



# Financial Results

For The Quarter Ended  
December 31, 2021



## KEY RESULTS



\$2.64B

Net Profit



\$2.03T

Total Assets



\$163.88B

Equity



\$1.15

EPS



1.09%

Return on Assets



6.49%

Return on Equity

## First Quarter 2022 Report to Shareholders

Kingston, Jamaica - February 3, 2022

The Board of Directors is pleased to release the following unaudited financial results for NCB Financial Group Limited (NCBFG) and its subsidiaries (the Group) for the quarter ended December 31, 2021.

NCBFG reports unaudited consolidated net profit of \$5.4 billion for the quarter ended December 31, 2021, a decrease of 8% or \$474 million from the prior year. Consolidated net profit attributable to stockholders of the parent totalled \$2.6 billion, a decline of \$1.3 billion or 33% from the prior year.

For the new financial year, the Group continues to focus on our strategic transformation, a key enabler for us to emerge stronger from the pandemic. Our diversified business model, strategic investments and accelerated digital enablement positions the Group for growth in future periods.

As we start this new financial year, we anticipate challenges but are reassured that our team has the determination, ability and skills to execute and manage any possible scenario which may arise. We remain steadfast in our commitment to excellence, standing on 185 years of legacy, we continue transforming our business and improving service delivery of financial services as we build our Caribbean financial ecosystem.

For more information, contact:

### INVESTOR RELATIONS

**Jacqueline De Lisser**

Head -  
Group Investor Relations & Financial  
Advisory  
Email: [DelisserJN@jncb.com](mailto:DelisserJN@jncb.com)

### MEDIA RELATIONS

**Camile Glenister**

Head -  
Group Marketing & Communications  
Email: [GlenisterCS@JNCB.com](mailto:GlenisterCS@JNCB.com)





# Financial Results

For The Quarter Ended December 31, 2021

**Net Profit of \$2.6 billion** (attributable to stockholders of the parent)

## Group Performance

The Group experienced strong growth across most of the major income lines and recorded improved operating income of \$34.0 billion, an increase of \$229 million or 1%. This was driven by a commendable performance from our insurance activities, in addition to improved net interest income.

### ***Banking and Investment Activities***

The net result from banking and investment activities of \$24.7 billion represented a 2% or \$483 million decline from the prior year's performance. Gain on foreign currency and investment activities decreased by \$3.8 billion primarily due to reduced gains from our securities dealings, coupled with lower net foreign exchange gains compared to the prior year. The banking and investment results were further lowered by credit impairment losses increasing by \$666 million or 57% over the December 2020 quarter.

These revenue reductions were tempered by an 18% or \$2.5 billion increase in net interest income, resulting from growth in our interest earning portfolios. Additionally, other income increased by \$588 million mainly due to gains from the sale of property, plant and equipment coupled with net fee and commission income improving by \$555 million or 9%.

### ***Insurance Activities***

The net result from insurance activities totalled \$9.3 billion, an increase of 8% or \$712 million over the prior year. For the quarter net underwriting income improved by 15% or \$4.3 billion to \$32.1 billion, reflecting increased business activity. This was partially offset by increased claims, actuarial reserves and annuity payments.

### ***Operating Expenses***

Operating expenses totalled \$27.0 billion, an increase of \$1.4 billion or 6% over the prior year. Other operating expenses totalled \$12.1 billion, an increase of \$1.6 billion or 15%. The higher expenses were mainly as a result of increased asset taxes, professional fees, technical consultancy charges and investments made to digitally enable the Group as we focus on advancing the customer experience while improving efficiency.

Despite the improved revenues, expenses outpaced revenue growth, this resulted in a cost to income ratio of 75.25%, up from 73.13% in the prior year.



# Financial Results

For The Quarter Ended December 31, 2021

**Net Profit of \$2.6 billion** (attributable to stockholders of the parent)

## Consolidated Statement of Financial Position

Total assets rose to \$2.03 trillion, an increase of 13% or \$227.8 billion over the prior year. The growth in the asset base was mainly due to increased net loans, investment securities and cash in hand and balances at central banks. The growth was funded by increased deposits, repurchase agreements, liabilities under annuity and insurance contracts and other borrowed funds.

### *Investment Securities and Reverse Repurchase Agreements*

Investment securities, including pledged assets and reverse repurchase agreements, totalled \$965.0 billion, an increase of 12% or \$103.5 billion over the prior year. This continues to be the Group's largest earning asset portfolio.

### *Loans and Advances*

The Group's loans and advances, net of credit impairment losses, totalled \$549.5 billion, an increase of 19% or \$88.3 billion over the prior year. Non-performing loans totalled \$32.9 billion as at December 31, 2021, an increase of \$4.4 billion or 16% over the prior year. Non-performing loans as a percentage of gross loans had a marginal decline to 5.9%, down from 6.0% in the prior year.

### *Deposits*

Banking customers continue to show confidence in the Group, evidenced by a 18% or \$103.9 billion increase in deposits to \$685.7 billion. This continues to be our largest source of funding.

