consumer & SME Banking $'000	Payment Services $'000	Corporate & Commercial Banking $'000	Treasury & Correspondent Banking $'000	Wealth, Asset Management & Investment Banking $'000	Life &Health Insurance & Pension Fund Management $'000	General Insurance $'000	Other & Consolidation Adjustments $'000	Total $'000
External revenue	35,110,907	25,311,620	14,187,839	18,812,960	20,319,067	125,563,983	84,252,249	(4,155,846)	319,402,779
Revenue from other segments	3,016,992	3,240	939,631	6,799,649	4,104,917	844,009	399,986	(16,108,424)	-
Total revenue	38,127,899	25,314,860	15,127,470	25,612,609	24,423,984	126,407,992	84,652,235	(20,264,270)	319,402,779
Net interest income	25,428,512	5,613,374	8,746,029	4,767,546	7,697,635	16,941,929	1,019,295	(10,950,912)	59,263,408
Net fee and commission income	4,814,277	8,609,725	1,225,185	535,219	4,271,601	3,805,385	3,859,244	(2,531,389)	24,589,247
Gain/(loss) on foreign currency and investment activities	41,459	56,131	56	9,530,478	2,661,435	5,835,059	394,528	(1,942,882)	16,576,264
Net result from insurance activities	-	-	-	-	-	28,180,517	14,021,234	102,243	42,303,994
Credit impairment (losses)/reversals	(2,124,246)	(64,358)	235,580	85,364	575,985	(1,144,038)	(142,554)	(145,288)	(2,723,555)
Other operating income and dividend income	2,625,017	4,301	(447)	16	801,866	3,249,652	98,337	1,638,533	8,417,275
Total operating income/(loss)	30,785,019	14,219,173	10,206,403	14,918,623	16,008,522	56,868,504	19,250,084	(13,829,695)	148,426,633
Staff costs	9,538,785	1,518,248	649,039	293,460	3,197,537	8,834,068	6,298,156	5,997,925	36,327,218
Depreciation and amortisation	1,317,336	718,548	52	29,295	111,514	997,830	755,062	2,301,636	6,231,273
Finance cost	527,010	11,223	24,590	7,202	64,192	190,145	130,785	374,599	1,329,746
Other operating expenses	7,057,635	5,853,000	1,323,305	1,469,975	3,484,781	9,795,897	6,239,515	(4,024,933)	31,199,175
Total operating expenses	18,440,766	8,101,019	1,996,986	1,799,932	6,858,024	19,817,940	13,423,518	4,649,227	75,087,412
Operating profit/(loss) before allocated costs	12,344,253	6,118,154	8,209,417	13,118,691	9,150,498	37,050,564	5,826,566	(18,478,922)	73,339,221
Allocated costs	(12,286,723)	(3,867,886)	(1,547,565)	(708,533)	-	-	-	-	(18,410,707)
Operating profit/(loss) c/fwd	57,530	2,250,268	6,661,852	12,410,158	9,150,498	37,050,564	5,826,566	(18,478,922)	54,928,514

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5. Segment Reporting (Continued)

Year ended September 30, 2022	Consumer & SME Banking $'000	Payment Services $'000	Corporate & Commercial Banking $'000	Treasury & Correspondent Banking $'000	Wealth, Asset Management & Investment Banking $'000	Life & Health Insurance & Pension Fund Management $'000	General Insurance $'000	Other & Consolidation Adjustments $'000	Total $'000
Operating profit/(loss) b/fwd	57,530	2,250,268	6,661,852	12,410,158	9,150,498	37,050,564	5,826,566	(18,478,922)	54,928,514
Unallocated corporate expenses									(9,791,993)
Share of profit of associates									732,513
Profit before Taxation									45,869,034
Taxation									(5,946,189)
Net Profit									39,922,845
Segment assets	479,573,398	44,280,064	182,202,778	437,530,022	417,792,263	620,211,568	118,597,422	(256,578,958)	2,043,608,557
Associates									7,051,463
Unallocated assets									28,028,581
Total assets									2,078,688,601
Segment liabilities	455,122,313	26,684,561	167,154,220	412,216,949	375,163,174	461,872,734	77,902,010	(104,552,817)	1,871,563,144
Unallocated liabilities									9,126,008
Total liabilities									1,880,689,152
Capital expenditure	4,030,621	3,749,372	143,438	338,097	600,457	1,197,029	1,240,268	434,305	11,733,587

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NCB Financial Group Limited

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(expressed in Jamaican dollars unless otherwise indicated)

5. Segment Reporting (Continued)

Year ended September 30, 2022	**Total per segment report $'000**	**Allocated expenses $'000**	**Unallocated corporate expenses $'000**	**Total per income statement $'000**
Reconciliation to income statement				
Net interest income	59,263,408	(49,806)	(14,740)	59,198,862
Net fee and commission income	24,589,247	376,410	1,167,094	26,132,751
Gain on foreign currency and investment activities	16,576,264	-	-	16,576,264
Net result from insurance activities	42,303,994	-	-	42,303,994
Other operating income and dividend income	8,417,275	185,773	(494,747)	8,108,301
Credit impairment losses	(2,723,555)	-	-	(2,723,555)
Staff costs	(36,327,218)	(9,859,926)	(2,918,617)	(49,105,761)
Depreciation and amortisation	(6,231,273)	(2,053,636)	(607,895)	(8,892,804)
Finance cost	(1,329,746)	(334,839)	(384,237)	(2,048,822)
Other operating expenses	(31,199,175)	(6,674,683)	(6,538,851)	(44,412,709)
Operating profit	73,339,221	(18,410,707)	(9,791,993)	45,136,521

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5. Segment Reporting (Continued)

Year ended September 30, 2021	Consumer & SME Banking $'000	Payment Services $'000	Corporate & Commercial Banking $'000	Treasury & Correspondent Banking $'000	Wealth, Asset Management & Investment Banking $'000	Life &Health Insurance & Pension Fund Management $'000	General Insurance $'000	Other & Consolidation adjustments $'000	Total $'000
External revenue	31,228,434	19,161,695	13,317,771	18,129,035	16,965,696	111,619,451	79,751,970	1,920,572	292,094,624
Revenue from other segments	2,513,635	-	51,407	4,277,065	9,170,327	951,906	278,981	(17,243,321)	-
Total revenue	33,742,069	19,161,695	13,369,178	22,406,100	26,136,023	112,571,357	80,030,951	(15,322,749)	292,094,624
Net interest income	24,338,183	5,742,297	7,519,189	3,475,798	6,479,750	10,188,922	843,652	(9,828,961)	48,758,830
Net fee and commission income	4,468,348	6,592,422	1,480,397	457,157	4,162,877	2,791,181	1,925,869	(760,754)	21,117,497
Gain/(loss) on foreign currency and investment activities	110,639	(54,964)	70,634	8,933,872	6,044,392	12,745,439	642,298	(5,662,158)	22,830,152
Net result from insurance activities	-	-	-	-	-	10,913,613	12,091,158	(53,079)	22,951,692
Credit impairment (losses)/reversals	(2,866,762)	(102,175)	953,048	165,210	(225,351)	(1,466,556)	268,936	(111,476)	(3,385,126)
Other operating income and dividend income	996,642	3,870	379,389	4,959	640,970	1,694,738	83,392	8,539,999	12,343,959
Total operating income	27,047,050	12,181,450	10,402,657	13,036,996	17,102,638	36,867,337	15,855,305	(7,876,429)	124,617,004
Staff costs	8,834,682	1,067,073	442,984	230,723	2,978,704	8,129,228	6,153,029	5,624,030	33,460,453
Depreciation and amortisation	1,446,672	527,885	173	618	115,233	986,178	552,825	2,382,200	6,011,784
Finance cost	411,716	8,243	15,393	8,033	49,857	215,251	139,665	493,851	1,342,009
Other operating expenses	5,682,944	4,862,402	772,993	1,145,174	2,790,768	7,960,342	4,144,288	139,292	27,498,203
Total operating expenses	16,376,014	6,465,603	1,231,543	1,384,548	5,934,562	17,290,999	10,989,807	8,639,373	68,312,449
Operating profit/(loss) before allocated costs	10,671,036	5,715,847	9,171,114	11,652,448	11,168,076	19,576,338	4,865,498	(16,515,802)	56,304,555
Allocated costs	(8,997,538)	(3,369,398)	(3,569,690)	(966,695)	-	-	-	-	(16,903,321)
Operating profit/(loss) c/fwd	1,673,498	2,346,449	5,601,424	10,685,753	11,168,076	19,576,338	4,865,498	(16,515,802)	39,401,234

NCB Financial Group Limited

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(expressed in Jamaican dollars unless otherwise indicated)

5. Segment Reporting (Continued)

Year ended September 30, 2021	Consumer & SME Banking $'000	Payment Services $'000	Corporate & Commercial Banking $'000	Treasury & Correspondent Banking $'000	Wealth, Asset Management & Investment Banking $'000	Life & Health Insurance & Pension Fund Management $'000	General Insurance $'000	Other & Consolidation adjustments $'000	Total $'000
Operating (loss)/profit b/fwd	1,673,498	2,346,449	5,601,424	10,685,753	11,168,076	19,576,338	4,865,498	(16,515,802)	39,401,234
Unallocated corporate expenses									(13,145,990)
Share of profit of associates									340,289
Profit before Taxation									26,595,533
Taxation									(6,519,927)
Net Profit									20,075,606
Segment assets	480,659,700	30,121,414	192,516,914	386,143,676	385,478,671	477,087,890	109,491,074	(168,510,439)	1,892,988,900
Associates									5,950,188
Unallocated assets									18,188,884
Total assets									1,917,127,972
Segment liabilities	422,701,604	4,600,411	152,283,938	418,110,323	331,617,682	415,184,609	72,161,682	(115,451,425)	1,701,208,824
Unallocated liabilities									9,254,122
Total liabilities									1,710,462,946
Capital expenditure	4,385,084	1,328,397	252,199	92,224	582,679	1,108,494	229,625	418,193	8,396,895

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NCB Financial Group Limited

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5. Segment Reporting (Continued)

Year ended September 30, 2021	Total per segment report $'000	Allocated expenses $'000	Unallocated corporate expenses $'000	Total per income statement $'000
Reconciliation to income statement				
Net interest income	48,758,830	(101,743)	(30,120)	48,626,967
Net fee and commission income	21,117,497	107,089	1,264,408	22,488,994
Gain on foreign currency and investment activities	22,830,152	-	-	22,830,152
Net result from insurance activities	22,951,692	-	-	22,951,692
Other operating income and dividend income	12,343,959	376,916	(5,128,199)	7,592,676
Credit impairment losses	(3,385,126)	-	-	(3,385,126)
Staff costs	(33,460,453)	(8,518,533)	(2,521,556)	(44,500,542)
Depreciation and amortisation	(6,011,784)	(2,544,878)	(753,302)	(9,309,964)
Finance cost	(1,342,009)	(381,430)	(112,907)	(1,836,346)
Other operating expenses	(27,498,203)	(5,840,741)	(5,864,315)	(39,203,259)
Operating profit	56,304,555	(16,903,320)	(13,145,991)	26,255,244

Geographical

The Group operates mainly via four geographical segments; Jamaica, Trinidad & Tobago, Dutch Antilles & Bermuda. It operates in life and health insurance & pension fund management and general insurance segments within all four geographical segments and primarily in Jamaica within the commercial & consumer, payment services, corporate banking, treasury & correspondent banking and wealth, asset management & investment banking segments. Jamaica represents 56.93% (2021 – 58.17%), Trinidad & Tobago represents 15.89% (2021 – 15.29%), Bermuda represents 6.72% (2021 – 5.34%) and Dutch Antilles represents 10.22% (2021 – 8.86%) of total operating income.

The Group's geographic information:

	Jamaica	Trinidad &Tobago	Dutch Antilles	Bermuda	Other	Total
			2022			
	$'000	$'000	$'000	$'000	$000	$'000
Revenue	130,052,971	84,818,336	50,450,121	12,111,227	41,970,124	319,402,779
Total assets	1,049,542,027	364,184,494	194,713,926	214,757,574	255,490,580	2,078,688,601
			2021			
Revenue	115,054,169	77,031,383	49,787,470	11,195,858	41,821,496	294,890,376
Total assets	993,069,768	291,690,840	186,382,827	205,775,441	244,449,296	1,921,368,172

Segment assets consist of investments that match insurance and banking liabilities, intangible assets and other operating assets such as receivables and cash. They exclude deferred income taxes, retirement benefit assets, investment in associates and investment in subsidiaries.

Segment liabilities comprise insurance liabilities, financial liabilities arising mainly from investment contracts and borrowing arrangements. They exclude items such as taxation, retirement benefit liabilities and business development loans.

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6. Net Interest Income

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Interest income				
Loans and advances	48,164,902	43,454,360	1,714,115	-
Investment securities –				
Fair value through other comprehensive income	26,509,689	19,137,975	501,920	512,236
Amortised cost	9,234,075	10,480,133	-	-
Reverse repurchase agreements	378,849	946,205	-	-
Deposits and other	636,034	556,143	3,303	11,143
	84,923,549	74,574,816	2,219,338	523,379
Interest expense				
Customer deposits	3,832,068	3,499,244	-	-
Repurchase agreements	7,982,564	6,812,569	-	-
Policyholders' benefits	697,152	2,495,678	-	-
Securitisation arrangements	3,589,540	3,896,957	-	-
Other borrowed funds and amounts due to banks	9,623,363	9,243,401	6,224,453	6,314,782
	25,724,687	25,947,849	6,224,453	6,314,782
Net interest income/(expense)	59,198,862	48,626,967	4,005,115	(5,791,403)

NCB Financial Group Limited

Notes to the Financial Statements

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7. Net Fee and Commission Income

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Fee and commission income				
Consumer & SME Banking	4,437,249	4,538,908	-	-
Payment services	16,226,604	12,101,536	-	-
Corporate & commercial banking	3,451,749	1,491,139	-	-
Management fees	-	-	3,500,000	3,500,000
Treasury and correspondent banking	535,564	465,748	-	-
Wealth, asset management & investment banking	3,450,800	3,941,227	-	-
Life and health insurance & pension fund management	3,622,355	2,196,750	-	-
Brokerage fees	3,143,747	1,646,888	-	-
General insurance	174,955	1,796,850	-	-
Other	259,725	101,866	-	-
	35,302,748	28,280,912	3,500,000	3,500,000
Fee and commission expense				
Payment services	(9,169,997)	(5,791,918)	-	-
	26,132,751	22,488,994	3,500,000	3,500,000

8. Gain on Foreign Currency and Investment Activities

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Net foreign exchange gains/(losses)	5,989,054	536,950	(2,529,690)	(6,394,631)
Gain on sale of debt securities held for trading	443,678	33,739	-	-
Gain on sale of debt securities at FVOCI	5,230,918	9,654,427	-	-
Unrealised (losses)/gains on FVPL instruments	(2,857,896)	3,032,235	-	-
Interest income on FVPL instruments	6,658,069	8,350,481	-	-
Gain on sale of equity securities	154,882	486,536	-	-
Gain/(loss) on sale of investment properties	279,853	(13,600)	-	-
Fair value gain on revaluation of investment property (Note 25)	1,050,588	1,154,604	-	-
Other	(372,882)	(405,220)	-	-
	16,576,264	22,830,152	(2,529,690)	(6,394,631)

Net foreign exchange (losses)/gains include gains and losses arising from translation of assets and liabilities denominated in foreign currencies as well as those arising from foreign currency dealing activities.

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9. Premium Income

	The Group	
	2022	2021
	$'000	$'000
Annuity contracts	39,981,281	33,621,255
Life and Health insurance contracts	57,774,798	51,345,637
General insurance contracts	66,934,674	65,070,333
	164,690,753	150,037,225

	The Group	
	2022	2021
	$'000	$'000
Insurance premium income		
Short term insurance contracts	91,440,414	87,874,337
Long term insurance contracts	73,250,339	62,162,888
	164,690,753	150,037,225
Insurance premium ceded to reinsurers		
Short term insurance contracts	48,040,321	46,368,132
Long term insurance contracts	2,542,684	2,214,316
	50,583,005	48,582,448
Net insurance premium	114,107,748	101,454,777

10. Net Policyholders' and Annuitants' Benefits and Reserves

	The Group	
	2022	2021
	$'000	$'000
Annuity contracts	34,441,243	34,291,273
Life and Health insurance contracts	21,643,485	26,924,734
General insurance contracts	8,813,932	9,352,800
	64,898,660	70,568,807

10. Net Policyholders' and Annuitants' Benefits and Reserves (Continued)

	The Group	
	2022	**2021**
	$'000	**$'000**
Benefits and reserves under Life and Health insurance and Annuity contracts:		
Gross	58,556,426	63,134,539
Recovered from reinsurers	(2,471,718)	(1,918,510)
	56,084,708	61,216,029
Claims and loss adjustment reserves under General insurance contracts:		
Gross	55,106,095	14,079,793
Recovered from reinsurers	(46,292,143)	(4,727,015)
	8,813,952	9,352,778
	64,898,660	70,568,807

	The Group		
	2022		
	Gross	**Reinsurance**	**Net**
Benefits and reserves for life and annuity contracts	**$'000**	**$'000**	**$'000**
Long-term insurance contracts with fixed and guaranteed terms and without DPF:			
Death, maturity and surrender benefits	20,884,270	(101,785)	20,782,485
Increase in liabilities	(1,809,239)	-	(1,809,239)
Long-term insurance contracts without fixed terms:			
Death, maturity and surrender benefits	23,886,208	(962,253)	22,923,955
Decrease in liabilities	(2,660,712)	-	(2,660,712)
Long-term insurance contracts with fixed and guaranteed terms and with DPF:			
Death, maturity and surrender benefits	82,699	-	82,699
Increase in liabilities	18,608	-	18,608
Short-term insurance contracts - life	18,154,592	(1,407,680)	16,746,912
	58,556,426	(2,471,718)	56,084,708

	2021		
	Gross	**Reinsurance**	**Net**
Benefits and reserves for life and annuity contracts	**$'000**	**$'000**	**$'000**
Long-term insurance contracts with fixed and guaranteed terms and without DPF:			
Death, maturity and surrender benefits	19,535,355	(46,959)	19,488,396
Increase in liabilities	5,700,047	4,163	5,704,210
Long-term insurance contracts without fixed terms:			
Death, maturity and surrender benefits	18,003,419	(862,595)	17,140,824
Decrease in liabilities	4,494,577	-	4,494,577
Long-term insurance contracts with fixed and guaranteed terms and with DPF:			
Death, maturity and surrender benefits	25,308	-	25,308
Increase in liabilities	42,730	-	42,730
Short-term insurance contracts - life	15,333,103	(1,013,119)	14,319,984
	63,134,539	(1,918,510)	61,216,029

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11. Dividend Income

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Subsidiaries	-	-	1,229,820	14,973,250
Other equity securities	2,498,263	2,315,752	-	-
	2,498,263	2,315,752	1,229,820	14,973,250

12. Staff Costs

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Wages, salaries, allowances and benefits	38,921,083	35,964,959	4,090,140	3,389,941
Payroll taxes	3,680,669	2,428,156	250,493	554,107
Pension costs – defined contribution plans	1,233,167	1,156,452	31,960	28,823
Pension costs – defined benefit plans (Note 40 (a))	499,309	567,528	-	-
Staff profit share	2,965,397	3,173,139	-	-
Termination benefits	863,661	325,169	-	-
Other post-employment benefits (Note 40 (b))	942,475	885,139	-	-
	49,105,761	44,500,542	4,372,593	3,972,871

Wages, salaries, allowances and benefits
Included in wages, salaries, allowances and benefits are base salaries for employees. Amounts also include annual incentive and merit awards based on performance, annual and non-annual lump-sum fringe benefits, including those that have been agreed based on collective bargaining with the trade unions representing staff.

Employees are categorised as permanent pensionable, contract, part-time and temporary.

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NCB Financial Group Limited

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13. Credit Impairment Losses

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Investment securities	(297,871)	237,294	(537)	441
Loans and advances (Note 21)	1,914,114	1,806,168	10,236	-
Premium	1,107,312	1,341,664	-	-
	2,723,555	3,385,126	9,699	441

14. Other Operating Expenses

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Auditors' remuneration - current year	609,579	524,285	323,045	262,962
Auditors' remuneration - prior year	-	15,000	-	-
Credit card rebates	1,892,830	1,367,680	-	-
Insurance and premiums	1,246,668	1,146,305	2,597	2,756
Irrecoverable general consumption tax and asset tax	5,858,191	5,257,829	72,944	107,683
License and transaction processing fees	2,294,709	2,125,064	352,488	201,378
Marketing, customer care, advertising and donations	5,016,429	4,196,001	9,253	1,014
Operating lease rentals	381,489	147,450	-	-
Property, vehicle and ABM maintenance and utilities	10,392,614	8,352,956	133,543	78,864
Stationery	521,548	640,894	96	-
Technical, consultancy and professional fees	10,605,621	9,471,017	400,197	488,270
Travelling, courier and telecommunication	3,831,968	3,482,636	82,084	60,758
Management and royalty fees	854,782	854,105	553,870	579,242
Operational losses	636,414	739,231	-	-
Other	269,867	882,806	6,183	4,278
	44,412,709	39,203,259	1,936,300	1,787,205

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15. Taxation

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Current:				
Income tax	9,142,965	7,587,818	-	-
Prior year over provision	(113,435)	91,604	-	-
Business levy and green funds levy	199,956	204,984	-	-
Deferred income tax (Note 30)	(3,283,297)	(1,364,479)	(2,182,620)	(3,198,298)
	5,946,189	6,519,927	(2,182,620)	(3,198,298)

Income tax is calculated at rates of 25% for the Jamaican life insurance subsidiary, 33⅓% for the Company and other Jamaican regulated companies. Taxation for subsidiaries in other jurisdictions is calculated at the rates prevailing in the relevant jurisdiction. The theoretical charge for the year can be reconciled as follows:

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Profit before tax	45,869,034	26,595,533	(8,248,661)	367,234
Tax calculated at actual tax rates	14,182,090	7,248,432	(2,749,553)	122,411
Income not subject to tax	(19,341,051)	(11,939,151)	-	-
Expenses not deductible for tax purposes	11,809,596	9,836,960	869,401	960,276
Effect of share of profit of associates included net of tax	(8,024)	1,658	-	-
Effect of change in tax rate applicable to life insurance subsidiary	(1,145,024)	(39,709)	-	-
Effect of different tax rates applicable to dividend income	391,080	(259,358)	(482,581)	(4,889,966)
Deferred tax not recognised	17,839	15,851	-	-
Prior year over provision	(113,435)	91,604	-	-
Business Levy	61,183	204,984	-	-
Other	91,935	1,358,656	180,113	608,981
Taxation expense	5,946,189	6,519,927	(2,182,620)	(3,198,298)

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15. Taxation (Continued)

Tax (charge)/credit relating to components of other comprehensive income are as follows:

	The Group 2022		
At the year end	**Before Tax $'000**	**Tax $'000**	**After Tax $'000**
Currency translation gains	(3,191,404)	-	(3,191,404)
ECL and fair value gains on FVOCI investments, net of gains recycled to profit or loss	(62,482,434)	13,514,384	(48,968,050)
Remeasurement of post-employment benefit obligation	5,977,021	(1,380,910)	4,596,111
Other comprehensive income	(59,696,817)	12,133,474	(47,563,343)
Recyclable			13,514,384
Non-recyclable			(1,380,910)
Deferred income tax (Note 30)		12,133,474	

	The Group 2021		
At the year end	**Before Tax $'000**	**Tax $'000**	**After Tax $'000**
Currency translation gains	1,406,148	-	1,406,148
ECL and fair value gains on FVOCI investments, net of gains recycled to profit or loss	(2,634,139)	523,804	(2,110,335)
Remeasurement of post-employment benefit obligation	1,086,814	(110,855)	975,959
Other comprehensive income	(141,177)	412,949	271,772
Recyclable			523,804
Non-recyclable			(110,855)
Deferred income tax (Note 30)		412,949	

16. Earnings per Stock Unit

Basic earnings per stock unit is calculated by dividing the net profit attributable to stockholders of the parent by the weighted average number of ordinary stock units in issue during the year. Diluted earnings per stock unit equals basic earnings per stock unit as there are no potential dilutive ordinary stock units.

	2022	2021
Net profit attributable to stockholders of the parent ($'000)	27,318,907	14,226,671
Weighted average number of ordinary stock units in issue ('000)	2,298,277	2,276,142
Basic and diluted earnings per stock unit ($)	11.89	6.25

17. Cash in Hand and Balances at Central Banks

	The Group	
	2022	2021
	$'000	$'000
Cash in hand	21,597,939	26,190,731
Balances with central banks other than statutory reserves	4,656,442	1,696,257
Included in cash and cash equivalents	26,254,381	27,886,988
Statutory reserves with central banks – non-interest-bearing	44,602,059	41,247,661
	70,856,440	69,134,649

Statutory reserves with central banks represent the required ratio of prescribed functional and foreign currency liabilities. They are not available for investment, lending or other use by the Group.

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18. Due from Banks

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Placements with NCBJ	-	-	280,630	15,796,187
Items in course of collection from banks	(612,147)	102,334	-	-
Placements with banks	193,421,257	178,144,692	-	-
	192,809,110	178,247,026	280,630	15,796,187
Expected credit losses	(564,615)	(478,070)	-	-
Interest receivable	2,424,850	4,369,217	-	945
	194,669,345	182,138,173	280,630	15,797,132
Less: Placements pledged as collateral for letters of credit (Note 23)	(8,862,666)	(6,644,136)	-	-
	185,806,679	175,494,037	280,630	15,797,132

Placements with banks include short term fixed deposits and other balances held with correspondent banks. These bank balances are held to facilitate the payment of wire transfers, bank drafts, treasury related activities and to satisfy liquidity requirements.

The amounts included as cash equivalents in the statement of cash flows are as follows:

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Placements with NCBJ	-	-	280,630	15,761,981
Placements with other banks	185,266,378	174,957,382	-	-
Less: amounts restricted to the settlement of obligations under securitisation arrangements	(1,884,549)	(3,587,419)	-	-
	183,381,829	171,369,963	280,630	15,761,981

19. Derivative Financial Instruments

The carrying values of derivatives for the Group are as follows:

	The Group	
	2022	2021
	$'000	$'000
Assets		
Equity indexed options	874,471	767,441
Liabilities		
Equity indexed options	-	45,228

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19. Derivative Financial Instruments (Continued)

Derivatives are carried at fair value and carried in the statement of financial position as separate assets and liabilities. Asset values represent the cost to the Group of replacing all transactions with a fair value in the Group's favour assuming that all relevant counterparties default at the same time, and that transactions can be replaced instantaneously. Liability values represent the cost to the Group counterparties of replacing all their transactions with the Group with a fair value in their favour if the Group was to default. Derivative assets and liabilities on different transactions are only set off if the transactions are with the same counterparty, a legal right of set-off exists and the cash flows are intended to be settled on a net basis.

Equity indexed options

The derivative liability represents the equity index option element of principal protected notes issued by the Group and is carried at fair value.

The embedded derivative asset represents equity index options purchased by the Group to match the liability. The terms of the purchased options are identical to those included in the principal protected notes issued by the Group. The Group is exposed to credit risk on purchased options to the extent of the carrying amount, which is their fair value.

20. Reverse Repurchase Agreements

The Group entered into collateralised reverse repurchase agreements which may result in credit exposure in the event that the counterparty to the transaction is unable to fulfill its contractual obligations. Included within reverse repurchase agreements is related accrued interest receivable of $19,799,000 (2021 – $13,688,000) for the Group.

At September 30, 2022, the Group held $9,017,130,000 (2021 – $12,168,846,000) of securities, mainly representing Government of Jamaica debt securities, as collateral for reverse repurchase agreements. Of amounts received as collateral for reverse repurchase agreements, the Group has pledged $Nil (2021 – $Nil) as collateral for some of their own repurchase agreements.

Included in reverse repurchase agreements for the Group are securities with an original maturity of less than 90 days amounting to $1,870,664,000 (2021 – $4,677,979,000) which are regarded as cash equivalents for purposes of the statement of cash flows.

21. Loans and Advances

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Gross loans and advances, includes mortgage loans	591,262,070	534,926,825	50,166,303	-
Provision for credit losses	(13,713,686)	(15,493,835)	(10,007)	-
	577,548,384	519,432,990	50,156,296	-
Interest receivable	3,439,430	4,055,900	238,774	-
	580,987,814	523,488,890	50,395,070	-

The current portion of loans and advances amounted to $38,343,743,000 (2021 – $51,014,23,000) for the Group.

The movement in the provision for credit losses determined under the requirements of IFRS is as follows:

	The Group	
	2022	2021
	$'000	$'000
Balance at beginning of year	15,493,835	18,587,894
Provided during the year	3,304,321	2,840,284
Recoveries	(1,390,207)	(1,034,116)
Net charge to the income statement (Note 13)	1,914,114	1,806,168
Write-offs	(3,694,263)	(4,900,227)
Balance at end of year	13,713,686	15,493,835

The provision for credit losses at the end of the year includes $4,784,056,000 (2021 - $4,959,947,000) relating to non-BOJ regulated entities within the Group, which are not considered in calculating the excess reserves required to meet the BOJ's loan loss provision.

The aggregate amount of non-performing loans on which interest was not being accrued (consistent with the requirements of the BOJ) as at September 30, 2022 was $25,930,464,000 (2021 – $32,524,649,000).

