NCB Financial Group Limited

Financial Statements
September 30, 2021

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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, 2021, 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, 2021;
- 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 statement of financial position as at September 30, 2021;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

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

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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 industry 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 51 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 96% of the Group's total assets and 98% of total revenue. For 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.

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, 2021, the Group's loans and advances totalled $539 billion. The Group's investment securities measured at amortised cost and fair valued through other comprehensive income (FVOCI) totalled $691 billion. In aggregate, the above exposures represent 64% of total assets at the reporting date. The resultant impairment recorded under the expected credit loss (ECL) impairment model amounted to $15 billion for loans and advances and $938 million for debt securities. 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). Probabilities of default 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 due to the negative impact of COVID-19 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 ongoing economic impact of COVID-19 continued to result in a significant increase in credit risk (SICR) for a number of borrowers for debt securities and loans and advances, which migrated from Stage 1 to Stage 2 classification. This was based on an assessment of the industry in which the borrower operates and other relevant factors. In the event of a 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 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. 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 which are publicly available. Upside and downside scenarios are set relative to the base case scenario based on reasonably possible alternative macroeconomic conditions. Additional adjustments to the base, best case and worst case scenario weightings were required as a result of the ongoing COVID-19 pandemic. We focused on this area due to the impact of COVID-19 on credit risk, the complexity of the techniques used to determine PDs, identify SICR, and the number of significant judgements made by management regarding 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. • Inspected the financial statements of a sample of borrowers to determine if there was any significant downturn in financial performance before and during the pandemic. This aided in assessing the staging for borrowers, particularly for those who requested forbearance as a result of COVID-19. **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 by identifying the industries severely impacted by the pandemic. These were identified based on restrictions imposed by Governments across the Group's operations. Compared our results to those identified and classified by management. • Tested whether the loans of borrowers from these industries migrated to Stage 2.

Key audit matter	How our audit addressed the key audit matter
	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. • 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 insurance and annuity contracts (Group) *See notes 2(w) and 39 to the financial statements for disclosures of related accounting policies, judgements and estimates.* As at September 30, 2021, reserves for life insurance and annuity contracts account for $384 billion or 22% 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. Based on management's assessment COVID-19 did not have a significant impact on the liabilities for life insurance and annuity insurance contracts. 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 result in significant impacts to 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. We tested a sample of contracts to assess whether contract features and demographic data corresponded to the data file given by management to its actuary. • Evaluated the methodologies and assumptions utilized by management's actuarial experts considering industry and component specific facts and circumstances. Specific areas of focus were mortality assumptions, contract lapses, investment return and associated discount rate, and policy expenses, all of which are based on entity experience or publicly available information. The results of our procedures indicated that the assumptions used by management for determining insurance contract liabilities for life insurance and annuity insurance contracts were not unreasonable and that the methodologies used were actuarially established and accepted and appropriate in the circumstance.

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, 2021. 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, 2021. 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 challenges involved in determining the impact of COVID-19 on those key assumptions. The key assumptions were assessed by management as being: • revenue growth rate; • projected reinsurance; • claims ratio; • projected expenses; • 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. • Tested the key assumptions, including the impact of COVID-19 on those key assumptions as follows: • 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.

Key audit matter	How our audit addressed the key audit matter
	• 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.
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 and estimates.* As at September 30, 2021, 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 $50 billion or 3% 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 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.

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, 2021
Kingston, Jamaica

NCB Financial Group Limited

Consolidated Income Statement

Year ended September 30, 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
Operating Income			
Banking and investment activities			
Interest income		74,574,816	74,421,878
Interest expense		(25,947,849)	(21,932,169)
Net interest income	6	48,626,967	52,489,709
Fee and commission income		28,280,912	25,925,325
Fee and commission expense		(5,791,918)	(4,555,918)
Net fee and commission income	7	22,488,994	21,369,407
Gain on foreign currency and investment activities	8	22,830,152	8,793,286
Credit impairment losses	13	(3,385,126)	(10,284,994)
Dividend income	11	2,315,752	1,901,300
Other operating income		5,276,924	2,102,190
		27,037,702	2,511,782
Net result from banking and investment activities		98,153,663	76,370,898
Insurance activities			
Premium income	9	150,037,225	135,202,001
Insurance premium ceded to reinsurers	9	(51,378,200)	(42,003,606)
Reinsurance commission income		11,574,595	8,470,579
Net underwriting income		110,233,620	101,668,974
Gross policyholders' and annuitants' benefits and reserves	10	(77,276,066)	(63,223,937)
Reinsurance on policyholders' and annuitants' benefits and reserves	10	6,707,259	7,016,737
Commission and other selling expenses		(16,713,121)	(13,005,783)
Net result from insurance activities		22,951,692	32,455,991
Net operating income		121,105,355	108,826,889
Operating Expenses			
Staff costs	12	44,500,542	40,526,668
Depreciation and amortisation		9,309,964	8,529,471
Finance cost		1,836,346	1,411,727
Other operating expenses	14	39,203,259	31,097,938
		94,850,111	81,565,804
Operating Profit		26,255,244	27,261,085
Share of profit of associates	24	340,289	312,391
Profit before Taxation		26,595,533	27,573,476
Taxation	15	(6,519,927)	(690,064)
NET PROFIT		20,075,606	26,883,412
Attributable to:			
Stockholders of the parent		14,226,671	19,090,378
Non-controlling interest	55	5,848,935	7,793,034
		20,075,606	26,883,412
Earnings per stock unit			
Basic and diluted (expressed in $)	16	6.25	8.01

NCB Financial Group Limited

Consolidated Statement of Comprehensive Income

Year ended September 30, 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
Net Profit		20,075,606	26,883,412
Other Comprehensive Income, net of tax -			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations		975,959	418,946
		975,959	418,946
Items that may be reclassified subsequently to profit or loss			
Currency translation gains		1,406,148	5,409,780
Expected credit reversals/(losses) on debt instruments at fair value through other comprehensive income (FVOCI)		79,417	(38,349)
Unrealised gains/(losses) on securities designated as FVOCI		4,524,416	(4,510,060)
Realised fair value gains on sale and maturity of securities designated as FVOCI		(6,714,168)	(1,803,657)
		(704,187)	(942,286)
Total other comprehensive income/(loss)		271,772	(523,340)
TOTAL COMPREHENSIVE INCOME		20,347,378	26,360,072
Total comprehensive income attributable to:			
Stockholders of parent		18,866,223	18,550,266
Non-controlling interest	54	1,481,155	7,809,806
		20,347,378	26,360,072

NCB Financial Group Limited

Consolidated Statement of Financial Position

September 30, 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
ASSETS			
Cash in hand and balances at Central Banks	17	69,134,649	74,039,589
Due from banks	18	175,494,037	178,898,210
Derivative financial instruments	19	767,441	653,735
Reverse repurchase agreements	20	9,667,060	9,518,854
Loans and advances, net of provision for credit losses	21	523,488,890	452,954,936
Investment securities	22	683,855,078	456,802,747
Pledged assets	23	223,301,253	401,757,217
Investment in associates	24	5,950,188	6,955,109
Investment properties	25	38,218,322	33,751,227
Intangible assets	28	52,546,872	53,018,480
Property, plant and equipment	29	28,221,326	27,530,567
Right-of-use assets	56	5,234,938	4,543,678
Properties for development and sale	26	2,794,053	2,759,044
Reinsurance assets	27	26,635,997	26,532,008
Deferred income tax assets	30	14,421,483	14,634,857
Income tax recoverable		8,007,601	2,323,139
Letters of credit and undertaking		4,801,671	3,618,540
Other assets	31	48,827,313	49,968,338
Total Assets		1,921,368,172	1,800,260,275

NCB Financial Group Limited
Consolidated Statement of Financial Position (Continued)
September 30, 2021
(expressed in Jamaican dollars unless otherwise indicated)

		2021 $'000	2020 $'000
LIABILITIES			
Due to banks	32	24,104,359	30,134,601
Customer deposits		647,085,400	573,968,886
Repurchase agreements		224,805,387	211,436,379
Obligations under securitisation arrangements	33	63,087,217	71,083,957
Derivative financial instruments	19	45,228	-
Other borrowed funds	34	136,972,443	125,066,336
Deferred income tax liabilities	30	13,494,322	11,244,924
Third party interest in mutual funds	36	33,699,975	27,572,914
Segregated fund liabilities	38	15,419,433	14,255,178
Investment contract liabilities	37	43,772,829	41,682,306
Liabilities under annuity and insurance contracts	39	433,056,798	405,014,541
Post-employment benefit obligations	40	9,484,565	9,731,059
Letters of credit and undertaking		4,801,671	3,618,540
Lease Liabilities	56	5,377,512	4,597,994
Other liabilities	41	59,496,007	70,647,737
Total Liabilities		1,714,703,146	1,600,055,352
STOCKHOLDERS' EQUITY			
Share capital	42	153,827,330	153,827,330
Treasury shares	42	(27,198,690)	(15,150,201)
Reserves from scheme of arrangement	43	(147,034,858)	(147,034,858)
Fair value and capital reserves	43	17,361,407	12,216,660
Loan loss reserve	44	2,269,374	-
Banking reserve fund	45	6,795,733	6,735,063
Retained earnings reserve	46	65,320,000	58,580,000
Retained earnings		90,115,895	86,940,684
Equity attributable to stockholders of the parent		161,456,191	156,114,678
Non-controlling interest	54	45,208,835	44,090,245
Total stockholders' equity		206,665,026	200,204,923
Total stockholders' equity and liabilities		1,921,368,172	1,800,260,275

Approved for issue by the Board of Directors on November 26, 2021 and signed on its behalf by:

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
Consolidated Statement of Changes in Equity
Year ended September 30, 2021
(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 2019		153,827,330	(10,756,253)	(147,034,858)	13,158,946	2,947,624	6,625,209	43,820,000	85,002,181	36,280,439	183,870,618
Total comprehensive income :											
Net profit		-	-	-	-	-	-	-	19,090,378	7,793,034	26,883,412
Other comprehensive income		-	-	-	(942,286)	-	-	-	402,174	16,772	(523,340)
Transfer from Loan Loss Reserve		-	-	-	-	(2,947,624)	-	-	2,947,624	-	-
Transfer to Banking Reserve Fund		-	-	-	-	-	109,854	-	(109,854)	-	-
Transfer to Retained Earnings Reserve		-	-	-	-	-	-	14,760,000	(14,760,000)	-	-
Purchase of treasury shares	42	-	(4,443,775)	-	-	-	-	-	-	-	(4,443,775)
Disposal of treasury shares	42	-	49,827	-	-	-	-	-	(49,827)	-	-
Dividends paid to non-controlling interest		-	-	-	-	-	-	-	(166,953)	-	(166,953)
Transaction with owners of the Company :											-
Dividends paid	52	-	-	-	-	-	-	-	(5,415,039)	-	(5,415,039)
Balance at September 30, 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		-	-	-	-	-	-	-	(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

NCB Financial Group Limited
Consolidated Statement of Cash Flows
Year ended September 30, 2021
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
Cash Flows from Operating Activities			
Net profit		20,075,606	26,883,412
Adjustments to reconcile net profit to net cash provided by operating activities		18,379,727	143,508,764
Net cash provided by operating activities	47	38,455,333	170,392,176
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment	29	(3,440,521)	(4,531,453)
Acquisition of intangible assets – computer software	28	(4,956,374)	(9,640,375)
Proceeds from disposal of property, plant and equipment		79,338	82,671
Purchase of investment property	25	(2,464,615)	(4,150,516)
Proceeds from disposal of investment property		19,393	1,118,391
Purchases of investment securities		(676,729,612)	(705,712,209)
Sales/maturities of investment securities		647,446,405	581,889,676
Net cash used in investing activities		(40,045,986)	(140,943,815)
Cash Flows from Financing Activities			
Proceeds from securitisation arrangements		-	35,392,925
Repayment of securitisation arrangements		(7,894,566)	(12,077,688)
Proceeds from other borrowed funds		55,166,682	24,192,548
Repayments of other borrowed funds		(45,264,920)	(27,547,524)
Due to banks		(2,978,153)	4,055,319
Purchase of treasury shares	42	(831,815)	(4,443,775)
Proceeds from disposal of treasury shares	42	2,528,496	49,827
Lease liabilities		(2,564,669)	-
Dividends paid		(1,526,294)	(5,415,039)
Net cash (used in)/provided by financing activities		(3,365,239)	14,206,593
Net (decrease) / increase of exchange rate changes on cash and cash equivalents		(466,371)	651,908
Net (decrease)/increase in cash and cash equivalents		(5,422,263)	44,306,862
Cash and cash equivalents at beginning of period		201,165,403	156,858,541
Cash and Cash Equivalents at End of Period		195,743,140	201,165,403
Comprising:			
Cash in hand and balances at Central Banks	17	27,886,988	38,487,461
Due from banks	18	171,369,963	175,089,394
Reverse repurchase agreements	20	4,677,979	5,814,046
Investment securities	22	7,190,324	230,004
Due to banks	32	(15,382,114)	(18,455,502)
		195,743,140	201,165,403

NCB Financial Group Limited
Statement of Comprehensive Income
Year ended September 30, 2021
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
Income			
Management fees	7	3,500,000	3,193,467
Dividend income	11	14,973,250	14,652,184
Credit impairment losses	13	(441)	(263)
Losses on foreign currency activities	8	(6,394,631)	(4,919,960)
		12,078,178	12,925,428
Expenses			
Staff costs	12	3,972,871	4,337,964
Finance cost		159,465	33,611
Other operating expenses	14	1,787,205	624,312
		5,919,541	4,995,887
Operating profit		6,158,637	7,929,541
Interest income	6	523,379	507,458
Interest expense	6	(6,314,782)	(5,805,066)
Profit before Taxation		367,234	2,631,933
Taxation	15	3,198,298	2,726,972
NET PROFIT		3,565,532	5,358,905
Other comprehensive income			
Changes in unrealised gains on securities designated as FVOCI		(231)	304
TOTAL COMPREHENSIVE INCOME		3,565,301	5,359,209

NCB Financial Group Limited

Statement of Financial Position

September 30, 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021	2020
		$'000	$'000
ASSETS			
Due from banks	18	15,797,132	2,760,873
Loan to related party	21	-	251,893
Investment securities	22	7,126,178	7,114,685
Investment in subsidiaries		216,086,443	214,033,422
Right-of-use assets		74,599	97,098
Deferred income tax assets	30	8,563,874	5,366,278
Income tax recoverable		494,079	407,135
Other assets	31	936,044	13,707,011
Total Assets		249,078,349	243,738,395
LIABILITIES			
Due to banks	32	16,369,976	13,359,063
Other borrowed funds	34	84,933,195	75,562,050
Lease liabilities		76,438	98,361
Other liabilities	41	2,763,875	623,151
Total Liabilities		104,143,484	89,642,625
EQUITY			
Share capital	42	153,827,330	153,827,330
Treasury shares		(11,778,309)	(561,635)
Fair value reserves		1,404	1,635
Retained earnings		2,884,440	828,440
Total Equity		144,934,865	154,095,770
Total Equity and Liabilities		249,078,349	243,738,395

Approved for issue by the Board of Directors on November 26, 2021 and signed on its behalf by:

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
Statement of Changes in Equity
Year ended September 30, 2021
(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, 2019		153,827,330	(561,635)	1,331	150,000	153,417,026
Total comprehensive income						
Net profit		-	-	-	5,358,905	5,358,905
Other comprehensive income		-	-	304	-	304
Transaction with owners of the Company -						
Dividends paid	52	-	-	-	(4,680,465)	(4,680,465)
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

NCB Financial Group Limited

Statement of Cash Flows

Year ended September 30, 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
Cash Flows from Operating Activities			
Net profit		3,565,532	5,358,905
Adjustments to reconcile net profit to net cash provided by operating activities:			
Finance cost		159,465	33,611
Interest income	6	(523,379)	(507,458)
Interest expense	6	6,314,782	5,805,066
Income tax expense	15	(3,198,298)	(2,726,972)
Foreign exchange losses	8	6,394,631	4,919,960
Amortisation of upfront borrowing fees		121,332	108,237
Provision for credit losses		441	-
Changes in operating assets and liabilities:			
Loans and advances		249,963	-
Other		528,592	483,124
		10,047,529	8,115,568
Interest received		513,802	392,773
Interest paid		(6,154,703)	(5,778,104)
Income tax paid		(86,242)	(211,142)
		4,320,386	2,519,095
Net cash provided by operating activities		7,885,918	7,878,000
Cash Flows from Investing Activities			
Outflow of cash to inject capital in subsidiary		(2,053,021)	-
Net cash used in investing activities		(2,053,021)	-
Cash Flows from Financing Activities			
Proceeds from disposal of treasury shares		2,528,496	-
Proceeds from other borrowed funds		31,963,928	1,905,587
Repayment of other borrowed funds		(24,939,638)	(5,529,231)
Repayment of lease liabilities		(150,577)	(29,231)
Due to banks		2,734,451	629,509
Dividends paid		(1,197,040)	(4,680,465)
Net cash provided by/(used in) financing activities		10,939,620	(7,703,831)
Net decrease of exchange rate changes on cash and cash equivalents		(3,736,258)	(1,257,464)
Net increase/(decrease) in cash and cash equivalents		13,036,259	(1,083,295)
Cash and cash equivalents at beginning of period		2,760,873	3,844,168
Cash and Cash Equivalents at End of Period	18	15,797,132	2,760,873

1. Identification and Principal Activities

NCB Financial Group Limited ("the Company") is a financial holding company, incorporated and domiciled in Jamaica. The Company is 52.63% (2020 – 52.10%) 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.