### *Policyholders' Liabilities*

Liabilities under annuity and insurance contracts increased to \$451.7 billion, up \$46.3 billion or 11% over the prior year, reflecting continued growth in all our markets.

### *Capital and Liquidity*

Equity attributable to stockholders of the parent totalled \$163.9 billion, a decrease of \$1.1 billion or 1% compared to the prior year.

All our regulated entities have met the applicable capital and liquidity regulatory requirements.

## Dividends

The Board of Directors, at its meeting on February 3, 2022, did not declare an interim dividend.



# Financial Results

For The Quarter Ended December 31, 2021

Net Profit of \$2.6 billion (attributable to stockholders of the parent)

## Business Highlights

On December 1, 2021, NCBFG distinguished itself at the Jamaica Stock Exchange (JSE) Best Practices Awards 2020 in six categories.

In the Listed Company (main market) category:

- Joint winner - JSE/Private Sector Organisation Jamaica Corporate Governance Award - recognises companies that demonstrate and practise outstanding corporate governance.
- Winner - Corporate Disclosure and Investor Relations Award - recognises good investor relations with the wider investing public, as well as providing timely and accurate reports and announcements to the JSE.
- Third place - Annual Report.

In the Member Dealer Awards category, NCBFG's subsidiary, NCB Capital Markets Limited (NCBCM):

- Overall winner - Chairman's Award
- Winner - Revenue Generation & Market Activity
- Winner - Expansion of Investors & Listed Companies Base.

## Corporate Social Responsibility (CSR)

The Group is committed to engaging in activities that support long-term success, providing appropriate benefits for various stakeholders and ensuring compliance with all applicable rules and regulations through responsible and ethical business practices. We recognise our responsibility to society and the environment and acknowledge the impact and influence on the communities we serve. We will continue to provide a safe and secure environment for our customers by offering suitable alternative channels and urging everyone to practise the recommended safety protocols.

Our foundations have embraced philanthropic activities relevant to health, education and community development. We are grateful to the persons on the front line and thank them for their continued service. Thanks to our valued stakeholders, including our team members, for their continued loyalty, confidence and support.

***NCBFG – Empowering People | Unlocking Dreams | Building Communities.***

**ON BEHALF OF THE BOARD**

Hon. Patrick Hylton, OJ, CD, President and Group Chief Executive Officer



	<b>CURRENT YEAR</b>	<b>PRIOR YEAR</b>	
	<b>Quarter ended December 31 2021 \$'000</b>	<b>Quarter ended September 30 2021 \$'000</b>	<b>Quarter ended December 31 2020 \$'000</b>
<b>Operating income</b>			
<b>Banking and investment activities</b>			
Interest income	22,105,773	21,869,270	20,842,008
Interest expense	(5,827,933)	(6,185,777)	(7,026,577)
Net interest income	16,277,840	15,683,493	13,815,431
Fee and commission income	8,387,843	7,589,026	6,985,035
Fee and commission expense	(1,962,490)	(1,961,299)	(1,114,732)
Net fee and commission income	6,425,353	5,627,727	5,870,303
Gain on foreign currency and investment activities	1,622,948	2,185,076	5,412,277
Credit impairment losses	(1,834,095)	(1,202,119)	(1,167,925)
Dividend income	944,249	792,725	576,797
Other operating income	1,273,726	1,312,722	685,756
	2,006,828	3,088,404	5,506,905
Net result from banking and investment activities	<b>24,710,021</b>	<b>24,399,624</b>	<b>25,192,639</b>
<b>Insurance activities</b>			
Premium income	42,371,355	40,608,413	36,435,880
Insurance premium ceded to insurers	(13,139,199)	(14,499,794)	(12,178,151)
Reinsurance commission income	2,850,051	2,720,471	3,564,379
Net underwriting income	32,082,207	28,829,090	27,822,108
Insurance benefits and claims	(25,330,281)	(21,692,894)	(16,142,470)
Reinsurance on benefits and claims	7,117,132	1,821,142	1,869,264
Commission and other selling expenses	(4,566,215)	(4,105,173)	(4,957,862)
Net result from insurance activities	<b>9,302,843</b>	<b>4,852,165</b>	<b>8,591,040</b>
<b>Net operating income</b>	<b>34,012,864</b>	<b>29,251,789</b>	<b>33,783,679</b>
<b>Operating expenses</b>			
Staff costs	11,930,291	9,955,397	12,317,240
Depreciation and amortisation	2,442,123	2,336,509	2,290,672
Finance cost	463,068	501,518	416,410
Other operating expenses	12,139,217	10,478,440	10,536,795
	<b>26,974,699</b>	<b>23,271,864</b>	<b>25,561,117</b>
<b>Operating profit</b>	<b>7,038,165</b>	<b>5,979,925</b>	<b>8,222,562</b>
Share of profit/(loss) of associates	289,055	171,344	(67,991)
<b>Profit before taxation</b>	<b>7,327,220</b>	<b>6,151,269</b>	<b>8,154,571</b>
Taxation	(1,949,009)	11,878	(2,302,202)
<b>NET PROFIT</b>	<b>5,378,211</b>	<b>6,163,147</b>	<b>5,852,369</b>
Attributable to:			
Stockholders of parent	2,640,043	4,321,032	3,917,197
Non-controlling interest	2,738,168	1,842,115	1,935,172
	<b>5,378,211</b>	<b>6,163,147</b>	<b>5,852,369</b>
<b>Earnings per stock unit</b>			
Basic and diluted (expressed in \$)	<b>1.15</b>	<b>2.07</b>	<b>1.66</b>