The provision for credit losses determined under BOJ regulatory requirements is as follows:

	The Group	
	2022	2021
	$'000	$'000
Specific provision	11,230,101	9,030,731
General provision	3,868,613	3,727,104
	15,098,714	12,757,835
Excess of regulatory provision over IFRS provision recognised in NCBJ reflected in non-distributable loan loss reserve (Note 44)	6,176,665	2,269,375

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22. Investment Securities

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Investment Securities Classified as FVPL:				
Government of Jamaica debt securities	18,961,569	17,368,423	-	-
Other Government securities	79,296,930	86,497,949	-	-
Corporate debt securities	15,291,000	18,354,386	-	-
Quoted and unquoted equities	91,738,953	85,429,173	-	-
Collective Investment Schemes	2,073,047	1,803,733	-	-
Interest receivable	1,588,345	1,473,003	-	-
	208,949,844	210,926,667	-	-
Investment securities at FVOCI:				
Government of Jamaica debt securities	281,896,741	276,661,690	-	-
Other Government securities	107,988,174	82,955,842	-	-
Corporate debt securities	133,029,443	142,793,477	7,000,000	7,000,000
Interest receivable	7,600,774	6,233,501	126,192	126,191
	530,515,132	508,644,510	7,126,192	7,126,191
Investment securities at Amortised Cost:				
Government of Jamaica debt securities	38,009,311	41,356,904	-	-
Other Government Securities	161,524,295	119,639,950	-	-
Corporate Debt Securities	18,434,348	17,626,594	-	-
Interest receivable	3,087,021	3,255,895	-	-
	221,054,975	181,879,343	-	-
Expected credit losses	(1,033,216)	(938,325)	-	(13)
	959,486,735	900,512,195	7,126,192	7,126,178
Total investment securities, as above	959,486,735	900,512,195	7,126,192	7,126,178
Less: Pledged securities (Note 23)	(247,752,315)	(216,657,117)	-	-
Amount reported on the statement of financial position	711,734,420	683,855,078	7,126,192	7,126,178

The current portion of total investment securities amounted to $146,350,664,000 (2021 - $113,604,464,000) for the Group. Included in investment securities are debt securities with an original maturity of less than 90 days amounting to $11,894,607,000 (2021 - $7,190,324,000) for the Group which are regarded as cash equivalents for purposes of the statement of cash flows.

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23. Pledged Assets

	The Group	
	2022	**2021**
	$'000	**$'000**
Investment securities classified as FVOCI and amortised cost pledged as collateral for:		
Repurchase agreements	235,432,156	206,734,968
Clearing services	1,769,198	3,390,221
Investment securities held as security in respect of life insurance subsidiary	10,550,961	6,531,928
	247,752,315	216,657,117
Placements with banks pledged as collateral for letters of credit (Note 18)	8,862,666	6,644,136
	256,614,981	223,301,253

The regulators hold investment assets for certain insurance subsidiaries in accordance with the legal requirements of the respective countries or territories.

24. Investment in Associates

	The Group	
	2022	**2021**
	$'000	**$'000**
At the beginning of the year	5,950,188	6,955,109
Share of profits	732,513	340,289
Dividends received:		
Other	(100,235)	(180,395)
Movement in other reserves and exchange rate adjustments	468,997	(1,164,815)
At end of year	7,051,463	5,950,188

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24. Investment in Associates (Continued)

The following tables present summarised financial information in respect of the Group's associates.

	RGM Limited $'000	Royal Star Holdings $'000	Other individually immaterial associates $'000	Total $'000
2022				
Current assets	2,297,533	9,051,681	376,791	11,726,005
Non-current assets	17,800,743	8,719,868	1,007,274	27,527,885
Current liabilities	584,035	3,907,689	144,552	4,636,276
Non-current liabilities	6,567,131	3,783,033	593,145	10,943,309
Revenue	3,476,893	6,867,424	695,742	11,040,059
Profit from continuing operations	492,638	2,140,794	(50,025)	2,583,407
Other comprehensive income	9,347	-	-	9,347
Total comprehensive income	501,985	2,140,794	(50,025)	2,592,754
Percentage ownership	33.33%	26.32%		
Net assets of the associate - 100%	12,947,110	10,080,827		
Group share of net assets	4,315,272	2,653,274		

	RGM Limited $'000	Royal Star Holdings $'000	Other individually immaterial associates $'000	Total $'000
2021				
Current assets	1,878,983	6,247,665	189,981	8,316,629
Non-current assets	17,384,988	6,822,394	900,653	25,108,035
Current liabilities	625,858	1,398,396	120,509	2,144,763
Non-current liabilities	6,681,635	4,492,435	507,648	11,681,718
Revenue	3,101,652	4,516,339	659,047	8,277,038
Profit from continuing operations	307,571	876,487	(15,170)	1,168,888
Other comprehensive income	7,419	-	-	7,419
Total comprehensive income	314,990	876,487	(15,170)	1,176,307
Percentage ownership	33.33%	26.32%		
Net assets of the associate - 100%	11,956,478	7,179,228		
Group share of net assets	3,985,094	1,889,573		

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25. Investment Properties

	The Group	
	2022	**2021**
	$'000	**$'000**
Balance at beginning of year	38,218,322	33,751,227
Additions	1,209,841	2,464,615
Disposals	(952,088)	(30,393)
Fair value gains (Note 8)	1,050,588	1,154,604
Foreign exchange adjustments	(814,246)	762,412
Re-classification to property, plant and equipment	308,214	2,234
Unit-linked adjustments	(307,044)	113,623
Balance at end of year	38,713,587	38,218,322
Income earned from the properties	1,554,929	1,401,607
Expenses incurred by the properties	(1,388,594)	(1,204,860)

The Group did not classify any properties held under operating leases as investment properties. The properties held are stated at fair market value, as appraised by professional, independent valuators. The value for the property was determined using the direct capitalisation approach, comparable sales approach and income and sales comparison approach.

The valuations of investment property have been classified as Level 3 of the fair value hierarchy under IFRS 13, 'Fair Value Measurement'.

Several valuations have been performed using a comparable sales approach but, as there have been a limited number of similar sales in the respective markets, these valuations incorporate unobservable inputs determined based on the valuators' judgment regarding size, age, condition and state of the local economy. Similarly, the valuations that are performed using the direct capitalisation and income approaches rely on unobservable inputs based on the valuator's judgment given the varying levels of income between properties within a relatively small geographic area as well as the unavailability of risk-adjusted discount rates for properties. These valuations are sensitive to the aforementioned adjustments for the unobservable inputs, which inputs may result in the values realised, either through use or sale, being different from the amounts recognised in these financial statements.

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26. Properties for Development and Sale

	The Group	
	2022	2021
	$'000	$'000
Properties for development and sale	2,008,010	2,794,053

27. Reinsurance Assets

	The Group	
	2022	2021
	$'000	$'000
This represents the Group's net contractual rights under reinsurance contracts:		
Long-term insurance contracts:		
With fixed and guaranteed terms	576,359	564,599
Short-term insurance contracts:		
Claims reported and loss adjustment expenses (Note 39)	9,946,575	9,844,480
Group life	45	43
Claims incurred but not reported (Note 39)	3,209,091	1,529,264
Unearned premiums (Note 39)	16,580,787	14,697,611
	29,736,498	26,071,398
Total reinsurers' share of insurance liabilities	30,312,857	26,635,997
Current	25,501,693	21,716,360
Non-current	4,811,164	4,919,637
Total reinsurers' share of insurance liabilities	30,312,857	26,635,997

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28. Intangible Assets

	The Group					
	Trade name $'000	**Core deposit & other customer relationships $'000**	**Computer software $'000**	**Goodwill $'000**	**Other $'000**	**Total $'000**
			2022			
Net book value, at beginning of year	3,423,224	10,502,982	17,652,488	20,350,796	617,382	52,546,872
Additions	-	65,943	8,574,583	-	-	8,640,526
Disposals	-	-	(229,693)	-	-	(229,693)
Translation adjustments	-	(77,708)	296,138	-	(33,024)	185,406
Reclassification & adjustments	-	359,777	327,468	-	(20,340)	666,905
Amortisation charge	(57,842)	(1,961,734)	(4,682,057)	-	(418,354)	(7,119,987)
Net book value, at end of year	3,365,382	8,889,260	21,938,927	20,350,796	145,664	54,690,029
Cost	3,627,504	18,763,754	41,199,685	20,350,796	546,572	84,488,311
Accumulated amortisation	262,122	9,874,494	19,260,758	-	400,908	29,798,282
Closing net book value	3,365,382	8,889,260	21,938,927	20,350,796	145,664	54,690,029

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28. Intangible Assets (Continued)

	The Group					
	Trade name $'000	Core deposit & other customer relationships $'000	Computer software $'000	Goodwill $'000	Other $'000	Total $'000
			2021			
Net book value, at beginning of year	3,481,066	12,457,637	16,484,775	20,350,796	244,206	53,018,480
Additions	-	-	4,946,857	-	9,517	4,956,374
Disposals	-	-	(104,255)	-	-	(104,255)
Translation adjustments	-	8,701	459,274	-	780,691	1,248,666
Amortisation charge	(57,842)	(1,963,356)	(4,134,163)	-	(417,032)	(6,572,393)
Net book value, at end of year	3,423,224	10,502,982	17,652,488	20,350,796	617,382	52,546,872
Cost	3,627,504	18,889,442	37,551,960	20,350,796	1,430,155	81,849,857
Accumulated amortisation	204,280	8,386,460	19,899,472	-	812,773	29,302,985
Closing net book value	3,423,224	10,502,982	17,652,488	20,350,796	617,382	52,546,872

Computer software for the Group at year end include items with a cost of $5,461,945,000 (2021 - $2,379,219,000) on which no amortisation has yet been charged as these software applications are in the process of implementation.

Impairment tests for goodwill

The Group determines whether goodwill is impaired at least on an annual basis or when events or changes in circumstances indicate that the carrying value may be impaired. This requires an estimation of the recoverable amount of the cash generating unit (CGU) to which the goodwill is allocated. The recoverable amount is usually determined by reference to the value in use. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose an appropriate discount rate in order to calculate the present value of those future cash flows.

28. Intangible Assets (Continued)

The allocation of goodwill to the Group's cash generating units (CGUs) allocated fully to Guardian Holding Limited.

	The Group	
	2022	**2021**
	$'000	**$'000**
Guardian Holdings Limited:	20,350,796	20,350,796

The Group determines whether goodwill is impaired at least on an annual basis or when events or changes in circumstances indicate that the carrying value may be impaired. This requires an estimation of the recoverable amount of the cash generating unit (CGU) to which the goodwill is allocated. The recoverable amount is usually determined by reference to the value in use. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose an appropriate discount rate in order to calculate the present value of those future cash flows. No impairment was identified.

The recoverable amount of a CGU is determined based on value in use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the industry in which the CGU operates. Key assumptions used for value in use calculations:

Expenses ratio	31.7%
Claims ratio	69.9%
Policy acquisition expenses ratio	17.4%
Reinsurance rate	29.6%
Revenue growth rate	5.0%
Discount rate	11.3%

29. Property, Plant and Equipment

	Freehold Land and Buildings and Leasehold Improvements $'000	Motor Vehicles, Furniture & Equipment $'000	Work-in-Progress $'000	Total $'000
Cost -				
At September 30, 2020	19,789,127	19,837,797	1,934,024	41,560,948
Translation adjustments	-	339,050	-	339,050
Additions	549,983	1,531,451	1,359,087	3,440,521
Disposals	(152,121)	(553,470)	(12,126)	(717,717)
Transfers	757,064	66,899	(823,963)	-
Exchange rate adjustments	(81,228)	(26,872)	(11,768)	(119,868)
At September 30, 2021	20,862,825	21,194,855	2,445,254	44,502,934
Translation adjustments	-	1,146,011	-	1,146,011
Additions	618,141	1,718,387	756,532	3,093,060
Disposals	(1,517,739)	(467,658)	44,914	(1,940,483)
Transfers	455,094	1,193	(456,287)	-
Exchange rate adjustments	(109,928)	(45,692)	(14,973)	(170,593)
At September 20, 2022	20,308,393	23,547,096	2,775,440	46,630,929
Accumulated Depreciation -				
At September 30, 2020	3,603,600	10,426,781	-	14,030,381
Charge for the year	619,539	2,118,032	-	2,737,571
Disposals	(40,745)	(453,722)	-	(494,467)
Reclassifications and adjustments	8,604	(481)	-	8,123
At September 30, 2021	4,190,998	12,090,610	-	16,281,608
Charge for the year	819,201	1,443,273	-	2,262,474
Disposals	(649,412)	(341,474)	-	(990,886)
Reclassifications and adjustments	-	(142)	-	(142)
At September 30, 2022	4,360,787	13,192,267	-	17,553,054
Net Book Value -				
September 30, 2022	15,947,606	10,354,829	2,775,440	29,077,875
September 30, 2021	16,671,827	9,104,245	2,445,254	28,221,326

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30. Deferred Income Taxes

Deferred income taxes are calculated on all temporary differences under the liability method using a tax rate of 25% for the Jamaican life insurance subsidiary, 33⅓% for the Company and other Jamaican regulated companies, 21% for the subsidiary incorporated in the United Kingdom, 30% for subsidiaries incorporated in Montserrat, St Lucia and Trinidad (non-life), 22% for subsidiaries incorporated in Curacao, 32.5% for the subsidiary incorporated in St Vincent, 28% for the subsidiary incorporated in Grenada, and 25%, for all other subsidiaries with the exception of the subsidiaries incorporated in Cayman Islands and Bermuda which are not subject to income tax.

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

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Deferred tax assets	(25,469,940)	(14,421,483)	(10,746,669)	(8,563,874)
Deferred tax liabilities	9,126,008	9,254,122	-	-
Net asset at end of year	(16,343,932)	(5,167,361)	(10,746,669)	(8,563,874)

The movement in the net deferred income tax balance is as follows:

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Net asset at beginning of year	(927,161)	(3,389,933)	(8,563,874)	(5,366,278)
Deferred tax credited in the income statement (Note 15)	(3,283,297)	(1,364,479)	(2,182,620)	(3,198,297)
Deferred tax credited to other comprehensive income (Note 15)	(12,133,474)	(412,949)	(175)	701
Net asset at end of year	(16,343,932)	(5,167,361)	(10,746,669)	(8,563,874)

The amounts shown in the statement of financial position included the following:

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Deferred tax assets to be recovered after more than 12 months	(2,468,356)	(3,438,912)	-	-
Deferred tax liabilities to be settled after more than 12 months	6,929,340	8,907,922	-	-

30. Deferred Income Taxes (Continued)

Deferred income tax assets and liabilities, prior to offsetting of balances, are due to the following items:

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Deferred income tax assets:				
Property, plant and equipment	2,468,356	2,200,405	-	-
Investment securities classified as FVOCI	9,947,516	1,262,168	-	-
Credit impairment losses	184,691	632,234	-	149
Pensions and other post-retirement benefits	1,141,002	2,346,792	-	-
Interest payable	603,578	612,599	193,547	384,413
Unrealised foreign exchange losses	2,319,181	1,551,865	134,231	-
Unutilised tax losses	11,359,787	9,167,365	10,392,469	8,105,304
Other temporary differences	1,685,286	794,821	106,535	74,008
	29,709,397	18,568,249	10,826,782	8,563,874
Deferred income tax liabilities:				
Future distribution	-	367,983	-	-
Property, plant and equipment	5,912,656	6,507,538	-	-
Intangible assets	162,452	224,664	-	-
Investment securities at FVPL	2,647,185	2,028,468	-	-
Investment securities classified as FVOCI	130,232	859,864	-	-
Interest receivable	321,172	201,164	79,591	-
Unrealised foreign exchange gains	1,145,154	2,169,450	-	-
Credit Impairment Losses	86,434	9,168	-	-
Other temporary differences	2,960,180	1,032,589	522	-
	13,365,465	13,400,888	80,113	-
Net deferred tax asset	(16,343,932)	(5,167,361)	(10,746,669)	(8,563,874)

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30. Deferred Income Taxes (Continued)

The amounts recognised in the income statement are due to the following items:

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Property, plant and equipment	(325,447)	(510,147)	-	-
Intangible assets	(54,177)	(63,297)	-	-
Investment securities	159,629	545,481	-	-
Credit impairment losses	1,244,101	1,014,910	-	-
Pensions and other post-retirement benefits	(403,504)	(231,496)	-	-
Future distributions	-	300,977	-	-
Interest receivable	120,702	(13,744)	79,591	-
Interest payable	9,014	(656)	190,866	(48,428)
Accrued profit share	(17,280)	(17,047)	-	-
Accrued vacation leave	(27,891)	(53,476)	-	-
Unrealised foreign exchange gains and losses	(1,791,128)	813,751	(134,231)	-
Unutilised tax losses	(2,160,552)	(3,293,979)	(2,287,164)	(3,077,789)
Other temporary differences	(36,764)	144,244	(31,682)	(72,081)
	(3,283,297)	(1,364,479)	(2,182,620)	(3,198,298)

The amounts recognised in other comprehensive income are due to the following items:

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Unrealised gains on FVOCI	(11,596,696)	(1,995,100)	(175)	701
Realised fair value gains on sale and maturity of investments	1,004,700	1,525,718	-	-
Remeasurement of the post-employment benefit obligation	(1,541,478)	56,433	-	-
	(12,133,474)	(412,949)	(175)	701

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31. Other Assets

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Due from merchants, financial institutions, clients and payment systems providers	14,226,718	10,597,310	1,570,841	123,338
Prepayments	6,845,862	5,883,191	1,584,002	1,260
Shares held for incentive	4,236,471	4,236,471	-	-
Due from Related Parties	-	-	4,518,066	-
Due from policyholders	27,314,468	19,575,815	-	-
Deferred acquisition costs	3,388,611	3,281,956	-	-
Repossessed assets	1,027,586	1,731,717	-	-
Other	9,225,975	8,856,846	574,290	811,446
	66,265,691	54,163,306	8,247,199	936,044
Less ECL on receivables	(4,197,189)	(5,335,993)	-	-
	62,068,502	48,827,313	8,247,199	936,044

The fair values of other assets approximate carrying values. The current portion of other assets for the Group is $61,001,634,000 (2021 - $48,195,118,000).

32. Due to Banks

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Items in course of payment	4,019,801	1,851,752	-	-
Borrowings from other banks	32,985,643	21,205,612	17,901,432	16,237,647
Deposits from banks	139,591	635,476	-	-
Other	-	1,120	-	-
	37,145,035	23,693,960	17,901,432	16,237,647
Interest payable	356,957	410,399	738,324	132,329
	37,501,992	24,104,359	18,639,756	16,369,976

The current portion of due to banks is $23,032,674,000 (2021 - $10,661,285,000)

Items in the course of payment primarily represent cheques drawn by the Group which have been accounted for as a deduction from its bank balances but which have not been presented on its bank accounts. These relate to accounts held with banks outside of Jamaica and at central banks. Borrowings from banks are denominated in United States dollars and have various maturity dates. These attract interest at 2.77% – 5.96% per annum.

The amounts included as cash equivalents in the statement of cash flows are as follows:

	The Group	
	2022	2021
	$'000	$'000
Total due to banks	37,501,992	24,104,359
Less: amounts with original maturities of greater than 90 days	(17,482,177)	(8,722,245)
	20,019,815	15,382,114

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33. Obligations Under Securitisation Arrangements

	The Group	
	2022	2021
	$'000	$'000
Diversified payment rights		
Principal outstanding – US$250,000,000 (2022 – US$250,000,000)	38,004,775	36,586,600
Merchant voucher receivables		
Principal outstanding – US$254,212,000 (2022 – US$406,136,000)	61,740,497	26,680,223
	99,745,272	63,266,823
Unamortised transaction fees	(1,182,065)	(606,146)
	98,563,207	62,660,677
Interest payable	522,451	426,540
Net liability	99,085,658	63,087,217

The current portion of obligations under securitisation arrangements amounted to $3,243,477,000 (2021 – $11,147,536,000).

Diversified Payment Rights

NCBJ has entered into a structured financing transaction involving securitisation of its Diversified Payment Rights. A Diversified Payment Right ("DPR") is a right of NCBJ to receive payments from correspondent banks based overseas whenever a payment order is initiated by a person or entity situated overseas in favour of a person or entity situated in Jamaica. Under these securitisation transactions, NCBJ assigns its rights to all present and future DPRs to an offshore special purpose vehicle, Jamaica Diversified Payment Rights Company Limited ("JDPR") (Note 35), which then issues notes which are secured by the DPR flows. The cash flows generated by the DPRs are used by JDPR to make scheduled principal and interest payments to the note holders and any excess cash is transferred to NCBJ, provided no early amortisation event or default has occurred under the terms of the notes.

On September 30, 2020 , NCBJ raised US$250 million through the DPR Securitisation (Series 2020-1 Notes). The transaction was structured with an interest-only period of 3.25-year (13 quarters) and thereafter quarterly principal amortisation on a straight line basis, beginning March 15, 2024 to final maturity on September 15, 2030. Interest is due and payable on a quarterly basis calculated at a rate of 5.25% beginning December 15, 2020.

33. Obligations Under Securitisation Arrangements (Continued)

Merchant Voucher Receivables

NCBJ has entered into a structured financing transaction involving securitisation of its Merchant Voucher Receivables (MVR). This arrangement involves the sale of future flows due from Visa International Service Association (Visa) and MasterCard International Incorporated (MasterCard) related to international merchant vouchers acquired by NCBJ in Jamaica.

A merchant voucher is created when an international Visa or MasterCard cardholder pays for goods or services at a NCB merchant. NCB approves the charge, pays the merchant under contractual terms, and submits the merchant voucher information to Visa or MasterCard for settlement. Upon approval and receipt of the charge information, Visa or MasterCard is obligated to pay the amounts due, and this represents a receivable under the transaction.

Arising from this arrangement, NCBJ transferred its rights to all future receivables to an off-shore special purpose company (SPC), Jamaica Merchant Voucher Receivables Limited ("JMVR"), which then issues notes which are secured by the MVR flows. The cash flows generated by the MVR are used by JMVR to make scheduled principal and interest payments to the note holders and any excess cash is transferred to NCBJ, provided no early amortisation event or default has occurred under the terms of the notes.

On May 18, 2015, NCBJ raised US$250 million through the MVR securitisation transaction (Series 2015-1 Notes). The transaction was structured on a mortgage-style amortisation basis with an interest-only period of twenty-eight months and thereafter quarterly principal amortisation, beginning October 6, 2017 to final maturity on July 8, 2022. Interest is due and payable on a quarterly basis calculated at a rate of 5.875% beginning July 7, 2015. The Series 2015-1 Notes were fully repaid on July 8, 2022.

On November 21, 2016, NCBJ raised an additional US$150 million through the MVR securitisation transaction (Series 2016-1 Notes). The transaction was structured on a mortgage-style amortisation basis with an interest-only period of forty-one months and thereafter quarterly principal amortisation, beginning July 7, 2021 to final maturity on January 8, 2027. Interest is due and payable on a quarterly basis calculated at a rate of 5.625% beginning January 9, 2021.

On August 30, 2022, NCBJ raised an additional US$300 million through the MVR securitisation transaction (Series 2022-1 Notes). The transaction was structured on a mortgage-style amortisation basis with an interest-only period of thirty-nine months and thereafter quarterly principal amortisation, beginning April 7, 2026 to final maturity on October 7, 2032. Interest is due and payable on a quarterly basis calculated at a rate of 6.12% beginning October 7, 2022.

34. Other Borrowed Funds

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
(a) Development Bank of Jamaica	5,787,155	4,322,009	-	-
(b) Corporate notes	131,390,449	124,369,688	69,653,005	78,165,323
(c) National Housing Trust	3,857,865	1,220,563	-	-
(d) Other	11,862,700	6,659,719	11,401,431	6,585,588
	152,898,169	136,571,979	81,054,436	84,750,911
Unamortised transaction fees	(749,722)	(1,060,896)	(546,945)	(709,290)
Interest payable	1,123,782	1,461,360	308,833	891,574
	153,272,229	136,972,443	80,816,324	84,933,195

The current portion of other borrowed funds amounted to $30,228,604,000 (2021 – $34,044,640,000) for the Group and $7,344,574,000 (2021 - nil) for the Company.

(a) The loans from Development Bank of Jamaica are granted in both Jamaican and US dollars and are utilised by the Group to finance customers with viable ventures in agricultural, agro-industrial, construction, manufacturing, mining and tourism sectors of the economy. These loans are for terms up to 12 years and at rates ranging from 3.5% - 7%.

(b) Corporate notes are both unsecured and secured variable and fixed rate notes issued in a combination of Jamaican dollars and United States dollars. The notes are repayable between 2021 and 2025. The fixed rate notes attract interest between 4.25% and 9.75% and the variable rate notes attract interest based on weighted average treasury bill yield plus 2.25% - 2.5% per annum.

(c) The loans from National Housing Trust (NHT) are granted as part of the Joint Financing Mortgage Programme. Under the partnership agreement, NHT contributors are able to access their NHT loans directly from NCBJ at the prevailing interest rate offered by NHT. These loans are for the terms up to 40 years at rates ranging from 0% - 6%.

(d) On March 31, 2022, NCB Global Holdings Limited extended an unsecured loan of US$20 million to NCB Financial Group Limited. Interest is due and payable on a quarterly basis calculated at rate of 6.76% per annum beginning December 31, 2022. Principal is due and payable at maturity on March 31, 2023.

On March 31, 2022, NCB Global Holdings Limited extended an unsecured loan of US$55 million to NCB Financial Group Limited. Interest is due and payable on a quarterly basis calculated at rate of 7.35% per annum beginning December 31, 2022. Principal is due and payable at maturity on March 31, 2025.

35. Interests in Structured Entities

A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control. Structured entities are generally created to achieve a narrow and well defined objective with restrictions around their on-going activities. An interest in a structured entity is any form of contractual or non-contractual involvement which creates variability in returns arising from the performance of the entity for the Group. Such interests include holdings of debt or equity securities and investment management agreements. Structured entities are assessed for consolidation in accordance with the accounting policy set out in Note 2(f).

Consolidated Structured Entities

Securitisation Vehicles

NCBJ uses securitisation as a source of financing and a means of risk transfer. Securitisation of its DPR and MVR (Note 33) is conducted through structured entities, JDPR and JMVR, exempted limited liability companies incorporated under the laws of the Cayman Islands. The relationship between the transferred rights and the associated liabilities is that holders of Notes may only look to cash flows from the securitised assets for payments of principal and interest due to them under the terms of their Notes.

Mutual Funds

The Group manages a series of mutual funds through its trust and asset management subsidiaries, Guardian Group Trust Limited and Guardian Asset Management and Investment Services Limited. The funds comprise four Caribbean investment based funds and six International investment based funds. These funds invest mainly in equity securities, debt securities and cash and cash equivalents. Guardian Asset Management is the Trustee, Income and Paying Agent, Registrar and Fund Administrator of these Mutual Funds. Guardian Life of the Caribbean acts in the capacity of Portfolio Manager.

As at the consolidated statement of financial position date, the Group has determined that it controls these mutual funds, as defined in note 3, specific funds. Management has concluded that the contractual terms provide the Group with power over the Mutual Funds and the Group's aggregate interest in the Mutual Funds is significant.

Unconsolidated Structured Entity

The Group manages a Unit Trust Scheme comprising seven portfolios – the JMD Money Market Portfolio, the JMD High Yield Portfolio, the High Yield Asset and Loans Portfolio, the Caribbean Equity Portfolio, the USD Money Market Portfolio, the USD Indexed Bond Portfolio and the USD Bond Portfolio.

The Unit Trust has an independent trustee. The Group is the investment manager of the Unit Trust and is entitled to receive management fees based on the assets under management. The Group also holds units in the Unit Trust.

35. Interests in Structured Entities (Continued)

***Unconsolidated Structured Entity* (continued)**
The table below shows the total assets of the Unit Trust, the Group's interest in and income arising from involvement with the Unit Trust as well as the maximum exposure to loss. The maximum exposure to loss from the Group's interests represents the maximum loss that the Group could incur as a result of its involvement with the Unit Trust regardless of the probability of the loss being incurred. The income from the Group's interest includes recurring and non-recurring fees and any mark-to-market gains/losses on a net basis.

	The Group	
	2022	**2021**
	$'000	**$'000**
Total assets of the Unit Trust	34,840,666	34,751,198
The Group's interest – Carrying value of units held	165,601	155,183
Maximum exposure to loss	165,601	155,183
Liability to the Unit Trust in relation to investment in repurchase obligations (included in repurchase obligations on the consolidated statement of financial position)	190,000	1,714,849
Total income from the Group's interests	750,258	755,369

The Group has not provided any non-contractual financial support during the period and does not anticipate providing non-contractual support to the Unit Trust in the future.

36. Third Party Interests in Mutual Funds

	The Group	
	2022	**2021**
	$'000	**$'000**
Opening balance	33,699,975	27,572,914
Share of net income	370,150	417,875
Unrealised losses	(1,712,639)	(311,280)
Net change in mutual fund holder balances	388,281	5,472,263
Distributions	(535,108)	(449,480)
Exchange rate adjustment	1,377,082	997,683
Balance at end of year	33,587,741	33,699,975

37. Investment Contract Liabilities

Investment contract liabilities carry floating rates of interest and therefore the carrying amounts approximate their fair values

	The Group	
	2022	**2021**
	$'000	**$'000**
The movements in the liabilities arising from investment contracts are summarised below:		
Opening balance	43,772,829	41,682,306
Premiums received	3,873,279	4,123,476
Fees deducted from account balances	(341,227)	(389,762)
Account balances paid on surrender and other terminations in the year	(3,703,535)	(3,509,787)
Interest credited through income	1,342,692	1,211,672
Other movements	(169,722)	(224,794)
Exchange rate adjustments	1,401,966	879,718
Balance at end of year	46,176,282	43,772,829

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38. Segregated Fund Liabilities

The assets listed below, included in the financial statements in aggregate, are managed by a subsidiary of the Group on behalf of certain life insurance policyholders under the Blue Chip Fund, the MChip Fund, Eagle Growth Fund, Mutual Growth Fund, Shelter Plus Fund, Guardian Universal Life Fund, Horizon Equity Fund, Guardian Equity Fund, Guardian Money Market Fund, Guardian Long-term Growth Fund, Guardian Stabilisation Fund and Guardian Foreign Currency Indexed Fund. The policyholders share all the rewards and risks of the performance of the funds and the assets have been segregated for determining the policyholders' interest in the funds.