NCB Financial Group Limited
Notes to the Financial Statements
September 30, 2021
(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

NCB Financial Group Limited
Notes to the Financial Statements
September 30, 2021
(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
Dyoll Group Limited	In Liquidation	44.47
Elite Diagnostic Limited	Medical Imaging Services	18.69
Mundo Finance Limited	Micro Financing	50.00

All of the Group's associates are incorporated in Jamaica and 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.

NCB Financial Group Limited

Notes to the Financial Statements
September 30, 2021
(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(b) 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 3 – definition of a business. This amendment revises the definition of a business which may impact whether a transaction is accounted for as a business combination or asset acquisition. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.

Amendments to IAS 1 and IAS 8 on the definition of material. These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs: i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material; and iii) incorporate some of the guidance in IAS 1 about immaterial information.

Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform – Phase 1. 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.

Amendment to IFRS 16, 'Leases' – COVID-19 related rent concessions Extension of the practical expedient. (effective for annual periods beginning on or after 1 April 2021). As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can select to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

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

Amendments to IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2, (effective for annual periods beginning on or after 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.

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.

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)

A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, 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 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments' and the Illustrative examples accompanying IFRS 16, 'Leases'.

Narrow scope 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.

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 deductable temporary differences.

IFRS 17, 'Insurance contracts', as amended in June 2020 (effective for annual periods beginning on or after 1 January 2023). This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

NCB Financial Group Limited
Notes to the Financial Statements
September 30, 2021
(expressed in Jamaican dollars unless otherwise indicated)

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.

NCB Financial Group Limited

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.

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.

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, 2020 and September 30, 2021 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.

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 excepted 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.

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.

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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.

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.

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2. Significant Accounting Policies (Continued)

(p) Property, plant and equipment

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%
Leased assets	Shorter of period of lease or useful life of asset

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.

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.

Until the 2020 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases. Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

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 is 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 is 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.

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.

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.

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) A 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) A 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.

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.

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, and to employees of certain other related party companies, 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 recognized at fair value and thereafter at amortized 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 recognized as an expense over the expected service life of the employee, with a corresponding increase in interest income. For employees of related party companies, the difference between fair value and the amount of the loan is recorded as a related party receivable, when reimbursement of the benefit provided by the Group is agreed to by the related party or shareholder, or as a capital distribution where no reimbursement has been agreed to by the related party or shareholder, with a corresponding decrease in the carrying value of loans and advances. In addition, for employees of related party companies, the difference between fair value and the amount of the loan is recognized as interest income on loans over the expected service life of those employees, with a corresponding decrease in the carrying value of loans and advances.

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.

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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 recognized 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 recognized 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.

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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.

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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 categorized 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) COVID-19

The coronavirus pandemic (COVID-19) caused a contraction in all the economies in which the Group operates at the begininning of the pandemic, however, the economies have since shown signs of improvement with projected growth in 2022. The spread of the virus intitially resulted in stringent exit and entry protocols and this weighed on global travel and limited tourism demand, however, several ecnomies have since re-opened their borders and this has resulted in increased demand for tourism and an increase in travel. Disruption to supply chains have resulted in increased inflation across several economies; this has increased expectation of a tightening in monetary policies. The supply chain disruptions are expected to continue into calendar year 2022.

Our monitoring mechanisms ramped up as we kept a close eye on the health crisis and on the economic impact on our major trading partners and the contagion effect on the industries in sovereigns in which we operate. Arising from this exercise, we recognised that our borrowing customers may experience significant fallout which could result in increased credit losses. We saw positive impact from the extension of moratoriums, payment holidays and other accommodative activities on the delinquency levels of the portfolios

Our investment portfolios continued to be impacted by the widening of credit spreads and foreign exchange changes which resulted in significant fall-off in asset prices at the beginning of the pandemic. During the financial year we observed continued improvements across the financial asset classes, which returned to pre-Covid levels

(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 use 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% (2020 – 0.43%) of the units in the Unit Trust at September 30, 2021.

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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.

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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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	114,415,203	79,751,970	1,920,572	294,890,376
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	115,367,109	80,030,951	(15,322,749)	294,890,376
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/(loss)	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 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 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

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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
Operating 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									22,429,084
Total assets									1,921,368,172
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									13,494,322
Total liabilities									1,714,703,146
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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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

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5. Segment Reporting (Continued)

Year ended September 30, 2020	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	29,361,427	17,343,238	11,952,596	13,461,902	14,393,206	103,675,982	65,505,763	1,122,445	256,816,559
Revenue from other segments	2,454,279	2,141	201,970	4,136,991	3,959,457	531,614	455,967	(11,742,419)	-
Total revenue	31,815,706	17,345,379	12,154,566	17,598,893	18,352,663	104,207,596	65,961,730	(10,619,974)	256,816,559
Net interest income	23,164,265	6,313,275	7,257,443	3,200,585	5,667,085	14,530,207	894,235	(8,402,180)	52,624,915
Net fee and commission income	4,218,382	5,326,452	1,191,418	436,650	4,022,325	2,482,394	1,424,104	682,072	19,783,797
Gain/(loss) on foreign currency and investment activities	191,362	(1,836)	166,153	5,592,506	714,036	4,665,539	(156,101)	(2,378,373)	8,793,286
Net result from insurance activities	-	-	-	-	-	17,606,502	12,794,953	2,054,536	32,455,991
Credit impairment (losses)/reversals	(5,074,667)	(2,296,979)	(1,893,194)	(275,011)	312,423	(1,339,741)	(93,775)	375,950	(10,284,994)
Other operating income and dividend income	200,217	2,401	646	12,975	463,065	1,274,517	75,134	(1,382,668)	646,287
Total operating income	22,699,559	9,343,313	6,722,466	8,967,705	11,178,934	39,219,418	14,938,550	(9,050,663)	104,019,282
Staff costs	9,584,149	923,085	243,588	188,694	2,401,393	8,150,773	4,939,174	6,238,589	32,669,445
Depreciation and amortisation	2,278,513	526,722	9,818	10,610	159,547	752,516	458,166	2,205,150	6,401,042
Finance cost	679,434	-	-	-	42,623	686,552	-	3,117	1,411,726
Other operating expenses	5,309,676	3,259,728	1,113,647	1,343,291	2,443,195	5,911,356	3,323,105	(2,303,659)	20,400,339
Total operating expenses	17,851,772	4,709,535	1,367,053	1,542,595	5,046,758	15,501,197	8,720,445	6,143,197	60,882,552
Operating profit before allocated costs	4,847,787	4,633,778	5,355,413	7,425,110	6,132,176	23,718,221	6,218,105	(15,193,860)	43,136,730
Allocated costs	(5,902,616)	(2,193,446)	(2,643,040)	(533,262)	-	-	-	-	(11,272,364)
Operating (loss)/profit c/fwd	(1,054,829)	2,440,332	2,712,373	6,891,848	6,132,176	23,718,221	6,218,105	(15,193,860)	31,864,366

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5. Segment Reporting (Continued)

Year ended September 30, 2020	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	(1,054,829)	2,440,332	2,712,373	6,891,848	6,132,176	23,718,221	6,218,105	(15,193,860)	31,864,366
Unallocated corporate expenses									(4,603,281)
Share of profit of associates									312,391
Profit before Taxation									27,573,476
Taxation									(690,064)
Net Profit									26,883,412
Segment assets	439,335,132	27,251,600	156,880,584	366,204,287	346,603,496	563,591,085	99,683,481	(223,202,495)	1,776,347,170
Associates									6,955,109
Unallocated assets									16,957,996
Total assets									1,800,260,275
Segment liabilities	382,908,884	8,274,345	126,645,928	388,005,295	299,625,401	431,194,623	66,227,885	(114,071,933)	1,588,810,428
Unallocated liabilities									11,244,924
Total liabilities									1,600,055,352
Capital expenditure	3,860,713	896,208	333,221	123,260	688,512	6,858,058	182,065	1,229,791	14,171,828

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5. Segment Reporting (Continued)

Year ended September 30, 2020	**Total per segment report $'000**	**Allocated expenses $'000**	**Unallocated corporate expenses $'000**	**Total per income statement $'000**
Reconciliation to income statement				
Net interest income	52,624,914	(104,326)	(30,879)	52,489,709
Net fee and commission income	19,783,797	177,103	1,408,507	21,369,407
Gain on foreign currency and investment activities	8,793,286	-	-	8,793,286
Net result from insurance activities	32,455,991	-	-	32,455,991
Other operating income and dividend income	646,287	133,177	3,224,026	4,003,490
Credit impairment losses	(10,284,994)	-	-	(10,284,994)
Staff costs	(32,669,445)	(6,062,633)	(1,794,590)	(40,526,668)
Depreciation and amortisation	(6,401,040)	(1,421,700)	(706,731)	(8,529,471)
Finance cost	(1,411,727)	-	-	(1,411,727)
Other operating expenses	(20,400,339)	(3,993,985)	(6,703,614)	(31,097,938)
Operating profit	43,136,730	(11,272,364)	(4,603,281)	27,261,085

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 58.17% (2020 – 38.7%), Trinidad & Tobago represents 15.29% (2020 – 26.1%), Bermuda represents 5.34% (2020 – 4.8%) and Dutch Antilles represents 8.86% (2020 – 17.0%) of total operating income.

The Group's geographic information:

	Jamaica	**Trinidad &Tobago**	**Dutch Antilles**	**Bermuda**	**Other**	**Total**
				2021		
	$'000	**$'000**	**$'000**	**$'000**	**$000**	**$'000**
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
				2020		
Revenue	99,302,517	67,076,013	43,709,211	12,273,816	34,455,001	256,816,558
Total assets	955,745,445	246,646,840	170,406,680	202,747,511	224,713,799	1,800,260,275

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	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Interest income				
Loans and advances	43,454,360	43,504,530	-	-
Investment securities –				
Fair value through other comprehensive income	19,137,975	20,140,573	512,236	486,455
Amortised cost	10,480,133	9,063,253	-	-
Reverse repurchase agreements	946,205	176,586	-	-
Deposits and other	556,143	1,536,936	11,143	21,003
	74,574,816	74,421,878	523,379	507,458
Interest expense				
Customer deposits	3,499,244	3,841,456	-	-
Repurchase agreements	6,812,569	6,641,151	-	-
Policyholders' benefits	2,495,678	396,343	-	-
Securitisation arrangements	3,896,957	2,799,544	-	-
Other borrowed funds and amounts due to banks	9,243,401	8,253,675	6,314,782	5,805,066
	25,947,849	21,932,169	6,314,782	5,805,066
Net interest income/(expense)	48,626,967	52,489,709	(5,791,403)	(5,297,608)

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7. Net Fee and Commission Income

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Fee and commission income				
Consumer & SME Banking	4,538,908	4,335,074	-	-
Payment services	12,101,536	9,908,668	-	-
Corporate & commercial banking	1,491,139	1,209,183	-	-
Management fees	-	-	3,500,000	3,193,467
Treasury and correspondent banking	465,748	428,296	-	-
Wealth, asset management & investment banking	3,941,227	4,022,325	-	-
Life and health insurance & pension fund management	2,196,750	2,482,394	-	-
Brokerage fees	1,646,888	1,934,131	-	-
General insurance	1,796,850	1,424,104	-	-
Other	101,866	181,150	-	-
	28,280,912	25,925,325	3,500,000	3,193,467
Fee and commission expense				
Payment services	5,791,918	4,555,918	-	-
	22,488,994	21,369,407	3,500,000	3,193,467

8. Gain on Foreign Currency and Investment Activities

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Net foreign exchange gains/(losses)	536,950	(989,157)	(6,394,631)	(4,919,960)
Gain/(loss) on sale of debt securities held for trading	33,739	(23,713)	-	-
Gain on sale of debt securities at FVOCI	9,654,427	6,147,844	-	-
Unrealised gains/(losses) on FVPL instruments	3,032,235	(1,231,579)	-	-
Interest income on FVPL instruments	8,350,481	5,553,622	-	-
Gain on sale of equity securities	486,536	1,039,970	-	-
(Loss)/gain on sale of investment properties	(13,600)	38,171	-	-
Fair value gain/(losses) on revaluation of investment property (Note 25)	1,154,604	(961,463)	-	-
Other	(405,220)	(780,409)	-	-
	22,830,152	8,793,286	(6,394,631)	(4,919,960)

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	
	2021	**2020**
	$'000	**$'000**
Annuity contracts	33,621,255	28,947,389
Life and Health insurance contracts	51,345,637	86,469,448
General insurance contracts	65,070,333	19,785,164
	150,037,225	135,202,001

	The Group	
	2021	**2020**
	$'000	**$'000**
Insurance premium income		
Short term insurance contracts	87,874,337	77,491,817
Long term insurance contracts	62,162,888	57,710,184
	150,037,225	135,202,001
Insurance premium ceded to reinsurers		
Short term insurance contracts	49,163,884	39,962,983
Long term insurance contracts	2,214,316	2,040,623
	51,378,200	42,003,606
Net insurance premium	98,659,025	93,198,395

10. Net Policyholders’ and Annuitants’ Benefits and Reserves

	The Group	
	2021	**2020**
	$'000	**$'000**
Annuity contracts	34,291,273	30,435,951
Life and Health insurance contracts	26,924,734	19,778,474
General insurance contracts	9,352,800	5,992,775
	70,568,807	56,207,200

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10. Net Policyholders' and Annuitants' Benefits and Reserves (Continued)

	The Group	
	2021	**2020**
	$'000	**$'000**
Benefits and reserves under Life and Health insurance and Annuity contracts:		
Gross	63,134,539	52,352,864
Recovered from reinsurers	(1,918,510)	(2,138,439)
	61,216,029	50,214,425
Claims and loss adjustment reserves under General insurance contracts:		
Gross	14,079,793	10,871,073
Recovered from reinsurers	(4,727,015)	(4,878,298)
	9,352,778	5,992,775
	70,568,807	56,207,200

	The Group		
		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

		2020	
	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	17,734,174	(159,371)	17,574,803
Increase in liabilities	(2,616,898)	22,267	(2,594,631)
Long-term insurance contracts without fixed terms:			
Death, maturity and surrender benefits	18,264,330	(881,012)	17,383,318
Decrease in liabilities	3,560,972	-	3,560,972
Long-term insurance contracts with fixed and guaranteed terms and with DPF:			
Death, maturity and surrender benefits	23,573	-	23,573
Increase in liabilities	622	-	622
Short-term insurance contracts - life	15,386,091	(1,120,323)	14,265,768
	52,352,864	(2,138,439)	50,214,425

11. Dividend Income

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Subsidiaries	-	-	14,973,250	14,652,184
Other equity securities	2,315,752	1,901,300	-	-
	2,315,752	1,901,300	14,973,250	14,652,184