# Unaudited Financial Results

## Consolidated Statement of Comprehensive Income

Quarter Ended December 31, 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Quarter ended December 31 2021 \$'000	Quarter ended September 30 2021 \$'000	Quarter ended December 31 2020 \$'000
<b>Net Profit</b>	<b>5,378,211</b>	<b>6,163,147</b>	<b>5,852,369</b>
<b>Other comprehensive income, net of tax-</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurements of post-employment benefit obligations	372,981	559,856	393,687
Other	-	-	42,290
	<u>372,981</u>	<u>559,856</u>	<u>435,977</u>
<b>Items that may be subsequently reclassified to profit or loss</b>			
Currency translation gains	1,678,389	959,927	1,115,933
Expected credit reversals on debt instruments at fair value through other comprehensive income (FVOCI)	222,039	206,435	133,708
Unrealised (losses)/gains on securities designated as FVOCI	(151,348)	(187,840)	6,190,682
Realised fair value gains on securities designated as FVOCI	(3,794,870)	(2,327,865)	(557,724)
	<u>(2,045,790)</u>	<u>(1,349,343)</u>	<u>6,882,599</u>
<b>Total other comprehensive (loss)/income</b>	<u>(1,672,809)</u>	<u>(789,487)</u>	<u>7,318,576</u>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b><u>3,705,402</u></b>	<b><u>5,373,660</u></b>	<b><u>13,170,945</u></b>
<b>Total comprehensive income attributable to:</b>			
Stockholders of the parent	1,956,194	2,765,647	9,700,863
Non-controlling interest	1,749,208	2,608,013	3,470,082
	<u><b>3,705,402</b></u>	<u><b>5,373,660</b></u>	<u><b>13,170,945</b></u>





# Unaudited Financial Results


## Consolidated Statement of Financial Position

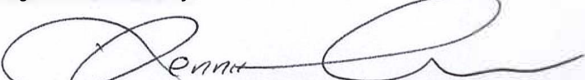
December 31, 2021

expressed in Jamaican Dollars unless otherwise indicated

	December 31 2021 \$'000	September 30 2021 \$'000	December 31 2020 \$'000
<b>ASSETS</b>			
Cash in hand and balances at Central Banks	84,353,552	69,134,649	62,140,032
Due from banks	173,517,550	175,494,037	177,517,965
Derivative financial instruments	962,144	767,441	655,669
Reverse repurchase agreements	7,564,524	9,667,060	6,151,810
Loans and advances, net of credit impairment losses	549,543,967	523,488,890	461,257,943
Investment securities	726,629,015	683,855,078	386,256,580
Pledged assets	230,780,928	223,301,253	469,088,407
Investment in associates	6,778,721	5,950,188	5,816,242
Investment properties	38,551,117	38,218,322	38,972,762
Intangible assets	53,751,635	52,546,872	52,898,628
Property, plant and equipment	28,898,131	28,221,326	30,435,651
Right-of-use assets	5,495,943	5,234,938	4,416,427
Properties for development and sale	2,309,789	2,794,053	3,039,446
Deferred income tax assets	15,785,632	14,421,483	14,765,585
Income tax recoverable	8,070,887	8,007,601	2,720,354
Reinsurance assets	24,960,950	26,635,997	24,275,124
Letters of credit and undertaking	5,524,047	4,801,671	5,667,184
Other assets	61,891,872	48,827,313	51,538,833
<b>Total assets</b>	<b>2,025,370,404</b>	<b>1,921,368,172</b>	<b>1,797,614,642</b>
<b>LIABILITIES</b>			
Due to banks	35,439,595	24,104,359	26,543,706
Customer deposits	685,656,937	647,085,400	581,744,759
Repurchase agreements	232,510,346	224,805,387	196,844,468
Obligations under securitisation arrangements	63,519,568	63,087,217	68,751,892
Derivative financial instruments	7,276	45,228	-
Other borrowed funds	148,595,858	136,972,443	131,106,292
Deferred income tax liabilities	13,693,972	13,494,322	13,777,028
Third party interests in mutual funds	36,403,919	33,699,975	27,312,399
Liabilities under annuity and insurance contracts	451,653,558	433,056,798	405,352,008
Segregated fund liabilities	15,005,717	15,419,433	14,839,708
Investment contract liabilities	45,340,561	43,772,829	41,813,656
Post-employment benefit obligations	9,496,791	9,484,565	9,530,613
Letters of credit and undertaking	5,524,047	4,801,671	5,667,184
Lease liabilities	5,696,694	5,377,512	4,393,981
Other liabilities	65,991,862	59,496,007	57,392,895
<b>Total liabilities</b>	<b>1,814,536,701</b>	<b>1,714,703,146</b>	<b>1,585,070,589</b>
<b>STOCKHOLDERS' EQUITY</b>			
Share capital	153,827,330	153,827,330	153,827,330
Treasury shares	(26,652,675)	(27,198,690)	(15,982,016)
Reserve from the scheme of arrangement	(147,034,858)	(147,034,858)	(147,034,858)
Fair value and capital reserves	16,304,577	17,361,407	19,099,259
Loan loss reserve	3,187,767	2,269,374	-
Statutory reserve fund	6,795,733	6,795,733	6,766,590
Retained earnings reserve	66,270,000	65,320,000	60,890,000
Retained earnings	91,177,786	90,115,895	87,417,421
<b>Equity attributable to stockholders of the parent</b>	<b>163,875,660</b>	<b>161,456,191</b>	<b>164,983,726</b>
Non-controlling interest	46,958,043	45,208,835	47,560,327
<b>Total stockholders' equity</b>	<b>210,833,703</b>	<b>206,665,026</b>	<b>212,544,053</b>
<b>Total stockholders' equity and liabilities</b>	<b>2,025,370,404</b>	<b>1,921,368,172</b>	<b>1,797,614,642</b>