	The Group	
	2022	2021
	$'000	$'000
Instruments:		
Government of Jamaica securities	6,980,925	6,616,234
Equity securities and unit trust	5,695,176	6,433,717
Short term securities	13,705	1,169,589
Investment property	380,830	172,278
	13,070,636	14,391,818
Other assets	1,366,128	1,027,615
Balance at end of year	14,436,764	15,419,433

39. Liabilities under Annuity and Insurance Contracts

The Group's liabilities under annuity and insurance contracts arise from the operations of its life insurance subsidiaries and its general insurance subsidiaries.

The life insurance subsidiaries issue life and health insurance and annuity contracts. These contracts insure human life events (for example, death or survival) over a long duration.

The general insurance subsidiaries issue property and casualty insurance contracts. Casualty insurance contracts protect the Group's customers against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employers' liability) and for individual and business customers who become liable to pay compensation to third parties for bodily harm or property damage (public liability). Property insurance contracts mainly compensate the Group's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities (business interruption cover).

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39. Liabilities under Annuity and Insurance Contracts (Continued)

Liabilities under Annuity and Insurance Contracts comprise the following:

	The Group	
	2022	**2021**
	$'000	**$'000**
Liabilities under life and health insurance and annuity contracts	385,081,090	384,443,163
Liabilities under general insurance contracts	52,094,320	48,613,635
	437,175,410	433,056,798

Insurance Contracts

Liabilities under insurance contracts comprise the following:

	The Group	
	2022	**2021**
	$'000	**$'000**
Long-term insurance contracts:		
With fixed and guaranteed terms and without DPF	238,090,670	235,016,961
With fixed and guaranteed terms and with DPF	1,498,190	1,587,637
Without fixed terms	126,673,652	130,330,085
	366,262,512	366,934,683
Participating policyholders' share of the surplus from long-term insurance business	11,798,659	10,945,522
	378,061,171	377,880,205
Short-term insurance contracts:		
Property and casualty claims reported and loss adjustment expenses	21,502,607	20,480,110
Property and casualty claims incurred but not reported	6,395,580	4,922,088
Property and casualty unearned premiums	29,102,396	27,547,993
Group life	2,113,656	2,226,402
	59,114,239	55,176,593
Total insurance liabilities	437,175,410	433,056,798

39. Liabilities under Annuity and Insurance Contracts (Continued)

	The Group	
	2022	2021
	$'000	$'000
Current	48,896,936	53,682,935
Non-current	388,278,474	379,373,863
Total gross insurance liabilities	437,175,410	433,056,798

Movements in long term insurance contracts

	The Group	
	2022	2021
	$'000	$'000
Long-term insurance contracts with fixed and guaranteed terms and without DPF		
At beginning of year	235,016,961	201,753,905
Exchange rate adjustments	7,928,666	13,874,654
Premiums received (net)	2,450,885	11,531,163
Claims and benefits settled in the year	(21,791,227)	(21,916,988)
Accretion of interest	885,118	6,471,916
Increase in liabilities	17,503,363	12,729,234
Changes in assumptions	(18,171,909)	(2,088,527)
Normal changes	-	(1,386,226)
Other movement	14,268,813	14,047,830
At end of year	238,090,670	235,016,961

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39. Liabilities under Annuity and Insurance Contracts (Continued)

Liabilities under Life Insurance and Annuity Contracts (continued)
Insurance Contracts

	The Group	
	2022	**2021**
	$'000	**$'000**
Long-term insurance contracts with fixed and guaranteed terms and with DPF		
At beginning of year	1,587,637	1,764,124
Exchange rate adjustments	43,832	(14,447)
Changes in assumptions	(64,642)	(85,900)
Normal changes	(68,637)	(76,140)
At end of year	1,498,190	1,587,637

	The Group	
	2022	**2021**
	$'000	**$'000**
Long-term insurance contracts without fixed terms		
At beginning of year	130,330,085	140,170,082
Exchange rate adjustments	5,283,801	7,584,896
Premiums received	4,087	911
Claims and benefits settled in the year	(17,457,551)	(12,253,854)
Increase in liabilities	18,857,119	12,909,169
Changes in assumptions	(7,281,128)	(4,090,807)
Normal changes	-	11,594,308
Other changes	(3,062,761)	(25,584,620)
At end of year	126,673,652	130,330,085

	The Group	
	2022	**2021**
	$'000	**$'000**
Participating policyholders' share of the surplus from long-term insurance business		
At beginning of year	10,945,522	10,182,436
Exchange rate adjustments	447,267	368,444
Surplus arising from operations	458,703	523,884
Other movements	(52,833)	(129,242)
At end of year	11,798,659	10,945,522

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39. Liabilities under Annuity and Insurance Contracts (Continued)

Liabilities under Life Insurance and Annuity Contracts (continued)
Policy assumptions

For insurance contracts, the assumptions used to determine the liabilities are updated at each reporting date to reflect the latest best estimates. The assumptions used for valuing the insurance contracts disclosed in this note are as follows:

Mortality and morbidity
Mortality estimates are made as to the expected number of deaths for each of the years in which the Group's life insurance subsidiaries are exposed to risk. These assumptions are based on North American standard industry mortality tables adjusted to reflect recent local historical experience. Assumptions vary by sex, underwriting class and type of insurance contract. The main source of uncertainty is that epidemics and wide ranging lifestyle changes, such as eating, smoking and exercise habits could result in future mortality being significantly worse than in the past for age groups in which the Group's life insurance subsidiaries have significant exposure to mortality risk. Conversely, improvements in longevity in excess of those allowed for in determining the liabilities, could result in a lessening of future liabilities.

Morbidity relates to the frequency of illness, sickness and diseases contracted. The rate of recovery from such afflictions is derived from industry experience studies, adjusted where appropriate from the Group's life insurance subsidiaries own experience.

Investment yields
The computation of policyholders' liabilities takes into account projected net investment income on assets supporting policyholders' liabilities and income expected to be earned or foregone on reinvestment or financing of mismatched cash flows. In the absence of robust market information, long-term yields are determined using recent asset returns, current market expectations and relevant regulatory guidelines. Other information, such as macro-economic data and projections, is considered where available.

The following table summarises the rates of return used for the valuation of policyholders' liabilities:

	2022	2021
Trinidad & Tobago	3.3% - 7.0%	3.48%-6.65%
Jamaica	8% - 12.6%	6.7%-11.4%
Dutch Caribbean	4.37% - 5.34%	3%-4%

The main source of uncertainty is the fluctuation in the economy. Lower yields would result in higher reserves and reduced income.

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39. Liabilities under Annuity and Insurance Contracts (Continued)

Liabilities under Life Insurance and Annuity Contracts (continued)
Policy assumptions (continued)

Voluntary terminations and persistency
Persistency assumptions are made in relation to the time since inception that a policy exists before it lapses or is surrendered. Lapses relate to termination of policies due to non-payment of premiums. Surrenders relate to voluntary termination of policies by the policyholders. Policy terminations are based on the Group's life insurance subsidiaries own experience adjusted for expected future conditions. Statistical studies are performed in order to determine an appropriate persistency rate and best estimates of future rates are determined by examining any trends in the data. The main source of uncertainty derives from changes in policyholder behaviour as these relate to changes in economic conditions.

Policy maintenance expense and inflation
Amounts are included in policyholders' liabilities to provide for the future costs of administering policies in force. The expense base is determined from a review of current, recent and expected Group expense levels and allowance is made for future expense inflation.

The inflation rates assumed are summarised in the following table.

	2022	**2021**
Trinidad & Tobago	2.0%	3.5%
Jamaica	4% - 4.5%	4%-4.5%
Dutch Caribbean	1%	N/A

Taxation
It is assumed that current tax legislation and rates continue unaltered.

Provisions for adverse deviations
The basic assumptions made in establishing policy liabilities are best estimates for a range of possible outcomes. To recognise the uncertainty in establishing these best estimates, to allow for possible deterioration in experience and to provide greater comfort that the reserves are adequate to pay future benefits, the appointed actuaries include a margin in each assumption.

The impact of these margins is to increase reserves and so decrease the income that would be recognised on inception of the policy. The Appointed Actuaries use assumptions which are considered conservative, taking into account the risk profiles of the policies written.

39. Liabilities under Annuity and Insurance Contracts (Continued)

Changes in assumptions

Changes have been made to the assumptions used to determine the value of long term insurance liabilities of the life insurance subsidiaries. The following tables present the effect of these changes:

	The Group	
	2022	2021
	$'000	$'000
For the Trinidadian life insurance subsidiary:		
Changes in expense assumptions	(7,634,525)	(1,464,600)
Changes in lapse assumptions	519,890	-
Changes in investment returns	(1,719,187)	(3,665,297)
Other assumptions	(1,149,286)	(721,389)
Decrease in liabilities	(9,983,108)	(5,851,286)
For the Jamaican life insurance subsidiary:		
Changes in expense assumptions	(847,367)	118,807
Changes in lapse assumptions	(50,034)	(181,519)
Changes in investment returns	(4,911,208)	1,167,832
Other assumptions	(2,169,378)	(1,519,069)
Decrease in liabilities	(7,977,987)	(413,949)

39. Liabilities under Annuity and Insurance Contracts (Continued)

Liabilities under Life Insurance and Annuity Contracts (continued)

Sensitivity analysis
The following tables present the sensitivity of the value of insurance liabilities disclosed in this note to movements in the assumptions used in the estimation of insurance liabilities. The sensitivities have been performed on the assumption that all assumptions remain constant.

	The Group			
	Change in variable	Change in liability	Change in variable	Change in liability
	2022		2021	
	%	$'000	%	$'000
Long-term insurance contracts with fixed and guaranteed terms and without DPF:				
For the Trinidadian life insurance subsidiary:				
Worsening of mortality	+10.0%	930,817	+ 10.0%	734,818
Improvement of annuitant mortality	+0.5%	872,294	+0.5%	823,125
Lowering of investment returns	-1.0%	4,867,745	-1.0%	4,900,461
Worsening of base renewal expense level	+5.0%	185,640	+5.0%	237,809
Worsening of expense inflation rate	+1.0%	349,152	+1.0%	642,799
For the Jamaican life insurance subsidiary:				
Worsening of mortality	+10.0%	1,076,854	+10.0%	1,537,724
Lowering of investment returns	-2.0%	7,338,274	-2.0%	11,409,840
Worsening of base renewal expense level	+5.0%	401,015	+5.0%	509,794
Worsening of expense inflation rate	+1.0%	655,338	+1.0%	1,053,168
For the Dutch Caribbean life insurance subsidiary:				
Worsening of mortality	+10.0%	(7,902)	+10.0%	310,326
Improvement of annuitant mortality	+10.0%	395,167	+10.0%	470,673
Lowering of investment returns	-10.0%	(174,328)	-10.0%	14,881
Worsening of base renewal expense level	+10.0%	(372,002)	+10.0%	49,306

39. Liabilities under Annuity and Insurance Contracts (Continued)

Liabilities under Life Insurance and Annuity Contracts (continued)

Sensitivity analysis (continued)

	The Group			
	Change in variable	Change in liability	Change in variable	Change in liability
	2022		2021	
	%	$'000	%	$'000
Long-term insurance contracts with fixed and guaranteed terms and with DPF:				
For the Trinidadian life insurance subsidiary:				
Worsening of mortality	+10.0%	7,677	+ 10.0%	6,963
Lowering of investment returns	-1.0%	125,265	-1.0%	140,477
Worsening of base renewal expense level	+5.0%	1,422	+5.0%	2,842
Worsening of expense inflation rate	+1.0%	2,077	+1.0%	6,269
For the Jamaican life insurance subsidiary:				
Worsening of mortality	+10.0%	6,141	+10.0%	5,727
Lowering of investment returns	-2.0%	43,080	-2.0%	52,690
Worsening of base renewal expense level	+5.0%	2,935	+5.0%	3,384
Worsening of expense inflation rate	+1.0%	3,793	+1.0%	5,076

39. Liabilities under Annuity and Insurance Contracts (Continued)

Liabilities under Life Insurance and Annuity Contracts (continued)

Sensitivity analysis (continued)

	The Group			
	Change in variable	Change in liability	Change in variable	Change in liability
	2022		2021	
	%	$'000	%	$'000
Long-term insurance contracts without fixed terms:				
For the Trinidadian life insurance subsidiary:				
Worsening of mortality	+ 10.0%	1,581,346	+ 10.0%	1,490,349
Improvement of annuitant mortality	+5.0%	520,658	+5.0%	853,428
Lowering of investment returns	-1.0%	5,210,169	-1.0%	7,805,476
Worsening of base renewal expense level	+5.0%	680,378	+5.0%	1,184,926
Worsening of expense inflation rate	+1.0%	1,096,046	+1.0%	1,765,208
For the Dutch Caribbean life insurance subsidiary:				
Worsening of mortality	+10.0%	1,175,702	+10.0%	804,274
Improvement of annuitant mortality	+5.0%	642,288	+10.0%	807,073
Lowering of investment returns	-1.0%	4,529,927	-10.0%	6,864,564
Worsening of base renewal expense level	+5.0%	1,337,973	+10.0%	752,213

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39. Liabilities under Annuity and Insurance Contracts (Continued)

Liabilities under Short Term Contracts

	The Group	
	2022	**2021**
	$'000	**$'000**
Gross:		
Claims outstanding	30,011,841	27,628,580
Unearned premiums	29,271,405	27,547,994
	59,283,246	55,176,574
Reinsurance ceded		
Claims outstanding (Note 27)	(13,155,733)	(11,373,766)
Unearned premiums (Note 27)	(16,580,787)	(14,697,632)
	(29,736,520)	(26,071,398)
Net:		
Claims outstanding	16,856,108	16,254,814
Unearned premiums	12,690,618	12,850,362
	29,546,726	29,105,176

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39. Liabilities under Annuity and Insurance Contracts (Continued)

Liabilities under Short term contracts (continued)

The movement in and composition of claims outstanding are as follows:

	The Group			The Group		
	2022			2021		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	$'000	$'000	$'000	$'000	$'000	$'000
Notified claims	20,480,112	(9,844,480)	10,635,632	18,310,360	(9,706,469)	8,603,891
Claims incurred but not reported	4,922,088	(1,529,265)	3,392,823	6,825,966	(3,889,819)	2,936,147
Balance at beginning of year	25,402,200	(11,373,745)	14,028,455	25,136,326	(13,596,288)	11,540,038
Exchange rate adjustment	(1,112,583)	846,814	(265,769)	1,059,563	(574,857)	484,706
Claims incurred	(67,548,770)	44,628,804	(22,919,966)	(28,169,188)	8,397,841	(19,771,347)
Claims paid	71,157,340	(47,257,539)	23,899,801	27,375,499	(5,600,441)	21,775,058
Balance at end of year	27,898,187	(13,155,666)	14,742,521	25,402,200	(11,373,745)	14,028,455
Comprising:						
Notified claims	21,502,607	(9,946,575)	11,556,032	20,480,112	(9,844,480)	10,635,632
Claims incurred but not reported	6,395,580	(3,209,091)	3,186,489	4,922,088	(1,529,265)	3,392,823
	27,898,187	(13,155,666)	14,742,521	25,402,200	(11,373,745)	14,028,455

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39. Liabilities under Insurance and Annuity Contracts (Continued)

Liabilities under Short Term Contracts (continued)

The policy and claims liabilities were determined in accordance with accepted actuarial principles and as directed by the respective regulator.

In determining the valuation, the actuary employed the Paid Loss Development method, the Incurred Loss Development method, the Bornhuetter-Ferguson Paid Loss method, the Bornhuetter-Ferguson Incurred Loss method and the Frequency-Severity method. In using the Paid/Incurred Loss Development method, ultimate losses are estimated by calculating past paid/incurred loss development factors and applying them to exposure periods with further expected paid/incurred loss development. The Bornhuetter-Ferguson Paid/Incurred Loss method is a combination of the Paid/Incurred Loss Development method and a loss ratio method; however, these expected losses are modified to the extent paid/incurred losses to date differ from what would have been expected based on the selected paid/incurred loss development pattern. Finally, the Frequency-Severity method is calculated by multiplying an estimate of ultimate claims with an estimate of the ultimate severity per reported claim.

The movement in and composition of unearned premiums are as follows:

	The Group			The Group		
	2022			2021		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at beginning of year	27,547,994	(14,697,632)	12,850,362	24,921,601	(12,394,689)	12,526,912
Exchange rate adjustments	691,375	(293,929)	397,446	875,631	(250,185)	625,446
Net increase/(release) in the period	1,032,036	(1,589,226)	(557,190)	1,750,762	(2,052,758)	(301,996)
Balance at end of year	29,271,405	(16,580,787)	12,690,618	27,547,994	(14,697,632)	12,850,362
Comprising, by type of business:						
Liability insurance contracts	1,666,737	(828,537)	838,200	1,596,596	(729,632)	866,964
Motor insurance contracts	4,781,360	(366,267)	4,415,093	4,566,231	(358,525)	4,207,706
Pecuniary loss insurance contracts	95,461	(42,289)	53,172	89,805	(44,620)	45,185
Property insurance contracts	18,575,250	(14,403,281)	4,171,969	17,271,604	(13,100,406)	4,171,198
Health insurance contracts	2,421,714	(133,032)	2,288,682	2,388,723	(132,018)	2,256,705
Marine insurance contracts	1,526,955	(772,317)	754,638	1,440,869	(294,078)	1,146,791
Personal accident insurance contracts	203,928	(35,064)	168,864	194,166	(38,353)	155,813
	29,271,405	(16,580,787)	12,690,618	27,547,994	(14,697,632)	12,850,362

39. Liabilities under Insurance and Annuity Contracts (Continued)

Liabilities under Short Term Contracts (continued)

The movement in and composition of Group Life contracts are as follows:

	The Group			The Group		
	2022			2021		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at beginning of year	2,226,402	(43)	2,226,359	1,147,671	-	1,147,671
On acquisition of subsidiary	-	-	-	1,312,735	-	1,312,735
Claims settled during the year	(1,616,726)	28,878	(1,587,848)	(1,786,792)	52,668	(1,734,124)
Exchange rate adjustment	35,547	(2)	35,545	(38,906)	-	(38,906)
Increase in liabilities	1,468,431	(28,900)	1,439,531	1,591,694	(52,711)	1,538,983
Balance at end of year	2,113,654	(67)	2,113,587	2,226,402	(43)	2,226,359

40. Post-employment Benefits

Liabilities recognised in the statement of financial position are as follows:

	The Group	
	2022	2021
	$'000	$'000
Pension schemes	(1,712,592)	(242,061)
Other post-employment benefits	5,804,414	9,726,626
	4,091,822	9,484,565

The amounts recognised in the income statement are as follows:

	The Group	
	2022	2021
	$'000	$'000
Pension schemes (Note 12)	499,309	567,528
Other post-employment benefits (Note 12)	942,475	885,139
	1,441,784	1,452,667

The amounts recognised in the statement of comprehensive income are as follows:

	The Group	
	2022	2021
	$'000	$'000
Pension schemes	1,275,544	627,897
Other post-employment benefits	4,450,876	409,235
	5,726,420	1,037,132

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40. Post-employment Benefits (Continued)

(a) Pension schemes

The Group's subsidiaries have established the following pension schemes covering all permanent employees. The assets of funded plans are held independently of the Group's assets in separate trustee administered funds. The Group's pension schemes are regulated by the respective regulators in the jurisdictions where they operate.

National Commercial Bank Staff Pension Fund 1986

This is a defined benefit scheme, which comprises the following pension funds which were merged on September 30, 1999:

- National Commercial Bank Staff Pension Fund 1975 (NCB 1975 Fund)
- National Commercial Bank Staff Pension Fund 1986 (NCB 1986 Fund)
- Mutual Security Bank Superannuation Scheme (MSB Fund)
- Computer Service and Programming Limited Pension Fund (CSP Fund).

Members' rights under each of the funds as at the date of merger were fully preserved in the NCB 1986 Fund and members of the merged funds receive pension benefits from the NCB 1986 Fund in respect of service up to the date of merger. The scheme was closed to new members effective October 1, 1999.

No asset has been recognised in relation to the NCBJ defined benefit scheme as, under the rules of the scheme, the employer would not benefit from any surplus on the winding up of the scheme. No additional current service cost has been incurred since closure of the scheme and the employer only makes a nominal contribution in order to retain the tax exempt status of the fund.

National Commercial Bank Staff Pension Fund 1999

This is a defined contribution scheme which is funded by payments from employees and by the employers of the relevant companies. Participating Group companies contribute an amount equivalent to 5% of employees' salary to the scheme each pay cycle and employees must contribute at least 5% and up to a maximum of 15%. Contribution to the scheme for the year was $498,922,000 (2021 – $503,546,000).

GHL

GHL operates a number of defined benefit and defined contribution plans, the assets of which are held in separate trustee-administered funds. The plans are generally funded by payments from employees and by the relevant Group companies after taking account of the recommendations of the external qualified actuaries. The plans are governed by trust and/or fund deeds and rules and are administered in accordance with the laws of the jurisdiction in which the plan is established. Responsibility for the governance of the plans, including investment strategies, lies with the Board of Trustees/Foundation. Contribution to the plans for the year was $508,350,000 (2021 - $574,124,000)

40. Post-employment Benefits (Continued)

(a) Pension schemes (continued)

The amounts recognised in the statement of financial position in respect of defined benefit pension schemes are as follows:

	2022		2021	
	NCBJ $'000	GHL $'000	NCBJ $'000	GHL $'000
Present value of funded obligations	25,504,708	19,866,885	31,904,868	21,127,639
Fair value of plan assets	(29,896,611)	(21,579,477)	(35,159,398)	(21,369,700)
(Over)/under – funded obligations	(4,391,903)	(1,712,592)	(3,254,530)	(242,061)
Limitation on pension assets	4,391,903	-	3,254,530	-
	-	(1,712,592)	-	(242,061)

The schemes are valued by independent actuaries annually using the projected unit credit method; the latest such valuation being carried out as at September 30, 2022 for the Bank and GHL schemes.

The movement in the defined benefit obligation is as follows:

	2022		2021	
	NCBJ $'000	GHL $'000	NCBJ $'000	GHL $'000
At beginning of year	31,904,868	21,127,639	31,243,758	20,556,591
Exchange movement	-	839,402	-	738,576
Employee's contributions	-	35,307	-	28,742
Service cost		505,608	-	533,059
Interest cost	2,777,937	1,130,456	2,720,995	1,039,307
Remeasurements:				
Experience (gains)/losses	(345,690)	(464,860)	(114,255)	383,818
(Gains)/loss from changes in financial assumptions	(6,754,576)	(2,425,459)	75,329	(763,341)
Demographic assumptions	-	26,592	-	(515,011)
Benefits paid	(2,077,831)	(907,800)	(2,020,959)	(874,102)
At end of year	25,504,708	19,866,885	31,904,868	21,127,639

40. Post-employment Benefits (Continued)

(a) Pension schemes (continued)

The movement in the fair value of plan assets is as follows:

	2022		2021	
	NCBJ	GHL	NCBJ	GHL
	$'000	$'000	$'000	$'000
At beginning of year	35,159,398	21,369,700	33,706,365	20,079,765
Exchange movement	-	828,010	-	740,260
Interest on plan assets	3,070,844	1,171,542	2,942,630	1,026,595
Remeasurement – return on plan assets, excluding amounts included in interest on plan assets.	(6,255,800)	(1,588,182)	531,362	(266,638)
Contributions	-	741,018	-	698,591
Administration fees	-	(34,788)	-	(21,757)
Benefits paid	(2,077,831)	(907,823)	(2,020,959)	(887,116)
At end of year	29,896,611	21,579,477	35,159,398	21,369,700

The amounts recognised in the income statement are as follows:

	2022	2021
	GHL	GHL
	$'000	$'000
Current service cost	505,608	533,059
Administration fees	34,787	21,757
Net interest expense	(41,086)	12,712
Total, included in staff costs	499,309	567,528

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40. Post-employment Benefits (Continued)

(a) Pension schemes (continued)

The amounts recognised in other comprehensive income are as follows:

	2022		2021	
	NCBJ $'000	GHL $'000	NCBJ $'000	GHL $'000
(Gain)/loss on present value of funded obligations	(7,100,266)	2,863,726	(38,926)	894,535
Loss/(gain) on fair value of plan assets	6,255,800	(1,588,182)	(531,362)	(266,638)
Change in effect of asset ceiling	844,466	-	570,288	-
Net loss	-	1,275,544	-	627,897

Plan assets for the NCBJ defined benefit pension scheme are comprised as follows:

	2022		2021	
	$'000	%	$'000	%
Debt securities	16,556,118	55.38	19,845,203	56.44
Equity securities	10,085,254	33.73	12,554,233	35.71
Real estate	2,711,402	9.07	2,580,827	7.34
Real estate and other	543,837	1.82	179,136	0.51
	29,896,611	100.00	35,159,399	100.00

These plan assets included:
- Ordinary stock units of the Company with a fair value of $7,298,705,000 (2021 – $10,217,302,000).
- Repurchase obligations, promissory notes and lease obligations of the Group aggregating $82,831,000 (2021 –$27,446,000).
- Properties occupied by the Group with a fair value of $677,900,000 (2021 - $534,150,000).

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40. Post-employment Benefits (Continued)

(a) Pension schemes (continued)

Plan assets for the GHL defined benefit pension scheme are comprised as follows:

	2022		2021	
	$'000	**%**	**$'000**	**%**
Debt securities	10,376,033	48.08%	12,178,540	56.99%
Equity securities	4,161,055	19.28%	3,535,232	16.54%
Real estate and other	7,042,389	32.64%	5,655,929	26.47%
	21,579,477	100.00%	21,369,701	100.00%

Expected contributions to NCBJ's and GHL's defined benefit pension schemes for the year ending September 30, 2022 are nil and $608,629,000 respectively.

The principal actuarial assumptions used are as follows:

	2022		2021	
	NCBJ	**GHL**	**NCBJ**	**GHL**
Discount rate	11.50%	-	9.00%	-
Future salary increases	6.00%	-	7.00%	-
Future pension increases	5.00%	-	5.00%	-

Post-employment mortality for active members and mortality for pensioners is based on the 1994 Group Annuity Mortality tables (GAM (94) (U.S. mortality tables) with no age setback.

The average duration of the defined benefit pension obligation at September 30, 2022 is 9.5 years (2021 – 11.4 years) for NCBJ's defined benefit scheme and 15 years for the GHL scheme.

40. Post-employment Benefits (Continued)

(a) Pension schemes (continued)

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

NCBJ

	Increase/(decrease) in defined benefit obligation		
	Change in Assumption	**Increase in Assumption**	**Decrease in Assumption**
		$'000	**$'000**
Discount rate	1%	(2,021,077)	2,357,440
Future salary increases	1%	48,372	(46,754)
Future pension increases	1%	2,276,226	(1,980,487)
Life expectancy	1 year	682,000	(696,000)

GHL

	Increase/(decrease) in defined benefit obligation		
	Change in Assumption	**Increase in Assumption**	**Decrease in Assumption**
		$'000	**$'000**
Discount rate	1%	(1,978,365)	2,441,442
Future salary increases	1%	463,303	(408,288)
Life expectancy	1 year	437,093	(452,805)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

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40. Post-employment Benefits (Continued)

(b) Other post-employment benefits

In addition to pension benefits, the Group offers medical and life insurance benefits that contribute to the health care and life insurance coverage of employees and beneficiaries after retirement. The method of accounting and frequency of valuations are similar to those used for defined benefit pension schemes.

In addition to the assumptions used for pension schemes, the main actuarial assumption is a long-term increase in health costs of 2.0 percentage points above CPI per year (2021 – 2.0 percentage points above CPI).

The average duration of the other post-employment benefits obligation at September 30, 2022 is 16.2 years for the NCBJ, and between 14.8 & 22.7 years for GHL.

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

	The Group	
	2022	**2021**
	$'000	**$'000**
Present value of unfunded obligations	5,804,414	9,726,626

The movement in the defined benefit obligation is as follows:

	The Group	
	2022	**2021**
	$'000	**$'000**
At beginning of the year	9,726,626	9,254,324
Curtailment	35,864	19,679
Employer contributions	(129,241)	(106,290)
Service costs	264,176	279,440
Interest cost	733,925	684,504
Remeasurements:		
Experience gains	(600,635)	(518,149)
Demographic assumptions	(1,494,245)	(1,082,661)
(Gain) / loss from changes in financial assumptions	(2,749,092)	1,191,573
Exchange movement	108,526	102,689
Benefits paid	(91,490)	(98,483)
At end of year	5,804,414	9,726,626

The amounts recognised in the income statement are as follows:

	The Group	
	2022	**2021**
	$'000	**$'000**
Service cost	208,550	685,357
Net interest expense	733,925	199,782
Total, included in staff costs (Note 12)	942,475	885,139

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40. Post-employment Benefits (Continued)

(b) Other post-employment benefits (continued)

The sensitivity of the other post-employment benefit obligation to changes in the principal assumptions is as follows:

NCBJ	Increase/(decrease) in obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
		$'000	$'000
Discount rate	1%	(444,917)	558,576
Medical cost inflation	1%	570,680	(459,768)
Life expectancy	1 year	83,920	(83,920)

GHL	Increase/(decrease) in obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
		$'000	$'000
Discount rate	1%	(334,513)	420,817
Medical cost inflation	1%	424,497	(342,708)
Life expectancy	1 year	(4,944)	4,344

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

(c) Risks associated with pension plans and post-employment schemes

Through its defined benefit pension and other post-employment benefit schemes, the Group is exposed to a number of risks, the most significant of which are detailed below. The Group does not use derivatives to manage its plan risk. Investments are well diversified, such that failure of any single investment would not have a material impact on the overall level of assets.