12. Staff Costs

	The Group		The Company	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Wages, salaries, allowances and benefits	35,964,959	34,464,868	3,389,941	3,907,044
Payroll taxes	2,428,156	3,158,057	554,107	426,839
Pension costs – defined contribution plans	1,156,452	442,846	28,823	4,081
Pension costs – defined benefit plans (Note 40 (a))	567,528	511,179	-	-
Staff profit share	3,173,139	444,186	-	-
Termination benefits	325,169	816,159	-	-
Other post-employment benefits (Note 40 (b))	885,139	689,373	-	-
	44,500,542	40,526,668	3,972,871	4,337,964

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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13. Credit Impairment Losses

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Investment securities	237,294	(738,383)	441	263
Loans and advances (Note 21)	1,806,168	11,023,377	-	-
Premium	1,341,664	-	-	-
	3,385,126	10,284,994	441	263

14. Other Operating Expenses

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Auditors' remuneration - current year	579,797	536,849	9,600	9,200
Auditors' remuneration - prior year	15,000	23,037	-	-
Credit card rebates	1,219,647	1,102,989	-	-
Insurance and premiums	1,142,869	1,320,463	2,756	12,286
Irrecoverable general consumption tax and asset tax	5,421,618	4,659,989	107,683	119,725
License and transaction processing fees	1,745,480	1,758,412	201,378	53,946
Marketing, customer care, advertising and donations	4,108,559	4,200,678	1,014	7,916
Operating lease rentals	114,072	181,015	-	-
Property, vehicle and ABM maintenance and utilities	8,793,768	6,922,194	78,864	96,606
Stationery	640,894	511,919	-	370
Technical, consultancy and professional fees	9,943,747	3,577,974	293,313	(57,465)
Travelling, courier and telecommunication	1,999,721	3,100,591	60,758	67,208
Management and royalty fees	910,723	507,960	579,242	241,364
Operational losses	738,588	990,694	-	-
Other	1,828,776	1,703,174	452,597	73,156
	39,203,259	31,097,938	1,787,205	624,312

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15. Taxation

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Current:				
Income tax	7,210,660	8,571,498	-	-
Prior year over provision	91,604	(440,187)	-	-
Business levy and green funds levy	204,984	134,024	-	-
Deferred income tax (Note 30)	(987,321)	(7,575,271)	(3,198,298)	(2,726,972)
	6,519,927	690,064	(3,198,298)	(2,726,972)

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	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Profit before tax	26,595,533	27,573,476	367,234	2,631,933
Tax calculated at actual tax rates	7,248,432	6,123,519	122,411	877,223
Income not subject to tax	(11,939,151)	(14,826,650)	-	-
Expenses not deductible for tax purposes	9,836,960	11,067,989	960,276	1,367,505
Effect of share of profit of associates included net of tax	1,658	(133,584)	-	-
Effect of change in tax rate applicable to life insurance subsidiary	(39,709)	(19,393)	-	-
Effect of different tax rates applicable to dividend income	(259,358)	(711,475)	(4,889,966)	(4,966,042)
Deferred tax not recognised	15,851	122,895	-	-
Prior year over provision	91,604	(440,187)	-	-
Business Levy	204,984	123,418	-	-
Other	1,358,656	(616,468)	608,981	(5,658)
Taxation expense	6,519,927	690,064	(3,198,298)	(2,726,972)

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15. Taxation (Continued)

Tax (charge)/credit relating to components of other comprehensive income are as follows:

	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	(5,671,284)	3,560,949	(2,110,335)
Remeasurement of post-employment benefit obligation	1,086,814	(110,855)	975,959
Other comprehensive income	(3,178,322)	3,450,094	271,772
Recyclable			3,560,950
Non-recyclable			(110,855)
Deferred income tax (Note 30)		3,450,094	

	The Group		
	2020		
At the year end	**Before Tax $'000**	**Tax $'000**	**After Tax $'000**
Currency translation gains	5,409,780	-	5,409,780
ECL and fair value gains on FVOCI investments, net of gains recycled to profit or loss	(12,515,001)	6,162,935	(6,352,066)
Remeasurement of post-employment benefit obligation	643,175	(224,229)	418,946
Other comprehensive income	(6,462,046)	5,938,706	(523,340)
Recyclable			6,162,935
Non-recyclable			(224,229)
Deferred income tax (Note 30)		5,938,706	

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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.

	2021	2020
Net profit attributable to stockholders of the parent ($'000)	14,226,671	19,090,378
Weighted average number of ordinary stock units in issue ('000)	2,276,142	2,384,100
Basic and diluted earnings per stock unit ($)	6.25	8.01

17. Cash in Hand and Balances at Central Banks

	The Group	
	2021	2020
	$'000	$'000
Cash in hand	26,190,732	19,399,647
Balances with central banks other than statutory reserves	1,696,257	19,087,814
Included in cash and cash equivalents	27,886,988	38,487,461
Statutory reserves with central banks – non-interest-bearing	41,247,661	35,552,128
	69,134,649	74,039,589

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	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Placements with NCBJ	-	-	15,796,187	2,760,873
Items in course of collection from banks	102,334	-	-	-
Placements with banks	178,144,692	181,707,912	-	-
	178,247,026	181,707,912	15,796,187	2,760,873
Expected credit losses	(478,070)	(705,115)	-	-
Interest receivable	4,369,217	3,369,405	945	-
	182,138,173	184,372,202	15,797,132	2,760,873
Less: Placements pledged as collateral for letters of credit (Note 23)	(6,644,136)	(5,473,992)	-	-
	175,494,037	178,898,210	15,797,132	2,760,873

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	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Placements with NCBJ	-	-	15,761,981	2,760,873
Placements with other banks	174,957,382	178,711,538	-	-
Less: amounts restricted to the settlement of obligations under securitisation arrangements	(3,587,419)	(3,622,144)	-	-
	171,369,963	175,089,394	15,761,981	2,760,873

19. Derivative Financial Instruments

The carrying values of derivatives for the Group are as follows:

	The Group	
	2021	**2020**
Assets	**$'000**	**$'000**
Forward contracts	-	287,758
Equity indexed options	767,441	365,977
	767,441	635,735
Liabilities		
Equity indexed options	45,228	-
	45,228	-

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 $13,688,000 (2020 – $26,258,000) for the Group.

At September 30, 2021, the Group held $12,168,846,000 (2020 – $10,650,395,000) 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 (2020 – $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 $4,677,979,000 (2020 – $5,814,046,000) which are regarded as cash equivalents for purposes of the statement of cash flows.

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21. Loans and Advances

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Gross loans and advances, includes mortgage loans	534,926,825	467,383,856	-	250,000
Provision for credit losses	(15,493,835)	(18,587,894)	-	(37)
	519,432,990	448,795,962	-	249,963
Interest receivable	4,055,900	4,158,974	-	1,930
	523,488,890	452,954,936	-	251,893

The current portion of loans and advances amounted to $51,014,23,000 (2020 – $40,383,748,000) for the Group.

The movement in the provision for credit losses determined under the requirements of IFRS is as follows:

	The Group	
	2021	**2020**
	$'000	**$'000**
Balance at beginning of year	18,587,894	13,157,620
Provided during the year	2,840,284	11,965,418
Recoveries	(1,034,116)	(942,041)
Net charge to the income statement (Note 13)	1,806,168	11,023,377
Write-offs	(4,900,227)	(5,593,103)
Balance at end of year	15,493,835	18,587,894

The provision for credit losses at the end of the year includes $4,959,947,000 (2020 - $5,611,863,000) 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, 2021 was $32,524,649,000 (2020 – $24,742,459,000).

The provision for credit losses determined under BOJ regulatory requirements is as follows:

	The Group	
	2021	**2020**
	$'000	**$'000**
Specific provision	9,030,731	8,667,804
General provision	3,727,104	3,188,908
	12,757,835	11,856,712
Excess of regulatory provision over IFRS provision recognised in NCBJ reflected in non-distributable loan loss reserve (Note 44)	2,269,375	2,947,624

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22. Investment Securities

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Investment Securities Classified as FVPL:				
Government of Jamaica debt securities	17,368,423	17,042,357	-	-
Other Government securities	86,497,949	79,215,400	-	-
Corporate debt securities	18,354,386	24,158,097	-	-
Quoted and unquoted equities	85,429,173	70,880,420	-	-
Collective Investment Schemes	1,803,733	1,582,176	-	-
Interest receivable	1,473,003	1,357,874	-	-
	210,926,667	194,236,324	-	-
Investment securities at FVOCI:				
Government of Jamaica debt securities	276,661,690	274,808,022	-	-
Other Government securities	82,955,842	52,587,986	-	-
Corporate debt securities	142,793,477	113,988,697	7,000,000	7,000,000
Interest receivable	6,233,501	5,389,128	126,191	114,685
	508,644,510	446,773,833	7,126,191	7,114,685
Investment securities at Amortised Cost:				
Government of Jamaica debt securities	41,356,904	31,522,954	-	-
Other Government Securities	119,639,950	152,259,596	-	-
Corporate Debt Securities	17,626,594	26,420,045	-	-
Interest receivable	3,255,895	2,881,982	-	-
	181,879,343	213,084,577	-	-
Expected credit losses	(938,325)	(1,008,762)	(13)	-
	900,512,195	853,085,972	7,126,178	7,114,685
Total investment securities, as above	900,512,195	853,085,972	7,126,178	7,114,685
Less: Pledged securities (Note 23)	(216,657,117)	(396,283,225)	-	-
Amount reported on the statement of financial position	683,855,078	456,802,747	7,126,178	7,114,685

The current portion of total investment securities amounted to $113,604,464,000 (2020 - $151,817,664,000) for the Group.

Included in investment securities are debt securities with an original maturity of less than 90 days amounting to $7,190,324,000 (2020 - $230,004,000) 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	
	2021	**2020**
	$'000	**$'000**
Investment securities classified as FVOCI and amortised cost pledged as collateral for:		
Repurchase agreements	206,734,968	210,914,030
Clearing services	3,390,221	743,651
Investment securities held as security in respect of life insurance subsidiary	6,531,928	184,625,544
	216,657,117	396,283,225
Placements with banks pledged as collateral for letters of credit (Note 18)	6,644,136	5,473,992
	223,301,253	401,757,217

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	
	2021	**2020**
	$'000	**$'000**
At the beginning of the year	6,955,109	5,545,451
Share of profits	340,289	312,391
Dividends received:		
Other	(180,395)	(78,491)
Movement in other reserves and exchange rate adjustments	(1,164,815)	1,175,758
At end of year	5,950,188	6,955,109

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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
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		

	RGM Limited $'000	Royal Star Holdings $'000	Other individually immaterial associates $'000	Total $'000
2020				
Current assets	1,611,622	8,022,414	185,400	9,819,436
Non-current assets	17,172,675	6,596,168	1,021,238	24,790,081
Current liabilities	636,493	3,796,848	41,263	4,474,604
Non-current liabilities	6,785,688	2,924,319	637,700	10,347,707
Revenue	3,412,051	5,055,075	670,734	9,137,860
Profit from continuing operations	494,557	537,786	14,779	1,047,122
Other comprehensive income	6,155	-	-	6,155
Total comprehensive income	500,712	537,786	14,779	1,053,277
Percentage ownership	33.33%	26.32%		
Net assets of the associate - 100%	11,362,116	6,480,254		
Group share of net assets	3,787,365	1,705,324		

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25. Investment Properties

	The Group	
	2021	**2020**
	$'000	**$'000**
Balance at beginning of year	33,751,227	31,385,216
Additions	2,464,615	4,150,516
Disposals	(30,393)	(1,080,220)
Fair value gains/(losses) (Note 8)	1,154,604	(961,463)
Foreign exchange adjustments	762,412	1,375,750
Re-classification to property, plant and equipment	2,234	(217,405)
Unit-linked adjustments	113,623	(901,167)
Balance at end of year	38,218,322	33,751,227
Income earned from the properties	1,401,607	944,879
Expenses incurred by the properties	(1,204,860)	(959,386)

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. A key estimate used by these valuators is one for vacancy. 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	
	2021	**2020**
	$'000	**$'000**
Properties for development and sale	2,794,053	2,759,044

27. Reinsurance Assets

	The Group	
	2021	**2020**
	$'000	**$'000**
This represents the Group's net contractual rights under reinsurance contracts:		
Long-term insurance contracts:		
With fixed and guaranteed terms	564,599	541,010
Short-term insurance contracts:		
Claims reported and loss adjustment expenses (Note 39)	9,844,480	9,706,489
Group life	43	-
Claims incurred but not reported (Note 39)	1,529,264	3,889,819
Unearned premiums (Note 39)	14,697,611	12,394,690
	26,071,398	25,990,998
Total reinsurers' share of insurance liabilities	26,635,997	26,532,008
Current	21,716,360	22,120,124
Non-current	4,919,637	4,411,884
Total reinsurers' share of insurance liabilities	26,635,997	26,532,008

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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**
			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

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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**
			2020			
Net book value, at beginning of year	3,533,314	14,281,380	11,225,161	20,350,796	167,026	49,557,677
Additions	-	-	9,597,948	-	42,427	9,640,375
Translation adjustments	-	(2,408)	(856,892)	-	33	(859,267)
Amortisation charge	(52,248)	(1,764,369)	(3,477,318)	-	(196,085)	(5,490,020)
Reclassifications and adjustments	-	(88,577)	-	-	230,386	141,809
Exchange rate adjustments	-	31,611	(4,124)	-	419	27,906
Net book value, at end of year	3,481,066	12,457,637	16,484,775	20,350,796	244,206	53,018,480
Cost	3,627,504	18,889,442	32,625,102	20,350,796	546,572	76,039,416
Accumulated amortisation	146,438	6,431,805	16,140,326	-	302,367	23,020,936
Closing net book value	3,481,066	12,457,637	18,434,657	20,350,796	244,205	53,018,480

Computer software for the Group at year end include items with a cost of $2,379,219,000 (2020 - $2,477,104,000) 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.

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28. Intangible Assets (Continued)

The allocation of goodwill to the Group's cash generating units (CGUs) allocated fully to Guardian Holding Limited.

	The Group	
	2021	**2020**
	$'000	**$'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%

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29. Property, Plant and Equipment

	The Group				
	Freehold Land and Buildings and Leasehold Improvements $'000	Motor Vehicles, Furniture & Equipment $'000	Assets Capitalised Under Finance Leases $'000	Work-in-Progress $'000	Total $'000
Cost -					
At September 30, 2019	19,926,643	16,582,512	1,153,097	1,032,917	38,695,169
Translation adjustments	(29,748)	478,740	-	-	448,992
Additions	911,521	2,118,285	-	1,501,647	4,531,453
Disposals	(105,338)	(337,831)	-	523	(442,646)
Transfers	137,574	454,592	-	(592,166)	-
Reclassifications and adjustments	(312,154)	624,567	174,295	-	486,708
Exchange rate adjustments	(141,936)	(83,068)	-	(8,897)	(233,901)
Transfer to Right-of-use asset	(597,435)	-	(1,327,392)	-	(1,924,827)
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 20, 2021	20,862,825	21,194,855	-	2,445,254	44,502,934
Accumulated Depreciation -					
At September 30, 2019	2,647,935	9,289,268	590,993	-	12,528,196
Charge for the year	666,732	2,360,716	-	-	3,027,448
Disposals	(45,728)	(232,721)	-	-	278,449
Reclassifications and adjustments	1,002,049	(936,513)	(80,737)	-	(15,201)
Transfer to Right-of-use asset	(669,712)	-	(510,256)	-	(1,179,968)
Exchange rate adjustments	2,324	(53,969)	-	-	(51,645)
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)
Reclassificatons and adjustments	8,604	(481)	-	-	8,123
At September 30, 2021	4,190,998	12,090,610	-	-	16,281,608
Net Book Value -					
September 30, 2021	16,671,827	9,104,245	-	2,445,254	28,221,326
September 30, 2020	16,185,527	9,441,016	-	1,934,024	27,530,567

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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 and the NCB Employee Share Scheme which are not subject to income tax.