Approved for Issue by the Board of Directors on February 3, 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 Alvin Wint, CD  
 Lead Independent Director

  
 Dave Garcia  
 Corporate Secretary



**NCB**  
FINANCIAL GROUP  
LIMITED

## Unaudited Financial Results

(expressed in Jamaican dollars unless otherwise indicated)

## Consolidated Statement of Changes in Stockholders' Equity

Quarter Ended December 31, 2021

	Share capital	Treasury shares	Reserve from the Scheme of Arrangement	Fair value and capital reserves	Loan loss reserve	Statutory reserve fund	Retained earnings reserve	Retained earnings	Non-controlling interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance as at October 1, 2020</b>	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	-	-	-	6,882,599	-	-	-	2,818,264	3,470,082	13,170,945
Transfer to statutory reserve	-	-	-	-	-	31,527	-	(31,527)	-	-
Transfer to retained earnings reserve	-	-	-	-	-	-	2,310,000	(2,310,000)	-	-
Purchase of treasury shares	-	(831,815)	-	-	-	-	-	-	-	(831,815)
<b>Balance at December 31, 2020</b>	153,827,330	(15,982,016)	(147,034,858)	19,099,259	-	6,766,590	60,890,000	87,417,421	47,560,327	212,544,053
<b>Balance as at October 1, 2021</b>	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	-	-	-	(1,056,830)	-	-	-	3,013,024	1,749,208	3,705,402
Transfer to loan loss reserve	-	-	-	-	918,393	-	-	(918,393)	-	-
Transfer to retained earnings reserve	-	-	-	-	-	-	950,000	(950,000)	-	-
Disposal of treasury shares	-	546,015	-	-	-	-	-	(82,740)	-	463,275
<b>Balance at December 31, 2021</b>	153,827,330	(26,652,675)	(147,034,858)	16,304,577	3,187,767	6,795,733	66,270,000	91,177,786	46,958,043	210,833,703





# Unaudited Financial Results

## Consolidated Statement of Cash Flows

Quarter Ended December 31, 2021

(expressed in Jamaican dollars unless otherwise indicated)

	<b>December 31 2021 \$'000</b>	<b>December 31 2020 \$'000</b>
<b>Cash Flows from Operating Activities</b>		
Net profit	5,378,211	5,852,369
Adjustments to reconcile net profit to net cash provided by/(used in) operating activities	37,827,216	(31,802,068)
Net cash provided by/(used in) operating activities	<u>43,205,427</u>	<u>(25,949,699)</u>
<b>Cash Flows from Investing Activities</b>		
Acquisition of property, plant and equipment	(957,468)	(751,066)
Acquisition of intangible asset - computer software	(2,219,041)	(1,129,511)
Proceeds from disposal of property, plant and equipment	741,316	1,499
Purchase of investment property	(260,088)	(788,719)
Purchases of investment securities	(212,883,484)	(103,181,654)
Sales/maturities of investment securities	153,924,260	119,616,438
Net cash (used in)/provided by investing activities	<u>(61,654,505)</u>	<u>13,766,987</u>
<b>Cash Flows from Financing Activities</b>		
Repayments under securitisation arrangements	(2,223,509)	(1,413,020)
Proceeds from other borrowed funds	24,711,379	9,832,197
Repayments of other borrowed funds	(15,898,927)	(3,621,810)
Purchase of treasury shares	-	(831,815)
Proceeds from disposal of treasury shares	463,275	-
Due to banks	918,734	(1,942,200)
Lease repayment	(363,272)	(783,950)
Net cash provided by financing activities	<u>7,607,680</u>	<u>1,239,402</u>
Effect of exchange rate changes on cash and cash equivalents	<u>2,670,313</u>	<u>(963,654)</u>
Net decrease in cash and cash equivalents	<u>(8,171,085)</u>	<u>(11,906,964)</u>
Cash and cash equivalents at beginning of period	195,743,140	201,165,403
<b>Cash and cash equivalents at end of period</b>	<b><u>187,572,055</u></b>	<b><u>189,258,439</u></b>
<b>Comprising:</b>		
Cash in hand and balances at Central Banks	41,232,305	26,147,358
Due from banks	169,763,505	174,358,891
Reverse repurchase agreements	1,770,530	3,842,083
Investment securities	548,350	1,675,892
Due to banks	(25,742,635)	(16,765,785)
	<b><u>187,572,055</u></b>	<b><u>189,258,439</u></b>