Asset volatility risk

The schemes' liabilities are calculated using a discount rate set with reference to sovereign bond yields; if the schemes' assets underperform this yield, this will create a deficit.

Interest rate risk

The schemes' liabilities are calculated using a discount rate set with reference to sovereign bond yields. A decrease in sovereign bond yields will increase the schemes' liabilities, although this will be partially offset by an increase in the value of the schemes' fixed-rate bond holdings.

Salary risk

The present values of the defined benefit schemes' liabilities are calculated by reference to the future salaries of participants. As such, an increase in the salaries of participants will increase the schemes' liabilities.

Longevity risk

The majority of the schemes' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the schemes' liabilities.

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41. Other Liabilities

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Accrued staff benefits	6,251,473	4,884,861	693,957	628,805
Due to customers, merchants and clients	17,026,815	15,564,068	-	-
Accrued other operating expenses	12,593,023	12,429,104	1,985,823	1,563,273
Due to reinsurers	15,840,544	14,651,085	-	-
Due to Governments	1,502,607	1,322,290	-	-
Due to related party	-	-	3,410,405	
Other	18,442,925	10,644,599	-	571,797
	71,657,387	59,496,007	6,090,185	2,763,875

42. Share Capital

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Authorised – unlimited				
Issued and fully paid up – 2,466,762,828 ordinary stock units of no par value	153,827,330	153,827,330	153,827,330	153,827,330
Treasury shares	(26,652,675)	(27,198,690)	(11,232,294)	(11,778,309)
	127,174,655	126,628,640	142,595,036	142,049,021

As at September 30, 2022 entities within the Group and the Company held NCBFG ordinary stock units totalling 168,435,437 (2021: 172,097,779) and 75,339,470 (2021: 79,001,812), respectively. These shares are held by the NCB Employee Share Scheme, a custodian appointed by NCB Financial Group Limited and entities controlled by Guardian Holdings Limited and the Company reports them as Treasury Shares.

The NCB Employee Share Scheme was established in 1986 to acquire certain shares of NCB Group Limited, the then holding company for the Group, for the beneficial interest of eligible employees. As at September 30, 2022, the scheme held 1,255,751 (2021: 1,255,751) stock units of the Company's ordinary stock.

As at September 30, 2022 a total of 26,066,735 (2021: 26,066,735) stock units of the Company's ordinary stock were held by a custodian on behalf of the Company and one of its subsidiaries. The stock units are held for distribution as incentives.

43. Fair Value and Capital Reserves

	The Group	
	2022	2021
	$'000	$'000
Fair value reserve	(37,080,156)	4,030,261
Capital reserve (excluding scheme of arrangement)	10,135,074	13,331,146
	(26,945,082)	17,361,407
Reserves from the scheme of arrangement	(147,034,858)	(147,034,858)
	(173,979,940)	(129,673,451)
Capital reserve comprises:		
Realised –		
Surplus on revaluation of property, plant and equipment	92,991	92,991
Retained earnings capitalised	98,167	98,167
Share redemption reserve	1,095,381	1,095,381
Unrealised –		
Translation reserve	7,476,720	10,668,078
Surplus on revaluation of property, plant and equipment	448,821	456,559
Other	922,994	919,970
	10,135,074	13,331,146
Reserve from the scheme of arrangement	(147,034,858)	(147,034,858)
	(136,899,784)	(133,703,712)

44. Loan Loss Reserve

This is a non-distributable reserve for NCBJ representing the excess of the provision for credit losses determined using the Bank of Jamaica's regulatory requirements over the amount determined under IFRS (Note 21).

45. Banking Reserve Fund

This fund is maintained in accordance with the Banking Services Act, 2014, enacted in Jamaica, which requires that a minimum of 15% of the net profits, as defined by the Act, of NCBJ be transferred to the reserve fund until the amount of the fund is equal to 50% of the paid-up capital of the Bank and thereafter 10% of the net profits until the amount of the fund is equal to the paid-up capital of the Bank. The amount of the fund has surpassed the paid-up capital of the Bank and therefore no further mandatory transfers were required.

The Financial Institutions Act, 2008, enacted in Trinidad and Tobago, which is applicable for the Group's regulated subsidiary in that country, requires that a minimum of 10% of the profit for the year in each period be transferred to a statutory reserve account until the balance on this reserve is not less than the paid-up capital.

46. Retained Earnings Reserve

The Banking Services Act 2014 permits the transfer of any portion of NCBJ's net profit to a retained earnings reserve. This reserve constitutes a part of the capital base and regulatory capital of NCBJ.

47. Cash Flows from Operating Activities

	Note	The Group	
		2022	2021
		$'000	$'000
Net profit		39,922,845	20,075,606
Adjustments to reconcile net profit to net cash flow provided by operating activities:			
Depreciation	29	1,772,817	2,737,571
Amortisation of intangible assets	28	7,119,987	6,572,393
Credit impairment losses	13	2,723,555	3,385,126
Share of after tax profits of associates	24	(732,513)	(340,289)
Interest income	6/8	(84,923,549)	(74,574,816)
Interest expense	6	25,724,687	25,947,849
Income tax expense	15	5,946,189	6,519,927
Unrealised exchange gains on securitisation arrangements		380,473	(220,823)
Amortisation of upfront fees on securitisation arrangements		153,252	168,939
Amortisation of upfront fees on other borrowed funds		128,704	126,872
Unrealised exchange losses on other borrowed funds		1,816,625	1,941,650
Change in post-employment benefit obligations	40	(13,750,849)	1,037,766
Foreign exchange gains	8	(5,983,712)	(536,950)
Gain on disposal of property, plant and equipment and intangible assets		(2,509,631)	(248,168)
Fair value and foreign exchange gains on investment property	25	(1,050,588)	(2,021,873)
Fair value losses on derivative financial instruments		(152,258)	(68,478)
Changes in operating assets and liabilities:			
Statutory reserves at Central Bank		(4,244,223)	(5,695,533)
Pledged assets included in due from banks		(2,218,527)	(1,889,354)
Restricted cash included in due from banks		1,702,870	34,725
Reverse repurchase agreements		(1,434,277)	(1,378,370)
Loans and advances		(60,843,806)	(72,391,848)
Customer deposits		68,352,496	74,045,820
Repurchase agreements		22,161,245	13,535,704
Liabilities under annuity and insurance contracts		4,118,612	28,042,257
Other		(317,888)	(16,069,197)
Cash generated from operations		(36,060,309)	(11,339,100)
Interest received		84,425,920	73,106,382
Interest paid		(25,181,601)	(27,057,539)
Income tax paid		(13,618,024)	(16,330,016)
		9,565,986	18,379,727
Net cash provided by operating activities		49,488,831	38,455,333

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48. Related Party Transactions and Balances

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operational decisions. Related party transactions are in the ordinary course of business. The volumes of related party transactions, outstanding balances at the year end and related expenses and income for the year are as follows:

	The Group							
	Parent and companies controlled by major shareholder		Associated companies of the Group		Directors and key management personnel (and their families)		Companies controlled by directors and related by virtue of common directorship	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Loans and advances								
Balance at September 30	5,194	12,425	1,510,949	1,915,147	1,536,707	1,762,618	1,864,162	752,836
Interest income earned	514	1,112	25,867	29,326	71,969	80,884	74,344	44,136
Investment securities								
Balance at September 30	-	-	7,071,735	7,391,266	-	-	3,519,422	2,163,124
Interest income earned	-	-	293,197	266,120	-	-	50,440	84,052
Reverse repurchase agreements								
Balance at September 30	-	-	-	-	-	-	-	-
Interest income earned	-	-	-	-	-	-	-	-
Other assets								
Balance at September 30	488	1,073	-	-	225,174	-	-	-
Fee and commission income	1,268	31,940	63	43	-	104,710	397,181	596,458
Other operating income					-	-	86,499	1,218,487
Dividend income	-	-	42,949	21,729	-	-	20,420	42,434

NCB Financial Group Limited

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48. Related Party Transactions and Balances (Continued)

	The Group (Continued)							
	Parent and companies controlled by major shareholder		Associated companies of the Group		Directors and key management personnel (and their families)		Companies controlled by directors and related by virtue of common directorship	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Customer deposits								
Balance at September 30	1,005,067	610,301	58,613	51,024	3,088,658	3,280,520	6,455,983	11,117,399
Interest expense	989	1,026	116	354	5,126	5,894	4,333	20,149
Repurchase agreements								
Balance at September 30	-	544,634	-	-	4,580,675	3,117,157	1,900,102	3,968,593
Interest expense	-	28,669	-	-	105,482	82,490	87,633	65,656
Borrowed Funds								
Balance at September 30	-	-	-	-	-	-	3,387	-
Interest expense	-	-	-	-	-	-	169	-
Other liabilities								
Balance at September 30	-	-	-	-	11,553		14,898	13,680
Operating expenses	596,217	57,091	-	-	628,454	617,907	1,151,031	1,757,998

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48. Related Party Transactions and Balances (Continued)

	The Company					
	Parent, subsidiaries and companies controlled by major shareholder		Directors and key management personnel (and their families)		Companies controlled by directors and related by virtue of common directorship	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Loans and advances						
Balance at September 30	50,405,077	-	-	-	-	-
Interest income earned	1,714,115	5,317	-	-	-	-
Investment securities						
Balance at September 30	7,126,192	7,126,192	-	-	-	-
Interest income earned	490,000	498,822	-	-	-	-
Deposits with related party						
Balance at September 30	244,116	15,761,982	-	-	-	-
Interest income earned	15,223	19,240	-	-	-	-
Other assets						
Balance at September 30	5,076,973	335,125	-	-	-	-
Fee and commission income	3,500,000	3,500,000	-	-	-	-
Dividend income	1,229,820	15,545,046	-	-	-	-
Borrowed funds						
Balance at September 30	30,378,873	36,185,092	632,039	611,613	3,387	3,226
Interest expense	1,842,999	1,960,248	21,901	11,426	169	82
Other liabilities						
Balance at September 30	4,561,771	767,526	-	-	-	-
Operating Expenses	850,197	1,305,750	5,796	20,818	12,549	11,866

48. Related Party Transactions and Balances (Continued)

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Key management compensation:				
Salaries and other short-term benefits	7,893,078	8,284,540	3,943,539	4,333,624
Post-employment benefits	513,876	515,020	29,332	4,340
	8,406,954	8,799,560	3,972,871	4,337,964
Directors' emoluments:				
Fees	17,996	15,935	12,152	12,241
Management remuneration:				
Share benefits	1,348,299	1,319,765	1,319,765	1,266,006
Salaries and other benefits	2,466,539	2,328,425	2,328,425	1,858,815
	3,814,838	3,648,190	3,648,190	3,124,821

49. Financial Risk Management

The Group takes an enterprise-wide approach to the identification, measurement, monitoring, reporting and management of all its risks. The principal financial risks faced by the organisation are identified as: credit, market, interest rate and liquidity risks.

The Group's risk management framework guides its risk-taking activity and ensures that it is in conformity with regulatory requirements, applicable laws, the Group's risk appetite, shareholder expectations and standards of best practice. The framework incorporates a comprehensive risk governance structure and appropriate policies and procedures.

Risk Governance Structure

The Group's risk governance structure seeks to manage risk/reward by ensuring that revenue-generation activities are compliant with the Group's standards and risk tolerance, while maximising long term shareholder value. The Group's comprehensive risk governance structure incorporates: (a) oversight effected through the Board, Board committees and relevant management committees, (b) administrative controls effected through the establishment of policies, and (c) organisational controls effected through segregation of duties. These controls are reviewed on an ongoing basis to ensure that they provide effective governance of the Group's risk-taking activities.

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49. Financial Risk Management (Continued)

Risk limits and benchmarks are integral to the risk management process, as they characterise the Group's risk tolerance and conform to regulatory requirements. Limits are established for:

(i) Credit and Counterparty risk - exposures to individuals, groups, counterparty, country;
(ii) Market risk - rate gap exposure, currency exposure, market value exposure; and
(iii) Liquidity risk - liquidity gaps, funding exposures/liability diversification and liquid assets levels.

Limits and benchmarks are monitored on an ongoing basis and reported to the relevant governance committees.

Policies & Procedures

Rigorous policies and operational procedures are established throughout the organisation and are approved by the relevant management personnel and/or governance committees.

These policies and procedures incorporate requirements for compliance monitoring, maintenance of contingency plans and the provision of reports to management and the relevant governance committees and/ or the Board of Directors.

(a) Credit risk

This is defined as potential for loss to the organisation arising from failure of a borrower, guarantor or counterparty to honour their contractual obligations to the Group.

The Group incurs credit and counterparty risk primarily in its loan business, reverse repurchase arrangements, and certain investment activities. There is also credit risk in off-statement of financial position financial instruments, such as loan commitments. Credit risk management is facilitated by a cadre of loans officers and credit risk personnel, who together operate within a control framework which employs a hierarchical level of authorisations for transactions that expose the organisation to credit risk. Operating practices include the establishment of limits, ongoing monitoring of credit risk exposures, a disciplined approach to provisioning and loan loss evaluation in addition to ongoing reporting of portfolio exposures to the relevant governance committees and the regulators.

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded in the statement of financial position.

49. Financial Risk Management (Continued)

(a) Credit risk (continued)

Credit-related commitment risks arise from guarantees which may require payment on behalf of customers. Such payments are collected from customers based on the terms of the letters of credit. They expose the Group to risks similar to loans and these are mitigated by the same control policies and processes.

Credit review process
The Group has established a credit quality review process involving regular analysis of the ability of borrowers and other counterparties to meet interest and capital repayment obligations.

The Group employs the following classifications in assessing its exposures to its borrowing customers. The classifications are in line with the Jamaican Central Bank regulations.

Standard
Special Mention
Sub-Standard
Doubtful
Loss

Exposure to credit risk is mitigated by the taking of financial or physical assets.

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

The main types of collateral obtained are as follows:

(i) Loans - mortgages over residential properties, charges over business assets such as premises, inventory and accounts receivable and charges over financial instruments such as debt securities.

(ii) Securities lending and reverse repurchase transactions – cash or securities.

The Group may also obtain guarantees from parent companies for loans to their subsidiaries.

Collateral values are monitored with a view to requesting additional collateral where market values are compromised or the terms in the loan agreements dictate.

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

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49. Financial Risk Management (Continued)

(a) Credit risk (continued)

	The Group 2022			
	Gross exposure	**Impairment allowance**	**Carrying amount**	**Fair value of collateral held**
Credit-impaired assets	**$000**	**$000**	**$000**	**$000**
Loans and advances	25,930,464	(10,407,464)	15,523,000	170,479,657
Debt securities	5,885,137	(157,324)	5,727,813	-
Total credit-impaired assets	31,815,601	(10,564,788)	21,250,813	170,479,657

	The Group 2021			
	Gross exposure	**Impairment allowance**	**Carrying amount**	**Fair value of collateral held**
Credit-impaired assets	**$000**	**$000**	**$000**	**$000**
Loans and advances	32,963,026	(11,475,004)	21,488,022	78,356,154
Debt securities	4,706,036	(101,171)	4,604,865	-
Total credit-impaired assets	37,669,062	(11,576,175)	26,092,887	78,356,154

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49. Financial Risk Management (Continued)

(a) Credit risk (continued)

Impairment loss provision methodology
Provisions for impairment losses are assessed under three categories as described below:

Sub-standard, Doubtful or Loss rated loans
The Group identifies substandard, doubtful or loss rated loans as determined by Bank of Jamaica Regulations. The calculated provision is adjusted by the future cash flow from the realisation of the related collateral.

Individually Significant, Standard and Special Mention loans
Individually significant loans are reviewed to determine whether the loans show objective evidence of impairment and to determine the extent of provision required. Impairment may be determined through assessment of a number of factors, which include:

(i) Any significant financial difficulty being experienced by the borrower.
(ii) Breach of contract, such as default term, delinquency in principal and interest.
(iii) High probability of bankruptcy or other financial reorganisation by the borrower.

Collectively assessed provisions
All loans, excluding those that are impaired, are assessed on a portfolio basis where possible, in order to reflect the homogenous nature of the loans. The provision is determined by a quantitative review of the respective portfolios.

The tables below show the loans and the associated impairment provision for each internal rating class:

	The Group			
	2022		2021	
	Loans $'000	Impairment provision $'000	Loans $'000	Impairment provision $'000
Standard	536,461,105	2,746,041	432,385,147	3,455,092
Special Mention	19,456,146	430,260	69,945,681	689,455
Sub-Standard	12,522,327	138,478	5,441,392	505,817
Doubtful	9,695,448	3,223,224	10,726,011	3,151,131
Loss	13,127,044	7,175,683	16,428,594	7,692,340
	591,262,070	13,713,686	534,926,825	15,493,835

49. Financial Risk Management (Continued)

(a) Credit risk (continued)

The credit quality of loans is summarised as follows:

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Unimpaired	565,331,605	503,900,435	50,166,303	-
Impaired	25,930,465	31,026,390	-	-
Gross	591,262,070	534,926,825	50,166,303	-
Less: provision for credit losses	(13,713,686)	(15,493,835)	(10,007)	-
Net	577,548,384	519,432,990	50,156,296	-

The ageing analysis of past due but not impaired loans is as follows:

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Less than 30 days	76,035,726	86,486,964	-	-
31 to 60 days	4,562,079	5,841,661	-	-
61 to 90 days	9,669,182	6,527,979	-	-
Greater than 90 days	76,471	1,340,202	-	-
	90,343,458	100,196,806	-	-

Of the aggregate amount of gross past due but not impaired loans $72,135,940,000 was secured as at September 30, 2022 (2021 – $88,561,050,000).

Restructured loans
Restructuring activities include extended payment arrangements, approved external management plans, and modification and deferral of payments. Following restructuring, a previously overdue customer account is reset to a normal status and managed together with other similar accounts. Restructuring policies and practices 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. Restructuring is most commonly applied to term loans.

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49. Financial Risk Management (Continued)

(a) Credit risk (continued)

Restructured loans (continued)

The determination of whether a loan would qualify for renegotiation is made only if all factors indicate that the borrower is able to repay in full (including interest). In making this assessment, the Group takes its historic experience with the borrowers, their expected future cash flows, collateral valuations and any guarantees into consideration. Therefore, at the time of modification, all renegotiated loans are interest bearing with interest being calculated using the terms of the modified loan.

All renegotiated loans are individually assessed for impairment as the active renegotiation of a loan as a result of borrower difficulty, is considered a trigger for determining whether the loan should be tested for impairment. In carrying out its assessment, the Group uses the same methodology as with any other loan in the portfolio that exhibits other objective evidence of impairment. These loans are, however, actively monitored for at least 12 months from the time of renegotiation to determine whether circumstances have changed that would result in the loan being impaired or whether there should be an increase in the current level of impairment.

Credit risk exposure

The table below represents a worst case scenario of credit risk exposure of the Group and the Company at the date of the statement of financial position, without taking account of any collateral held or other credit enhancements. For on-statement of financial position assets, the exposures set out below are based on net carrying amounts as reported in the statement of financial position.

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Credit risk exposures relating to on- statement of financial position assets:				
Balances with Central Banks	70,856,440	69,134,649	-	-
Due from banks	194,669,345	182,138,173	280,629	15,797,132
Derivative financial instruments	874,471	767,441		
Reverse repurchase agreements	8,300,133	9,667,060	-	-
Loans and advances, net of credit impairment losses	580,987,814	523,488,890	-	-
Investment securities	865,674,735	813,279,289	7,126,191	7,126,178
Customers' liability – letters of credit and undertaking	6,451,165	4,801,671	-	-
Reinsurance assets	30,312,857	26,635,997	-	-
Other assets	50,806,443	39,029,972	7,994,832	936,044
	1,808,933,403	1,668,943,142	15,401,652	23,859,354
Credit risk exposures relating to off- statement of financial position items:				
Credit commitments	88,572,516	75,682,903	-	-
Acceptances, guarantees and indemnities	15,229,253	11,145,801	-	-
	103,801,769	86,828,704	-	-

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49. Financial Risk Management (Continued)

(a) Credit risk (continued)

Credit exposures

(i) Loans

The majority of loans are made to customers in Jamaica and Bermuda. The following table summarises the credit exposure for loans at their carrying amounts, as categorised by the industry sectors:

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Agriculture	7,559,371	8,270,546	-	-
Public Sector	34,349,897	20,618,152	-	-
Construction and land development	20,994,220	18,590,766	-	-
Other financial institutions	16,205,622	18,950,419	50,166,303	-
Distribution	59,015,491	53,787,303	-	-
Electricity, water and gas	11,151,648	11,553,497	-	-
Entertainment	873,525	961,771	-	-
Manufacturing	8,745,699	9,280,850	-	-
Mining and processing	133,787	119,414	-	-
Personal	288,730,151	262,075,466	-	-
Professional and other services	39,079,518	34,010,989	-	-
Tourism	59,739,897	52,522,889	-	-
Transportation storage and communication	5,374,078	3,285,681	-	-
Overseas residents	39,309,166	40,899,082	-	-
Total	591,262,070	534,926,825	50,166,303	-
Expected credit losses	(13,713,686)	(15,493,835)	(10,007)	-
	577,548,384	519,432,990	50,156,296	-
Interest receivable	3,439,430	4,055,900	238,774	-
Net	580,987,814	523,488,890	50,395,070	-

(ii) Debt securities

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

	The Group	
	2022 $'000	2021 $'000
Government of Jamaica and Bank of Jamaica	338,867,621	335,387,017
Other corporate bonds	166,754,791	178,774,457
Foreign governments	348,809,399	289,093,741
	854,431,811	803,255,215
Expected credit losses	(1,033,216)	(938,325)
Interest receivable	12,276,140	10,962,399
	865,674,735	813,279,289

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49. Financial Risk Management (Continued)

(a) Credit risk (continued)

Maximum exposure to credit risk

The following tables contain an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised at September 30, 2022.

	The Group				
	ECL staging				
	2022				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
DEBT SECURITIES	**$000**	**$000**	**$000**	**$000**	**$000**
Risk rating					
Low	338,926,848	49,130	-	-	338,975,978
Medium	395,410,237	6,074,991	35,651	601,376	402,122,255
High	2,608,795	2,248,811	217,091	-	5,074,697
Default	-	12,554	110,070	4,823,085	4,945,709
Gross carrying amount	736,945,880	8,385,486	362,812	5,424,461	751,118,639
Loss allowance on amortised cost	(670,512)	(304,154)	(58,546)	-	(1,033,212)
Carrying amount	736,275,368	8,081,332	304,266	5,424,461	750,085,427

	The Group				
	ECL staging				
	2021				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
DEBT SECURITIES	**$000**	**$000**	**$000**	**$000**	**$000**
Risk rating					
Low	272,595,586	-	-	-	272,595,586
Medium	401,354,061	7,816,708	-	615,792	409,786,561
High	2,101,877	2,103,988	-	-	4,205,865
Default	64,729	12,061	-	3,989,072	4,065,862
Gross carrying amount	676,116,253	9,932,757	-	4,604,864	690,653,874
Loss allowance on amortised cost	(622,858)	(315,467)	-	-	(938,325)
Carrying amount	675,493,395	9,617,290	-	4,604,864	689,715,549

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49. Financial Risk Management (Continued)

(a) Credit risk (continued)

Maximum exposure to credit risk(continued)

	The Group				
	ECL staging				
	2022				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
LOANS AND ADVANCES	**$000**	**$000**	**$000**	**$000**	**$000**
Risk rating					
Low	467,743,374	14,280,467	1,129	-	482,024,970
Medium	67,010,391	12,042,547	515,327	-	79,568,265
High	1,342,913	2,302,476	11,271,304	-	14,916,693
Default	-	-	14,752,142	-	14,752,142
Gross carrying amount	536,096,678	28,625,490	26,539,902	-	591,262,070
Loss allowance	(2,303,450)	(719,399)	(10,690,837)	-	(13,713,686)
Carrying amount	533,793,228	27,906,091	15,849,065	-	577,548,384

	The Group				
	ECL staging				
	2021				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
LOANS AND ADVANCES	**$000**	**$000**	**$000**	**$000**	**$000**
Risk rating					
Low	269,174,322	81,688,387	217,441	-	351,080,150
Medium	99,112,574	47,276,016	305,485	-	146,694,075
High	825,440	4,004,012	15,873,137	-	20,702,589
Default	-	-	16,450,011	-	16,450,011
Gross carrying amount	369,112,336	132,968,415	32,846,074	-	534,926,825
Loss allowance	(1,186,840)	(2,830,379)	(11,476,616)	-	(15,493,835)
Carrying amount	367,925,496	130,138,036	21,369,458	-	519,432,990

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49. Financial Risk Management (Continued)

(a) Credit risk (continued)

Maximum exposure to credit risk(continued)

	The Group				
	ECL staging				
	2022				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
DUE FROM BANKS, REINSURANCE and OTHER ASSETS	**$000**	**$000**	**$000**	**$000**	**$000**
Risk rating					
Low	196,728,551	7,349,924	-	-	204,078,475
Medium	50,769,384	14,282,509	-	-	65,051,893
High	527,228	12,030,946	24,723	-	12,582,897
Default	-	-	1,236,529	-	1,236,529
Gross carrying amount	248,025,163	33,663,379	1,261,252	-	282,949,794
Loss allowance	(511,620)	(3,009,227)	(1,240,909)	-	(4,761,756)
Carrying amount	247,513,543	30,654,152	20,343	-	278,188,038

	The Group				
	ECL staging				
	2021				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
DUE FROM BANKS, REINSURANCE and OTHER ASSETS	**$000**	**$000**	**$000**	**$000**	**$000**
Risk rating					
Low	153,877,360	7,931,333	-	-	161,808,693
Medium	63,882,051	14,041,145	-	-	77,923,196
High	2,416,706	8,323,936	25,553	-	10,766,195
Default	-	-	459,263	-	459,263
Gross carrying amount	220,176,117	30,296,414	484,816	-	250,957,347
Loss allowance	(427,636)	(4,931,958)	(454,469)	-	(5,814,063)
Carrying amount	219,748,481	25,364,456	30,347	-	245,143,284

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49. Financial Risk Management (Continued)

(a) Credit risk (continued)

Maximum exposure to credit risk(continued)

	The Company				
	ECL staging				
	2022				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
DEBT SECURITIES	$000	$000	$000	$000	$000
Risk rating					
Low	7,126,192	-	-	-	7,126,192
Gross carrying amount	7,126,192	-	-	-	7,126,192

	The Company				
	ECL staging				
	2021				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
DEBT SECURITIES	$000	$000	$000	$000	$000
Risk rating					
Low	7,126,191	-	-	-	7,126,191
Gross carrying amount	7,126,191	-	-	-	7,126,191

49. Financial Risk Management (Continued)

(a) Credit risk (continued)

Maximum exposure to credit risk(continued)

	The Company				
	ECL staging				
	2022				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
LOANS AND ADVANCES	$000	$000	$000	$000	$000
Risk rating					
Low	50,166,303	-	-	-	50,166,303
Gross carrying amount	50,166,303	-	-	-	50,166,303
Loss allowance	(10,007)	-	-	-	(10,007)
Carrying amount	50,156,296	-	-	-	50,156,296

There was no loan balance in the comparative period.