The net assets recognised in the statement of financial position are as follows:

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Deferred tax assets	(14,421,483)	(14,634,857)	(8,563,874)	(5,366,278)
Deferred tax liabilities	13,494,322	11,244,924	-	-
Net asset at end of year	(927,161)	(3,389,933)	(8,563,874)	(5,366,278)

The movement in the net deferred income tax balance is as follows:

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Net (asset)/liability at beginning of year	(3,389,933)	10,124,494	(5,366,278)	(2,639,306)
Deferred tax credited in the income statement (Note 15)	(987,322)	(7,575,721)	(3,198,297)	(2,726,972)
Deferred tax credited to other comprehensive income (Note 15)	3,450,094	(5,938,706)	701	-
Net asset at end of year	(927,161)	(3,389,933)	(8,563,874)	(5,366,278)

The amounts shown in the statement of financial position included the following:

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Deferred tax assets to be recovered after more than 12 months	(3,438,912)	(5,729,551)	-	-
Deferred tax liabilities to be settled after more than 12 months	8,907,922	7,656,625	-	-

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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	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Deferred income tax assets:				
Property, plant and equipment	2,200,405	2,567,264	-	-
Investment securities classified as FVOCI	1,262,168	871,653	-	-
Credit impairment losses	632,234	1,691,833	149	-
Pensions and other post-retirement benefits	2,346,792	2,081,968	-	-
Interest payable	612,599	611,904	384,413	335,986
Unrealised foreign exchange losses	1,551,865	206,636	-	-
Unutilised tax losses	9,167,365	5,800,453	8,105,304	5,027,017
Other temporary differences	794,821	803,146	74,008	3,275
	18,568,249	14,634,857	8,563,874	5,366,278
Deferred income tax liabilities:				
Future distribution	4,608,183	3,802,249	-	-
Property, plant and equipment	6,507,538	899,087	-	-
Intangible assets	224,664	218,452	-	-
Investment securities at FVPL	2,028,468	1,426,617	-	-
Investment securities classified as FVOCI	859,864	992,833	-	-
Interest receivable	201,164	265,065	-	-
Unrealised foreign exchange gains	2,169,450	13,528	-	-
Credit Impairment Losses	9,168	59,248	-	-
Other temporary differences	1,032,589	3,567,845	-	-
	17,641,088	11,244,924	-	-
Net deferred tax asset	(927,161)	(3,389,933)	(8,563,874)	(5,366,278)

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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	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Property, plant and equipment	(510,147)	(409,374)	-	-
Intangible assets	(63,297)	(52,022)	-	-
Investment securities	545,481	(1,056,185)	-	-
Credit impairment losses	1,014,910	(1,959,483)	-	-
Pensions and other post-retirement benefits	(231,496)	(278,052)	-	-
Future distributions	678,135	(94,205)	-	-
Interest receivable	(13,744)	(264,780)	-	-
Interest payable	(656)	(327,410)	(48,428)	(296,698)
Accrued profit share	(17,047)	43,250	-	-
Accrued vacation leave	(53,476)	(22,504)	-	-
Unrealised foreign exchange gains and losses	813,751	189,492	-	486,952
Unutilised tax losses	(3,293,979)	(2,853,181)	(3,077,789)	(2,915,273)
Other temporary differences	144,244	(491,267)	(72,081)	(1,953)
	(987,321)	(7,575,721)	(3,198,298)	(2,726,972)

The amounts recognised in other comprehensive income are due to the following items:

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Unrealised gains on FVOCI	1,867,943	(7,223,490)	701	-
Realised fair value gains on sale and maturity of investments	1,525,718	1,060,555	-	-
Remeasurement of the post-employment benefit obligationete the monthly accounts for the bank and some subsidiaries	56,433	224,229	-	-
	3,450,094	(5,938,706)	701	-

31. Other Assets

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Due from merchants, financial institutions, clients and payment systems providers	10,597,310	3,206,368	123,338	-
Prepayments	5,883,191	2,339,176	1,260	26
Shares held for incentive	4,236,471	4,393,917		
Receivable from executives	-	12,464,486	-	12,464,486
Due from policyholders	19,575,815	21,336,311	-	-
Management fees & royalties	-	-	-	875,000
Deferred acquisition costs	3,281,956	2,897,942	-	
Repossessed assets	1,731,717	1,994,658	-	-
Other	8,856,846	5,250,043	811,446	367,499
	54,163,306	53,882,901	936,044	13,707,011
Less ECL on receivables	(5,335,993)	(3,914,563)	-	-
	48,827,313	49,968,338	936,044	13,707,011

The fair values of other assets approximate carrying values. The current portion of other assets for the Group is $5,616,376,000 (2020 - $36,826,805,000).

32. Due to Banks

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Items in course of payment	1,851,752	3,356,657	-	-
Borrowings from other banks	21,205,612	26,511,050	16,237,647	13,117,877
Deposits from banks	635,476	57,017	-	-
Other	1,120	1,469	-	-
	23,693,960	29,926,193	16,237,647	13,117,877
Interest payable	410,399	208,408	132,329	241,186
	24,104,359	30,134,601	16,369,976	13,359,063

The current portion of due to banks is $10,661,285,000 (2020 - $10,741,529,000)

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 0.90 – 5.96% per annum.

The amounts included as cash equivalents in the statement of cash flows are as follows:

	The Group	
	2021	2020
	$'000	$'000
Total due to banks	24,104,359	30,134,601
Less: amounts with original maturities of greater than 90 days	(8,722,245)	(11,679,099)
	15,382,114	18,455,502

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33. Obligations Under Securitisation Arrangements

	The Group	
	2021	**2020**
	$'000	**$'000**
Diversified payment rights		
Principal outstanding – US$250,000,000 (2020 – US$250,000,000)	36,586,600	35,392,925
Merchant voucher receivables		
Principal outstanding – US$182,309,000 (2020 – US$254,212,000)	26,680,223	35,989,286
	63,266,823	71,382,211
Unamortised transaction fees	(606,146)	(775,084)
	62,660,677	70,607,127
Interest payable	426,540	476,830
Net liability	63,087,217	71,083,957

The current portion of obligations under securitisation arrangements amounted to $11,147,536,000 (2020 – $10,656,363,000).

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.

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, 2020 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, 2020.

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34. Other Borrowed Funds

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
(a) Development Bank of Jamaica	4,322,009	4,479,957	-	-
(b) Corporate notes	124,369,688	109,626,283	78,165,323	68,485,344
(c) National Housing Trust	1,220,563	3,202,888	-	-
(d) Other	6,659,719	6,517,876	6,585,588	6,370,726
	136,571,979	123,827,004	84,750,911	74,856,070
Unamortised transaction fees	(1,060,896)	(183,866)	(709,290)	(178,327)
Interest payable	1,461,360	1,423,198	891,574	884,307
	136,972,443	125,066,336	84,933,195	75,562,050

The current portion of other borrowed funds amounted to $34,044,640,000 (2020 – $32,427,928,000) for the Group and 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 2020 and 2023. 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 May 17, 2020, NCB Global Holdings Limited extended a loan of US$45 million to NCB Financial Group Limited. The loan is secured by a pledge of Guardian Holdings Limited shares. Interest is due and payable on a quarterly basis calculated at rate of 7.65% per annum beginning August 17, 2020. Principal is due and payable at maturity on May 17, 2022.

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.

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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	
	2021	**2020**
	$'000	**$'000**
Total assets of the Unit Trust	34,751,198	34,667,207
The Group's interest – Carrying value of units held	155,183	142,516
Maximum exposure to loss	155,183	142,516
Liability to the Unit Trust in relation to investment in repurchase obligations (included in repurchase obligations on the consolidated statement of financial position)	1,714,849	1,710,794
Total income from the Group's interests	755,369	765,306

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	
	2021	**2020**
	$'000	**$'000**
Opening balance	27,572,914	22,138,490
Share of net income	417,875	473,852
Unrealised losses	(311,280)	(553,341)
Net change in mutual fund holder balances	5,472,263	4,761,426
Distributions	(449,480)	(370,562)
Exchange rate adjustment	997,683	1,123,049
Balance at end of year	33,699,975	27,572,914

37. Investment Contract Liabilities

Investment contract liabilities carry floating rates of interest and therefore the carrying amounts approximate their fair values

	The Group	
	2021	**2020**
	$'000	**$'000**
The movements in the liabilities arising from investment contracts are summarized below:		
Opening balance	41,682,306	39,257,656
Premiums received	4,123,476	4,330,908
Fees deducted from account balances	(389,762)	(275,310)
Account balances paid on surrender and other terminations in the year	(3,509,787)	(4,212,105)
Interest credited through income	1,211,672	1,232,184
Other movements	(224,794)	(44,821)
Exchange rate adjustments	879,718	1,393,794
Balance at end of year	43,772,829	41,682,306

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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	
	2021	**2020**
	$'000	**$'000**
Instruments:		
Government of Jamaica securities	6,616,234	7,186,290
Equity securities and unit trust	6,433,717	5,504,224
Short term securities	1,169,589	991,018
Investment property	172,278	153,764
	14,391,818	13,835,296
Other assets	1,027,615	419,882
Balance at end of year	15,419,433	14,255,178

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	
	2021	**2020**
	$'000	**$'000**
Liabilities under life and health insurance and annuity contracts	384,443,163	359,256,727
Liabilities under general insurance contracts	48,613,635	45,757,814
	433,056,798	405,014,541

Insurance Contracts
Liabilities under insurance contracts comprise the following:

	The Group	
	2021	**2020**
	$'000	**$'000**
Long-term insurance contracts:		
With fixed and guaranteed terms and without DPF	235,016,961	201,753,905
With fixed and guaranteed terms and with DPF	1,587,637	1,702,519
Without fixed terms	130,330,085	140,170,082
	366,934,683	343,626,506
Participating policyholders' share of the surplus from long-term insurance business	10,945,522	10,182,436
	377,880,205	353,808,942
Short-term insurance contracts:		
Property and casualty claims reported and loss adjustment expenses	20,480,110	18,310,360
Property and casualty claims incurred but not reported	4,922,088	6,825,966
Property and casualty unearned premiums	27,547,993	24,921,601
Group life	2,226,402	1,147,672
	55,176,593	51,205,599
Total insurance liabilities	433,056,798	405,014,541

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39. Liabilities under Annuity and Insurance Contracts (Continued)

	The Group	
	2021	**2020**
	$'000	**$'000**
Current	53,682,935	43,913,039
Non-current	379,373,863	361,101,502
Total gross insurance liabilities	433,056,798	405,014,541

Movements in long term insurance contracts

	The Group	
	2021	**2020**
	$'000	**$'000**
Long-term insurance contracts with fixed and guaranteed terms and without DPF		
At beginning of year	201,753,905	195,114,628
Exchange rate adjustments	13,874,654	7,660,345
Premiums received (net)	11,531,163	9,396,024
Claims and benefits settled in the year	(21,916,988)	(21,824,922)
Accretion of interest	6,471,916	5,164,520
Increase in liabilities	12,729,234	14,774,393
Changes in assumptions	(2,088,527)	(6,138,115)
Normal changes	(1,386,226)	(2,392,968)
Other movement	14,047,830	-
At end of year	235,016,961	201,753,905

39. Liabilities under Annuity and Insurance Contracts (Continued)

Liabilities under Life Insurance and Annuity Contracts (continued)
Insurance Contracts

	The Group	
	2021	2020
	$'000	$'000
Long-term insurance contracts with fixed and guaranteed terms and with DPF		
At beginning of year	1,764,124	1,957,155
Exchange rate adjustments	(14,447)	87,455
Changes in assumptions	(85,900)	(248,744)
Normal changes	(76,139)	(93,347)
At end of year	1,587,637	1,702,519

	The Group	
	2021	2020
	$'000	$'000
Long-term insurance contracts without fixed terms		
At beginning of year	140,170,082	129,210,475
Exchange rate adjustments	7,584,896	5,545,880
Premiums received (net)	911	3,846,094
Claims and benefits settled in the year	(12,253,854)	(14,487,891)
Increase in liabilities	12,909,169	11,866,656
Changes in assumptions	(4,090,807)	1,494,283
Normal changes	11,594,308	2,694,585
Other changes	(25,584,621)	-
At end of year	130,330,084	140,170,082

	The Group	
	2021	2020
	$'000	$'000
Participating policyholders' share of the surplus from long-term insurance business		
At beginning of year	10,182,436	9,565,636
Exchange rate adjustments	368,444	485,248
Surplus/Deficit arising from operations	523,884	(280,459)
Other movements	(129,241)	412,011
At end of year	10,945,523	10,182,436

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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:

	2021	**2020**
Trinidad & Tobago	3.48%-6.65%	4.08%- 6.48%
Jamaica	6.7%-11.4%	6.9%-12.2%
Dutch Caribbean	3%-4%	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.

	2021	**2020**
Trinidad & Tobago	3.5%	3.5%
Jamaica	4%-4.5%	5%
Dutch Caribbean	N/A	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.

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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	
	2021	**2020**
	$'000	**$'000**
For the Trinidadian life insurance subsidiary:		
Changes in expense assumptions	(1,464,600)	1,338,280
Changes in lapse assumptions	-	436,359
Changes in investment returns	(3,665,297)	1,882,723
Other assumptions	(721,389)	(3,323,729)
Decrease in liabilities	(5,851,287)	333,633
For the Jamaican life insurance subsidiary:		
Changes in expense assumptions	118,807	(1,338,112)
Changes in lapse assumptions	(181,519)	(71,554)
Changes in investment returns	1,167,832	(3,337,190)
Other assumptions	(1,519,069)	(2,410,838)
Decrease in liabilities	(413,948)	(7,157,694)

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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**
	2021		**2020**	
	%	**$'000**	**%**	**$'000**
Long-term insurance contracts with fixed and guaranteed terms and without DPF:				
For the Trinidadian life insurance subsidiary:				
Worsening of mortality	+10.0%	734,818	+ 10.0%	655,529
Improvement of annuitant mortality	+0.5%	823,125	+0.5%	908,767
Lowering of investment returns	-1.0%	4,900,461	-1.0%	4,730,653
Worsening of base renewal expense level	+5.0%	237,809	+5.0%	320,675
Worsening of expense inflation rate	+1.0%	642,799	+1.0%	676,122
For the Jamaican life insurance subsidiary:				
Worsening of mortality	+10.0%	1,537,724	+10.0%	1,318,162
Lowering of investment returns	-2.0%	11,409,840	-2.0%	9,647,664
Worsening of base renewal expense level	+5.0%	509,794	+5.0%	552,943
Worsening of expense inflation rate	+1.0%	1,053,168	+1.0%	-
For the Dutch Caribbean life insurance subsidiary:				
Worsening of mortality	+10.0%	310,326	+10.0%	310,647
Improvement of annuitant mortality	+10.0%	470,673	+10.0%	424,824
Lowering of investment returns	-10.0%	14,881	-10.0%	22,881
Worsening of base renewal expense level	+10.0%	49,306	+10.0%	-

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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
	2021		2020	
	%	$'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%	6,963	+ 10.0%	6,197
Lowering of investment returns	-1.0%	140,477	-1.0%	157,679
Worsening of base renewal expense level	+5.0%	2,842	+5.0%	3,056
Worsening of expense inflation rate	+1.0%	6,269	+1.0%	6,280
For the Jamaican life insurance subsidiary:				
Worsening of mortality	+10.0%	5,727	+10.0%	2,680
Lowering of investment returns	-2.0%	52,690	-2.0%	128,370
Worsening of base renewal expense level	+5.0%	3,384	+5.0%	13,000
Worsening of expense inflation rate	+1.0%	5,076	+1.0%	29,936
For the Dutch Caribbean life insurance subsidiary:				
Worsening of mortality	+10.0%	804,274	+10.0%	862,878
Improvement of annuitant mortality	+10.0%	807,073	+10.0%	764,863
Lowering of investment returns	-10.0%	6,864,564	-10.0%	5,883,034
Worsening of base renewal expense level	+10.0%	752,213	+10.0%	-

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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
	2021		2020	
	%	$'000	%	$'000
Long-term insurance contracts without fixed terms:				
For the Trinidadian life insurance subsidiary:				
Worsening of mortality	+ 10.0%	1,490,349	+ 10.0%	1,426,896
Improvement of annuitant mortality	+5.0%	853,428	+5.0%	1,362,145
Lowering of investment returns	-1.0%	7,805,476	-1.0%	9,615,027
Worsening of base renewal expense level	+5.0%	1,184,926	+5.0%	739,197
Worsening of expense inflation rate	+1.0%	1,765,208	+1.0%	1,680,035