**NCB**  
FINANCIAL GROUP  
LIMITED

# Unaudited Financial Results

(expressed in Jamaican dollars unless otherwise indicated)

## Segment Report

Quarter Ended December 31, 2021

Quarter ended December 31, 2021	Banking and Investment Activities					Insurance Activities			Total
	Consumer & SME Banking	Payment Services	Corporate & Commercial Banking	Treasury & Correspondent Banking	Wealth, Asset Management & Investment Banking	Life and Health Insurance & Pension Fund Management	General Insurance	Other & Consolidation Adjustments	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
External revenue	8,496,165	5,749,114	3,573,531	4,163,351	4,848,685	33,907,078	20,774,958	(1,956,937)	79,555,945
Revenue from other segments	651,629	-	46,989	1,108,556	1,166,986	292,816	56,648	(3,323,624)	-
<b>Total Revenue</b>	<b>9,147,794</b>	<b>5,749,114</b>	<b>3,620,520</b>	<b>5,271,907</b>	<b>6,015,671</b>	<b>34,199,894</b>	<b>20,831,606</b>	<b>(5,280,561)</b>	<b>79,555,945</b>
Net interest income	6,492,526	1,443,388	2,081,116	1,190,923	1,867,420	5,341,089	218,186	(2,329,722)	16,304,926
Net fee and commission income	1,188,885	1,970,386	489,255	142,933	1,008,843	886,498	673,681	(232,156)	6,128,325
Gain/(loss) on foreign currency and investment activities	18,736	42,268	-	1,757,703	806,878	1,027,886	237,431	(2,267,954)	1,622,948
Net result from insurance activities	-	-	-	-	-	2,534,369	6,796,907	(28,433)	9,302,843
Credit impairment (losses)/reversals	(795,898)	(190,079)	171,474	77,155	423,250	(1,298,084)	(68,782)	(153,131)	(1,834,095)
Other operating income and dividend income	491,161	(777)	80	4	314,659	950,041	47,348	641,393	2,443,909
<b>Total operating income</b>	<b>7,395,410</b>	<b>3,265,186</b>	<b>2,741,925</b>	<b>3,168,718</b>	<b>4,421,050</b>	<b>9,441,799</b>	<b>7,904,771</b>	<b>(4,370,003)</b>	<b>33,968,856</b>
Staff costs	2,517,162	384,370	147,762	82,225	992,161	1,778,123	1,605,979	1,335,894	8,843,676
Depreciation and amortisation	446,608	101,187	520	2,025	28,182	206,955	193,764	623,286	1,602,527
Finance cost	134,825	2,466	6,286	1,941	16,007	40,687	30,821	99,161	332,194
Other operating expense	1,754,220	1,409,089	639,105	921,571	1,129,170	2,303,118	1,846,463	(834,360)	9,168,376
<b>Total operating expense</b>	<b>4,852,815</b>	<b>1,897,112</b>	<b>793,673</b>	<b>1,007,762</b>	<b>2,165,520</b>	<b>4,328,883</b>	<b>3,677,027</b>	<b>1,223,981</b>	<b>19,946,773</b>
Operating profit before allocated cost	2,542,595	1,368,074	1,948,252	2,160,956	2,255,530	5,112,916	4,227,744	(5,593,984)	14,022,083
Allocated costs	(2,864,170)	(880,354)	(340,408)	(200,081)	-	-	-	-	(4,285,013)
<b>Operating profit</b>	<b>(321,575)</b>	<b>487,720</b>	<b>1,607,844</b>	<b>1,960,875</b>	<b>2,255,530</b>	<b>5,112,916</b>	<b>4,227,744</b>	<b>(5,593,984)</b>	<b>9,737,070</b>
Unallocated corporate expenses									(2,698,905)
Share of profit of associates									289,055
<b>Profit before taxation</b>									7,327,220
Taxation									(1,949,009)
<b>Net Profit</b>									5,378,211
Segment assets	475,270,650	43,244,075	196,383,336	401,300,401	387,649,339	547,084,218	95,075,444	(151,272,299)	1,994,735,164
Associates									6,778,721
Unallocated assets									23,856,519
<b>Total assets</b>									2,025,370,404
Segment liabilities	437,252,930	3,795,696	162,245,595	417,257,691	336,606,301	456,213,693	66,148,570	(78,677,747)	1,800,842,729
Unallocated liabilities									13,693,972
<b>Total liabilities</b>									1,814,536,701
Capital expenditure	1,185,028	415,519	29,340	65,914	110,575	379,135	774,151	216,847	3,176,509