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49. Financial Risk Management (Continued)

(a) Credit risk (continued)

Maximum exposure to credit risk(continued)

	The Company				
	ECL staging				
	2022				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
DUE FROM BANKS, REINSURANCE and OTHER ASSETS	$000	$000	$000	$000	$000
Risk rating					
Low	6,943,927	-	-	-	6,943,927
Gross carrying amount	6,943,927	-	-	-	6,943,927
Loss allowance	-	-	-	-	-
Carrying amount	6,943,927	-	-	-	6,943,927

	The Company				
	ECL staging				
	2021				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
DUE FROM BANKS, REINSURANCE and OTHER ASSETS	$000	$000	$000	$000	$000
Risk rating					
Low	16,712,402	-	-	-	16,712,402
Gross carrying amount	16,712,402	-	-	-	16,712,402
Loss allowance	-	-	-	-	-
Carrying amount	16,712,402	-	-	-	16,712,402

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49. Financial Risk Management (Continued)

(a) Credit risk (continued)

The following tables contain an analysis of the expected credit losses. For debt securities, the amounts disclosed include instruments at amortised cost (ECL disclosed in maximum exposure to credit risk) and FVOCI:

	The Group				
	ECL staging				
	2022				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
DEBT SECURITIES	**$000**	**$000**	**$000**	**$000**	**$000**
Risk rating					
Low	225,226	-	-	-	225,226
Medium	2,038,308	377,755	316	-	2,416,379
High	200,663	292,242	9,822	-	502,727
Default	-	12,554	48,408	-	60,962
Loss allowance	2,464,197	682,551	58,546	-	3,205,294

	The Group				
	ECL staging				
	2021				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
DEBT SECURITIES	**$000**	**$000**	**$000**	**$000**	**$000**
Risk rating					
Low	200,806	-	-	-	200,806
Medium	1,967,904	440,329	-	-	2,408,233
High	348,739	502,601	-	-	851,340
Default	-	-	12,061	-	12,061
Loss allowance	2,517,449	942,930	12,061	-	3,472,440

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49. Financial Risk Management (Continued)

(a) Credit risk (continued)

	The Group				
	ECL staging				
	2022				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
LOANS AND ADVANCES	$000	$000	$000	$000	$000
Risk rating					
Low	1,736,266	255,392	3,603	-	1,995,261
Medium	544,969	329,684	15,106	-	889,759
High	22,215	134,323	3,529,123	-	3,685,661
Default	-	-	7,143,005	-	7,143,005
Loss allowance	2,303,450	719,399	10,690,837	-	13,713,686

	The Group				
	ECL staging				
	2021				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
LOANS AND ADVANCES	$000	$000	$000	$000	$000
Risk rating					
Low	748,789	1,390,465	2,062	-	2,141,316
Medium	428,396	1,277,696	21,743	-	1,727,835
High	9,655	162,218	3,757,005	-	3,928,878
Default	-	-	7,695,806	-	7,695,806
Loss allowance	1,186,840	2,830,379	11,476,616	-	15,493,835

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49. Financial Risk Management (Continued)

(a) Credit risk (continued)

	The Group				
	ECL staging				
	2022				
	Stage 1	Stage 2	Stage 3	Purchased credit-	
	12-month ECL	Lifetime ECL	Lifetime ECL	impaired	Total
DUE FROM BANKS, REINSURANCE and OTHER ASSETS	**$000**	**$000**	**$000**	**$000**	**$000**
Risk rating					
Low	127,967	39,061	-	-	167,028
Medium	353,691	2,094,237	-	-	2,447,928
High	29,962	875,929	24,723	-	930,614
Default	-	-	1,216,186	-	1,216,186
Loss allowance	511,620	3,009,227	1,240,909	-	4,761,756

	The Group				
	ECL staging				
	2021				
	Stage 1	Stage 2	Stage 3	Purchased credit-	
	12-month ECL	Lifetime ECL	Lifetime ECL	impaired	Total
DUE FROM BANKS, REINSURANCE and OTHER ASSETS	**$000**	**$000**	**$000**	**$000**	**$000**
Risk rating					
Low	58,624	72,473	-	-	131,097
Medium	335,228	3,195,036	-	-	3,530,264
High	34,230	1,664,449	25,553	-	1,724,232
Default	-	-	428,916	-	428,916
Loss allowance	428,082	4,931,958	454,469	-	5,814,509

49. Financial Risk Management (Continued)

(a) Credit risk (continued)

	The Company				
	ECL staging				
	2022				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
DEBT SECURITIES	$000	$000	$000	$000	$000
Risk rating					
Low	1,568	-	-	-	1,568
Loss allowance	1,568	-	-	-	1,568

	The Company				
	ECL staging				
	2021				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
DEBT SECURITIES	$000	$000	$000	$000	$000
Risk rating					
Low	2,119	-	-	-	2,119
Loss allowance	2,119	-	-	-	2,119

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49. Financial Risk Management (Continued)

(a) Credit risk (continued)

	ECL staging				
	2022				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
LOANS AND ADVANCES	**$000**	**$000**	**$000**	**$000**	**$000**
Risk rating					
Low	10,007	-	-	-	10,007
Loss allowance	10,007	-	-	-	10,007

	ECL staging				
	2021				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
LOANS AND ADVANCES	**$000**	**$000**	**$000**	**$000**	**$000**
Risk rating					
Low	-	-		-	-
Loss allowance	-	-	-	-	-

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49. Financial Risk Management (Continued)

(a) Credit risk (continued)

Loss allowance

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

	The Group ECL staging 2022				
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Purchased credit-impaired**	**Total**
DEBT SECURITIES	**$000**	**$000**	**$000**	**$000**	**$000**
Loss allowance as at October 1, 2021	2,517,449	942,930	12,061	-	3,472,440
Transfers:					
Transfer from Stage 1 to Stage 2	(59,900)	59,900	-	-	-
Transfer from Stage 1 to Stage 3	(154,820)	139,173	15,647	-	-
Transfer from Stage 2 to Stage 1	32,423	(32,423)	-	-	-
New financial assets originated or purchased	480,911	723	-	-	481,634
Financial assets derecognised during the period	(351,433)	(610)	-	-	(352,043)
Changes to principal	(105,277)	-	-	-	(105,277)
Changes to input to ECL model	80,116	(426,957)	30,838	-	(316,003)
Foreign exchange movement	24,728	(185)	-	-	24,543
Loss allowance as at September 30, 2022	2,464,197	682,551	58,546	-	3,205,294

	The Group ECL staging 2021				
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Purchased credit-impaired**	**Total**
DEBT SECURITIES	**$000**	**$000**	**$000**	**$000**	**$000**
Loss allowance as at October 1, 2020	2,683,397	327,777	32,448	-	3,043,622
Transfers:					
Transfer from Stage 1 to Stage 2	(181,041)	181,041	-	-	-
Transfer from Stage 2 to Stage 3	-	(71,671)	71,671	-	-
Transfer from Stage 2 to Stage 1	269,545	(269,545)	-	-	-
Transfer from Stage 3 to Stage 2	-	60,456	(60,456)	-	-
New financial assets originated or purchased	954,658	-	-	-	954,658
Financial assets derecognised during the period	(630,413)	(3,709)	-	-	(634,122)
Changes to principal	-	-	(32,777)	-	(32,777)
Changes to input to ECL model	(158,115)	34,490	-	-	(123,625)
Foreign exchange movement	(562,276)	696,963	-	-	134,687
Loss allowance as at September 30, 2021	141,694	(12,872)	1,175	-	129,997
	2,517,449	942,930	12,061	-	3,472,440

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49. Financial Risk Management (Continued)

(a) Credit risk (continued)

Loss allowance (continued)

	The Group ECL staging 2022				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
LOANS AND ADVANCES	**$000**	**$000**	**$000**	**$000**	**$000**
Loss allowance as at October 1, 2021	**1,186,840**	**2,830,379**	**11,476,616**	**-**	**15,493,835**
Transfers:					
Transfer from Stage 1 to Stage 2	(68,632)	68,632	-	-	-
Transfer from Stage 1 to Stage 3	(475,772)	-	475,772	-	-
Transfer from Stage 2 to Stage 3	-	(652,233)	652,233	-	-
Transfer from Stage 2 to Stage 1	1,149,103	(1,149,103)	-	-	-
Transfer from Stage 3 to Stage 1	132,541	-	(132,541)	-	-
Transfer from Stage 3 to Stage 2	-	765,508	(765,508)	-	-
New financial assets originated or purchased	560,510	23,881	2,804,430	-	3,388,821
Financial assets derecognised during the period	(55,988)	(210,409)	(866,425)	-	(1,132,822)
Write offs	-	-	(4,182,195)	-	(4,182,195)
Changes to principal	(364,798)	23,157	507,135	-	165,494
Changes to input to ECL model	367,668	(278,707)	(983)	-	87,978
Changes to interest accrual	(137,273)	(712,666)	528,114		(321,825)
Foreign exchange movement	9,251	10,960	194,189	-	214,400
Loss allowance as at September 30, 2022	**2,303,450**	**719,399**	**10,690,837**	**-**	**13,713,686**

	The Group ECL staging 2021				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
LOANS AND ADVANCES	**$000**	**$000**	**$000**	**$000**	**$000**
Loss allowance as at October 1, 2020	**1,888,725**	**4,968,916**	**11,730,253**	**-**	**18,587,894**
Transfers:					
Transfer from Stage 1 to Stage 2	(245,802)	245,802	-	-	-
Transfer from Stage 1 to Stage 3	(11,777)	-	11,777	-	-
Transfer from Stage 2 to Stage 3	-	(326,844)	326,844	-	-
Transfer from Stage 2 to Stage 1	266,882	(266,882)	-	-	-
Transfer from Stage 3 to Stage 1	(2,263)	-	2,263	-	-
Transfer from Stage 3 to Stage 2	-	(37,469)	37,469	-	-
New financial assets originated or purchased	306,410	402,769	5,139,386	-	5,848,565
Financial assets derecognised during the period	(117,875)	(994,643)	(128,469)	-	(1,240,987)
Write offs	-	-	(4,900,227)	-	(4,900,227)
Changes to principal	806,550	874,634	36,617	-	1,717,801
Changes to input to ECL model	(1,717,162)	(2,063,130)	(938,803)	-	(4,719,095)
Foreign exchange movement	13,152	27,226	159,506	-	199,884
Loss allowance as at September 30, 2021	**1,186,840**	**2,830,379**	**11,476,616**	**-**	**15,493,835**

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49. Financial Risk Management (Continued)

(a) Credit risk (continued)

Loss allowance (continued)

	The Group				
	ECL staging				
	2022				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
DUE FROM BANKS, REINSURANCE ASSET and OTHER ASSETS	**$000**	**$000**	**$000**	**$000**	**$000**
Loss allowance as at October 1, 2021	428,082	4,931,958	454,469	-	5,814,509
Stage 2 to 3	-	(568,366)	568,366	-	-
New financial assets originated or purchased	82,497	4,425	-	-	86,922
Financial assets derecognised during the period	(3,336)	(30,029)	(21,201)	-	(54,566)
Write offs	-	(394,964)	331,790	-	(63,174)
Changes to principal	-	(316)	(89,501)		(89,817)
Changes to inputs to ECL model	17,724	(1,059,717)	146,918	-	(895,075)
Foreign exchange changes	(13,347)	126,236	(149,932)	-	(37,043)
Loss allowance as at September 30, 2022	511,620	3,009,227	1,240,909		4,761,756

	The Group				
	ECL staging				
	2021				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
DUE FROM BANKS, REINSURANCE ASSET and OTHER ASSETS	**$000**	**$000**	**$000**	**$000**	**$000**
Loss allowance as at October 1, 2020	605,945	3,455,051	559,558	-	4,620,554
Stage 2 to 3	-	(95,228)	95,228	-	-
New financial assets originated or purchased	49,405	-	-	-	49,405
Financial assets derecognised during the period	(9,291)	90,087	-	-	80,796
Write offs	(304)	(142,191)	(298,525)	-	(441,020)
Changes to principal	1,041	672	49,176	-	50,889
Changes to input to ECL model	(265,901)	1,479,351	18,850	-	1,232,300
Foreign exchange changes	47,187	144,216	30,182	-	221,585
Loss allowance as at September 30, 2021	428,082	4,931,958	454,469	-	5,814,509

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49. Financial Risk Management (Continued)

(a) Credit risk (continued)

Loss allowance (continued)

	The Company ECL staging 2022				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
DEBT SECURITIES	**$000**	**$000**	**$000**	**$000**	**$000**
Loss allowance as at October 1, 2021	2,119	-	-	-	2,119
Transfers:					
Changes to input to the ECL model	(551)	-	-	-	(551)
Loss allowance as at September 30, 2022	1,568	-	-	-	1,568

	The Company ECL staging 2021				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
DEBT SECURITIES	**$000**	**$000**	**$000**	**$000**	**$000**
Loss allowance as at October 1, 2020	1,634	-	-	-	1,634
Transfers:					
New financial assets originated or purchased	485	-	-	-	485
Loss allowance as at September 30, 2021	2,119	-	-	-	2,119

	The Company ECL staging 2022				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
LOANS AND ADVANCES	**$000**	**$000**	**$000**	**$000**	**$000**
Loss allowance as at October 1, 2021					
Transfers:					
New financial assets originated or purchased	10,007	-	-	-	10,007
Loss allowance as at September 30, 2022	10,007	-	-	-	10,007

	The Company ECL staging 2021				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
LOANS AND ADVANCES	**$000**	**$000**	**$000**	**$000**	**$000**
Loss allowance as at October 1, 2020	37	-	-	-	37
Transfers:					
New financial assets originated or purchased	(37)	-	-	-	(37)
Loss allowance as at September 30, 2021	-	-	-	-	-

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49. Financial Risk Management (Continued)

(a) Credit risk (continued)

The most significant period-end assumptions used for the ECL estimate are set out in the tables below

At October 1, 2021 and September 30, 2022

Economic variable assumptions for exposure – securities

Macroeconomic variables used in the Group's ECL models for securities include, but are not limited to, Global Gross Domestic Product growth, Global Consumer Price Index and interest rates. The impact of these economic variables has been determined by performing statistical analysis to understand that a correlation exists between certain variables. The PDs and LGDs are impacted by long-term changes in the various data sets gathered from external rating agencies (Standard & Poor's, Moody's) and the International Monetary Fund. Macroeconomic variable assumptions in the expected credit loss models include Global Gross Domestic Product growth of 3.59% (2021: - 5.9%) and Global Consumer Price Index 7.4 (2021: 4.79).

Economic variable assumptions for exposure – loans and advances

For lending operations in Jamaica and Trinidad and Tobago, management has examined the information within the market and selected economic metrics that have a significant correlation to credit losses.

Expected state for the next 12 months		Jamaica	Trinidad
GDP growth	Base	Stable	Stable
	Upside	Stable	Positive
	Downside	Stable	Negative
Inflation	Base	Stable	Stable
	Upside	Stable	Positive
	Downside	Stable	Negative

In the Bermuda subsidiaries macroeconomic variables include, but are not limited to, unemployment rates, collateral normalisation rates and interest rates. The impact of these economic variables has been determined by performing statistical analyses to confirm that a correlation exists between certain variables, mainly default rates. The PD is impacted by changes in unemployment rate data gathered from an external rating agency. Collateral normalisation rate changes impact the LGD and interest rates estimations will impact future year balances in the calculation of ECL. The impact of any reasonably possible fluctuations in these variables is considered by management to be immaterial.

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49. Financial Risk Management (Continued)

(a) Credit risk (continued)

Sensitivity analysis
Set out below are the changes in ECL as at 30 September 2022 that would result from a reasonably possible change in the PDs and LGDs used by the Group:

PD Sensitivity

	The Group		
	2022		
			Impact on ECL
Financial Assets	**Actual PD ranges applied**	**% Change in PD**	**Impact**
			$'000
Debt securities	0.003% – 2.522%	+/- 30%	757,360
Loans and advances	0% - 0.13%	+/- 30%	599,635
Repurchase agreements	0.003% - 0.01%	+/- 30%	11,028
Cash and cash equivalents	0.0% - 0.01%	+/- 30%	84,441
Commitments, guarantees & LCs			5,845
Total			1,458,309

	The Group		
	2021		
			Impact on ECL
Financial Assets	**Actual PD ranges applied**	**% Change in PD**	**Impact**
			$'000
Debt securities	0.003% – 2.39%	+/- 30%	994,635
Loans and advances	0% - 0.19%	+/- 30%	951,318
Repurchase agreements	0.003% - 0.01%	+/- 30%	10,398
Cash and cash equivalents	0.0003% - 0.01%	+/- 30%	113,298
Commitments, guarantees & LCs			4,321
Total			2,073,970

49. Financial Risk Management (Continued)

(b) Liquidity risk

The Group's liquidity risk policy is designed to ensure that it can meet cash obligations when they fall due and take advantage of unanticipated earnings enhancement opportunities.

Liquidity management within the Group, which incorporates funding risk management, ensures that there is a sufficient level of liquid assets available in addition to stable funding lines to meet on-going cash commitments even during periods of stress. The management of liquidity risk is executed within a framework which comprises:

(i) Oversight by relevant governance committees;

(ii) Daily management of liquidity by the relevant treasury/investment units within each Group company;

(iii) Use of tools to measure the Group's exposures;

(iv) Establishment and monitoring of limits/benchmarks for maturity mismatches and funding concentrations;

(v) Diversification of funding sources;

(vi) Maintenance of committed lines of credits; and

(vii) Monitoring of adherence to regulatory ratios.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month, respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

The matching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Group's liquidity exposure. It is unusual for companies to be completely matched since business transacted is often of uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of loss.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Group and its exposure to changes in interest rates and exchange rates.

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49. Financial Risk Management (Continued)
(b) Liquidity risk (continued)
Cash flows of financial liabilities

The tables below present the contractual maturities of undiscounted cash flows (both interest and principal cash flows) of the financial assets (expected) and liabilities (contractual and expected) based on the remaining period.

	The Group					
	Within 1 Month $'000	2 to 3 Months $'000	4 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Total $'000
As at September 30, 2022:						
Due to Banks	11,014,374	4,760,796	15,133,394	7,956,070	-	38,864,634
Customer deposits	623,464,337	35,695,873	57,549,829	18,346,201		735,056,240
Repurchase agreements	64,266,413	73,620,548	70,659,437	42,244,702	21,691,969	272,483,069
Obligations under securitisation arrangements	1,307,719	498,813	6,652,319	59,428,581	63,737,317	131,624,749
Other borrowed funds	1,359,938	3,017,313	32,987,695	117,413,795	10,501,496	165,280,237
Third party interests in mutual funds	33,587,710	-	-	-	-	33,587,710
Lease liabilities	30,839	105,443	1,703,529	2,805,122	909,541	5,554,474
Liabilities under annuity , insurance and investment contracts	2,619,182	3,240,494	45,443,504	132,956,852	839,044,665	1,023,304,697
Segregated fund liabilities	5,193	20,004	112,553	1,301,169	12,997,831	14,436,750
Other	63,903,306	-	-	-	-	63,903,306
Total financial liabilities (contractual maturity dates)	801,559,011	120,959,284	230,242,260	382,452,492	948,882,819	2,484,095,866
Total financial liabilities (expected maturity dates)	337,480,498	112,979,073	249,877,736	539,621,421	1,270,786,093	2,510,744,821
Total financial assets (expected maturity dates)	275,258,559	81,275,744	201,507,911	637,696,797	1,383,827,732	2,579,566,743

	The Group					
	Within 1 Month $'000	2 to 3 Months $'000	4 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Total $'000
As at September 30, 2021:						
Due to Banks	7,471,318	6,984,241	-	12,290,421	-	26,745,980
Customer deposits	556,402,985	27,065,509	54,441,558	14,034,613	-	651,944,665
Repurchase agreements	65,126,052	79,837,732	37,917,136	45,672,781	6,217,151	234,770,852
Obligations under securitisation arrangements	3,107,220	480,199	10,762,256	35,924,246	27,854,997	78,128,918
Other borrowed funds	7,719,196	19,067,848	16,749,392	111,119,139	15,040,553	169,696,128
Third party interests in mutual funds	33,699,975	-	-	-	-	33,699,975
Lease liabilities	126,383	207,374	825,813	3,260,892	1,516,840	5,937,302
Liabilities under annuity , insurance and investment contracts	1,761,356	3,840,631	45,428,079	118,641,898	813,958,609	983,630,573
Segregated fund liabilities	10,889	31,280	154,946	1,117,335	14,105,029	15,419,479
Other	57,828,017	-	-	-	-	57,828,017
Total financial liabilities (contractual maturity dates)	733,253,391	137,514,814	166,279,180	342,061,325	878,693,179	2,257,801,889
Total financial liabilities (expected maturity dates)	195,988,083	150,856,423	170,181,031	417,003,184	1,319,457,818	2,253,486,539
Total financial assets (expected maturity dates)	209,615,995	14,525,617	183,346,618	631,035,332	1,311,025,791	2,349,549,353

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(expressed in Jamaican dollars unless otherwise indicated)

49. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Cash flows of financial liabilities (continued)

	The Company					
	Within 1 Month $'000	2 to 3 Months $'000	4 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Total $'000
As at September 30, 2022:						
Due to banks	275,753	7,119,759	11,743,988	-	-	19,139,500
Other borrowed funds	16,684	469,985	15,458,819	78,141,206	-	94,086,694
Derivative financial instruments	-	-	402,695	-	-	402,695
Lease Liabilities	10,390	20,781	93,514	-	-	124,685
Other	5,398,303	-	-	-	-	5,398,303
Total financial liabilities (contractual maturity dates)	5,701,130	7,610,525	27,699,016	78,141,206	-	119,151,877
Total financial liabilities (expected maturity dates)	2,817,042	(7,364,854)	(12,801,161)	(38,959,562)	8,465,972	(47,842,563)
Total financial assets (expected maturity dates)	8,518,172	245,671	14,897,855	39,181,644	8,465,972	71,309,314

	The Company					
	Within 1 Month $'000	2 to 3 Months $'000	4 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Total $'000
As at September 30, 2021:						
Due to banks	-	520,024	-	17,263,197	-	17,783,221
Other borrowed funds	552,675	653,737	8,070,314	87,228,514	-	96,505,240
Other	2,153,737	-	-	-	-	2,153,737
Total financial liabilities (contractual maturity dates)	2,706,412	1,173,761	8,070,314	104,491,711	-	116,442,198
Total financial liabilities (expected maturity dates)	2,706,412	1,173,761	8,070,314	104,491,711	-	116,442,198
Total financial assets (expected maturity dates)	16,647,439	245,671	-	2,211,041	8,955,973	28,060,124

Assets available to meet all of the liabilities and to cover outstanding loan commitments include cash, central bank balances, items in the course of collection, investment securities and other eligible bills, loans and advances to banks, and loans and advances to customers. In the normal course of business, a proportion of customer loans contractually repayable within one year will be extended. In addition, debt securities and treasury and other bills have been pledged to secure liabilities. The Group is also able to meet unexpected net cash outflows by selling securities and accessing additional funding sources from other financial institutions.

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49. Financial Risk Management (Continued)

(b) Liquidity risk (continued)
Cash flows of financial liabilities (continued)

Off-statement of financial position items
The tables below show the contractual expiry by maturity of commitments.

	The Group			
	No later than 1 year $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
At September 30, 2022				
Credit commitments	85,012,264	2,618,797	941,454	88,572,516
Guarantees, acceptances and other financial facilities	11,433,298	970,349	2,825,606	15,229,253
Capital commitments	6,747,384	36,080	-	6,783,464
	103,192,946	3,625,226	3,767,060	110,585,233
At September 30, 2021				
Credit commitments	73,048,633	1,001,582	1,632,688	75,682,903
Guarantees, acceptances and other financial facilities	5,774,946	2,633,185	2,737,670	11,145,801
Capital commitments	5,828,043	234,469	-	6,062,512
	84,651,622	3,869,236	4,370,358	92,891,216

Capital commitments are in relation to approved expenditures for property, plant, equipment and computer software that were unused as at the end of the respective financial years either because they relate to work in progress or are awaiting the start of the project. Of the total capital commitments, planned expenditure valuing $3,710,747000 (2021 – $1,094,360,000) for the Group has already been contracted.

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49. Financial Risk Management (Continued)

(c) Market risk

The Group takes on exposure to market risk, which is defined as the potential for loss arising from changes in the market value of the organisation's financial instruments due to changes in certain market variables, such as interest rates, foreign exchange rates, equity prices, market liquidity and credit spreads.

The Group incurs market risk primarily in treasury, trading and banking activities. The Group takes a comprehensive governance approach in accordance with the enterprise-wide risk management framework. This includes:

- Oversight provided by the relevant governance committees.
- An independent market risk oversight function.
- The utilisation of tools and models to measure market risk exposure.
- Limit setting mechanisms and a monitoring process.
- The utilisation of scenario analysis and of stress testing for worst case events.

(i) Currency risk

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

Foreign exchange risk occurs when the Group takes an open position in a currency. To control this exchange risk, the Group has approved limits for net open positions in each currency for both intra-day and overnight.

The Group also has transactional currency exposure. Such exposure arises from having financial assets in currencies other than those in which financial liabilities are expected to be settled. The Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign assets to address short term imbalances.

49. Financial Risk Management (Continued)

(c) Market risk (continued)

(i) Currency risk (continued)

Concentrations of currency risk – on- and off-statement of financial position financial instruments

The tables below summarise the Group's and the Company's exposure to foreign currency exchange rate risk as at the date of the statement of financial position.

	J$	US$	BMD
September 30, 2022	**$'000**	**$'000**	**$'000**
Assets			
Cash in hand and balances at Central Banks	31,954,722	29,454,522	4,170,796
Due from banks	2,749,357	77,167,966	1,104,723
Reverse repurchase agreements	1,915,203	5,594,664	-
Loans and advances net of provision for credit losses	319,861,121	147,891,651	84,854,021
Investment securities	236,124,310	456,534,447	-
Derivative financial instruments	284,204	590,267	-
Reinsurance assets	1,415,511	12,873,966	-
Other	8,900,380	12,842,755	6,660,929
Total financial assets	603,204,808	742,950,238	96,790,469
Liabilities			
Due to banks	2,961,936	34,349,456	-
Customer deposits	305,044,929	268,052,043	101,094,678
Repurchase agreements	68,195,194	161,418,543	-
Obligations under securitisation arrangements	-	100,267,723	-
Other borrowed funds	51,341,106	46,025,119	-
Liabilities under annuity , insurance and investment contracts	65,294,798	33,158,924	-
Lease liabilities	2,037,146	700,027	1,127,390
Segregated fund liabilities	14,436,764	-	-
Third party interest in mutual funds	-	7,841,818	-
Other	15,551,991	13,307,928	973,039
Total financial liabilities	524,863,864	665,121,581	103,195,107
Net on-statement of financial position	78,340,944	77,828,657	(6,404,638)
Guarantees, acceptances and other financial facilities	8,820,644	3,418,436	-
Credit commitments	59,231,856	24,944,876	4,395,784

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	The Group						
	GBP	EURO	TT	CAD	NAF	Other	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
	1,685,059	14,137	1,479,666	426,536	-	1,671,002	70,856,440
	6,700,274	9,250,688	43,652,474	2,404,738	41,503,193	10,135,932	194,669,345
	-	-	790,266	-	-	-	8,300,133
	-	1,580,712	10,113,036	-	16,687,273	-	580,987,814
	4,254,983	2,934,661	198,701,777	3,433,743	40,399,133	17,103,681	959,486,735
	-	-	-	-	-	-	874,471
	2,508,548	5,181,083	1,191,416	-	2,388,229	4,754,104	30,312,857
	5,217	4,831,076	3,037,582	98	9,574,678	4,953,728	50,806,443
	15,154,081	23,792,357	258,966,217	6,265,115	110,552,506	38,618,447	1,896,294,238
	100,985	11,948	2,189	63,496	-	11,982	37,501,992
	12,394,113	4,195,490	21,557,003	2,787,974	-	150,452	715,276,682
	-	-	14,006,897	-	-	4,056,219	247,676,853
	-	-	-	-	-	-	100,267,723
	-	-	56,655,724	-	-	-	154,021,949
				-			
	2,758,559	9,822,521	207,355,976	-	147,268,473	17,692,441	483,351,692
	-	-	1,307,815	-	-	781	5,173,159
	-	-	-	-	-	-	14,436,764
	-	-	25,745,923	-	-	-	33,587,741
	664,693	6,830,501	8,731,437	275,188	7,793,447	9,775,082	63,903,306
	15,918,350	20,860,460	335,362,964	3,126,658	155,061,920	31,686,957	1,855,197,861
	(764,269)	2,931,897	(76,396,747)	3,138,457	(44,509,414)	6,931,490	41,096,377
	-	2,990,173	-	-	-	-	15,229,253
	-	-	-	-	-	-	88,572,516

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49. Financial Risk Management (Continued)

(c) Market risk (continued)

(i) Currency risk (continued)

Concentrations of currency risk – on- and off-statement of financial position financial instruments (continued)

	J$	US$	BMD
September 30, 2021	**$'000**	**$'000**	**$'000**
Assets			
Cash in hand and balances at Central Banks	31,049,481	33,115,009	1,842
Due from banks	3,612,806	76,809,840	3,907,039
Reverse repurchase agreements	4,656,980	5,010,080	-
Loans and advances net of provision for credit losses	285,352,684	130,245,591	87,173,428
Investment securities	228,499,228	403,799,650	6,536,207
Derivative financial instruments	-	767,441	-
Reinsurance assets	1,720,241	10,604,004	-
Other	7,997,741	10,712,641	999
Total financial assets	562,889,161	671,064,256	97,619,515
Liabilities			
Due to banks	1,237,015	22,640,192	-
Customer deposits	273,804,724	231,994,397	100,573,051
Repurchase agreements	66,330,139	146,764,843	4,217,111
Obligations under securitisation arrangements	-	63,693,363	-
Other borrowed funds	26,394,683	59,863,931	740,477
Liabilities under annuity , insurance and investment contracts	71,221,374	31,020,492	-
Lease liabilities	1,388,592	2,016,577	-
Derivative financial instruments	-	45,228	-
Segregated fund liabilities	15,419,433	-	-
Third party interest in mutual funds	-	10,780,453	-
Other	18,359,766	10,961,866	1,205,531
Total financial liabilities	474,155,726	579,781,342	106,736,170
Net on-statement of financial position	88,733,435	91,282,914	(9,116,655)
Guarantees, acceptances and other financial facilities	101,706	8,892,422	-
Credit commitments	51,321,740	17,089,210	7,271,953

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The Group						
GBP	EURO	TT	CAD	NAF	Other	Total
$'000	$'000	$'000	$'000	$'000	$'000	$'000
1,917,003	14,737	1,243,533	442,791	-	1,350,253	69,134,649
12,432,394	9,420,222	21,039,162	5,064,311	40,267,402	9,584,997	182,138,173
-	-	-	-	-	-	9,667,060
369	1,921,868	7,119,760	-	11,671,055	4,135	523,488,890
3,099,507	865,933	201,111,170	5,683,497	41,753,347	9,163,656	900,512,195
-	-	-	-		-	767,441
3,132,867	4,869,680	1,157,073	-	2,376,966	2,775,166	26,635,997
8,508	4,775,951	5,315,337	103	5,304,887	4,913,805	39,029,972
20,590,648	21,868,391	236,986,035	11,190,702	101,373,657	27,792,012	1,751,374,377
141,325	23,012	-	60,275	-	2,540	24,104,359
15,526,492	3,255,445	15,794,165	5,998,397	-	138,729	647,085,400
-	-	7,493,294	-	-	-	224,805,387
-	-	-	-	-	-	63,693,363
-	-	51,034,248	-	-	-	138,033,339
3,601,436	11,112,465	208,141,942	-	136,022,787	15,709,131	476,829,627
250,868	-	7,056	1,379,223	328,526	6,670	5,377,512
-	-	-		-	-	45,228
-	-	-	-	-	-	15,419,433
-	-	22,919,522	-	-	-	33,699,975
525,609	5,899,598	6,009,490	122,750	7,893,068	6,850,339	57,828,017
20,045,730	20,290,520	311,399,717	7,560,645	144,244,381	22,707,409	1,686,921,640
544,918	1,577,871	(74,413,682)	3,630,057	(42,870,724)	5,084,603	64,452,737
-	-	-	-	2,151,673	-	11,145,801
-	-	-	-	-	-	75,682,903

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49. Financial Risk Management (Continued)

(c) Market risk (continued)

(i) Currency risk (continued)

Concentrations of currency risk–on- and off-balance sheet financial instruments (continued)

	The Company			
	J$	US$	TT$	Total
September 30, 2022	**$'000**	**$'000**	**$'000**	**$'000**
Assets				
Due from banks	155,112	125,518	-	280,630
Loan to related party	-	50,395,070	-	50,395,070
Investment securities	7,126,192	-	-	7,126,192
Other	1,577,428	5,085,769	-	6,663,197
Total financial assets	8,858,732	55,606,357	-	64,465,089
Liabilities				
Due to banks	6,966,513	11,673,243	-	18,639,756
Other borrowed funds	38,778,390	42,584,880	-	81,363,270
Derivative financial instruments	402,695	-	-	402,695
Lease liabilities	121,489	-	-	121,489
Other	1,891,880	3,506,424	-	5,398,304
Total financial liabilities	48,160,967	57,764,547	-	105,925,514
Net on-statement of financial position	(39,302,235)	(2,158,190)	-	(41,460,425)

	The Company			
	J$	US$	TT$	Total
September 30, 2021	**$'000**	**$'000**	**$'000**	**$'000**
Assets				
Due from banks	11,200,031	4,597,101	-	15,797,132
Loan to related party	-	-	-	-
Investment securities	7,126,178	-	-	7,126,178
Other	849,860	65,410	-	915,270
Total financial assets	19,176,069	4,662,511	-	23,838,580
Liabilities				
Due to banks	5,132,329	11,237,647	-	16,369,976
Other borrowed funds	34,881,973	50,760,512	-	85,642,485
Lease liabilities	76,438	-	-	76,438
Other	974,339	1,179,398	-	2,153,737
Total financial liabilities	41,065,079	63,177,557	-	104,242,636
Net on-statement of financial position	(21,889,010)	(58,515,046)	-	(80,404,056)

49. Financial Risk Management (Continued)

(c) Market risk (continued)

(i) Currency risk (continued)

Concentrations of currency risk – on- and off-statement of financial position financial instruments (continued)

Foreign currency sensitivity

The following table indicates the currencies to which the Group and the Company have significant exposures on its monetary assets and liabilities and its forecast cash flows. The change in currency rates below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents the outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for changes in foreign currency rates. The sensitivity analysis includes loans and advances to customers, investment securities and deposits. The correlation of variables will have a significant effect in determining the ultimate impact on market risk, but to demonstrate the impact due to changes in each variable, variables had to be considered on an individual basis. It should be noted that movements in these variables are non-linear. There was no effect on other comprehensive income.