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39. Liabilities under Annuity and Insurance Contracts (Continued)

Liabilities under Short Term Contracts

	The Group	
	2021 **$'000**	**2020** **$'000**
Gross:		
Claims outstanding	27,628,580	26,283,997
Unearned premiums	27,547,994	24,921,601
	55,176,574	51,205,598
Reinsurance ceded		
Claims outstanding (Note 27)	(11,373,766)	(13,596,308)
Unearned premiums (Note 27)	(14,697,632)	(12,394,690)
	(26,071,398)	(25,990,998)
Net:		
Claims outstanding	16,254,814	12,687,689
Unearned premiums	12,850,362	12,526,911
	29,105,176	25,214,600

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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		
	2021			2020		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	$'000	$'000	$'000	$'000	$'000	$'000
Notified claims	18,310,360	(9,706,469)	8,603,891	22,857,818	(19,269,214)	3,588,604
Claims incurred but not reported	6,825,966	(3,889,819)	2,936,147	13,046,204	(3,339,896)	9,706,308
Balance at beginning of year	25,136,326	(13,596,288)	11,540,038	35,904,022	(22,609,110)	13,294,912
Exchange rate adjustment	1,059,563	(574,857)	484,706	1,987,778	(1,439,523)	548,255
Claims incurred	(28,169,188)	8,397,841	(19,771,347)	(38,119,610)	16,470,972	(21,648,638)
Claims paid	27,375,499	(5,600,441)	21,775,058	25,364,136	(6,018,627)	19,345,509
Balance at end of year	25,402,200	(11,373,745)	14,028,455	25,136,326	(13,596,288)	11,540,038
Comprising:						
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
	25,402,200	(11,373,745)	14,028,455	25,136,326	(13,596,288)	11,540,038

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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		
	2021			2020		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at beginning of year	24,921,601	(12,394,689)	12,526,912	22,034,089	(10,637,058)	11,397,031
Exchange rate adjustments	875,631	(250,185)	625,446	1,174,630	(396,679)	777,951
Net increase/(release) in the period	1,750,762	(2,052,758)	(301,996)	1,712,882	(1,360,952)	351,930
Balance at end of year	27,547,994	(14,697,632)	12,850,362	24,921,601	(12,394,689)	12,526,912
Comprising, by type of business:						
Liability insurance contracts	1,596,596	(729,632)	866,964	1,549,760	(671,286)	878,474
Motor insurance contracts	4,566,231	(358,525)	4,207,706	4,533,031	(404,434)	4,128,597
Pecuniary loss insurance contracts	89,805	(44,620)	45,185	106,054	(61,129)	44,925
Property insurance contracts	17,271,604	(13,100,406)	4,171,198	15,448,656	(10,625,012)	4,823,644
Health insurance contracts	2,388,723	(132,018)	2,256,705	1,916,933	(164,357)	1,752,576
Marine insurance contracts	1,440,869	(294,078)	1,146,791	1,185,898	(437,657)	748,241
Personal accident insurance contracts	194,166	(38,353)	155,813	181,269	(30,814)	150,455
	27,547,994	(14,697,632)	12,850,362	24,921,601	(12,394,689)	12,526,912

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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		
	2021			2020		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at beginning of year	1,147,671	-	1,147,671	829,301	-	829,301
On acquisition of subsidiary	1,312,735	-	1,312,735			
Claims settled during the year	(1,786,792)	52,668	(1,734,124)	(836,564)	41,241	(795,323)
Exchange rate adjustment	(38,906)	-	(38,906)	69,417	-	69,417
Increase in liabilities	1,591,694	(52,711)	1,538,983	1,085,517	(41,241)	1,044,276
Balance at end of year	2,226,402	(43)	2,226,359	1,147,671	-	1,147,671

40. Post-employment Benefits

Liabilities recognised in the statement of financial position are as follows:

	The Group	
	2021	2020
	$'000	$'000
Pension schemes	(242,061)	476,825
Other post-employment benefits	9,726,626	9,254,234
	9,484,565	9,731,059

The amounts recognised in the income statement are as follows:

	The Group	
	2021	2020
	$'000	$'000
Pension schemes (Note 12)	567,528	511,179
Other post-employment benefits (Note 12)	885,139	689,373
	1,452,667	1,200,552

The amounts recognised in the statement of comprehensive income are as follows:

	The Group	
	2021	2020
	$'000	$'000
Pension schemes	627,897	679,031
Other post-employment benefits	409,235	(35,856)
	1,037,132	643,175

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 $503,546,000 (2020 – $438,765,000).

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 resides. Responsibility for the governance of the plans, including investment strategies, lies with the Board of Trustees/Foundation. Contribution to the scheme for the year was $574,124,000 (2020 - $545,574,000)

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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:

	2021		2020	
	NCBJ	**GHL**	**NCBJ**	**GHL**
	$'000	**$'000**	**$'000**	**$'000**
Present value of funded obligations	31,904,868	21,127,639	31,243,758	20,556,590
Fair value of plan assets	(35,159,398)	(21,369,700)	(33,706,365)	(20,079,765)
(Over)/under – funded obligations	(3,254,530)	(242,061)	(2,462,607)	476,825
Limitation on pension assets	3,254,530	-	2,462,607	-
	-	(242,061)	-	476,825

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, 2021 for the Bank and GHL schemes.

The movement in the defined benefit obligation is as follows:

	2021		2020	
	NCBJ	**GHL**	**NCBJ**	**GHL**
	$'000	**$'000**	**$'000**	**$'000**
At beginning of year	31,243,758	20,556,591	32,911,272	19,463,022
Exchange	-	738,576	-	1,002,378
Employee's contributions	-	28,742	-	26,189
Service cost	-	533,059	-	466,797
Interest cost	2,720,995	1,039,307	2,075,679	958,130
Remeasurements:				
Experience (gains)/losses	(114,255)	383,818	128,954	(819,188)
Losses/(gains) from changes in financial assumptions	75,329	(763,341)	(1,916,652)	301,101
Demographic assumptions	-	(515,011)	-	(21)
Benefits paid	(2,020,959)	(874,102)	(1,955,495)	(841,817)
At end of year	31,904,868	21,127,639	31,243,758	20,556,591

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40. Post-employment Benefits (Continued)

(a) Pension schemes (continued)

The movement in the fair value of plan assets is as follows:

	2021		2020	
	NCBJ	GHL	NCBJ	GHL
	$'000	$'000	$'000	$'000
At beginning of year	33,706,365	20,079,765	41,291,898	18,306,067
Exchange	-	740,260	-	935,648
Interest on plan assets	2,942,630	1,026,595	2,620,420	923,337
Remeasurement – return on plan assets, excluding amounts included in interest on plan assets.	531,362	(266,638)	(8,250,458)	160,924
Contributions	-	698,591	-	606,326
Administration fees	-	(21,757)	-	(9,588)
Benefits paid	(2,020,959)	(887,116)	(1,955,495)	(842,949)
At end of year	35,159,398	21,369,700	33,706,365	20,079,765

The amounts recognised in the income statement are as follows:

	2021		2020	
	NCBJ	GHL	NCBJ	GHL
	$'000	$'000	$'000	$'000
Current service cost	-	533,059	-	466,797
Administration fees	-	21,757	-	9,588
Net interest expense	-	12,712	-	34,794
Total, included in staff costs	-	567,528	-	511,179

40. Post-employment Benefits (Continued)

(a) Pension schemes (continued)

The amounts recognised in other comprehensive income are as follows:

	2021		2020	
	NCBJ $'000	GHL $'000	NCBJ $'000	GHL $'000
(Gain)/loss on present value of funded obligations	(38,926)	894,535	(1,787,698)	518,108
Gain on fair value of plan assets	(531,362)	(266,638)	8,250,458	160,923
Change in effect of asset ceiling	570,288	-	(6,462,760)	-
Net loss	-	627,897	-	679,031

Plan assets for the NCBJ defined benefit pension scheme are comprised as follows:

	2021		2020	
	$'000	%	$'000	%
Debt securities	19,845,203	56.44	19,188,075	56.93
Equity securities	15,135,060	43.05	11,415,498	33.87
Real estate and other	179,136	0.51	3,102,792	9.20
	35,159,399	100.00	33,706,365	100.00

These plan assets included:
- Ordinary stock units of the Company with a fair value of $10,217,302,000 (2020 – $9,851,894,000).
- Repurchase obligations, promissory notes and lease obligations of the Group aggregating $27,446,000 (2020 –$455,000,000)
- Properties occupied by the Group with a fair value of $534,150,000 (2020 - $639,750,000).

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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:

	2021		2020	
	$'000	**%**	**$'000**	**%**
Debt securities	12,178,540	56.99%	11,006,167	54.81%
Equity securities	3,535,232	16.54%	3,069,312	15.29%
Real estate and other	5,655,929	26.47%	6,004,287	29.90%
	21,369,701	100.00%	20,079,766	100.00%

Expected contributions to NCBJ's and GHL's defined benefit pension schemes for the year ending September 30, 2021 are nil and $608,629,000 respectively.

The principal actuarial assumptions used are as follows:

	2021		2020	
	NCBJ	**GHL**	**NCBJ**	**GHL**
Discount rate	9.00%	-	9.00%	-
Future salary increases	7.00%	-	6.00%	-
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, 2021 is 11.4 years (2020 – 11.1 years) for NCBJ's defined benefit scheme and 15 years for the GHL scheme.

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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%	(3,045,320)	3,641,666
Future salary increases	1%	78,105	(75,329)
Future pension increases	1%	3,451,832	(2,041,379)
Life expectancy	1 year	1,007,000	(968,000)

GHL

	Increase/(decrease) in defined benefit obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
		$'000	$'000
Discount rate	1%	(2,352,129)	2,930,134
Future salary increases	1%	470,131	(413,319)
Life expectancy	1 year	531,996	(890,088)

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 (2020 – 1.5 percentage points above CPI).

The average duration of the other post-employment benefits obligation at September 30, 2021 is 18.6 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	
	2021	**2020**
	$'000	**$'000**
Present value of unfunded obligations	9,726,627	9,254,324

The movement in the defined benefit obligation is as follows:

	The Group	
	2021	**2020**
	$'000	**$'000**
At beginning of the year	9,254,324	8,243,783
Curtailment	19,679	84,191
Employer contributions	(106,290)	(89,537)
Service costs	279,440	187,114
Interest cost	684,504	515,957
Remeasurements:		
Experience gains	(518,149)	(4,278)
Demographic assumptions	(1,082,661)	837,546
Losses / (gains) from changes in financial assumptions	1,191,573	(561,221)
Exchange movement	102,690	138,657
Benefits paid	(98,483)	(97,888)
At end of year	9,726,627	9,254,324

The amounts recognised in the income statement are as follows:

	The Group	
	2021	**2020**
	$'000	**$'000**
Service cost	685,357	173,416
Net interest expense	199,782	515,957
Total, included in staff costs (Note 12)	885,139	689,373

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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%	(1,184,784)	1,561,526
Medical cost inflation	1%	1,540,944	(1,191,031)
Life expectancy	1 year	233,750	(233,750)

GHL

	Increase/(decrease) in obligation		
	Change in Assumption	**Increase in Assumption**	**Decrease in Assumption**
		$'000	**$'000**
Discount rate	1%	(365,293)	466,920
Medical cost inflation	1%	427,007	(340,261)
Life expectancy	1 year	113,558	(113,254

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	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Accrued staff benefits	4,884,861	4,554,391	628,805	283,070
Due to customers, merchants and clients	15,564,068	17,601,580	-	-
Accrued other operating expenses	12,429,104	33,816,674	1,563,273	340,081
Due to reinsurers	14,651,085	10,989,045	-	-
Due to Governments	1,322,290	288,976	-	-
Other	10,644,599	3,397,071	571,797	-
	59,496,007	70,647,737	2,763,875	623,151

42. Share Capital

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'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	(27,198,690)	(15,150,201)	(11,778,309)	(561,635)
Issued and outstanding	126,628,640	138,677,129	142,049,021	153,265,695

As at September 30, 2021 the Group and the Company held NCBFG ordinary stock units totalling 172,097,779 (2020: 95,015,105) and 79,001,812 (2020: 3,359,929), 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, 2021, the scheme held 1,266,751 (2020: 1,255,751) stock units of the Company's ordinary stock.

As at September 30, 2021 a total of 26,066,735 (2020: 29,926,644) 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. During the year the company acquired an additional 5,500,000 and disbursed 6,000,000 units.

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43. Fair Value and Capital Reserves

	The Group	
	2021	**2020**
	$'000	**$'000**
Fair value reserve	4,030,261	1,796,959
Capital reserve (excluding scheme of arrangement)	13,331,146	10,419,701
	17,361,407	12,216,660
Reserves from the scheme of arrangement	(147,034,858)	(147,034,858)
	(129,673,451)	(134,818,198)
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	1,077,382
Unrealised –		
Translation reserve	10,668,078	9,261,931
Surplus on revaluation of property, plant and equipment	456,559	153,022
Share of movement in reserves of associate	-	(1,170,274)
Other	919,970	906,482
	13,331,146	10,419,701
Reserve from the scheme of arrangement	(147,034,858)	(147,034,858)
	(133,703,712)	(136,615,157)

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.

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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	
		2021	**2020**
		$'000	**$'000**
Net profit		20,075,606	26,883,412
Adjustments to reconcile net profit to net cash flow provided by operating activities:			
Depreciation	29	2,737,571	3,039,450
Amortisation of intangible assets	28	6,572,393	5,490,021
Credit impairment losses	13	3,385,126	10,284,994
Share of after tax profits of associates	24	(340,289)	(312,391)
Interest income	6/8	(74,574,816)	(74,421,878)
Interest expense	6	25,947,849	21,932,169
Income tax expense	15	6,519,927	690,064
Unrealised exchange gains on securitisation arrangements		(220,823)	(42,883)
Amortisation of upfront fees on securitisation arrangements		168,939	(405,327)
Amortisation of upfront fees on other borrowed funds		126,872	118,340
Unrealised exchange losses on other borrowed funds		1,941,650	2,784,722
Change in post-employment benefit obligations	40	1,037,766	1,240,881
Foreign exchange (gains) / losses	8	(536,950)	989,158
Gain on disposal of property, plant and equipment and intangible assets		(248,168)	(81,526)
Fair value and foreign exchange (gains) / losses on investment property	25	(2,021,873)	923,292
Fair value losses on derivative financial instruments		(68,478)	(653,735)
Changes in operating assets and liabilities:			
Statutory reserves at Central Bank		(5,695,533)	1,764,835
Pledged assets included in due from banks		(1,889,354)	923,105
Restricted cash included in due from banks		34,725	(175,717)
Reverse repurchase agreements		(1,378,370)	1,965,463
Loans and advances		(72,391,848)	(63,781,719)
Customer deposits		74,045,820	67,564,018
Repurchase agreements		13,535,704	36,398,779
Liabilities under annuity and insurance contracts		28,042,257	10,399,234
Other		(16,069,197)	28,616,376
Cash generated from operations		(11,339,100)	55,249,725
Interest received		73,106,382	112,196,486
Interest paid		(27,057,539)	(18,401,243)
Income tax paid		(16,330,016)	(5,536,204)
		18,379,727	143,508,764
Net cash provided by operating activities		38,455,333	170,392,176

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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	
	2021	2020	2021	2020	2021	2020	2021	2020
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Loans and advances								
Balance at September 30	12,425	17,624	1,915,147	1,804,931	1,762,618	1,748,241	752,836	3,004,476
Interest income earned	1,112	1,847	29,326	25,965	80,884	105,037	44,136	86,919
Investment securities								
Balance at September 30	-	-	7,391,266	7,341,170	-	-	2,163,124	4,045,592
Interest income earned	-	-	266,120	289,060	-	-	84,052	24,781
Reverse repurchase agreements								
Balance at September 30	-	-	-	-	-	-	-	-
Interest income earned	-	-	-	-	-	-	-	-
Other assets								
Balance at September 30	1,073	-	-	-	-	12,430,707	-	371,720
Fee and commission income	31,940	35,409	43	116	104,710	10,082	596,458	600,636
Other operating income		-		-	-	4,001	1,218,487	960,345
	-							
Dividend income	-	-	21,729	20,772	-	-	42,434	115,160