**NCB**  
FINANCIAL GROUP  
LIMITED

# Unaudited Financial Results

(expressed in Jamaican dollars unless otherwise indicated)

## Segment Report

Quarter Ended December 31, 2020

Quarter ended December 31, 2020	Banking and Investment Activities					Insurance Activities			Total
	Consumer & SME Banking	Payment Services	Corporate & Commercial Banking	Treasury & Correspondent Banking	Wealth, Asset Management & Investment Banking	Life and Health Insurance & Pension Fund Management	General Insurance	Other & Consolidation Adjustments	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
External revenue	7,725,862	4,415,952	3,268,554	4,104,758	6,073,777	28,184,139	20,119,247	609,843	74,502,132
Revenue from other segments	286,925	-	13,227	1,003,126	879,967	73,932	67,585	(2,324,762)	-
<b>Total Revenue</b>	<b>8,012,787</b>	<b>4,415,952</b>	<b>3,281,781</b>	<b>5,107,884</b>	<b>6,953,744</b>	<b>28,258,071</b>	<b>20,186,832</b>	<b>(1,714,919)</b>	<b>74,502,132</b>
Net interest income	5,946,354	1,436,846	2,086,134	660,883	1,506,346	4,369,999	255,558	(2,408,345)	13,853,775
Net fee and commission income	1,120,877	1,590,388	237,979	95,757	1,051,578	854,294	465,945	(91,842)	5,324,976
Gain/(loss) on foreign currency and investment activities	11,536	110	31,866	1,930,498	2,323,077	1,083,830	516,413	(485,053)	5,412,277
Net result from insurance activities	-	-	-	-	-	4,969,080	3,775,048	(153,088)	8,591,040
Credit impairment (losses)/reversals	(965,932)	(406,915)	97,758	(138,227)	(108,102)	77,866	318,989	(43,362)	(1,167,925)
Other operating income and dividend income	50,745	(217)	172	4,946	362,278	617,400	22,052	1,099,476	2,156,852
<b>Total operating income</b>	<b>6,163,580</b>	<b>2,620,212</b>	<b>2,453,909</b>	<b>2,553,857</b>	<b>5,135,177</b>	<b>11,972,469</b>	<b>5,354,005</b>	<b>(2,082,214)</b>	<b>34,170,995</b>
Staff costs	2,662,574	295,361	104,168	66,446	739,232	2,621,454	1,649,572	1,827,607	9,966,414
Depreciation and amortisation	370,901	133,914	-	133	39,673	239,155	168,323	562,040	1,514,139
Finance cost	68,056	1,698	8,274	5,348	14,084	50,627	39,721	116,056	303,864
Other operating expense	1,376,400	837,944	334,793	537,623	719,248	2,800,342	1,289,657	3,499	7,899,506
<b>Total operating expense</b>	<b>4,477,931</b>	<b>1,268,917</b>	<b>447,235</b>	<b>609,550</b>	<b>1,512,237</b>	<b>5,711,578</b>	<b>3,147,273</b>	<b>2,509,202</b>	<b>19,683,923</b>
Operating profit before allocated cost	1,685,649	1,351,295	2,006,674	1,944,307	3,622,940	6,260,891	2,206,732	(4,591,416)	14,487,072
Allocated costs	(2,314,748)	(691,137)	(773,328)	(173,675)	-	-	-	-	(3,952,888)
<b>Operating profit</b>	<b>(629,099)</b>	<b>660,158</b>	<b>1,233,346</b>	<b>1,770,632</b>	<b>3,622,940</b>	<b>6,260,891</b>	<b>2,206,732</b>	<b>(4,591,416)</b>	<b>10,534,184</b>
Unallocated corporate expenses									(2,311,622)
Share of profit of associates									(67,991)
<b>Profit before taxation</b>									<b>8,154,571</b>
Taxation									(2,302,202)
<b>Net Profit</b>									<b>5,852,369</b>
Segment assets	438,811,225	23,882,361	167,491,368	369,739,128	344,920,747	574,611,522	98,131,526	(243,275,416)	1,774,312,461
Associates									5,816,242
Unallocated assets									17,485,939
<b>Total assets</b>									<b>1,797,614,642</b>
Segment liabilities	379,171,531	5,191,640	133,571,690	391,623,778	291,880,340	437,817,765	61,447,151	(129,410,334)	1,571,293,561
Unallocated liabilities									13,777,028
<b>Total liabilities</b>									<b>1,585,070,589</b>
Capital expenditure	775,558	149,905	49,254	23,627	118,933	552,867	114,465	95,968	1,880,577



## 1. Identification and Principal Activities

NCB Financial Group Limited ("the Company") is a financial holding company, incorporated and domiciled in Jamaica. The Company is 52.67% (December 31, 2020 - 51.75%) 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, O.J., 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.