	2022			2021		
	% Change in Currency Rate	Effect on Profit before Taxation		% Change in Currency Rate	Effect on Profit before Taxation	
		The Group $'000	The Company $'000		The Group $'000	The Company $'000
Currency:						
USD	Appreciation 2%	(1,556,573)	43,164	Appreciation 2%	(1,825,658)	1,170,301
	Depreciation 8%	6,226,293	(172,655)	Depreciation 6%	7,302,633	(4,681,204)
GBP	Appreciation 2%	15,285	-	Appreciation 2%	(31,557)	-
	Depreciation 8%	(61,142)	-	Depreciation 6%	126,230	-
TTD	Appreciation 2%	1,527,935	-	Appreciation 2%	1,488,274	-
	Depreciation 8%	(6,111,740)	-	Depreciation 6%	(5,953,095)	-
EUR	Appreciation 2%	(58,638)	-	Appreciation 2%	(10,898)	-
	Depreciation 8%	234,552	-	Depreciation 6%	43,593	-
CAN	Appreciation 2%	(62,769)	-	Appreciation 2%	(72,601)	-
	Depreciation 8%	251,077	-	Depreciation 6%	290,405	-
NAF	Appreciation 2%	890,188	-	Appreciation 2%	857,414	-
	Depreciation 8%	(3,560,753)	-	Depreciation 6%	(3,429,658)	-
BMD	Appreciation 2%	128,093	-	Appreciation 2%	182,333	-
	Depreciation 8%	(512,371)	-	Depreciation 6%	(729,332)	-

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49. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk

Interest rate risk arises when the Group's principal and interest cash flows from on- and off-statement of financial position items have mismatched repricing dates. The short term impact is experienced on the Group's net interest income and long term impact is felt on its equity.

The Group incurs interest rate mismatches from its interest bearing assets and liabilities with the size of such exposure being heavily dependent on the direction and degree of interest rate movements in addition to the size and maturity structure of the mismatched position. The Group's policy requires that such mismatches are managed. Accordingly, the Board requires that a comprehensive system of limits, gap analysis and stress testing be used to manage the Group's exposure.

Floating rate instruments expose the Group to cash flow interest risk, whereas fixed interest rate instruments expose the Group to fair value interest risk.

The Group's interest rate risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest bearing financial assets and interest bearing financial liabilities. Limits are established and monitored with respect to the level of mismatch of interest rate repricing that may be undertaken.

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49. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

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

	The Group						
	Within 1 Month	2 to 3 Months	4 to 12 Months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
September 30, 2022	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Assets							
Cash in hand and balances at Central Banks	3,683,604	-	-	-	1,661,566	65,511,270	70,856,440
Due from banks	94,327,650	14,011,140	22,292,808	26,196,497	1,896,877	35,944,373	194,669,345
Reverse repurchase agreements	4,076,016	2,311,756	375,723	1,510,742	-	25,896	8,300,133
Loans and advances net of provision for credit impairment losses	91,895,569	35,880,816	24,093,807	169,662,895	256,015,298	3,439,429	580,987,814
Investment securities classified as FVOCI	42,452,778	69,574,398	53,868,350	252,723,011	434,768,909	106,099,289	959,486,735
Reinsurance asset	-	-	-	-	-	30,312,857	30,312,857
Derivative financial instruments	-	-	-	-	-	874,471	874,471
Other	-	-	-	-	-	50,806,443	50,806,443
Total financial assets	236,435,617	121,778,110	100,630,688	450,093,145	694,342,650	293,014,028	1,896,294,238
Liabilities							
Due to banks	4,790,382	3,800,478	14,441,815	7,624,147	-	6,845,170	37,501,992
Customer deposits	601,651,890	35,876,748	56,753,513	19,401,763	-	1,592,768	715,276,682
Repurchase agreements	58,571,872	69,885,701	62,053,568	37,389,931	17,934,705	1,841,076	247,676,853
Obligations under securitisation arrangements	793,964	-	2,449,513	40,930,415	55,571,379	522,452	100,267,723
Other borrowed funds	1,780,236	2,273,294	18,298,777	120,688,577	9,857,284	1,123,781	154,021,949
Lease liabilities	23,099	46,262	335,972	2,172,409	89,015	2,506,402	5,173,159
Liabilities under annuity, insurance and investment contracts	3,668,693	3,029,477	13,556,669	88,900,111	289,069,796	85,126,946	483,351,692
Third party interest in mutual funds	33,587,741	-	-	-	-	-	33,587,741
Segregated fund liabilities	5,193	20,004	112,553	1,301,160	12,997,854	-	14,436,764
Other	-	-	-	-	-	63,903,306	63,903,306
Total financial liabilities	704,873,070	114,931,964	168,002,380	318,408,513	385,520,033	163,461,901	1,855,197,861
On-statement of financial position interest sensitivity gap	(468,437,453)	6,846,146	(67,371,692)	131,684,632	308,822,617	129,552,127	41,096,377
Cumulative interest sensitivity gap	(468,437,453)	(461,591,307)	(528,962,999)	(397,278,367)	(88,455,750)	41,096,377	

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49. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

	The Group						
	Within 1 Month	2 to 3 Months	4 to 12 Months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
September 30, 2021	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Assets							
Cash in hand and balances at Central Banks	1,735,301	-	-	-	1,342,585	66,056,763	69,134,649
Due from banks	92,757,858	7,517,046	14,557,701	30,878,490	4,032,571	32,394,507	182,138,173
Reverse repurchase agreements	2,687,447	2,981,831	3,984,094	-	-	13,688	9,667,060
Loans and advances net of provision for credit impairment losses	75,791,362	44,218,888	29,693,814	160,697,288	200,088,616	12,998,922	523,488,890
Investment securities classified as FVOCI	46,998,632	30,360,535	44,654,871	149,229,347	531,073,506	98,195,304	900,512,195
Reinsurance asset	-	-	-	-	-	26,635,997	26,635,997
Derivative financial instruments	-	-	-	-	-	767,441	767,441
Other	-	-	-	-	-	39,029,972	39,029,972
Total financial assets	219,970,600	85,078,300	92,890,480	340,805,125	736,537,278	276,092,594	1,751,374,377
Liabilities							
Due to banks	481,239	9,984,934	439,039	11,003,138	-	2,196,009	24,104,359
Customer deposits	551,680,844	26,350,023	53,891,626	13,665,338	-	1,497,569	647,085,400
Repurchase agreements	68,512,134	73,361,457	34,370,748	41,849,663	5,563,907	1,147,478	224,805,387
Obligations under securitisation arrangements	2,726,908	-	8,420,629	26,979,295	25,139,991	426,540	63,693,363
Other borrowed funds	1,259,248	17,994,880	13,646,456	91,412,494	12,258,901	1,461,360	138,033,339
Derivative financial instruments	-	-	-	-	-	45,228	45,228
Lease liabilities	105,471	125,037	491,031	2,026,412	1,137,206	1,492,355	5,377,512
Liabilities under annuity, insurance and investment contracts	2,207,685	3,505,476	14,989,825	172,573,567	202,702,092	80,850,982	476,829,627
Third party interest in mutual funds	33,699,975	-	-	-	-	-	33,699,975
Segregated fund liabilities	-	-	838,636	14,580,797	-	-	15,419,433
Other	-	-	-	-		57,828,017	57,828,017
Total financial liabilities	660,673,504	131,321,807	127,087,990	374,090,704	246,802,097	146,945,538	1,686,921,640
On-statement of financial position interest sensitivity gap	(440,702,904)	(46,243,507)	(34,197,510)	(33,285,579)	489,735,181	129,147,056	64,452,737
Cumulative interest sensitivity gap	(440,702,904)	(486,946,411)	(521,143,921)	(554,429,500)	(64,694,319)	64,452,737	

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49. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

	The Company						
	Within 1 Month	**2 to 3 Months**	**4 to 12 Months**	**1 to 5 Years**	**Over 5 Years**	**Non-Interest Bearing**	**Total**
September 30, 2022	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Assets							
Due from banks	280,630	-	-	-	-	-	280,630
Loan to related party	-	-	13,681,719	36,484,584	-	228,767	50,395,070
Investment securities classified as FVOCI	-	-	-	-	7,000,000	126,192	7,126,192
Other	-	-	-	-	-	6,663,197	6,663,197
Total financial assets	280,630	-	13,681,719	36,484,584	7,000,000	7,018,156	64,465,089
Liabilities							
Due to banks	-	6,500,000	11,401,433	-	-	738,323	18,639,756
Other borrowed funds	-	-	18,746,007	62,308,430	-	308,833	81,363,270
Derivative financial instruments	-	-	-	-	-	402,695	402,695
Lease liabilities	10,124	20,248	91,117	-	-	-	121,489
Other	-	-		-	-	5,398,304	5,398,304
Total financial liabilities	10,124	6,520,248	30,238,557	62,308,430	-	6,848,155	105,925,514
On-statement of financial position interest sensitivity gap	270,506	(6,520,248)	(16,556,838)	(25,823,846)	7,000,000	170,001	(41,460,425)
Cumulative interest sensitivity gap	270,506	(6,249,742)	(22,806,580)	(48,630,426)	(41,630,426)	(41,460,425)	
September 30, 2021							
Assets							
Due from banks	15,796,187	-	-	-	-	945	15,797,132
Investment securities classified as FVOCI	-	-	-	-	7,000,000	126,178	7,126,178
Other	-	-	-	-	-	915,270	915,270
Total financial assets	15,796,187	-	-	-	7,000,000	1,042,393	23,838,580
Liabilities							
Due to banks	-	-	-	15,975,980	-	393,996	16,369,976
Other borrowed funds	-	-	6,585,588	78,165,323	-	891,574	85,642,485
Lease liabilities	-	-	-	76,438	-	-	76,438
Other	-	-	-	-	-	2,153,737	2,153,737
Total financial liabilities	-	-	6,585,588	94,217,741	-	3,439,307	104,242,636
On-statement of financial position interest sensitivity gap	15,796,187	-	(6,585,588)	(94,217,741)	7,000,000	(2,396,914)	(80,404,056)
	15,796,187	15,796,187	9,210,599	(85,007,142)	(78,007,142)	(80,404,056)	

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49. Financial Risk Management (Continued)
(c) Market risk (continued)
(ii) Interest rate risk (continued)

The tables below summarise the effective interest rates for financial instruments by major currencies.

	The Group										
	J$	US$	CAN$	GBP	BMD	TTD	EURO	J$	US$	TT$	GBP
	%	%	%	%	%	%	%	%	%	%	%
September 30, 2022											
Assets											
Balances at Central Banks	6.50	-	-	-	-	-	-	-	-	-	-
Due from banks	-	1.00	-	-	-	-	-	-	-	-	-
Reverse repurchase agreements	7.51	3.94	-	-	-	-	-				
Loans and advances	9.66	5.46	-		5.92	1.50	-	-	3.83	-	-
Investment securities	7.45	4.64	-	0.38	-	6.70	-	7.00	-	-	-
Liabilities											
Due to banks	7.29	4.84	-	-	-	-	-	6.00	5.96	-	-
Customer deposits	0.08	0.06	0.75	2.41	-	-	1.07	-	-	-	-
Lease liabilities	5.02	-	-	-	-	-	-	-	-	-	-
Repurchase agreements	7.62	1.42	-	-	0.25	0.64	-	-	-	-	-
Obligations under securitisation arrangements	-	4.80	-	-	-	-		-	-	-	-
Other borrowed funds	5.74	6.54	-	-	-	6.10	-	6.57	7.61	-	-

	The Group										
	J$	US$	CAN$	GBP	BMD	TTD	EURO	J$	US$	TT$	GBP
	%	%	%	%	%	%	%	%	%	%	%
September 30, 2021											
Assets											
Balances at Central Banks	0.50	-	-	-	-	-	-	-	-	-	-
Due from banks	-	0.75	-	-	-	-	-	-	-	-	-
Reverse repurchase agreements	2.39	2.19	-	-	6.05	5.77	-	-	-	-	-
Loans and advances	11.14	6.79	-	-	-	-	-	-	-	-	-
Investment securities	4.76	4.63	-	-	6.05	5.64	-	7.00	-	-	-
Liabilities											
Due to banks	0.97	2.94	-	-	-	-	-	6.00	5.96	-	-
Customer deposits	0.94	0.73	-	-	-	-	-	-	-	-	-
Lease liabilities	9.75	6.25	-	-	-	-	-	3.57	-	-	-
Repurchase agreements	3.00	2.62	-	-	2.63	-	-	-	-	-	-
Obligations under securitisation arrangements	-	5.44	-	-	-	-	-	-	-	-	-
Other borrowed funds	6.46	6.10	-	-	-	-	-	6.48	6.33	-	-

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49. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

Interest rate sensitivity

The following table indicates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, on the income statement and stockholders' equity.

The sensitivity of the profit or loss is the effect of the assumed changes in interest rates on net income based on the floating rate of non-trading financial assets and financial liabilities. The sensitivity of other comprehensive income is calculated by revaluing fixed rate FVOCI financial assets for the effects of the assumed changes in interest rates.

	The Group	
	Effect on Net Profit Before Tax	Effect on Other Comprehensive Income
	2022 $'000	2022 $'000
Change in basis points:		
Decrease - JMD -100 and USD -100	(457,943)	13,680,181
Increase - JMD +100 and USD +100	(711,436)	(39,152,516)

	Effect on Net Profit Before Tax	Effect on Other Comprehensive Income
	2021 $'000	2021 $'000
Change in basis points:		
Decrease - JMD -100 and USD -100	297,964	33,761,453
Increase - JMD +100 and USD +100	(192,236)	(20,122,541)

The financial instruments of the Company attract a fixed rate of interest and are not subject to fair value interest rate risk.

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49. Financial Risk Management (Continued)

(c) Market risk (continued)

(iii) Other price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified either as at fair value through profit or loss or available-for-sale. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The Group's investments in quoted equity securities are of entities that are publicly traded on the relevant stock exchanges.

Sensitivity to changes in price of equity securities

The following table indicates the sensitivity to a reasonable possible change in prices of equity securities, with all other variables held constant, on the income statement and stockholders' equity.

The sensitivity of the profit or loss is the effect of the assumed fair value changes of investment securities classified at fair value through profit or loss. The sensitivity of other comprehensive income is the effect of the assumed fair value changes of investment securities classified as FVOCI.

	The Group			
	Effect on Net Profit Before Tax	Effect on Other Comprehensive Income	Effect on Net Profit Before Tax	Effect on Other Comprehensive Income
	2022 $'000	2022 $'000	2021 $'000	2021 $'000
Percentage change in share price				
10% decrease	(9,173,895)	-	(8,542,917)	-
10% increase	9,173,895	-	8,542,917	-

(d) Derivative financial instruments

The Group's derivative transactions are primarily directed at hedging its risk exposures which arise during the normal course of its treasury and investment activities. When entering into derivative transactions, the Group employs the same credit risk management procedures to assess and approve potential credit exposures that are used for traditional lending.

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49. Financial Risk Management (Continued)

(e) Insurance risk
The Group issues contracts that transfer insurance risk or financial risk or both.

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract this risk is random and therefore unpredictable. Experience shows that the larger the portfolio of similar insurance contracts, the smaller will be the relative variability about the expected outcome. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency of or severity of claims and benefits will vary from year to year from the estimate established using statistical techniques.

Life insurance risk
The Group issues contracts that have a maximum period determined by the remaining life of the insured. In addition to the estimated benefits which may be payable under the contract, the Group has to assess the cash flows which may be attributable to the contract. The process of underwriting may also be undertaken and may include specific medical tests and other enquiries which affect the Group's assessment of the risk.

Frequency and severity of claims
For contracts where death is the insured risk, the most significant factors that could increase the overall frequency and severity of claims are epidemics and wide-ranging lifestyle changes, such as in eating, smoking and exercise habits, resulting in earlier or more claims than expected. For contracts where survival is the insured risk, the most significant factor is continued improvement in medical science and social conditions that would increase longevity.

At present, these risks do not vary significantly in relation to the location of the risk insured by the Group. However, undue concentration could have an impact on the severity of benefit payments on a portfolio basis.

For contracts with fixed and guaranteed terms, there are no mitigating terms and conditions that reduce the insurance risk accepted. For contracts without fixed terms, a significant portion of the insurance risk is shared with the insured party. The Group charges for mortality risk on a monthly basis for most life and critical insurance contracts without fixed terms. It has the right to alter these charges based on its mortality experience and hence minimise its exposure to mortality risk.

The Group charges for mortality risks on a monthly basis for insurance contracts with investment options and has the right to alter these charges based on mortality experience and hence to minimise its exposure to mortality risk on these contracts. Delays in implementing increases in mortality charges, and contractual, market or regulatory restraints over the extent of any increases, may reduce this mitigating effect.

The Group also manages mortality risks on its contracts through its underwriting strategy and reinsurance arrangements. The underwriting strategy is intended to minimise the risk of anti-selection. The Group's underwriting strategy has a twofold approach:

a) products that are subject to traditional methods of application and assessment are controlled by traditional underwriting methods including medical and financial selection with benefits being limited to reflect the health and/or financial condition of applicants and by the application of retention limits on any single life insured.

49. Financial Risk Management (Continued)

(e) Insurance risk (continued)
Life insurance risk (continued)
Frequency and severity of claims (continued)

b) products which are not subject to traditional methods of application and assessment contain pre-existing conditions and exclusionary clauses for certain types of high-risk medical and financial events, with claims on these types of policies examined for breaches to those clauses and denied or settled accordingly.

The tables below indicate the concentration of insured benefits across bands of insured benefits per individual life assured. The Group uses catastrophe re-insurance cover against its Individual contracts as the main risks faced by these contracts are interest rate and liquidity:

For the Trinidadian life insurance subsidiary:

	Total Benefits Assured - Individual			
	2022		2021	
	Before Re-insurance	After Re-insurance	Before Re-insurance	After Re-insurance
Benefits assured per life assured ($'000)				
TT$0 - 250	480,112,968	1,854,499	473,513,345	462,355,652
TT$251 - 500	583,977,853	2,580,801	554,167,737	476,955,106
TT$501 - 1,000	502,788,839	3,241,874	475,814,259	343,851,367
TT$1,001 - 3,000	262,123,483	1,422,439	237,548,962	130,204,516
More than TT$3,000	110,625,151	-	115,008,163	19,645,881
Total	1,939,628,294	9,099,613	1,856,052,466	1,433,012,522

For the Jamaican life insurance subsidiary:

	Total Benefits Assured - Individual			
	2022		2021	
	Before Re-insurance	After Re-insurance	Before Re-insurance	After Re-insurance
Benefits assured per life assured ($'000)				
0 – 1,000	347,891,509	345,273,883	338,690,363	335,964,047
1,000 – 2,000	60,206,320	56,031,144	49,046,718	44,676,540
2,000 – 5,000	14,794,971	12,285,630	11,026,195	8,421,116
5,000 – 10,000	12,058,649	9,684,102	9,158,276	6,759,553
Over 10,000	28,311,552	20,427,401	20,281,218	12,321,598
	463,263,001	443,702,160	428,202,770	408,142,854

For the Dutch Caribbean life insurance subsidiary:

	Total Benefits Insured			
	2022		2021	
Benefits assured per life assured ($'000)	Before Re-insurance	After Re-insurance	Before Re-insurance	After Re-insurance
NAF$10,001 - 20,000	212,429,780	206,992,223	212,427,175	206,838,773
NAF$20,001 - 30,000	18,139,193	8,765,612	18,357,072	8,425,628
NAF$30,001 - 40,000	5,284,316	2,353,934	5,831,330	2,416,359
NAF$40,001 - 50,000	3,249,009	1,099,387	2,967,509	755,771
More than NAF$50,000	2,665,719	720,635	2,398,181	640,760
Total	241,768,017	219,931,791	241,981,267	219,077,291

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49. Financial Risk Management (Continued)

(e) Insurance risk (continued)

The Group uses catastrophe re-insurance cover against its Ordinary Life, Group Life and Creditor Life contracts as the main risks faced by these contracts are interest rate and liquidity.

- The premium ceded during the year in respect of catastrophe re-insurance cover amounted to $39,453,000 (2021 – $42,646,000).
- Policyholders' benefits recovered from reinsurers during the year under these contracts amounted to $Nil (2021 – $ Nil).
- At September 30, 2022, premiums payable under re-insurance contracts amounted to $7,609,000 (2021 – $ 12,581,000).

The following tables for annuity insurance contracts illustrate the concentration of risk based on bands that group these contracts in relation to the amount payable per annum, as if the annuity were in payment at the year end.

For the Trinidadian life insurance subsidiary

	Total Annuities Payable	
	2022	**2021**
Annuity payable per annum per annuitant ($'000)		
TT$0-5,000	157,055	144,490
TT$5,001-10,000	597,583	541,519
TT$10,001-20,000	1,025,511	936,834
More than TT$20,000	2,586,085	2,361,956
Total	**4,366,234**	**3,984,799**

For the Jamaican life insurance subsidiary

	Total Annuities Payable	
	2022	**2021**
Annuity payable per annum per annuitant ($'000)		
0 -100	483,020	508,135
100 – 300	226,303	264,751
300 – 500	212,192	261,888
500 – 1,000	167,238	220,955
Over 1,000	2,304,126	2,695,816
Total	**3,392,879**	**3,951,545**

For the Dutch Caribbean life insurance subsidiary

	Total Annuities Payable	
	2022	**2021**
Annuity payable per annum per life		
NAF$0 - 10,000	870,081	802,040
NAF$10,001 - 20,000	619,642	575,749
NAF$20,001 - 30,000	372,905	350,174
NAF$30,001 - 40,000	228,403	208,525
NAF$40,001 - 50,000	176,450	165,770
More than NAF$50,000	506,885	487,138
Total	**2,774,366**	**2,589,396**

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49. Financial Risk Management (Continued)

(e) Insurance risk (continued)
Life insurance risk (continued)

Apart from the catastrophe cover, the Group does not hold any re-insurance against the liabilities in these contracts.

Insurance risk for contracts disclosed in this note is also affected by the contract holders' right to pay reduced or no future premiums, or to terminate the contract completely. As a result, the amount of insurance risk is also subject to contract holders' behaviour. The Group has factored the impact of contract holders' behaviour into the assumptions used to measure these liabilities.

Sources of uncertainty in the estimation of future benefit payments and premium payments
Uncertainty in the estimation of future benefit payments and premium receipts for long term insurance contracts arises from the unpredictability of long term changes in overall levels of mortality and morbidity and the variability in policyholder behaviour.

The Group uses appropriate base tables of standard mortality and morbidity according to the type of contract being written. An investigation as to the actual experience of the Group is carried out by the Appointed Actuaries, and a comparison of the actual rates with expected rates is performed. Where data are insufficient to be statistically credible, the best estimates of future mortality and morbidity are based on standard industry tables adjusted for the Group's overall experience. For contracts that insure survival, an adjustment is made for future mortality and morbidity improvements based on trends identified in the continuous mortality and morbidity investigations performed by independent actuarial bodies. The Group maintains voluntary termination statistics to investigate the deviation of actual termination experience against assumptions. Statistical methods are used to determine appropriate termination rates to be used for the best estimate assumption.

49. Financial Risk Management (Continued)

(e) Insurance risk (continued)
Life insurance risk (continued)

Process used in deriving assumptions
The assumptions for insurance contracts and the process used in deriving these assumptions have remained substantially unchanged since the previous year.

Estimates are made in two stages:
(i) At inception of the contract, the Group determines assumptions in relation to future deaths, voluntary terminations, investment returns and administration expenses. These assumptions are used as the base assumptions for calculating the liabilities; and
(ii) Subsequently, new estimates are developed at each reporting date and the assumptions are altered to reflect the latest current estimates or experience.

Assumptions are considered to be 'best estimate' if, on average, the results are expected to be worse than the assumptions in 50% of possible scenarios and better in the other 50%. In the case of Jamaica and Trinidad and Tobago, the assumptions are best estimate assumptions with appropriate provisions for adverse deviations, consistent with the use of a Policy Premium Method valuation. For other territories, the assumptions used are those appropriate for traditional net premium valuation methods. See Note 39 for details on policy assumptions.

Reinsurance risk
Reinsurance risk is the risk that a reinsurer will default and not honour obligations arising from claims. The Group limits the probable loss in the event of individual deaths and any single catastrophic accident occurrence by reinsuring its insurance risk above certain limits with other insurers. Reinsurance ceded does not discharge the Group's liability as the primary insurer. The Group manages reinsurance risk by selecting reinsurers with high credit ratings and monitoring these on an ongoing basis. The Group arranges its reinsurance by type of insurance coverage:
- Individual life – This business is covered by excess of loss and quota share reinsurance arrangements. The method of reinsurance varies for different products with the majority being reinsured on a Yearly Renewable Term (YRT) basis and others being co-insured.
- Group life – The group life portfolio is reinsured on an excess reinsurance arrangement with Swiss Re. Separate treaties exist for group life (including critical illness and accidental death and dismemberment) and group mortgage.
- Catastrophe cover – This cover has been secured for individual life and group life portfolio. It is renewable annually and is held with Sirius International, RGA and Swiss Re.

Retention limits represent the level of risk retained by the insurer. Coverage in excess of these limits is ceded to reinsurers up to the treaty limit.

49. Financial Risk Management (Continued)

(e) Insurance risk (continued)

Property and casualty insurance risk

The Group manages its property and casualty insurance risk through its underwriting policy that includes *inter alia*, authority limits, approval procedures for transactions that exceed set limits, pricing guidelines and the centralised management of reinsurance. The Group actively monitors insurance risk exposures both for individual and portfolio types of risks. These methods include internal risk measurement, portfolio modelling and scenario analyses.

Underwriting strategy

The Group manages the risks arising from its underwriting of property and casualty insurance contracts through policies which provide guidance on how to determine the insurability of risks and exposure to large claims. The Group follows detailed, uniform underwriting practices and procedures designed to properly assess and quantify risks before issuing coverage. The Group's underwriting guidelines also outline acceptance limits and the appropriate levels of authority for acceptance of risks.

Reinsurance strategy

A detailed analysis of the Group's exposures, reinsurance needs and quality of reinsurance securities is conducted by the Board and Senior Management. The Group's exposures are continually evaluated by Management to ensure that its reinsurance arrangements remain adequate and mechanisms are in place to continually monitor the reinsurance counterparties to ensure that they maintain ratings in keeping with the Board approved Reinsurance Risk Management Policy.

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49. Financial Risk Management (Continued)

(e) Insurance risk (continued)
Property and casualty insurance risk (continued)

Motor insurance
Motor insurance contracts provide cover in respect of policyholders' motor vehicles and their liability to third parties in respect of damage to property and injury. The exposure on motor insurance contracts is normally limited to the replacement value of the vehicle and a policy limit in respect of third party damage. In general, claims reporting lags are minor and claims complexity is relatively low.

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

Property insurance
Property insurance indemnifies, subject to any limits or excesses, the policyholder against the loss or damage to their own material property and business interruption arising from this damage. The risk on any policy varies according to many factors such as location, safety measures in place and the age of the property. The event giving rise to a claim for damage to buildings or contents usually occurs suddenly (as for fire and burglary) and the cause is easily determinable. Therefore, claims are generally notified promptly and can be settled without delay. Property business is therefore classified as "short-tailed" and expense deterioration and investment return is of less importance in estimating provisions. The cost of repairing or rebuilding assets, of replacement or indemnity for contents and the time taken to restart or resume operations to original levels for business interruption losses are the key factors influencing the level of claims under these policies.

The risks relating to property contracts are managed primarily through the pricing and selection process. The Group uses strict underwriting criteria to ensure that the risk of losses is acceptable. Furthermore, the Group accepts property insurance risks for one year so that each contract can be re-priced on renewal to reflect the continually evolving risk profile.