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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	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Customer deposits								
Balance at September 30	610,301	221,614	51,024	136,341	3,280,520	3,516,602	11,117,399	14,191,114
Interest expense	1,026	1,291	354	68	5,894	15,926	20,149	62,903
Repurchase agreements								
Balance at September 30	544,634	705,706	-	-	3,117,157	595,838	3,968,593	471,048
Interest expense	28,669	19,641	-	-	82,490	7,659	65,656	14,603
Borrowed Funds								
Balance at September 30	-	-	-	-	-	414,858	-	3,127
Interest expense	-	-	-	-	-	19,948	-	148
Other liabilities								
Balance at September 30	-	-	-	-		102,490	13,680	7,503
Operating expenses	57,091	51,895	-	-	617,907	533,398	773,921	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	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Loans and advances						
Balance at September 30	-	251,930	-	-	-	-
Interest income earned	5,317	14,414	-	-	-	-
Investment securities						
Balance at September 30	7,126,192	7,114,685	-	-	-	-
Interest income earned	498,822	456,247	-	-	-	-
Deposits with related party						
Balance at September 30	15,761,982	2,709,773	-	-	-	-
Interest income earned	19,240	172,784	-	-	-	-
Other assets						
Balance at September 30	335,125	2,338,473	-	12,464,486	-	-
Fee and commission income	3,500,000	4,393,467		-	-	-
Dividend income	15,545,046	14,652,184	-	-		-
Borrowed funds						
Balance at September 30	36,185,092	34,168,434	611,613	414,858	3,226	3,127
Interest expense	1,960,248	2,303,351	11,426	19,948	82	148
Other liabilities						
Balance at September 30	767,526	1,544,540	-	-		-
Operating Expenses	1,305,750	303,597	20,818	17,772	11,866	10,374

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48. Related Party Transactions and Balances (Continued)

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Key management compensation:				
Salaries and other short-term benefits	8,284,540	7,713,878	3,943,539	4,333,624
Post-employment benefits	515,020	586,190	29,332	4,340
	8,799,560	8,300,068	3,972,871	4,337,964
Directors' emoluments:				
Fees	15,935	24,336	14,305	12,241
Management remuneration:				
Share benefits	1,319,765	1,266,006	1,319,765	1,266,006
Salaries and other benefits	2,328,425	1,858,815	2,328,425	1,858,815
	3,648,190	3,124,821	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.

COVID-19
The coronavirus pandemic (COVID-19) has continued to caused a contraction in all the economies in which the Group operates. The spread of the virus and stringent exit and entry protocols weighed on global travel and limited tourism demand. In addition, the downturn in global demand has also resulted in depressed oil and gas prices. The confluence of factors would have impacted to varying degrees, government revenue for the major territories. Our monitoring mechanisms were ramped up maintaining close surveillance of the health crisis, the economic impact on our major trading partners and the contagion effects. Our investment portfolios were impacted by the widening of credit spreads and foreign exchange changes which resulted in significant fall-off in asset prices. Our income would have been negatively impacted by waiver or reduction of fees associated with certain loan facilities and reduction in loan volumes due to contraction in economic activity.

(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.

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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.

COVID-19

The general assistance provided to our customers, extensions of moratoriums, payment deferrals and other accommodative activities expired the latter part of this financial year. Regulatory forbearance and other creditor related initiatives during the last financial year limited debtor default during this financial year but underlying vulnerabilities do persist. However, toward the latter part of our financial year, a significant portion of the accommodations expired and were not renewed. We continue to maintain close surveillance of the impacted customers to understand their circumstances and provide the appropriate lending support.

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			
	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

	The Group			
	2020			
	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held
Credit-impaired assets	**$000**	**$000**	**$000**	**$000**
Loans and advances	25,612,125	(11,696,183)	13,915,942	32,421,744
Debt securities	4,254,058	(123,597)	4,130,461	40,822
Total credit-impaired assets	29,866,183	(11,819,780)	18,046,403	32,462,566

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			
	2021		2020	
	Loans $'000	Impairment provision $'000	Loans $'000	Impairment provision $'000
Standard	432,385,147	3,455,092	430,460,508	6,957,494
Special Mention	69,945,681	689,455	13,137,707	325,344
Sub-Standard	5,441,392	505,817	5,564,899	1,118,571
Doubtful	10,726,011	3,151,131	10,869,493	4,633,356
Loss	16,428,594	7,692,340	7,351,249	5,553,129
	534,926,825	15,493,835	467,383,856	18,587,894

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49. Financial Risk Management (Continued)

(a) Credit risk (continued)

The credit quality of loans is summarised as follows:

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Unimpaired	503,900,435	442,670,598	-	-
Impaired	31,026,390	24,713,258	-	-
Gross	534,926,825	467,383,856	-	-
Less: provision for credit losses	(15,493,835)	(18,587,894)	-	-
Net	519,432,990	448,795,962	-	-

The ageing analysis of past due but not impaired loans is as follows:

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Less than 30 days	86,486,964	76,348,094	-	-
31 to 60 days	5,841,661	14,280,307	-	-
61 to 90 days	6,527,979	8,798,714	-	-
Greater than 90 days	1,340,202	1,414,630	-	-
	100,196,806	100,841,745	-	-

Of the aggregate amount of gross past due but not impaired loans $88,561,050,000 was secured as at September 30, 2021 (2020 – $19,756,243,000).

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	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Credit risk exposures relating to on- statement of financial position assets:				
Balances with Central Banks	69,134,649	74,039,589	-	-
Due from banks	182,138,173	169,992,284	15,797,132	2,760,873
Derivative financial instruments	767,441	653,735		-
Reverse repurchase agreements	9,667,060	9,518,854	-	251,893
Loans and advances, net of credit impairment losses	523,488,890	452,954,936	-	-
Investment securities	813,279,289	780,623,376	7,126,178	7,114,685
Customers' liability – letters of credit and undertaking	4,801,671	3,618,540	-	-
Reinsurance assets	26,635,997	26,532,008	-	-
Other assets	39,029,972	32,271,051	936,044	13,707,012
	1,668,943,142	,550,204,373	23,859,354	23,834,463
Credit risk exposures relating to off- statement of financial position items:				
Credit commitments	75,682,903	65,777,372	-	-
Acceptances, guarantees and indemnities	11,145,801	13,152,574	-	-
	86,828,704	78,929,946	-	-

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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	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Agriculture	8,270,546	9,205,419	-	-
Public Sector	20,618,152	9,021,595	-	-
Construction and land development	18,590,766	19,621,656	-	-
Other financial institutions	18,950,419	8,079,934	-	250,000
Distribution	53,787,303	44,839,821	-	-
Electricity, water & gas	11,553,497	12,057,964	-	-
Entertainment	961,771	1,117,331	-	-
Manufacturing	9,280,850	8,105,729	-	-
Mining and processing	119,414	173,704	-	-
Personal	262,075,466	250,692,640	-	-
Professional and other services	34,010,989	27,235,685	-	-
Tourism	52,522,889	42,825,463	-	-
Transportation storage and communication	3,285,681	2,490,606	-	-
Overseas residents	40,899,082	31,916,309	-	-
Total	534,926,825	467,383,856	-	250,000
Expected credit losses	(15,493,835)	(18,587,894)	-	(37)
	519,432,990	448,795,962	-	249,963
Interest receivable	4,055,900	4,158,974	-	1,930
Net	523,488,890	452,954,936	-	251,893

(ii) Debt securities

The following table summarises the credit exposure for debt securities at their carrying amounts, as categorised by issuer:

	The Group	
	2021	**2020**
	$'000	**$'000**
Government of Jamaica and Bank of Jamaica	335,387,017	323,373,333
Other corporate bonds	178,774,457	164,566,839
Foreign governments	289,093,741	284,062,982
	803,255,215	772,003,154
Expected credit losses	(938,325)	(1,008,762)
Interest receivable	10,962,399	9,628,984
	813,279,289	780,623,376

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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, 2021.

	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

	The Group				
	ECL staging				
	2020				
	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	268,016,627	-	-	-	268,016,627
Medium	377,243,878	3,788,577	-	1,388,405	382,420,860
High	4,456,284	637,937	-	-	5,094,221
Default	-	-	73,271	3,534,874	3,608,145
Gross carrying amount	649,716,789	4,426,514	73,271	4,923,279	659,139,853
Loss allowance on amortised cost	(710,722)	(265,701)	(32,339)	-	(1,008,762)
Carrying amount	649,006,067	4,160,813	40,932	4,923,279	658,131,091

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49. Financial Risk Management (Continued)

(a) Credit risk (continued)

Maximum exposure to credit risk(continued)

	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

	The Group				
	ECL staging				
	2020				
	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	211,348,611	91,352,844	212,294	-	302,913,749
Medium	84,844,710	46,354,111	454,014	-	131,652,835
High	1,472,219	4,951,385	14,993,312	-	21,416,916
Default	-	157,009	11,243,347	-	11,400,356
Gross carrying amount	297,665,540	142,815,349	26,902,967	-	467,383,856
Loss allowance	(1,888,748)	(4,968,915)	(11,730,231)	-	(18,587,894)
Carrying amount	295,776,792	137,846,434	15,172,736	-	448,795,962

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49. Financial Risk Management (Continued)

(a) Credit risk (continued)

Maximum exposure to credit risk(continued)

	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	-	-	161,809,693
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

	The Group				
	ECL staging				
	2020				
	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	155,122,170	7,234,816	-	-	162,356,986
Medium	43,347,625	13,188,379	-	-	56,536,004
High	3,096,589	6,316,881	14,549	-	9,428,019
Default	-	-	582,147	-	582,147
Gross carrying amount	201,566,384	26,740,076	596,696	-	228,903,156
Loss allowance	(605,945)	(3,455,051)	(559,558)	-	(4,620,554)
Carrying amount	200,960,439	23,285,025	37,138	-	224,282,602

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49. Financial Risk Management (Continued)

(a) Credit risk (continued)

Maximum exposure to credit risk(continued)

	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

	The Company				
	ECL staging				
	2020				
	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	7,114,685	-	-	-	7,114,685
Gross carrying amount	7,114,685	-	-	-	7,114,685

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49. Financial Risk Management (Continued)

(a) Credit risk (continued)

Maximum exposure to credit risk(continued)

	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**
Risk rating					
Low	-	-	-	-	-
Gross carrying amount					
Loss allowance	-	-	-	-	-
Carrying amount	-	-	-	-	-

	The Company				
	ECL staging				
	2020				
	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	251,930	-	-	-	251,930
Gross carrying amount	251,930	-	-	-	251,930
Loss allowance	(37)	-	-	-	(37)
Carrying amount	251,893	-	-	-	251,893

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49. Financial Risk Management (Continued)

(a) Credit risk (continued)

Maximum exposure to credit risk(continued)

	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

	The Company				
	ECL staging				
	2020				
	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	16,467,884	-	-	-	16,467,884
Gross carrying amount	16,467,884	-	-	-	16,467,884
Loss allowance	-	-	-	-	-
Carrying amount	16,467,884	-	-	-	16,467,884

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				
	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

	The Group				
	ECL staging				
	2020				
	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	211,057	-	-	-	211,057
Medium	1,815,582	245,295	-	-	2,060,877
High	656,758	82,482	-	-	739,240
Default	-	-	32,448	-	32,448
Loss allowance	2,683,397	327,777	32,448	-	3,043,622

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49. Financial Risk Management (Continued)

(a) Credit risk (continued)

	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

	The Group				
	ECL staging				
	2020				
	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	1,076,042	2,743,968	5,398	-	3,825,408
Medium	781,546	1,961,975	17,340	-	2,760,861
High	31,137	105,964	3,908,511	-	4,045,612
Default	-	157,009	7,799,004	-	7,956,013
Loss allowance	1,888,725	4,968,916	11,730,253	-	18,587,894

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49. Financial Risk Management (Continued)

(a) Credit risk (continued)

	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

	The Group				
	ECL staging				
	2020				
	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	155,853	305,246	-	-	461,099
Medium	265,198	1,625,585	-	-	1,890,783
High	184,894	1,524,220	6,783	-	1,715,897
Default	-	-	552,775	-	552,775
Loss allowance	605,945	3,455,051	559,558	-	4,620,554

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49. Financial Risk Management (Continued)
(a) Credit risk (continued)

	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

	The Company				
	ECL staging				
	2020				
	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	1,634	-	-	-	1,634
Loss allowance	1,634	-	-	-	1,634

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49. Financial Risk Management (Continued)

(a) Credit risk (continued)

	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	-	-	-	-	-

	ECL staging				
	2020				
	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	25	-	-	-	25
Loss allowance	25	-	-	-	25

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49. Financial Risk Management (Continued)

(a) Credit risk (continued)

	The Company				
	ECL staging				
	2021				
	Stage 1	Stage 2	Stage 3	Purchased	
	12-month ECL	Lifetime ECL	Lifetime ECL	credit-impaired	Total
DUE FROM BANKS and OTHER ASSETS	**$000**	**$000**	**$000**	**$000**	**$000**
Risk rating					
Low	-	-	-	-	-
Gross carrying amount	-	-	-	-	-

	The Company				
	ECL staging				
	2020				
	Stage 1	Stage 2	Stage 3	Purchased	
	12-month ECL	Lifetime ECL	Lifetime ECL	credit-impaired	Total
DUE FROM BANKS and OTHER ASSETS	**$000**	**$000**	**$000**	**$000**	**$000**
Risk rating					
Low	-	-	-	-	-
Gross carrying amount	-	-	-	-	-

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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				
	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)
Write offs	-	-	(32,777)	-	(32,777)
Changes to principal	(158,115)	34,490	-	-	(123,625)
Changes to input to ECL model	(562,276)	696,963	-	-	134,687
Foreign exchange movement	141,694	(12,872)	1,175	-	129,997
Loss allowance as at September 30, 2021	2,517,449	942,930	12,061	-	3,472,440

	The Group				
	ECL staging				
	2020				
	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, 2019	2,866,986	363,625	363,215	-	3,593,826
Transfers:					
Transfer from Stage 1 to Stage 2	(175,597)	175,597	-	-	-
Transfer from Stage 1 to Stage 3	(32,448)	-	32,448	-	-
Transfer from Stage 2 to Stage 1	102,443	(102,443)	-	-	-
New financial assets originated or purchased	1,195,477	58,131	-	-	1,253,608
Financial assets derecognised during the period	(568,714)	(13,401)	(362,581)	-	(944,696)
Changes to principal	(5,631)	(33,286)	-	-	(38,917)
Changes to input to ECL model	(581,570)	(114,595)	-	-	(696,165)
Foreign exchange movement	(117,549)	(5,851)	(634)	-	(124,034)
Loss allowance as at September 30, 2020	2,683,397	327,777	32,448	-	3,043,622

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49. Financial Risk Management (Continued)

(a) Credit risk (continued)

Loss allowance (continued)

	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)	-	(1,240,988)
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**

	The Group ECL staging 2020				
	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, 2019	**1,594,326**	**2,036,564**	**9,526,730**	**-**	**13,157,620**
Transfers:					
Transfer from Stage 1 to Stage 2	(696,236)	696,236	-	-	-
Transfer from Stage 1 to Stage 3	(23,600)	-	23,600	-	-
Transfer from Stage 2 to Stage 3	-	(174,144)	174,144	-	-
Transfer from Stage 2 to Stage 1	500,052	(500,052)	-	-	-
Transfer from Stage 3 to Stage 1	16,253	-	(16,253)	-	-
Transfer from Stage 3 to Stage 2	-	8,556	(8,556)	-	-
New financial assets originated or purchased	1,138,238	852,942	2,550,094	-	4,541,274
Financial assets derecognised during the period	(853,054)	(1,394,609)	(2,857,579)	-	(5,105,242)
Write offs	-	-	(4,932,507)	-	(4,932,507)
Changes to principal	415,983	(247,394)	5,682,975	-	5,851,564
Changes to input to ECL model	(205,414)	3,698,018	1,587,019	-	5,079,623
Foreign exchange movement	2,177	(7,201)	586		(4,438)
Loss allowance as at September 30, 2020	**1,888,725**	**4,968,916**	**11,730,253**	**-**	**18,587,894**