## 2. Basis of preparation

The condensed consolidated interim financial statements (interim financial statements) for the quarter ended December 31, 2021 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The interim financial statements should be read in conjunction with the annual financial statements for the year ended September 30, 2021 which have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

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.

## 3. Segment reporting

The Group is organised into the following business segments:

- Consumer & SME banking – This incorporates the provision of banking services to individual and small and medium business clients.
  - Payment services – This incorporates the provision of card related and digital/electronic payment services.
  - Corporate and commercial banking – This incorporates the provision of banking services to large corporate clients.
  - 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.
  - Wealth, asset management and investment banking – This incorporates stock brokerage, securities trading, investment management and other financial services provided by certain overseas subsidiaries.
  - Life and health insurance & pension fund management – This incorporates life and health insurance, investment and pension fund management services.
  - General insurance - This incorporates property and casualty insurance services.
- Other/Consolidation Adjustments - The Group's trustee services, property development and the outstanding transactions and balances of certain inactive subsidiaries and the parent company are classified as Other for segment reporting. Eliminations comprise inter-segment transactions and adjustments on consolidation of the financial statements are also included in this segment.

## 4. Impact of COVID-19

After rebounding to an estimated 5.5% in 2021, global growth is expected to decelerate to 4.1% in 2022 (World Bank (2022)), reflecting diminished fiscal support, lingering supply chain bottlenecks and the continued evolution of the COVID-19 pandemic that will lead to periodic surges in cases. The global economy is expected to recover in 2022, with growth being driven by sustained vaccination efforts, greater economic reopening and rising employment leading to increased disposable incomes and continued growth in consumer spending. However, the pace of growth may decline as base effects from 2020 lows diminish, and headwinds from new waves of COVID-19 infections, persistent supply chain challenges, and rising freight costs drive inflation higher, challenging policy makers. Consequently, inflationary pressures are expected to result in more monetary tightening. Many central banks in Latin America and the Caribbean had already begun hiking rates in 2021 to combat high inflation and the rise in inflation expectations, despite their fledgling economic recoveries. While tighter monetary policy will help to reduce inflation, the wind down of monetary support could also slow the pace of global and regional economic growth.

Latin America and the Caribbean is also expected to see a deceleration in the pace of growth to 2.6% in 2022 from an estimated growth of 6.7% in 2021 (World Bank (2022)). However, the pace of growth across individual countries may remain uneven due to asymmetries in the implementation of fiscal, social, monetary, economic, health and vaccination policies. Across our major operating territories, inoculation efforts remain a priority and an important factor in the economic rebound. As of Jan 21, 2022, 88.9%, 75.0%, 54.9%, 52.0% and 24.8%<sup>1</sup> of persons have received at least one dose of a vaccine in the Cayman Islands, Bermuda, Barbados, T&T and Jamaica, respectively. The vaccination rate will support Barbados' ability to attract tourists and boost its domestic recovery. Barbados' real GDP growth is forecast to accelerate to 8.4% (IMF (2022)) in 2022 from an estimated 3.3% in 2021, as the impact of the COVID-19 pandemic fades and recovering tourism activity boosts exports and private consumption. Despite T&T's vaccination rate, it has had several spikes in COVID-19 cases, which resulted in the implementation of health restrictions that have stunted the recovery efforts, causing an estimated 1% contraction in 2021. However, recovery in its main trading partners is expected to drive demand for energy and non-energy exports. Together with high energy prices, this should influence economic growth of 5.4% (IMF (2022)) in T&T, for 2022.

<sup>1</sup> Our World In Data (2022)



#### 4. Impact of COVID-19 (continued)

The Jamaican economy grew by an estimated 4.6% in 2021 (IMF) and is forecast to grow by 2.7% in 2022. Like Barbados, growth is predicated on increased tourism, due to travellers' willingness, especially Americans, to travel to short-haul destinations, such as the Caribbean. Jamaica should also benefit from the spillover effects of tourism to other sectors such as agriculture and manufacturing. A fall in unemployment (7.1% - October 2021 (STATIN, 2022)), which has already dipped below its pre-pandemic low of 7.2%, will also boost domestic spending and private consumption, buttressing Jamaica's GDP. However, the country's low vaccination rate makes it susceptible to increased spread of COVID-19 variants, which could undermine current forecasts. However, the overall impact on commercial and economic activity could be tempered by the fact that the GOJ has indicated that it will no longer use no-movement days to control the spread of the coronavirus.