Liability insurance
Under these contracts, compensation is paid for injury suffered by individuals, including employees or members of the public. The main liability exposure is in relation to bodily injury. The timing of claim reporting and settlement is a function of factors such as the nature of the coverage and the policy provisions. Although bodily injury claims have a relatively long tail, the majority of bodily injury claims are settled in full within three to four years. In general, these contracts involve higher estimation uncertainty.

Risks arising from liability insurance are managed primarily through pricing, product design, risk selection, adopting an appropriate investment strategy, rating and reinsurance. The Group monitors and reacts to changes in the general economic and commercial environment in which it operates to ensure that only liability risks which meet its criteria for profitability are underwritten. In pricing contracts, the Group makes assumptions that costs will increase in line with the latest available research.

49. Financial Risk Management (Continued)

(e) Insurance risk (continued)

Property and casualty insurance risk (continued)

Risk exposure and concentrations of risk

The following table shows the Group's exposure to property and casualty insurance risk (based on the carrying value of insurance provisions at the reporting date) per major category of business:

	2022				
	Liability	Property	Motor	Other	Total
	$'000	$'000	$'000	$'000	$'000
Gross	4,111,640	9,182,680	10,226,864	1,892,453	25,413,637
Net of proportional reinsurance	2,312,818	3,199,924	6,274,131	774,236	12,561,109
	2021				
Gross	3,870,981	7,944,435	10,286,195	1,352,799	23,454,410
Net of proportional reinsurance	2,361,847	3,324,885	6,089,834	543,145	12,319,711

Claims development

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

The top half of each table below illustrates how the Group's estimate of total claims outstanding for each accident year/underwriting year has changed at successive year-ends. The bottom half of the table reconciles the cumulative claims to the amount appearing on the consolidated statement of financial position as per summary below.

	Total
	$'000
Insurance claims - gross	
By accident year	20,310,219
By underwriting year	5,103,396
Total liability	25,413,615
Insurance claims - net	
By accident year	9,966,219
By underwriting year	2,594,868
Total liability	12,561,087

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(e) **Insurance risk (continued)**

Property and casualty insurance risk (continued)

Risk exposure and concentrations of risk(continued)

	2015	2016	2017	2018	2019	2020	2021	2022	Total
Insurance claims – gross	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Accident year									
Estimate of cumulative claims costs:									
Claims at end of accident year	12,406,334	14,835,115	59,725,874	14,991,719	26,179,158	11,347,249	9,704,535	15,286,412	
One year later	11,094,665	13,579,463	64,625,341	11,910,806	23,857,918	13,820,758	47,415,543	-	
Two years later	11,433,341	13,806,669	57,207,028	11,333,612	23,660,312	13,692,784	-	-	
Three years later	11,218,575	13,626,042	57,050,920	11,135,283	24,411,382	-	-	-	
Four years later	10,938,264	13,535,773	57,073,770	11,197,012	-	-	-	-	
Five years later	10,939,483	13,183,505	56,540,581	-	-	-	-	-	
Six years later	10,941,131	14,184,406	-	-	-	-	-	-	
Seven years later	11,011,102	-	-	-	-	-	-	-	
Current estimate of cumulative claims	11,011,102	14,184,406	56,540,581	11,197,012	24,411,382	13,692,784	47,415,543	15,286,412	193,739,222
Cumulative payments to date	10,579,719	13,751,104	55,483,821	10,264,728	22,307,437	11,813,064	45,869,126	4,572,668	174,641,667
Liability recognised in the consolidated statement of financial position	431,383	433,302	1,056,760	932,284	2,103,945	1,879,720	1,546,417	10,713,744	19,097,555
Liability in respect of prior years	-	-	-	-	-	-	-	-	1,212,663
Total liability	-	-	-	-	-	-	-	-	20,310,219

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49. Financial Risk Management (Continued)

(e) **Insurance risk (continued)**

Property and casualty insurance risk (continued)

Risk exposure and concentrations of risk(continued)

	2014	2015	2016	2017	2018	2019	2021	2022	Total
Insurance claims – gross	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Underwriting year									
Estimate of cumulative claims costs:									
Claims at end of accident year	543,078	456,264	469,540	359,380	191,623	398,712	2,161,724	-	
One year later	722,012	520,839	574,101	407,947	304,650	524,587	2,490,104	-	
Two years later	664,257	490,109	552,448	382,930	282,659	550,936	-	-	
Three years later	671,369	478,527	542,694	376,743	274,869	-	-	-	
Four years later	652,900	467,599	535,289	374,982	-	-	-	-	
Five years later	650,077	463,670	531,157	-	-	-	-	-	
Six years later	646,894	464,009	-	-	-	-	-	-	
Seven years later	646,262	-	-	-	-	-	-	-	
Current estimate of cumulative claims	646,262	464,009	531,157	374,982	274,869	550,936	2,490,104	-	5,332,319
Cumulative payments to date	625,535	444,546	474,508	306,886	178,731	193,158	891,553		3,114,917
Liability recognised in the consolidated statement of financial position	20,727	19,463	56,649	68,096	96,138	357,778	1,598,551	-	2,217,402
Liability in respect of prior years	-	-	-	-	-	-	-	-	2,885,994
Total liability	-	-	-	-	-	-	-	-	5,103,396

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49. Financial Risk Management (Continued)

(e) Insurance risk (continued)

Property and casualty insurance risk (continued)

Risk exposure and concentrations of risk(continued)

	2015	2016	2017	2018	2019	2020	2021	2022	Total
Insurance claims – net	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Accident year									
Estimate of cumulative claims costs:									
Claims at end of accident year	7,470,560	8,571,890	22,552,141	8,629,893	9,095,505	5,619,041	6,628,702	6,990,950	
One year later	6,535,657	7,506,844	21,478,380	7,357,623	13,125,411	6,706,191	6,560,064	-	
Two years later	6,802,240	7,186,163	21,158,715	7,007,206	12,969,033	6,768,914	-	-	
Three years later	6,912,716	7,543,150	21,016,517	6,872,594	12,959,911	-	-	-	
Four years later	6,426,942	7,152,069	20,932,886	6,836,243	-	-	-	-	
Five years later	6,462,999	7,063,562	21,158,557	-	-	-	-	-	
Six years later	6,471,511	6,954,486	-	-	-	-	-	-	
Seven years later	6,418,475	-	-	-	-	-	-	-	
Current estimate of cumulative claims	6,418,475	6,954,486	21,158,557	6,836,243	12,959,911	6,768,914	6,560,064	6,990,950	74,647,600
Cumulative payments to date	6,096,303	6,552,071	20,718,640	6,215,924	11,969,510	5,779,009	5,129,271	2,871,702	65,332,430
Liability recognised in the consolidated statement of financial position	322,172	402,415	439,917	620,319	990,401	989,905	1,430,793	4,119,248	9,315,170
Liability in respect of prior years	-	-	-	-	-	-	-	-	651,049
Total liability	-	-	-	-	-	-	-	-	9,966,219

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49. Financial Risk Management (Continued)

(e) **Insurance risk (continued)**

Property and casualty insurance risk (continued)

Risk exposure and concentrations of risk(continued)

	2014	2015	2016	2017	2018	2019	2021	2022	Total
Insurance claims – net	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Underwriting year									
Estimate of cumulative claims costs:									
Claims at end of accident year	543,078	456,264	469,540	359,380	191,623	398,712	2,161,746	-	
One year later	722,012	520,839	574,101	407,947	304,650	524,587	2,490,036	-	
Two years later	664,257	490,109	552,448	382,930	282,659	550,936	-	-	
Three years later	671,369	478,527	542,694	376,743	274,869	-	-	-	
Four years later	652,900	467,599	535,289	374,982	-	-	-	-	
Five years later	650,077	463,670	531,157	-	-	-	-	-	
Six years later	646,894	464,009	-	-	-	-	-	-	
Seven years later	646,262	-	-	-	-	-	-	-	
Current estimate of cumulative claims	646,262	464,009	531,157	374,982	274,869	550,936	2,490,036	-	5,332,251
Cumulative payments to date	625,535	444,546	474,508	306,886	178,731	193,158	891,463	-	3,114,827
Liability recognised in the consolidated statement of financial position	20,727	19,463	56,649	68,096	96,138	357,778	1,598,573	-	2,217,424
Liability in respect of prior years	-	-	-	-	-	-	-	-	377,444
Total liability	-	-	-	-	-	-	-	-	2,594,868

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49. Financial Risk Management (Continued)

(f) Capital management

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

- To comply with the capital requirements set by the regulators of the financial markets where the entities within the Group operate;
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for stockholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

All of the Group's significant subsidiaries and associates are individually regulated by the relevant regulator in their jurisdiction or other regulators. The regulatory requirements to which the subsidiaries are subject, include minimum capital and liquidity requirements which may limit their ability to extract capital or funds for other uses. The Group's subsidiaries and associates are also subject to statutory requirements to restrict distributions of capital and generally to maintain solvency. In most cases, the regulatory restrictions are more onerous than the statutory restrictions. Certain Group subsidiaries also raise finance using their financial assets as collateral. Encumbered assets are not available for transfer around the Group. The assets typically affected are disclosed in Note 23.

(i) National Commercial Bank Jamaica Limited

Capital adequacy and the use of regulatory capital are monitored daily by the Bank's management, employing techniques based on the guidelines developed by the Bank of Jamaica (BOJ/Central Bank), and the relevant management committees. The required information is filed with the regulator at the stipulated intervals.

The Central Bank requires the Bank to:

- Hold a specified level of the regulatory capital, and
- Maintain a ratio of total regulatory capital to the risk-weighted assets.

The Bank's regulatory capital is divided into two tiers:

Tier 1 capital: ordinary share capital, non-redeemable non-cumulative preference shares, statutory reserve fund and retained earnings reserves. Goodwill, other intangibles and any net loss arising from the aggregate of: current year profit or loss, undistributed profits or accumulated losses for prior financial years any loss positions on revaluation reserves arising from fair value accounting, are deducted in arriving at Tier 1 capital; and

Tier 2 capital: non-redeemable cumulative preference shares, redeemable preference shares having an original term to maturity of five years or more, qualifying subordinated debt and general provisions for loss.

Equity investments in unconsolidated subsidiaries, substantial investment in any other unconsolidated entities or companies and share of accumulated losses of any unconsolidated entities are deducted from Tier 1 and Tier 2 capital to arrive at the regulatory capital. The risk-weighted assets are measured by means of a hierarchy of four risk weights classified according to the nature of and reflecting an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-statement of financial position exposure, with some adjustments to reflect the more contingent nature of the potential losses.

The Bank met all the regulatory capital requirements as at September 30, 2022.

49. Financial Risk Management (Continued)

(f) Capital management (continued)

(ii) NCB Insurance Agency & Fund Management Limited (formerly NCBIC)

NCBIAFM maintains a capital structure consisting mainly of shareholders' funds consistent with its profile and the regulatory and market requirements. The company is subject to a number of regulatory capital tests and also employs scenario testing on an annual basis to assess the adequacy of capital. The company has met all of these requirements during the year. Capital adequacy is managed at the operational level.

In reporting financial strength, capital and solvency is measured using the regulations prescribed by the Financial Services Commission (FSC) in Jamaica. These regulatory capital tests are based upon required levels of solvency capital and a series of prudent assumptions in respect of the type of business written by the company.

The relevant capital requirement is the Minimum Continuing Capital Surplus Ratio (MCCSR) determined in accordance with the FSC regulations. This ratio is calculated by the Appointed Actuary and reviewed by executive management, the Audit Committee and the Board of Directors. This measure is a risk-based formula that compares available capital and surplus to a minimum requirement set by the FSC in regard to the asset and liability profile of the company. The company met all FSC regulatory capital requirements as at September 30, 2022.

The company's capital position is sensitive to changes in market conditions, due to both changes in the value of assets and the effect that changes in investment conditions may have on the value of the liabilities. The most significant sensitivities arise from changes in interest rates and expenses. The company's capital position is also sensitive to assumptions and experience relating to mortality and persistency.

49. Financial Risk Management (Continued)

(f) Capital management (continued)

(iii) NCB Capital Markets Limited (NCBCM)

The company is regulated by the FSC and is subject to regulatory capital tests employed by the regulator. Under the FSC regulations, the level of capital adequacy determines the maximum amount of liabilities including repurchase agreements NCBCM is able to offer to clients. In addition to the requirements of the FSC, NCBCM also engages in periodic internal testing which is reviewed by the Risk Management Committee. Capital adequacy is managed at the operational level of NCBCM.

The regulatory capital of the company is divided into two tiers:

(i) Tier 1 capital: share capital, retained earnings and reserves created from appropriations of retained earnings.

(ii) Tier 2 capital: qualifying subordinated debt or loan capital, qualifying capital reserves and unrealised gains derived from the fair valuation of equity instruments classified as FVOCI.

The FSC requires that the company maintains a capital base comprising at least 50% of Tier 1 capital.

In addition, the FSC employs certain ratios to test capital adequacy and solvency. The results of these ratios are included in a mandatory quarterly report submitted to the FSC. Two of the critical early warning ratios relating to the test for capital adequacy are ‘Capital over Total Assets’ and the ‘Capital Base over Risk Weighted Assets (RWA)’.

There was no change in relation to how the company manages its capital during the financial year.

NCBCM met all the FSC regulatory capital requirements as at September 30, 2022.

(iv) Clarien Bank Limited

Capital is held to provide a cushion for unexpected losses. The Board sets the internal level of capital with the aim of ensuring minimum regulatory capital levels are always exceeded whilst allowing for growth in the business.

Basel III superseded Basel II and took effect on January 1, 2015 with transitional arrangements until full implementation in 2021. The three pillar framework of Basel II is unchanged but there have been changes to the detailed requirements within each pillar. Pillar 3 has more detailed disclosure requirements and will adopt generic templates over the course of the transition to allow improved comparability and transparency between institutions covered by Basel accords.

49. Financial Risk Management (Continued)

(f) Capital management (continued)

(iv) Clarien Bank Limited (continued)

The key elements of the Basel III capital requirements as set by the Bermuda regulatory, the BMA are as follows:

- Common equity Tier 1 (CET1) being the highest form of regulatory capital, comprising of common shares, accumulated reserves after regulatory deductions. Minimum Basel III capital ratios will be CET1 at least 4.5% of Risk Weighted Assets (RWAs), Tier 1 of at least 6.0% of RWAs and Total Capital of at least 8.0% of RWAs.
- A capital conservation buffer set 2.5% and is comprise of CET 1 capital.
- A capital surcharge for Domestic Systemically Important Banks ranging between 0.5% and 3.0% for all Bermuda Banks has also been implemented.
- Introduction of a non-risk based Leverage Ratio, being a measure of Tier 1 capital held against total assets, including certain off-statement of financial position financial commitments.

Clarien has complied with all externally imposed minimum capital requirements throughout the current year.

49. Financial Risk Management (Continued)

(f) Capital management (continued)

(v) Guardian Holdings Limited
In each country in which the Group operates, the local insurance regulator indicates the required minimum amount and type of capital that must be held by each of the subsidiaries in addition to their insurance liabilities. The Group is also subject to insurance solvency regulations in all the territories in which it issues insurance and investment contracts. The minimum required capital must be maintained at all times throughout the year. The Group monitors these requirements throughout the year to ensure compliance. The Group has complied with these minimum capital requirements.

The Trinidadian trust services subsidiary holds a license under the Financial Institutions Act 2008 and the Securities Industries Act 2012. Under the Financial Institutions Act, the subsidiary is required to have a minimum paid up share capital of $15 million and to transfer a minimum of 10% of its profit after tax to a Statutory Reserve Fund until the balance in the Fund is not less than the paid up capital of the subsidiary as well as the subsidiary 's regulatory capital shall be no less than 10% of its risk weighted assets. Under the Securities Industries Act 2012, the subsidiary is required to have minimum capital of $6 million, of which at least $3 million shall be regulatory capital. The subsidiary has complied with these requirements.

The Trinidadian asset management subsidiary holds a license under the Securities Industries Act 2012, and as such, the subsidiary is required to have a minimum capital of $6 million, of which at least $3 million shall be regulatory capital. The subsidiary has complied with this requirement.

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50. Fair Values of Financial Instruments

The Group measures fair values using the following fair value hierarchy which reflects the significance of the inputs used in making the measurements:

- Level 1 – inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2 – inputs other than quoted market prices included within level 1 that are observable, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 – inputs that are unobservable.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The fair value of financial instruments traded in active markets is based on quoted market prices at the date of the statement of financial position. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets is the current bid price. These instruments are grouped in Level 1 and comprise most equity securities that are quoted on the Jamaica Stock Exchange.

The fair value of financial instruments not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. This category includes government bonds, certificates of deposit, commercial paper and most liquid corporate bonds. Indicative prices or yields of these instruments are obtained from regular, publicly available quotes by reputable pricing services, dealers and brokers, such as Bloomberg and Oppenheimer. The Group's derivatives are also included in Level 2. The embedded put option is valued using a discounted cash flow model representing the difference between the present values of future cash flows with and without exercise of the put option using observable market yields for government bonds of similar tenure. Equity-linked options are valued using standard option pricing models using observable market data from Bloomberg.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Unquoted equities are carried at cost as the fair value cannot be reliably determined. These securities are classified at level 3.

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50. Fair Values of Financial Instruments (Continued)

The following tables provide an analysis of financial instruments held as at the date of the statement of financial position that, subsequent to initial recognition, are measured at fair value. The financial instruments are classified in the fair value hierarchy into which the fair value measurement is categorised:

	The Group			
	Level 1	**Level 2**	**Level 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
At September 30, 2022				
Financial assets				
Investment securities classified as FVOCI				
Government of Jamaica debt securities	-	279,838,373	2,058,368	281,896,741
Other Government Securities	41,080,863	64,256,430	2,650,881	107,988,174
Corporate Debt Securities	5,524,435	88,670,613	38,834,395	133,029,443
	46,605,298	432,765,416	43,543,644	522,914,358
Investment securities at fair value through profit or loss				
Government of Jamaica debt securities	-	18,961,569	-	18,961,569
Other Government Securities	8,705,531	70,591,399	-	79,296,930
Corporate Debt Securities	1,989,694	11,833,434	1,467,872	15,291,000
Quoted & Unquoted equity securities	77,806,032	1,931,247	12,001,674	91,738,953
Other securities	247,731	1,659,907	165,409	2,073,047
	88,748,988	104,977,556	13,634,955	207,361,499
Derivative financial instruments	-	874,471	-	874,471
	135,354,286	538,617,443	57,178,599	731,150,328
Financial liabilities				
Derivative financial instruments				
Liabilities under annuity and insurance contracts	-	-	437,175,410	437,175,410
	-	-	437,175,410	437,175,410

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50. Fair Values of Financial Instruments (Continued)

	The Group			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
At September 30, 2021				
Financial assets				
Investment securities classified as FVOCI				
Government of Jamaica debt securities	-	274,410,205	2,251,485	276,661,690
Other Government Securities	18,925,955	60,901,250	3,128,637	82,955,842
Corporate Debt Securities	3,687,182	102,858,430	36,247,864	142,793,476
	22,613,137	438,169,885	41,627,986	502,411,008
Investment securities at fair value through profit or loss				
Government of Jamaica guaranteed corporate bonds	-	17,368,423	-	17,368,423
Other Government Securities	11,903,092	74,594,857	-	86,497,949
Corporate Debt Securities	4,450,597	12,294,796	1,608,993	18,354,386
Quoted & Unquoted equity securities	73,517,623	3,347,809	8,563,741	85,429,173
Other securities	201,389	1,440,977	161,367	1,803,733
	90,072,701	109,046,862	10,334,101	209,453,664
Derivative financial instruments	-	767,441	-	767,441
	112,685,838	547,984,188	51,962,087	712,632,113
Financial liabilities				
Derivative financial instruments	-	45,228	-	45,228
Liabilities under annuity and insurance contracts	-	-	433,056,798	433,056,798
	-	45,228	433,056,798	433,102,026

The movement in the Group's financial assets classified as Level 3 during the year is as follows:

	The Group	
	2022 $'000	2021 $'000
At start of year	51,962,087	81,779,783
Transfer between levels based on adoption of IFRS 9	799,612	450,373
Acquisitions	15,584,812	46,761,439
Disposals	(9,621,119)	(80,165,605)
Fair value gains	(1,546,793)	3,136,097
At end of year	57,178,599	51,962,087

The movement in liabilities under annuity and insurance contracts is disclosed in Note 39.

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50. Fair Values of Financial Instruments (Continued)

Sensitivity analysis

The following table summarises the quantitative information about the significant unobservable inputs used in Level 3 fair value measurements.

	2022			
Description	**Unobservable input**	**Range of input**	**Change in basis points**	**Change in fair value $'000**
Other corporate bonds	Risk premium		JMD -50 and USD -50	819,433
			JMD +200 and USD +200	(1,515,500)

	2021			
Description	**Unobservable input**	**Range of input**	**Change in basis points**	**Change in fair value $'000**
Other corporate bonds	Risk premium		JMD -100 and USD -50	2,450,814
			JMD +100 and USD +50	(1,703,809)

The Group's level 3 unquoted equity securities would decrease in value by $190,228,000 should there be a 5% decrease/increase (2021 - $186,529,000) assuming a 15% decrease/increase.

The carrying value (excluding accrued interest) (Note 22) and fair value of investment securities classified as amortised cost are as follows:

	The Group	
	Carrying Value $'000	**Fair Value $'000**
At September 30, 2022	220,603,508	213,232,332
At September 30, 2021	181,879,343	176,166,604

Similar to debt securities classified as FVOCI the above fair value measurements fall within Level 2 of the fair value hierarchy as indicative prices or yields of these instruments are obtained from regular, publicly available quotes by reputable pricing services, dealers and brokers, such as Bloomberg and Oppenheimer.

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50. Fair Values of Financial Instruments (Continued)

The fair values for all other financial instruments approximate their carrying values and also fall within Level 2 based on the following:

- The fair value of liquid assets and other assets maturing within one year (such as cash and balances at Central Banks and amounts due from banks) is assumed to approximate their carrying amount. This assumption is applied to liquid assets and the short-term elements of all other financial assets and financial liabilities;
- The fair value of demand deposits and savings accounts with no specific maturity is assumed to be the amount payable on demand at the date of the statement of financial position;
- The fair value of variable rate loans is assumed to approximate their carrying amounts and management does not believe that, after deduction of provision for credit losses, there is any significant difference between the fair value of fixed rate loans and their carrying values as interest rates approximate current market rates offered on similar loans.

51. Fiduciary Activities

The Group provides custody, trustee, corporate administration, investment management and advisory services to third parties which involve the Group making allocation and purchase and sale decisions in relation to a wide range of financial instruments. Those assets that are held in a fiduciary capacity are not included in these financial statements. At September 30, 2022, the Group had financial assets under administration of approximately $207,579,988,000 (2021 –$191,592,341,000).

52. Dividends

No dividends were paid by NCB Financial Group Limited during the year:

The Board of Directors, at its meeting on November 11, 2022, did not declare an interim dividend.

NCB Financial Group Limited

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(expressed in Jamaican dollars unless otherwise indicated)

53. Non-Controlling Interest

The table below shows the summarised financial information for Guardian Holdings Limited and Clarien Group Limited that has non-controlling interest:

	Guardian Holdings Limited		Clarien Group Limited	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Beginning of year	34,355,200	33,979,587	10,853,635	10,110,658
Share of net profit of subsidiaries	12,460,860	5,693,892	143,078	155,043
Revaluation surplus	(8,000,037)	(5,347,008)	267,123	1,325,480
Remeasurement of post-employment benefits obligations	515,244	430,587	-	-
Other	196,556	(39,293)	(831,855)	(737,546)
Dividends paid	(1,488,350)	(362,565)	-	-
End of year	38,039,473	34,355,200	10,431,981	10,853,635

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53. Non-Controlling Interest (Continued)

The table below shows the summarised financial information for Guardian Holdings Limited that has non-controlling interest:

	Guardian Holdings Limited		Clarien Group Limited	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Statement of financial positions				
Current assets	163,320,585	147,446,445	25,230,199	26,823,904
Current liabilities	114,589,015	109,719,676	112,480,417	163,735,451
Total current net assets	48,731,570	37,726,769	(87,250,218)	(136,911,547)
Non-Current assets	608,239,224	597,096,403	179,406,753	169,800,611
Noncurrent liabilities	534,977,509	544,010,289	77,297,386	12,756,918
Total non-current net assets	73,261,715	53,086,114	102,109,367	157,043,693
Net assets	121,993,285	90,812,883	14,859,149	20,131,846
Statement of comprehensive income				
Revenue	208,576,415	202,135,223	11,204,190	10,487,602
Direct profit for the period	31,750,685	16,910,247	867,589	891,525
Consolidation adjustments	1,794,353	(957,831)	(581,377)	(581,377)
Other comprehensive income	(19,064,181)	(4,955,715)	(1,131,728)	587,935
Total comprehensive income	14,480,857	10,996,701	(845,516)	898,083
Profit allocated to NCI	12,460,860	5,693,892	143,078	155,043
OCI allocated to NCI	(7,288,237)	(4,955,715)	(564,732)	587,935
Accumulated non-controlling interest	5,172,623	738,177	(421,654)	742,978

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NCB Financial Group Limited

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(expressed in Jamaican dollars unless otherwise indicated)

53. Non-Controlling Interest (Continued)

Summarised cash flows

The information below represents amounts before intercompany eliminations

	Guardian Holdings Limited		Clarien Group Limited	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Cash flows from operating activities				
Cash generated from operations	30,419,856	40,908,661	1,609,882	(6,930,526)
Interest paid	(4,979,666)	(4,683,173)	(814,822)	(1,730,839)
Income tax paid	(3,896,129)	(5,601,265)	-	-
Net cash generated from operating activities	21,544,061	30,624,223	795,060	(8,661,365)
Net cash used in investing activities	(20,109,881)	(35,342,016)	(12,017,870)	(2,708,286)
Net cash used in financing activities	(2,523,272)	5,994,367	(244,599)	(204,007)
Net increase in cash and cash equivalents				
Cash and cash equivalents at beginning of year	81,842,940	78,126,633	39,826,612	49,725,219
Exchange gains on cash and cash equivalents	(448,475)	2,318,995	1,545,842	1,667,051
Other movements	2,161,984	1,397,312	(11,467,409)	(11,565,658)
Cash and cash equivalents at end of year	83,556,449	81,842,940	29,905,045	39,826,612

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54. Reconciliation of Liabilities arising from Financial Activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash. Financing activities represent bank and other loans, excluding bank overdrafts and amounts included as cash and cash equivalents:

	The Group			
Liabilities	**Other borrowed funds $'000**	**Obligation under securitisation arrangements $'000**	**Lease liabilities $'000**	**Total $'000**
At 01 October 2020	125,066,336	71,083,957	4,597,994	200,748,287
Cash movements -				
Drawdowns	55,166,682	-	-	55,166,682
Repayment – principal	(45,264,920)	(7,894,566)	(1,846,996)	(55,006,482)
Non-cash movements -				
Additions	-	-	2,580,907	2,580,907
Amortisation of upfront fees	126,872	168,939	-	295,811
Foreign exchange adjustments	1,829,012	(220,823)	19,676	1,627,865
Interest payable	48,461	(50,290)	25,931	24,102
At 30 September 2021	136,972,443	63,087,217	5,377,512	205,437,172
Cash movements -				
Drawdowns	64,458,635	45,187,455	-	109,646,090
Repayment – principal	(49,767,061)	(9,089,479)	(1,633,705)	(60,490,245)
Non-cash movements -				
Additions	-	-	1,854,919	1,854,919
Amortisation of upfront fees	128,704	(575,919)	-	(447,215)
Foreign exchange adjustments	1,816,625	380,473	(425,567)	1,771,531
Interest payable	(337,117)	95,911	-	(241,206)
At 30 September 2022	153,272,229	99,085,658	5,173,159	257,531,046

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54. Reconciliation of Liabilities arising from Financial Activities (Continued)

	The Company		
Liabilities	**Other borrowed funds $'000**	**Lease liabilities $'000**	**Total $'000**
At 01 October 2020	75,562,050	98,361	75,660,411
Cash movements -			
Drawdowns	31,963,927	-	31,963,927
Repayment	(24,939,637)	(150,576)	(25,090,213)
Non-cash movements -			
Additions	-	128,653	128,653
Foreign exchange adjustments	2,218,255	-	2,218,255
Amortisation of upfront fees	121,332	-	121,332
Interest payable	7,268	-	7,268
At 01 October 2021	84,933,195	76,438	85,009,633
Cash movements -			
Drawdowns	39,312,323	-	39,312,323
Repayment	(44,840,559)	(177,840)	(45,018,399)
Non-cash movements -			
Additions	-	222,891	222,891
Foreign exchange adjustments	1,804,694	-	1,804,694
Amortisation of upfront fees	128,704	-	128,704
Interest payable	(522,033)	-	(522,033)
At 30 September 2022	80,816,324	121,489	80,937,813

55. Leases

The statement of financial position shows the following amounts relating to leases:

	2022 $'000	2021 $'000
Right-of-use assets		
Buildings	4,395,183	4,634,532
Motor vehicles	582,919	525,678
Equipment	133,492	74,728
	5,111,594	5,234,938
Lease liabilities		
Current	856,204	947,814
Non-current	4,316,955	4,429,698
	5,173,159	5,377,512

Rights-of-use assets

(i) Amounts recognised in the balance sheet

a) The statement of financial position shows the following amounts relating to leases:

Right-of-use assets	**30 September 2022 $'000**	**30 September 2021 $'000**
Buildings	4,395,183	4,634,532
Motor vehicles	582,919	525,678
Equipment	133,492	74,728
	5,111,594	5,234,938

b) As at 30 September 2022, leasehold Improvements and furniture, fittings and equipment where the Group is a lessee under a finance lease are as follows:

	Leasehold Improvements $'000	**Equipment $'000**	**Motor Vehicles $'000**
Cost	1,382,508	339,971	1,594,223
Accumulated depreciation	(978,464)	(206,479)	(1,011,304)
Net book values	404,044	133,492	582,919

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55. Leases (Continued)

Leased assets previously classified as operating leases are presented in the property, plant and equipment disclosure note.