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49. Financial Risk Management (Continued)

(a) Credit risk (continued)

Loss allowance (continued)

	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 inputs 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

	The Group				
	ECL staging				
	2020				
	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, 2019	425,831	2,282,331	327,607	**-**	3,035,769
Stage 1 to 2	(71,575)	71,575	-	-	-
Stage 1 to 3	(2,659)	-	2,659	-	-
Stage 2 to 3	-	(63)	63	-	-
Stage 2 to 1	17,187	(17,187)	-	-	-
New financial assets originated or purchased	65,536	62,238	-	-	127,774
Financial assets derecognised during the period	6,636	7,055	-	-	13,691
Write offs	-	(602,411)	(44,716)	-	(647,127)
Changes to principal	-	(126)	187,762	-	187,636
Changes to input to ECL model	137,268	1,479,881	52,232	-	1,669,381
Foreign exchange changes	27,721	171,758	33,951		235,430
Loss allowance as at September 30, 2020	605,945	3,455,051	559,558	-	4,620,554

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49. Financial Risk Management (Continued)
(a) Credit risk (continued)
Loss allowance (continued)

	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 2020				
	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, 2019	1,408	-	-	-	1,408
Transfers:					
New financial assets originated or purchased	226	-	-	-	226
Loss allowance as at September 30, 2020	1,634	-	-	-	1,634

	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:					
Financial assets derecognised	(37)	-	-	-	(37)
Loss allowance as at September 30, 2021	-	-	-	-	-

	The Company ECL staging 2020				
	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, 2019	47	-	-	-	47
Transfers:					
New financial assets originated or purchased	(10)	-	-	-	(10)
Loss allowance as at September 30, 2020	37	-	-	-	37

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49. Financial Risk Management (Continued)

(a) Credit risk (continued)

Loss allowance (continued)

	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 ASSET and OTHER ASSETS	**$000**	**$000**	**$000**	**$000**	**$000**
Loss allowance as at October 1, 2020	-	-	-	-	-
Transfers:					
Financial assets derecognised during the period	-	-	-	-	-
Loss allowance as at September 30, 2021	-	-	-	-	-

	The Company				
	ECL staging				
	2020				
	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, 2019	29	-	-	-	29
Transfers:					
Financial assets derecognised during the period	(29)	-	-	-	(29)
Loss allowance as at September 30, 2020	-	-	-	-	-

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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, 2020 and September 30, 2021

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, Moody's) and the International Monetary Fund. Macroeconomic variable assumptions in the expected credit loss models include Global Gross Domestic Product growth of 5.9 (2020: -3.70) and Global Consumer Price Index 4.79 (2020: 4.40).

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	Positive	Positive
	Downside	Negative	Negative
Inflation	Base	Negative	Negative
	Upside	Stable	Stable
	Downside	Negative	Negative

In the Bermuda subsidiaries macroeconomic variables include, but are not limited to, unemployment rates, collateral normalization 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 2021 that would result from a reasonably possible change in the PDs and LGDs used by the Group:

PD Sensitivity

	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

	The Group		
	2020		
			Impact on ECL
Financial Assets	**Actual PD ranges applied**	**% Change in PD**	**Impact**
			$'000
Debt securities	0.003% - 40.2%	+/- 30%	915,686
Loans and advances	0% - 0.074%	+/- 30%	2,387,985
Repurchase agreements	0.0313% - 0.449%	+/- 30%	1,686
Cash and cash equivalents	0.002% - 0.007%	+/- 30%	103,207
Commitments, guarantees & LCs	0.1512% -0.688%	+/- 30%	15,326
Total			3,423,890

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.

Subsequent to the initial impact of the **COVID-19** pandemic, liability run off moderated during the financial year. Our liquidity positioning was strong, bolstered by fund raising activities completed at close of the prior year, thereby enabling the Group to meet its contractual and regulatory obligations.

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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	**2 to 3 Months**	**4 to 12 Months**	**1 to 5 Years**	**Over 5 Years**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'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	2,253,486,540
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

	The Group					
	Within 1 Month	**2 to 3 Months**	**4 to 12 Months**	**1 to 5 Years**	**Over 5 Years**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
As at September 30, 2020:						
Due to Banks	10,473,893	11,449,827	10,310,123	297,117	-	32,530,960
Customer deposits	447,637,075	29,650,682	57,036,287	15,972,126	-	550,296,170
Repurchase agreements	66,659,756	60,011,798	83,083,591	1,302,685	4,002,052	215,059,882
Obligations under securitisation arrangements	515,728	392,272	907,999	30,628,584	66,926,509	99,371,092
Other borrowed funds	3,687,953	12,910,451	16,090,984	100,158,495	21,791,904	154,639,787
Third party interests in mutual funds	27,948,926	-	-	-	-	27,948,926
Lease liabilities	1,983,980	195,585	542,930	1,711,562	163,938	4,597,995
Liabilities under annuity , insurance and investment contracts	1,534,291	3,767,547	39,080,450	98,960,382	720,183,373	863,526,043
Segregated fund liabilities	12,965	93,135	405,302	1,218,198	13,344,367	15,073,967
Other	65,688,482	-	-	-	-	65,688,482
Total financial liabilities (contractual maturity dates)	626,143,049	118,471,297	207,457,666	250,249,149	826,412,143	2,028,733,304
Total financial liabilities (expected maturity dates)	148,547,731	116,761,338	228,640,710	348,202,749	1,196,266,570	2,038,419,098
Total financial assets (expected maturity dates)	243,712,063	61,099,826	170,504,748	556,401,757	1,068,700,997	2,100,419,391

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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, 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

	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, 2020:						
Due to banks	-	2,814,244	10,651,090	168,655	-	13,633,989
Other borrowed funds	41,126	3,426,512	31,272,543	50,470,127	-	85,210,308
Other	-	1,808,394	-	-	-	1,808,394
Total financial liabilities (contractual maturity dates)	41,126	8,049,150	41,923,633	50,638,782		100,652,691
Total financial liabilities (expected maturity dates)	41,126	8,049,150	41,923,633	50,638,782		100,652,691
Total financial assets (expected maturity dates)	17,667,885	229,370	257,247	2,064,329	9,256,301	29,475,132

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, 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
At September 30, 2020				
Credit commitments	48,901,692	16,230,139	645,541	65,777,372
Guarantees, acceptances and other financial facilities	9,190,310	1,610,382	2,351,882	13,152,574
Capital commitments	5,660,761	2,548,357	-	8,209,118
	63,752,763	20,388,878	2,997,423	87,139,064

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 $1,094,360,000 (2020 – $637,532,000) for the Group has already been contracted.

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.

COVID-19

Our investment portfolios were impacted by the widening of credit spreads resulting in significant fall-off in asset prices at the beginning of the pandemic. We maintained surveillance of the portfolios to determine if any action would have been required to protect the Group's balance sheet. During the financial year we observed continued improvements across the financial asset classes, which returned to pre-Covid levels.

(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.

COVID-19

The tourism sector is a significant foreign currency generator for most of the countries in which we operate. The cessation in travel for the first months of the pandemic severely impacted foreign currency inflows which resulted in increased foreign currency volatility during the prior financial year. This necessitated aggressive management of our currency exposures. During the financial year, foreign currency inflows from the tourism sector improved as rollout of vaccination programs globally supported the return of travel. The Group continues to actively manage foreign currency exposures.

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.

	The Group									
	J$	US$	BMD	GBP	EURO	TT	CAD	NAF	Other	Total
September 30, 2021	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Assets										
Cash in hand and balances at Central Banks	31,049,481	33,115,009	1,842	1,917,003	14,737	1,243,533	442,791	-	1,350,253	69,134,649
Due from banks	3,612,806	76,809,840	3,907,039	12,432,394	9,420,222	21,039,162	5,064,311	40,267,402	9,584,997	182,138,173
Reverse repurchase agreements	4,656,980	5,010,080	-	-	-	-	-	-	-	9,667,060
Loans and advances net of provision for credit losses	285,352,684	130,245,591	87,173,428	369	1,921,868	7,119,760	-	11,671,055	4,135	523,488,890
Investment securities	228,499,228	403,799,650	6,536,207	3,099,507	865,933	201,111,170	5,683,497	41,753,347	9,163,656	900,512,195
Derivative financial instruments	-	767,441	-	-	-	-	-		-	767,441
Reinsurance assets	1,720,241	10,604,004	-	3,132,867	4,869,680	1,157,073	-	2,376,966	2,775,166	26,635,997
Other	7,997,741	10,712,641	999	8,508	4,775,951	5,315,337	103	5,304,887	4,913,805	39,029,972
Total financial assets	562,889,161	671,064,256	97,619,515	20,590,648	21,868,391	236,986,035	11,190,702	101,373,657	27,792,012	1,751,374,377
Liabilities										
Due to banks	1,237,015	22,640,192	-	141,325	23,012	-	60,275	-	2,540	24,104,359
Customer deposits	273,804,724	231,994,397	100,573,051	15,526,492	3,255,445	15,794,165	5,998,397	-	138,729	647,085,400
Repurchase agreements	66,330,139	146,764,843	4,217,111	-	-	7,493,294	-	-	-	224,805,387
Obligations under securitisation arrangements	-	63,693,363	-	-	-	-	-	-	-	63,693,363
Other borrowed funds	26,394,683	59,863,931	740,477	-	-	51,034,248	-	-	-	138,033,339
Liabilities under annuity , insurance and investment contracts	71,221,374	31,020,492	-	3,601,436	11,112,465	208,141,942	-	136,022,787	15,709,131	476,829,627
Lease liabilities	1,388,592	2,016,577	-	250,868	-	7,056	1,379,223	328,526	6,670	5,377,512
Derivative financial instruments	-	45,228	-	-	-	-		-	-	45,228
Segregated fund liabilities	15,419,433	-	-	-	-	-	-	-	-	15,419,433
Third party interest in mutual funds	-	10,780,453	-	-	-	22,919,522	-	-	-	33,699,975
Other	18,359,766	10,961,866	1,205,531	525,609	5,899,598	6,009,490	122,750	7,893,068	6,850,339	57,828,017
Total financial liabilities	474,155,726	579,781,342	106,736,170	20,045,730	20,290,520	311,399,717	7,560,645	144,244,381	22,707,409	1,686,921,640
Net on-statement of financial position	88,733,435	91,282,914	(9,116,655)	544,918	1,577,871	(74,413,682)	3,630,057	(42,870,724)	5,084,603	64,452,737
Guarantees, acceptances and other financial facilities	101,706	8,892,422	-	-	-	-	-	2,151,673	-	11,145,801
Credit commitments	51,321,740	17,089,210	7,271,953	-	-	-	-	-	-	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-statement of financial position financial instruments (continued)

	The Group									
	J$	US$	BMD	GBP	EURO	TT	CAD	NAF	Other	Total
September 30, 2020	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Assets										
Cash in hand and balances at Central Banks	46,160,240	23,384,303	924,465	1,606,932	16,964	488,047	359,167	-	1,099,471	74,039,589
Due from banks	10,799,022	85,390,411	1,948,451	11,613,931	7,905,165	25,081,695	2,868,784	33,543,182	5,221,561	184,372,202
Reverse repurchase agreements	3,921,613	5,597,241	-	-	-	-	-	-	-	9,518,854
Loans and advances net of provision for credit losses	242,590,013	109,025,839	80,113,585	-	1,767,458	8,005,844	-	11,452,197	-	452,954,936
Investment securities	228,091,358	402,034,940	-	1,009,760	379,624	157,546,739	4,519,713	44,708,388	14,795,450	853,085,972
Derivative financial instruments	287,758	365,977	-	-	-	-	-	-	-	653,735
Reinsurance assets	1,255,170	11,448,283	-	2,538,036	3,615,179	2,497,800		2,151,983	3,025,558	26,532,009
Other	18,117,828	10,041,829	2,416,883	6,530	3,183,323	1,126,781	-	4,565,794	3,322,368	42,781,336
Total financial assets	551,223,002	647,288,823	85,403,384	16,775,189	16,867,713	194,746,906	7,747,664	96,421,544	27,464,408	1,643,938,633
Liabilities										
Due to banks	1,217,725	28,702,909	-	128,171	13,194	2,029	52,369	-	18,203	30,134,600
Customer deposits	251,926,192	210,007,491	85,681,883	12,958,209	2,350,451	5,540,017	5,394,902	-	109,741	573,968,886
Repurchase agreements	68,782,566	140,791,814	-	-	-	-	-	-	1,861,999	211,436,379
Obligations under securitisation arrangements	-	71,859,041	-	-	-	-	-	-	-	71,859,041
Other borrowed funds	27,775,595	57,291,454	-	-	331,896	37,574,522	-	440,232	1,836,503	125,250,202
Liabilities under annuity , insurance and investment contracts	64,887,925	28,222,239	-	2,752,447	7,118,672	203,227,316	-	125,370,880	15,117,368	446,696,847
Lease liabilities	1,793,660	77,306	577,325	-	331,896	1,365,683	-	434,499	17,625	4,597,994
Derivative financial instruments	-	-	-	-	-	-	-	-	-	-
Segregated fund liabilities	14,255,178	-	-	-	-	-	-	-	-	14,255,178
Third party interest in mutual funds	-	9,148,146	-	-	-	18,424,768	-	-	-	27,572,914
Other	22,506,698	23,734,011	1,635,295	566,161	4,684,619	3,645,229	29,692	6,984,880	1,901,897	65,688,482
Total financial liabilities	453,145,539	569,834,411	87,894,503	16,404,988	14,830,728	269,779,564	5,476,963	133,230,491	20,863,336	1,571,460,523
Net on-statement of financial position	98,077,463	77,454,412	(2,491,119)	370,201	2,036,985	(75,032,658)	2,270,701	(36,808,947)	6,601,072	72,478,110
Guarantees, acceptances and other financial facilities	4,188,220	6,887,330	24,917	133,356	-	-	-	1,918,752	-	13,152,574
Credit commitments	48,268,149	13,710,855	3,798,369	-	-	-	-	-	-	65,777,372

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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, 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)

	The Company			
	J$	**US$**	**TT$**	**Total**
September 30, 2020	**$'000**	**$'000**	**$'000**	**$'000**
Assets				
Due from banks	2,654,216	89,561	17,096	2,760,873
Loan to related party	251,893	-	-	251,893
Investment securities	7,114,685	-	-	7,114,685
Other	13,688,273	12,739	-	13,701,012
Total financial assets	23,709,067	102,300	17,096	23,828,463
Liabilities				
Due to banks	2,617,534	10,741,529	-	13,359,063
Other borrowed funds	19,047,337	56,791,401	-	75,838,738
Other	267,028	74,343	30	341,401
Total financial liabilities	21,931,899	67,607,273	30	89,539,202
Net on-statement of financial position	1,777,168	(67,504,973)	17,066	(65,710,739)

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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)

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.