The region will also have to contend with elevated inflationary pressures and monetary tightening, as central banks try to stem the spike in the prices. There has been a general increase in prices across our major territories but the pace of increase has varied, with rates being higher in Jamaica. The accompanying economic issues tied to high inflation have resulted in Jamaica being among the emerging market central banks to have raised rates in 2021. In Jamaica, inflation has surpassed the Bank of Jamaica's target range for 5 consecutive months and in an attempt to lower inflation, the Bank of Jamaica has instituted three consecutive interest rate hikes. Considering the expectations for continued transmission of higher international commodity and shipping prices to domestic processed food, food-related services and energy price inflation, as well as a recovery in domestic demand, the BOJ forecasts that inflation will continue to breach the upper limit of its target range over the next 10 to 12 months, with the rate projected to peak in the range of 8.0% to 9.0% over this period. As such, we anticipate further rate increases in the coming months, as the BOJ attempts to guide the inflation rate back within the target range and to anchor inflation expectations. However, this could disrupt or hinder the recovering economy.

While the economic rebound will positively impact the financial sector and the Group, rising inflation and interest rates will pose challenges for some sub-sectors. Within the banking sector, higher interest rates will make borrowing more expensive, which could lower demand; however, it could also influence higher interest income and better margins. The interest rate environment will also be a key concern for life insurers because of their exposure to interest rate movements. Elevated inflation will continue to raise the cost of production for many companies, potentially reducing profit margins. Further, the accompanying rising interest rate environment could also lower asset valuations for some stocks. The stock market is expected to benefit from new initial public offerings, additional public offerings, and cross-listings on the Jamaica Stock Exchange, which will increase the availability and access to assets for investment and trading. Despite the risks, the general outlook for the Jamaican equity market is skewed to the upside, which will create opportunities for our investment banking and asset management operations to boost fee income, and support bottom-line growth.

We anticipate that operating markets will continue to see growth in 2022, with challenges in the form of COVID-19, high inflation and rising interest rates being major themes. Despite expectations of continued growth, we anticipate that our operating markets will remain below pre-pandemic performance in 2022. However, the prospects for recovery and economic growth, as well as these new themes create significant opportunities that we are positioned to leverage in the coming quarters. Within this context, the Group continues to take advantage of emerging opportunities while mitigating the lingering risks.





**Interest/Ownership of Stock Units by Directors of NCB Financial Group Limited as at December 31, 2021**

<b>Directors <sup>1.</sup></b>	<b>Total</b>	<b>Direct</b>	<b>Connected Parties</b>
Robert Almeida	65,990,231	171,750	65,818,481
Dennis Cohen <sup>2.</sup>	141,038,802	2,267,344	138,771,458
Sandra Glasgow <sup>2.</sup>	139,119,484	188,126	138,931,358
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	1,505,225,526	146,698	1,505,078,828
Thalia Lyn, OD <sup>2.</sup>	139,204,204	424,104	138,780,100
Prof. Alvin Wint, CD	65,906,625	88,144	65,818,481
Dave Garcia (Corporate Secretary)	175,027	175,027	0

**Interest/Ownership of Stock Units by Executives/Senior Managers of NCB Financial Group Limited as at December 31, 2021**

<b>Executives/Senior Managers</b>	<b>Total</b>	<b>Direct</b>	<b>Connected Parties</b>
Dennis Cohen <sup>1. 2.</sup>	141,038,802	2,267,344	138,771,458
Dave Garcia	175,027	175,027	0
Hon. Patrick Hylton, OJ, CD <sup>1.</sup>	75,324,136	9,505,655	65,818,481
Misheca Seymour-Senior	7,195	7,195	0
Mukisa Wilson Ricketts	87,552	87,552	0
Allison Wynter <sup>2.</sup>	73,281,214	191,237	73,089,977

**Interest/Ownership of Stock Units by Executives/Senior Managers of subsidiaries of NCB Financial Group Limited as at December 31, 2021**

<b>Executives/Senior Managers</b>	<b>Total</b>	<b>Direct</b>	<b>Connected Parties</b>
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
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
Simona Watkis	6,595	6,595	0
Tanya Watson Francis	156,323	156,323	0
Angus Young	0	0	0

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.



# Unaudited Financial Results

## Shareholdings Report

December 31, 2021

### 10 Largest Shareholders of NCB Financial Group Limited as at December 31, 2021

Name of Shareholder	Units	Percentage Ownership
AIC (Barbados) Limited	1,299,311,333	52.67%
MF&G Asset Management Limited - NCB Share Scheme	101,406,205	4.11%
Sagicor PIF Equity Fund	78,332,444	3.18%
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%
Ideal Portfolio Services Company Limited	33,279,877	1.35%
SJIML A/C 3119	32,539,032	1.32%
Guardian Life of the Caribbean	30,206,368	1.22%
National Insurance Fund	26,836,950	1.09%

### Shareholder Profile of NCB Financial Group Limited as at December 31, 2021

Number of Shareholders	Ownership of Each Shareholder	Percentage Ownership	Number of Units
One shareholder with six accounts	52.67%	52.67%	1,299,311,333
10	1 - 5%	19.60%	483,603,791
44,323	Less than 1%	27.73%	683,847,704
<b>44,334</b>		<b>100.00%</b>	<b>2,466,762,828</b>