During the financial year, additions through new leases and acquisitions amounted to $1,854,919,000 (2021- $2,580,907,000).

(ii) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	2022 $'000	2021 $'000
Depreciation charge of right-of-use assets		
Buildings	1,442,542	1,016,898
Equipment	98,124	102,634
Motor Vehicles	356,505	373,498
	1,897,171	1,493,030

Amounts recognised in the statement of comprehensive income relating to leases:

	2022 $'000	2021 $'000
Depreciation charge of right-of-use assets	1,897,171	1,493,030
Interest expense on lease liabilities	151,651	343,316
Total expenses related to leases	2,048,822	1,836,346

The Group's leasing activities

The Group leases various buildings to facilitate: execution of banking services at branches and ABMs, general business operations and housing for employees. Rental contracts are typically made for fixed periods of 1 to 10 years. Leases are negotiated on an individual basis and contain a wide range of different terms and conditions (including termination and renewal rights). Extension and termination options are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The extension and termination options held are exercisable by both the Group and the respective lessor.

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which do not have recent third party financing; and,
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

55. Leases (Continued)

The Group's leasing activities (continued)

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low value assets comprise IT equipment and small items of office furniture.

Extension and termination options are included in a number of property and equipment leases across the Group. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). For leases of land and buildings, management has included various extension options in the lease liability, as relocating from existing locations would be onerous.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and,
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options was an increase in recognised lease liabilities and right-of-use assets of $98,039,000.

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56. Litigation and Contingent Liabilities

The Group is subject to various claims, disputes and legal proceedings, as part of the normal course of business. Provision is made for such matters when, in the opinion of management and its professional advisors, it is probable that a payment will be made by the Group, and the amount can be reasonably estimated.

In respect of claims asserted against the Group for which, according to the principles outlined above, no provision has been made, management is of the opinion that such claims are without merit and can be successfully defended. Significant matters are as follows, all relating to National Commercial Bank Jamaica Limited:

(a) Suit has been filed by the NCB Staff Association against the Bank seeking various declarations regarding the Bank's profit sharing scheme, in particular as it relates to the financial year ended September 30, 2002. The Association has not quantified the claim. In 2017, the Supreme Court decided in favor of the NCB Staff Association. The Bank filed an appeal against the judgment. The appeal was heard for 3 days in June 2020 at the end of which the Court of Appeal reserved its judgment. In July, 2020 the Court of Appeal handed down its Judgment dismissing the Bank's Appeal and affirming the decision of the Supreme Court. The Bank subsequently commenced the process of having an appeal heard by the Judicial Committee of the Privy Council.
Provision for the claim has been made in the financial statements.

(b) Suit has been filed by a customer against the Bank for breach of contract, breach of trust and negligence and damages. The claim for damages includes a sum equivalent to the profit of the business foregone as a result of an inability to access a loan approved by the Bank and the cost of interim financing. No provision was made in these financial statements for this claim as the Bank's attorneys were of the view that the suit against the Bank was unlikely to succeed. The Court subsequently ordered that the customer's claim be struck out. The customer has appealed that decision.

(c) Suit has been filed by a customer against the Bank for damages suffered as a result of the Bank's alleged negligence in relation to the sale of property. The proper value of the property, which had been owned by the customer, is in issue, along with the amount properly to be applied to the customer's loan balance. Based on the advice of the Bank's attorneys, no provision has been made in the financial statements in respect of this claim.

(d) Suit has been filed by a customer against the Bank for unlawful, wrongful and/or improper use of power in the appointment of a Receiver and manager of the customer's business property and assets. Damages, interest and costs have been claimed against the Bank. No provision has been made in the financial statements for this claim as the Bank's attorneys are of the opinion that the claim is unlikely to succeed.

(e) Suit was filed by a claimant seeking specific performance, damages for breach of contract, interest and costs. At the time of trial, the claim against the Bank was quantified by the Claimant at approximately $31.4 billion plus interest and costs. The Supreme Court issued judgment in the Bank's favour, with the Court ordering a company (placed by the Bank into receivership) to pay the Claimant $5 million plus interest. However, the claim had to be re-tried due to the retirement of the trial judge. Following the re-trial, in January 2022, the Supreme Court handed down its decision in which the company the Bank had placed into receivership was ordered to pay the Claimant $2.5 million plus interest, while no adverse orders were made against the Bank. The Claimants have, however, appealed. No provision has been made for this claim as the Bank's attorneys given the lack of adverse orders against the Bank and the view of the Bank's attorneys-at-law that the Bank ought to succeed in defending the judgment on appeal.

A number of other suits have been filed by stakeholders of the Group. In some instances, counter- claims have been filed by the Group. Provision of $772,379,740 has been made in the financial statements for certain of these claims. No provision has been made where the Group's attorneys are of the view that the Group has a good defence against these claims.

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57. Offsetting Financial Assets and Financial Liabilities

The following financial assets are subject to offsetting, enforceable master netting arrangements and similar agreements.

	The Group						
	2022						
				Related amounts not set off in the statement of financial position			
	Gross amounts of financial assets $'000	Gross amounts set off on the balance sheet $'000	Net amounts of financial assets presented on the balance sheet $'000	Impact of master netting agreements $'000	Cash collateral $'000	Financial instruments collateral $'000	Net amounts $'000
	2022						
Assets							
Cash resources	265,525,785	-	265,525,785	-	(4,751,010)	(8,862,666)	251,912,109
Financial investments	959,486,735	-	959,486,735	(235,432,156)	-	(12,320,159)	711,734,420
	1,225,012,520	-	1,225,012,520	(235,432,156)	(4,751,010)	(21,182,825)	963,646,529
	2021						
Assets							
Cash resources	250,927,116	-	250,927,116	-	(5,249,318)	(6,634,136)	239,043,662
Financial investments	900,512,195	-	900,512,195	(206,734,968)	-	(9,922,149)	683,855,078
	1,151,439,311	-	1,151,439,311	(206,734,968)	(5,249,318)	(16,556,285)	922,898,740

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57. Offsetting Financial Assets and Financial Liabilities (Continued)

The following financial assets are subject to offsetting, enforceable master netting arrangements and similar agreements.

	The Group						
	2022						
				Related amounts not set off in the statement of financial position			
	Gross amounts of financial assets	Gross amounts set off on the balance sheet	Net amounts of financial assets presented on the balance sheet	Impact of master netting agreements	Cash collateral	Financial instruments collateral	Net amounts
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Liabilities							
Repurchase agreements	247,676,853	-	247,676,853	(235,432,156)	(2,866,461)	-	9,378,236
Obligations under securitisation agreements	99,085,658	-	99,085,658	-	(1,884,549)	-	97,201,109
	346,762,511	-	346,762,511	(235,432,156)	(4,751,010)	-	106,579,345
	2021						
Liabilities							
Repurchase agreements	224,805,387	-	224,805,387	(206,734,968)	(1,661,899)	-	16,408,520
Obligations under securitisation agreements	63,087,217	-	63,087,217	-	(3,587,419)	-	59,499,798
	287,892,604	-	287,892,604	(206,734,968)	(5,249,318)	-	75,908,318

58. IFRS 17 – Insurance Contracts

IFRS 17, 'Insurance Contracts' was issued in May 2017 with an original effective date of 1 January 2021. Amendments to IFRS 17 "Insurance Contracts" were issued in June 2020 and included a two-year deferral of the effective date to 1 January 2023. IFRS 17 will replace IFRS 4, 'Insurance Contracts' and will materially change the recognition and measurement of insurance contracts and the corresponding presentation and disclosures in the Group's financial statements.

Major considerations within IFRS 17 include:

- The transition approach.
- The redesignation of finance assets.
- Level of aggregation requirements.
- Measurement models.
- Accounting policies relating to the determination of discount rates, the risk adjustment, and the contractual service margin.
- Presentation and disclosure requirements.

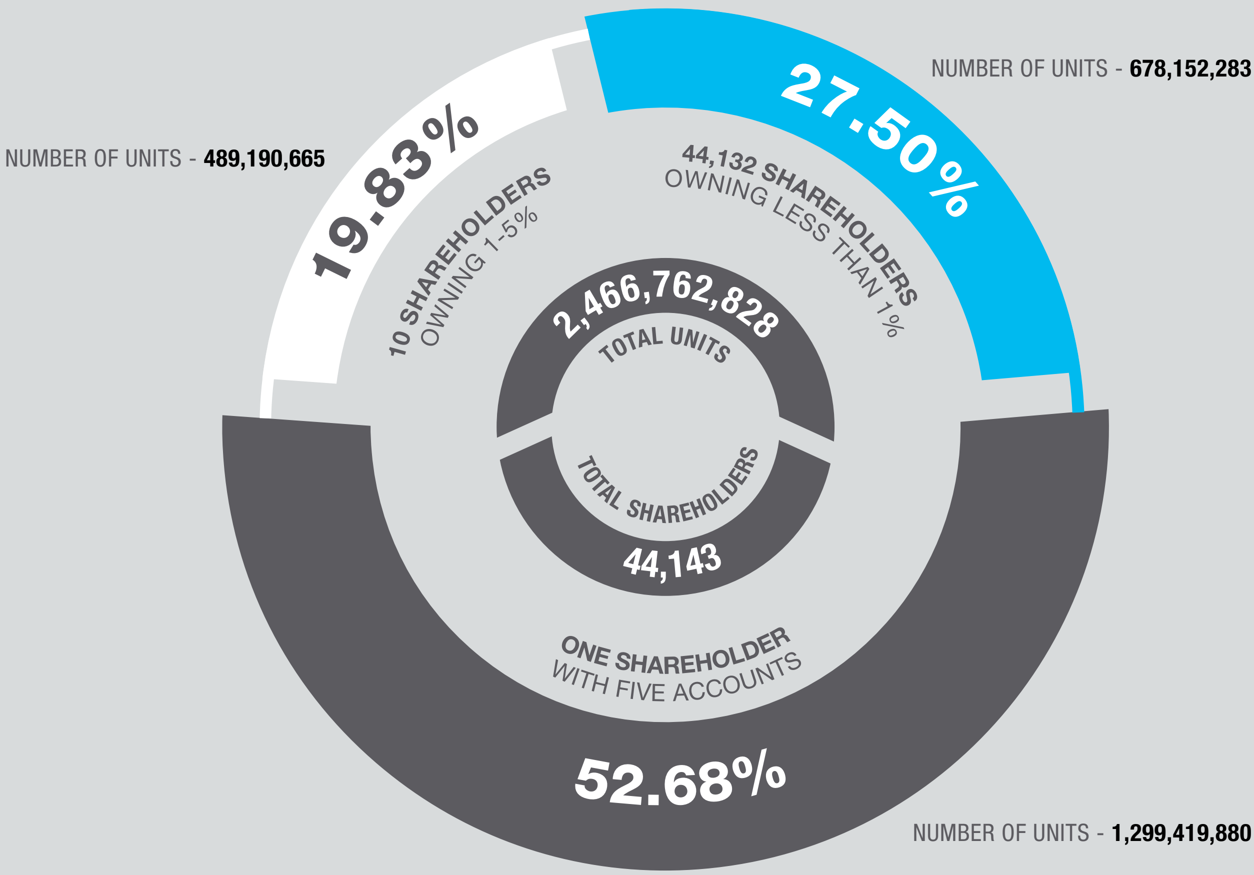
These considerations are expected to have a significant impact on the timing of revenue and profit recognition, thereby affecting insurance revenue, insurance service expenses, the insurance contract liability, and ultimately, net equity. Further, the manner in which these adjusted results will be presented differs significant from how they were presented in the past.

To ensure the accurate and timely implementation of this new standard, a Group-wide IFRS 17 implementation programme, led by an Executive Project Sponsor, was initiated. This programme coordinated significant enhancements to the Group's IT, actuarial, and finance systems. Group-wide accounting policies were set, application methodologies were developed, processes and controls were established, and data was sourced to implement the required actuarial and finance system changes.

An IFRS 17 Executive and Technical Committee provides oversight and strategic direction to the implementation programme. A Finance sub-committee was also in place to provide governance over the technical interpretation and accounting policies selected, design and delivery of the programme. The Group is now in the process of finalising the build and testing of new actuarial and finance systems while transitioning the new elements of the financial statement close process into its day-to-day operations. Further refinement and consideration of estimates and areas of judgement is ongoing.

Notes

Shareholdings



SHAREHOLDER PROFILE OF NCB FINANCIAL GROUP LIMITED AS AT SEPTEMBER 30, 2022

10 LARGEST SHAREHOLDERS
of NCB Financial Group Limited as at September 30, 2022

Name of Shareholder	Units	Percentage Ownership
AIC (Barbados) Limited	**1,299,419,880**	52.68%
MF&G Asset Management Limited - NCB Share Scheme	**101,406,205**	4.11%
Sagicor PIF Equity Fund	**77,867,428**	3.16%
NCB Insurance Agency & Fund Managers Limited WT 109	**62,989,156**	2.55%
Harprop Limited	**46,434,102**	1.88%
AIC Global Holdings Inc.	**45,449,690**	1.84%
National Insurance Fund	**33,139,232**	1.34%
Ideal Portfolio Services Company Limited	**33,029,485**	1.34%
SJIML A/C 3119	**32,539,032**	1.32%
Guardian Life of the Caribbean	**30,206,368**	1.22%

INTEREST/OWNERSHIP OF STOCK UNITS BY EXECUTIVES/SENIOR MANAGERS OF SUBSIDIARIES

of NCB Financial Group Limited as at September 30, 2022

Executives/Senior Managers	Total	Direct	Connected Parties
Gabrielle Banbury-Kelly	**95,508**	95,508	0
Septimus Blake	**211,144**	211,144	0
Brian Boothe	**242,000**	102,000	140,000
Danielle Cameron Duncan	**92,854**	92,854	0
Euton Cummings	**10**	10	0
Raymond Donaldson	**0**	0	0
Steven Gooden	**124,420**	124,420	0
Vernon James	**0**	0	0

Executives/Senior Managers	Total	Direct	Connected Parties
Desmond Johnson	**0**	0	0
Ramon Lewis	**57,215**	57,215	0
Sheree Martin	**6,713**	6,713	0
Nadeen Matthews Blair	**94,000**	94,000	0
Anne McMorris Cover	**8,735**	8,735	0
Malcolm Sadler	**58,827**	28,774	30,053
Ravi Tewari	**0**	0	0
Ian Truran	**0**	0	0
Tanya Watson Francis	**156,323**	156,323	0

INTEREST/OWNERSHIP OF STOCK UNITS BY DIRECTORS

of NCB Financial Group Limited as at September 30, 2022

Directors [1]	Total	Direct	Connected Parties
Robert Almeida	**65,990,231**	171,750	65,818,481
Dennis Cohen [2]	**141,038,802**	2,267,344	138,771,458
Sandra Glasgow [2]	**139,122,034**	188,126	138,933,908
Sanya Goffe	**65,890,481**	72,000	65,818,481
Hon. Patrick Hylton, OJ, CD	**75,324,136**	9,505,655	65,818,481
Hon. Michael Lee-Chin, OJ	**1,505,334,073**	146,698	1,505,187,375
Thalia Lyn, OD [2]	**139,204,204**	424,104	138,780,100
Prof., the Hon. Alvin Wint, OJ, CD	**65,906,625**	88,144	65,818,481

NTEREST/OWNERSHIP OF STOCK UNITS BY EXECUTIVES/SENIOR MANAGERS

of NCB Financial Group Limited as at September 30, 2022

Executives/Senior Managers	Total	Direct	Connected Parties
Dennis Cohen [1, 2]	**141,038,802**	2,267,344	138,771,458
Dave Garcia (Corporate Secretary)	**175,027**	175,027	0
Hon. Patrick Hylton, OJ, CD [1]	**75,324,136**	9,505,655	65,818,481
Misheca Seymour-Senior	**27,195**	27,195	0
Mukisa Wilson Ricketts	**87,552**	87,552	0
Allison Wynter [2]	**73,281,214**	191,237	73,089,977

1. Connected parties for all directors include shares of 65,818,481 held by subsidiaries of Guardian Holdings Limited.
2. Connected parties for Dennis Cohen, Sandra Glasgow, Thalia Lyn and Allison Wynter include shares of 72,949,977 held as trustees of the N.C.B. Staff Pension Fund.

Glossary

CURRENCIES AND UNITS:

Amounts throughout this report are representeted in Jamaican Dollars unless otherwise indicated.

B or Bn – Billion
BMD – Bermudian Dollar
BBD – Barbados Dollar
CAD – Canadian Dollar
EUR – Euro
GBP – British Pound Sterling
J$ or JMD – Jamaican Dollar
K – Thousand
M or Mn – Million
NAF – Netherlands Antilles Guilder
T or Tn – Trillion
TT$ or TTD – Trinidad and Tobago Dollars
US$ or USD – United States Dollars

ENTITIES:

A
AARP – American Association of Retired Professionals
ACAMS – Association of Certified Anti-Money Laundering Specialists

B
BOJ – Bank of Jamaica
BSE – Barbados Stock Exchange

C
CariCRIS – Caribbean Information and Credit Ratings Services Limited
CBB – Central Bank of Barbados
CBL – Clarien Bank Limited
CBTT – Central Bank of Trinidad and Tobago
CGL – Clarien Group Limited
CIMA – The Cayman Islands Monetary Authority

F
FSC – Financial Services Commission

G
GHL – Guardian Holdings Limited
GLOC – Guardian Life of the Caribbean

I
IASB – International Accounting Standards Board
ICAJ – Institute of Chartered Accountants of Jamaica
IDB – Inter-American Development Bank
IMF – International Monetary Fund

J
JBA – Jamaica Bankers' Association
JSE – Jamaica Stock Exchange
JTA – Jamaica Teachers' Association

N
NCB or NCB Group – NCB Financial Group Limited and its subsidiaries
NCBCM – NCB Capital Markets Limited
NCBFG – NCB Financial Group Limited
NCBGH – NCB Global Holdings Limited
NCBIA or NCBIAFM – NCB Insurance Agency and Fund Managers Limited
NCBJ – National Commercial Bank Jamaica Limited
NCBMBTT – NCB Merchant Bank (Trinidad and Tobago) Limited (formerly NCB Global Finance Limited)
NHT – National Housing Trust (Jamaica)

O
ODPEM – Office of Disaster Preparedness and Emergency Management

P
PWC – PricewaterhouseCoopers
PSOJ – The Private Sector Organisation of Jamaica

S
STATIN – The Statistical Institute of Jamaica

T
TFOB – TFOB (2021) Limited
TTSE – Trinidad and Tobago Stock Exchange

W
WBAF – World Business Angels Investment Forum

TITLES:

CEO – Chief Executive Officer
CFO – Chief Financial Officer
EVP – Executive Vice President

OTHER ABBREVIATIONS:

2021F – Forecasted for calendar year 2021
2022F – Forecasted for calendar year 2022
2023F – Forecasted for calendar year 2023

A
ABM – Automated Banking Machine
AGM – Annual General Meeting
AI – Artificial Intelligence
APOs – Additional Public Offers
ATM – Automated Teller Machine

B
BOT – British Overseas Territory
BPO – Business Process Outsourcing
BPS – Basis Points

C
CAGR* – Compounded Annual Growth Rate
CBDC – Central Bank Digital Currency
CBIT – Comprehensive Business Income Tax
CD account – Certificate of Deposit account
CET1 – Common Equity Tier 1
CGI – Corporate Governance Index
CGU – Cash generating unit
CPI – Consumer Price Index

CPPM – Caribbean Policyholder Premium Method
CSP Fund – Computer Service and Programming Limited Pension Fund
CSR – Corporate Social Responsibility

* The Compounded Annual Growth Rate (CAGR) is a measure of growth over multiple time periods.

D

DM – Developed Markets
DPF – Discretionary participation features
DPR – Diversified Payments Rights
DTI – Deposit-taking Institution

E

EAD – Exposure at default
ECL – Expected credit loss
EFF – Extended Fund Facility
e-KYC – Electronic Know Your Customer
EM – Emerging Market
EMBI – Emerging Market Bond Index
EMBI+ – Emerging Market Bond Index Plus
EPS – Earnings per stock unit
ESG – Environmental, Social and Governance

F

FX – Foreign Exchange
FY – Financial Year or Fiscal Year
Finacle – A core banking system that provides digital banking functionalities for NCBJ
Fintech – Financial Technology
FVOCI – Fair Valued through Other Comprehensive Income
FVPL – Fair Valued through Profit and Loss

G

G7 or G-7 – Group of Seven (an intergovermental organisation made up of the world's seven largest developed economies)
GDP – Gross Domestic Product
GGApp – Guardian General App
GoIPO – NCB Capital Markets Limited – powered electronic platform for IPO submissions
GOJ – Government of Jamaica

H

H1 – First six months of the year or first half of the year
H2 – Last six months of the year or second half of the year
HR – Human Resources
HSF – Heritage Stabilisation Fund

I

iABM – Intelligent Automated Banking Machine
IBOR – Inter-bank offered rates
IBNR – Incurred but not reported
IESBA Code – International Ethics Standards Board for Accountants
IFRS – International Financial Reporting Standards
IPO – Initial Public Offering
ISA – International Standards on Auditing
IT – Information Technology

J

JAMAN – Jamaican global bonds
JAM-DEX – Jamaican Digital Exchange (Jamaican's Central Bank Digital Currency)
JCSD – Jamaica Central Securities Depository
JMVR – Jamaica Merchant Voucher Receivables

K

KYC – Know Your Customer

L

LAR – Loans and receivables
LGD – Loss given default
Lynk – Mobile wallet of TFOB (2021) Limited

M

MCCSR – Minimum Continuing Capital Surplus Ratio
MD&A – Management Discussion & Analysis
mPOS – Mobile Point of Sale
MSME – Micro, Small and Medium Enterprises
MVR – Merchant Voucher Receivables

O

OCI – Other Comprehensive Income

P

PCI – Payment Card Industry
PD – Probability of default
PMFL – Public Management and Finance Law
POCI – Purchased or originated credit-impaired
POS – Point of Sale
PPM – Policyholder Premium Method
PY – Prior year

Q

Q1 – Quarter 1 or first quarter
Q2 – Quarter 2 or second quarter
Q3 – Quarter 3 or third quarter
Q4 – Quarter 4 or fourth quarter

R

REPO – Repurchase Agreements
RWA – Risk Weighted Assets

S

SDR – Special Drawing Right
SICR – Significant increase in credit risk
SME – Small and Medium–Sized Enterprise
S&P – Standard & Poor's
SPC – Special purpose company
SPPI – Solely payments of principal and interest

T

T & T or TT – Trinidad and Tobago

U

UK – United Kingdom
US – United States
UWI – University of the West Indies

V

VAT – Value Added Tax

Y

YoY – Year over year

Corporate **Directory**

NCB FINANCIAL GROUP LIMITED

32 Trafalgar Road, Kingston 10 Jamaica W.I.	**www.myncb.com**	JA: 888-NCB-FIRST (622-3477) US: 1-866-622-3477 UK: 0-800-032-2973

Hon. Patrick Hylton, OJ, CD	President and Group Chief Executive Officer
Dennis Cohen	Group Chief Financial Officer and Deputy Chief Executive Officer
Dave Garcia	Group General Counsel and Corporate Secretary
Mukisa Ricketts	Group Chief Audit Executive
Misheca Seymour-Senior	Group Chief Compliance Officer
Allison Wynter	Group Chief Risk Officer

NATIONAL COMMERCIAL BANK JAMAICA LIMITED

Septimus 'Bob' Blake	Chief Executive Officer (CEO)
Gabrielle Banbury-Kelly	Head - Group Transformation Office
Brian Boothe	Head - Corporate & Commercial Banking, Collections & Underwriting
Anne McMorris-Cover	Head - Enterprise Operations Division
Danielle Cameron-Duncan	Head - Payments and Digital Channels Division
Euton Cummings	Head - Group HR and Facilities Division
Dave Garcia	General Counsel & Head – Group Legal & Corporate Services Division
Ramon Lewis	Head - Group Information Technology Division
Anne McMorris-Cover	Head - Enterprise Operations Division
Sheree Martin	Head - Retail Banking & Customer Experience
Nadeen Matthews Blair	Head - Group Marketing, Communications, Analysis & Digitisation Division / CEO, N.C.B. Foundation
Mukisa Ricketts	Chief Audit Executive & Head – Group Internal Audit Division
Malcolm Sadler	Chief Financial Officer & Head – Group Finance Division
Misheca Seymour-Senior	Chief Compliance Officer & Head – Group Regulatory & Financial Crimes Compliance Division
Tanya Watson-Francis	Head – Treasury and Correspondent Banking Division
Allison Wynter	Chief Risk Officer & Head – Group Risk Management Division

NCB CAPITAL MARKETS LIMITED

Steven Gooden	Chief Executive Officer

NCB INSURANCE AGENCY & FUND MANAGERS LIMITED

Desmond Johnson	General Manager

TFOB (2021) LIMITED

Vernon James	Chief Executive Officer

CLARIEN BANK LIMITED

19 Reid Street, Hamilton HM 11, Bermuda	**www.clarienbank.com**	+1 441-296-6969

Ian Truran	Chief Executive Officer
Michael DeCouto	EVP, Chief Digital and Marketing Officer
Minish Parikh	EVP, Chief Operating Officer
Jonathan Raynor	EVP, Chief Risk Officer
Vishram Sawant	EVP, Chief Financial Officer
Simon Van de Weg	EVP, Chief Banking Officer

GUARDIAN GROUP

1 Guardian Drive, Westmoorings Trinidad and Tobago	**www.myguardiangroup.com**	1-868-226-MYGG (6944)

Ravi Tewari	(Tenure ended Sept. 30, 2022) Group Chief Executive Officer, Guardian Holdings Limited (GHL)
Ian Chinapoo	(Appointed as at Oct. 1, 2022) Group Chief Executive Officer, GHL
Sasha Ali	Group Head, Internal Audit, GHL
Richard Avey	Group General Counsel & Corporate Secretary, GHL
Karen Bhoorasingh	President, Guardian General Insurance Jamaica Limited
Diego Frankel	President, Fatum
Eric Hosin	Group Head, Life, Health and Pensions, GHL
Karen Keishall Lee	Group Head, Compliance, GHL
Meghon Miller-Brown	President, Guardian Life Limited
Anand Pascal	President, Guardian Life of the Caribbean
Dean Romany	President, Guardian General Insurance Limited
Alan Sadler	President, Guardian Shared Services Limited
Samanta Saugh	Group Chief Financial Officer, GHL
Paul Traboulay	Group Chief Risk Officer, GHL

CONTACT INFORMATION

Investor Relations*:	Registrar Services**:
Jacqueline De Lisser Head – Group Investor Relations & Financial Advisory Unit	**Jamaica Central Securities Depository Ltd.** 40 Harbour Street, Kingston
delisserjn@jncb.com	876-967-3271

* Information on the Company
** Shareholders' queries

NCB FINANCIAL GROUP LIMITED

Annual General Meeting **Form of Proxy**

Postage Stamp

I/We ....

of ....

being a Member/Members of the abovenamed Company, hereby appoint

....

of .... or failing him/her

....

of ....

as my/our Proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at **The Atrium, 32 Trafalgar Road, Kingston 10**, in the parish of **Saint Andrew, Jamaica** on **February 3, 2023**, and online using access information to be made available through **www.myncb.com**, at **10:30 a.m.** and at any adjournment thereof.

» Please indicate by inserting a cross in the appropriate square how you wish your votes to be cast. Unless otherwise instructed, the Proxy will vote or abstain from voting, at his/her discretion.

RESOLUTION	FOR	AGAINST
1	☐	☐
2 (a)	☐	☐
2 (b)	☐	☐

RESOLUTION	FOR	AGAINST
3 (a)	☐	☐
3 (b)	☐	☐
4	☐	☐

....

SIGNATURE

Signed this .... day of 2023

NOTES:

1. This Form of Proxy must be received by the Secretary of the Company not less than 48 hours before the time appointed for the Meeting.
2. This Form of Proxy should bear stamp duty of $100. Adhesive stamps are to be cancelled by the person signing the proxy.
3. If the appointer is a Corporation, this Form of Proxy must be executed under its Common Seal or under the hand of an officer or attorney duly authorized in writing.

STRICT OBSERVANCE OF COVID-19 PROTOCOLS IN THE PRODUCTION OF THE ANNUAL REPORT

The production team for the NCBFG 2022 Annual Report adhered to the following safety protocols in order to reduce the risk of spread and exposure to COVID-19:

Automated temperature scanners used to conduct temperature checks for all persons entering the building.

Proper physical distancing practised and actively monitored.

Masks were worn by all team members.

Only the crew and the subject being photographed were in the areas where the photoshoot took place. Subjects being photographed were permitted to remove masks only at the point of being photographed. Proper physical distancing was observed.

No sharing of work equipment or stations without the areas being sanitised prior to being utilised.

Production areas were thoroughly and frequently cleaned and sanitised.

DESIGN:
Graphics & Production Unit
Group Marketing & Communications

PHOTOGRAPHY:
William Richards

AUDITORS:
PricewaterhouseCoopers

PRINTED IN JAMAICA:
Lithographic Printers Ltd.

◂ **Scan QR code** with a smart mobile device to access a digital version of this Annual Report.

www.myncb.com/**annualreport2022**

Empowering **People**
Unlocking **Dreams**
Building **Communities**

HEAD OFFICE: “The Atrium”, 32 Trafalgar Road, Kingston 10
888-NCB-FIRST • ncbinfo@jncb.com • www.myncb.com

NCB FINANCIAL GROUP LIMITED