	2021			2020		
	% Change in Currency Rate	Effect on Profit before Taxation		% Change in Currency Rate	Effect on Profit before Taxation	
		The Group	The Company		The Group	The Company
		$'000	$'000		$'000	$'000
Currency:						
	Appreciation 2%	(1,825,658)	1,170,301	Appreciation 2%	(1,549,088)	1,379,439
USD	Depreciation 8%	7,302,633	(4,681,204)	Depreciation 6%	4,647,265	(4,138,318)
GBP	Appreciation 2%	(31,557)	-	Appreciation 2%	(7,404)	-
	Depreciation 8%	126,230	-	Depreciation 6%	22,212	-
TTD	Appreciation 2%	1,488,274	-	Appreciation 2%	1,500,653	(342)
	Depreciation 8%	(5,953,095)	-	Depreciation 6%	(4,501,959)	1,026
EUR	Appreciation 2%	(10,898)	-	Appreciation 2%	(40,740)	-
	Depreciation 8%	43,593	-	Depreciation 6%	122,219	-
CAN	Appreciation 2%	(72,601)	-	Appreciation 2%	(45,414)	-
	Depreciation 8%	290,405	-	Depreciation 6%	136,242	-
NAF	Appreciation 2%	857,414	-	Appreciation 2%	736,279	-
	Depreciation 8%	(3,429,658)	-	Depreciation 6%	(2,208,837)	-
BMD	Appreciation 2%	182,333	-	Appreciation 2%	49,822	-
	Depreciation 8%	(729,332)	-	Depreciation 6%	(149,467)	-

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, 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 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, 2020	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Assets							
Cash in hand and balances at Central Banks	19,088,057	-	-	-	1,093,475	53,858,057	74,039,589
Due from banks	70,002,421	19,584,986	23,409,398	16,362,962	11,960,027	43,052,408	184,372,202
Reverse repurchase agreements	7,983,610	1,112,346	255,066	141,572	-	26,260	9,518,854
Loans and advances net of provision for credit impairment losses	94,438,573	38,181,018	21,372,931	127,221,066	167,582,374	4,158,974	452,954,936
Investment securities classified as FVOCI	88,469,555	35,349,728	43,084,007	156,752,577	447,355,520	82,074,585	853,085,972
Reinsurance asset	-	-	-	-	-	26,532,009	26,532,009
Derivative financial instruments	-	-	-	-	-	653,735	653,735
Other	-	-	-	-	-	42,781,336	42,781,336
Total financial assets	279,982,216	94,228,078	88,121,402	300,478,177	627,991,396	253,137,364	1,643,938,633
Liabilities							
Due to banks	6,347,975	7,290,376	12,906,509	-	-	3,589,740	30,134,600
Customer deposits	458,785,289	36,178,003	58,517,740	16,450,341	-	4,037,513	573,968,886
Repurchase agreements	97,283,461	35,142,828	73,870,941	88,052	3,726,460	1,324,637	211,436,379
Obligations under securitisation arrangements	2,490,116	-	7,689,417	28,391,592	32,811,086	476,830	71,859,041
Other borrowed funds	6,861,965	12,003,022	24,945,063	73,404,307	6,553,816	1,482,029	125,250,202
Derivative financial instruments	-	-	-	-	-	-	-
Lease liabilities	1,983,980	195,585	542,930	1,711,561	163,938	-	4,597,994
Liabilities under annuity, insurance and investment contracts	1,030,327	1,584,592	10,580,764	68,168,478	310,775,125	54,557,561	446,696,847
Third party interest in mutual funds	27,572,914	-	-	-	-	-	27,572,914
Segregated fund liabilities	13,401	96,271	418,949	1,259,216	12,467,341	-	14,255,178
Other	-	-	-	-	-	65,688,482	65,688,482
Total financial liabilities	602,369,428	92,490,677	189,472,313	189,473,547	366,497,766	131,156,792	1,571,460,523
On-statement of financial position interest sensitivity gap	(322,387,212)	1,737,401	(101,350,911)	111,004,630	261,493,630	121,980,572	72,478,110
Cumulative interest sensitivity gap	(322,387,212)	(320,649,811)	(422,000,722)	(310,996,092)	(49,502,462)	72,478,110	

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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, 2021	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
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)
Cumulative interest sensitivity gap	15,796,187	15,796,187	9,210,599	(85,007,142)	(78,007,142)	(80,404,056)	
September 30, 2020							
Assets							
Due from banks	2,760,873	-	-	-	-	-	2,760,873
Loan to related party	-	-	250,000	-	-	1,905	251,905
Investment securities classified as FVOCI	-	-	-	-	7,000,000	114,685	7,114,685
Other	-	-	-	-	-	13,701,012	13,701,012
Total financial assets	2,760,873		250,000	-	7,000,000	13,817,602	23,828,475
Liabilities							
Due to banks	-	-	13,117,877	-	-	241,186	13,359,063
Other borrowed funds	-	2,000,000	30,419,271	42,436,800	-	884,306	75,740,377
Lease liabilities	-	-	-	98,361	-	-	98,361
Other	-	-		-	-	341,401	341,401
Total financial liabilities	-	2,000,000	43,537,148	42,535,161	-	1,466,893	89,539,202
On-statement of financial position interest sensitivity gap	2,760,873	(2,000,000)	(43,287,148)	(42,535,161)	7,000,000	12,350,709	(65,710,727)
	2,760,873	760,873	(42,526,275)	(85,061,436)	(78,061,436)	(65,710,727)	

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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							The Company				
	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	-	-	-	-	-	-	-		-	-
Reverser 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	-	-	-

	The Group							The Company			
	J$	**US$**	**CAN$**	**GBP**	**BMD**	**TTD**	**EURO**	**J$**	**US$**	**TT$**	**GBP**
	%	**%**	**%**	**%**	**%**	**%**	**%**	**%**	**%**	**%**	**%**
September 30, 2020											
Assets											
Balances at Central Banks	0.50	-	-	-	-	-	-	-	-	-	-
Due from banks	3.62	-	-	-	-	1.00	-	-	-	-	-
Reverse repurchase agreements	2.07	2.33	-	-	-	-	-	-	-	-	-
Loans and advances	12.80	9.36	-	-	6.67	5.93	1.50	5.75	-	-	-
Investment securities	5.28	4.58	0.98	2.33	-	5.59	-	6.50	-	-	-
Liabilities								-	-	-	-
Due to banks	-	3.77	-	-	-	-	-	-	-	-	-
Customer deposits	2.36	1.46	0.21	0.62	1.47	-	-	-	-	-	-
Lease liabilities	9.75	6.25	-	-	-	-	-	-	-	-	-
Repurchase agreements	4.39	2.64	-	-	-	2.55	-	-	-	-	-
Obligations under securitisation arrangements	-	5.49	-	-	-	-	-	-	-	-	-
Other borrowed funds	6.58	6.64	-	-	-	-	-	6.77	6.43	-	-

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 2021 $'000	Effect on Other Comprehensive Income 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)

	Effect on Net Profit Before Tax 2020 $'000	Effect on Other Comprehensive Income 2020 $'000
Change in basis points:		
Decrease - JMD -100 and USD -100	(491,066)	11,987,113
Increase - JMD +100 and USD +100	213,260	(12,065,855)

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
	2021 $'000	2021 $'000	2020 $'000	2020 $'000
Percentage change in share price				
10% decrease	(8,542,917)	-	(7,087,946)	-
10% increase	8,542,917	-	7,087,946	-

(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.

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.

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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			
	2021		2020	
	Before Re-insurance	After Re-insurance	Before Re-insurance	After Re-insurance
Benefits assured per life assured ($'000)				
TT$0 - 250	473,513,345	462,355,652	461,463,622	449,904,093
TT$251 - 500	554,167,737	476,955,106	523,375,165	443,206,016
TT$501 - 1,000	475,814,259	343,851,367	435,609,347	299,214,903
TT$1,001 - 3,000	237,548,962	130,204,516	203,820,720	97,753,145
More than TT$3,000	115,008,163	19,645,881	98,734,680	11,900,301
Total	1,856,052,466	1,433,012,522	1,723,003,534	1,301,978,458

For the Jamaican life insurance subsidiary:

	Total Benefits Assured - Individual			
	2021		2020	
	Before Re-insurance	After Re-insurance	Before Re-insurance	After Re-insurance
Benefits assured per life assured ($'000)				
0 – 1,000	338,690,363	335,964,047	267,306,120	260,877,477
1,000 – 2,000	49,046,718	44,676,540	36,759,579	30,104,858
2,000 – 5,000	11,026,195	8,421,116	8,280,893	5,005,271
5,000 – 10,000	9,158,276	6,759,553	6,013,268	3,256,948
Over 10,000	20,281,218	12,321,598	13,130,076	5,036,987
	428,202,770	408,142,854	331,489,936	304,281,541

For the Dutch Caribbean life insurance subsidiary:

	Total Benefits Insured			
	2021		2020	
Benefits assured per life assured ($'000)	Before Re-insurance	After Re-insurance	Before Re-insurance	After Re-insurance
NAF$10,001 - 20,000	212,427,175	206,838,773	203,317,727	198,331,422
NAF$20,001 - 30,000	18,357,072	8,425,628	17,368,852	7,631,986
NAF$30,001 - 40,000	5,831,330	2,416,359	5,829,588	3,000,165
NAF$40,001 - 50,000	2,967,509	755,771	2,494,199	153,115
More than NAF$50,000	2,398,181	640,760	2,294,485	425,536
Total	241,981,267	219,077,291	231,304,851	209,542,224

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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 $42,646,000 (2020 – $23,112,000).
- Policyholders' benefits recovered from reinsurers during the year under these contracts amounted to $Nil (2020 – $ Nil).
- At September 30, 2021, premiums payable under re-insurance contracts amounted to $12,581,000 (2020 – $ Nil).

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	
	2021	**2020**
Annuity payable per annum per annuitant ($'000)		
TT$0-5,000	144,490	143,171
TT$5,001-10,000	541,519	494,598
TT$10,001-20,000	936,834	856,870
More than TT$20,000	2,361,956	2,185,751
Total	**3,984,799**	**3,680,390**

For the Jamaican life insurance subsidiary

	Total Annuities Payable	
	2021	**2020**
Annuity payable per annum per annuitant ($'000)		
0 -100	508,135	509,902
100 – 300	264,751	257,578
300 – 500	261,888	251,298
500 – 1,000	220,955	226,553
Over 1,000	2,695,816	2,629,833
Total	**3,951,545**	**3,875,164**

For the Dutch Caribbean life insurance subsidiary

	Total Annuities Payable	
	2021	**2020**
Annuity payable per annum per life		
NAF$0 - 10,000	802,040	759,964
NAF$10,001 - 20,000	575,749	547,060
NAF$20,001 - 30,000	350,174	339,809
NAF$30,001 - 40,000	208,525	191,865
NAF$40,001 - 50,000	165,770	156,737
More than NAF$50,000	487,138	438,954
Total	**2,589,396**	**2,434,389**

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.

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.

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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

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:

	2021				
	Liability	**Property**	**Motor**	**Other**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
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
	2020				
Gross	3,746,899	8,708,312	8,852,677	1,445,318	22,753,206
Net of proportional reinsurance	2,309,389	1,278,072	5,476,968	398,656	9,463,085

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	16,917,135
By underwriting year	6,537,275
Total liability (Note 39)	23,454,410
Insurance claims - net	
By accident year	8,912,679
By underwriting year	3,407,032
Total liability (Note 39)	12,319,711

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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	2020	2021	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	10,915,284	12,571,924	15,187,632	57,340,069	14,394,638	26,010,096	12,420,492	11,046,091	-
One year later	9,997,561	11,070,816	13,956,633	61,846,018	11,191,619	23,288,011	13,247,435	-	-
Two years later	10,504,091	11,369,363	13,676,003	54,480,217	10,758,668	23,083,173	-	-	-
Three years later	10,498,624	11,173,918	13,672,229	54,156,117	10,691,271	-	-	-	-
Four years later	10,276,759	10,956,239	13,606,589	54,232,863	-	-	-	-	-
Five years later	10,145,283	10,649,405	13,650,342	-	-	-	-	-	-
Six years later	10,058,949	10,643,917	-	-	-	-	-	-	-
Seven years later	10,094,871	-	-	-	-	-	-	-	-
Current estimate of cumulative claims	10,094,481	10,643,917	13,650,342	54,232,863	10,691,271	23,083,173	13,247,435	11,046,091	146,689,573
Cumulative payments to date	9,766,389	10,057,886	13,105,786	53,070,346	9,496,866	20,860,394	10,284,069	4,216,621	130,858,357
Liability recognised in the consolidated statement of financial position	328,092	586,031	544,556	1,162,517	1,194,405	2,222,779	2,963,366	6,829,470	15,831,216
Liability in respect of prior years	-	-	-	-	-	-	-	-	1,084,708
Total liability	-	-	-	-	-	-	-	-	16,917,135

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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	2020	2021	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	807,658	622,495	521,064	540,434	416,855	220,803	421,389	1,810,805	-
One year later	1,007,420	813,906	593,927	662,322	472,191	334,729	640,738	-	-
Two years later	922,149	746,053	557,875	637,007	438,178	324,946	-	-	-
Three years later	897,593	755,099	544,599	628,960	441,345	-	-	-	-
Four years later	877,723	733,602	537,853	619,220	-	-	-	-	-
Five years later	883,060	731,888	526,096	-	-	-	-	-	-
Six years later	860,218	728,179	-	-	-	-	-	-	-
Seven years later	855,359	-	-	-	-	-	-	-	-
Current estimate of cumulative claims	855,359	728,179	526,096	619,220	441,345	324,946	640,738	1,810,805	5,946,688
Cumulative payments to date	827,702	695,467	501,931	520,239	329,219	172,451	88,438	43	3,135,490
Liability recognised in the consolidated statement of financial position	27,657	32,712	24,165	98,981	112,126	152,495	552,300	1,810,762	2,811,198
Liability in respect of prior years	-	-	-	-	-	-	-	-	3,726,078
Total liability	-	-	-	-	-	-	-	-	6,537,275

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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)

Insurance claims – net	2014 $'000	2015 $'000	2016 $'000	2017 $'000	2018 $'000	2019 $'000	2020 $'000	2021 $'000	Total $'000
Accident year									
Estimate of cumulative claims costs:									
Claims at end of accident year	7,821,571	7,291,983	8,549,164	21,942,825	8,506,366	7,625,801	6,308,402	6,169,552	-
One year later	6,953,392	6,319,726	7,473,675	20,824,776	7,004,368	12,611,317	6,499,292	-	-
Two years later	7,265,258	6,496,429	6,867,340	20,463,669	6,701,071	12,352,379	-	-	-
Three years later	7,284,412	6,605,670	7,200,768	20,300,935	6,682,503	-	-	-	-
Four years later	6,803,414	6,202,415	6,931,136	20,254,037	-	-	-	-	-
Five years later	6,915,475	6,188,424	6,891,462	-	-	-	-	-	-
Six years later	6,705,540	6,189,118	-	-	-	-	-	-	-
Seven years later	6,762,199	-	-	-	-	-	-	-	-
Current estimate of cumulative claims	6,762,199	6,189,118	6,891,462	20,254,037	6,682,503	12,352,379	6,499,292	6,169,552	71,800,542
Cumulative payments to date	6,440,724	5,784,454	6,362,329	19,851,499	5,841,330	11,264,525	5,043,672	2,846,836	63,435,369
Liability recognised in the consolidated statement of financial position	321,475	404,664	529,133	402,538	841,173	1,087,854	1,455,620	3,322,716	8,365,173
Liability in respect of prior years	-	-	-	-	-	-	-	-	547,506
Total liability	-	-	-	-	-	-	-	-	8,912,679

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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	2020	2021	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	807,658	622,495	521,064	540,434	416,855	220,803	421,389	1,813,408	-
One year later	1,007,420	813,906	593,927	662,322	472,191	334,729	640,738	-	-
Two years later	922,149	746,053	557,875	637,007	438,178	324,946	-	-	-
Three years later	897,593	755,099	544,599	628,960	441,345	-	-	-	-
Four years later	877,723	733,602	537,853	619,220	-	-	-	-	-
Five years later	883,060	731,888	526,096	-	-	-	-	-	-
Six years later	860,218	728,179	-	-	-	-	-	-	-
Seven years later	855,359	-	-	-	-	-	-	-	-
Current estimate of cumulative claims	855,359	728,179	526,096	619,220	441,345	324,946	640,738	1,813,408	5,949,291
Cumulative payments to date	827,702	695,467	501,931	520,239	329,219	172,451	88,438	43	3,135,490
Liability recognised in the consolidated statement of financial position	27,657	32,712	24,165	98,981	112,126	152,495	552,300	1,813,365	2,813,801
Liability in respect of prior years	-	-	-	-	-	-	-	-	593,233
Total liability	-	-	-	-	-	-	-	-	3,407,032

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, 2021.

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, 2021.

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, 2021.

(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 2020. 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.

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, 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 debt securities	-	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

50. Fair Values of Financial Instruments (Continued)

	The Group			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
At September 30, 2020				
Financial assets				
Investment securities classified as FVOCI				
Government of Jamaica debt securities	-	272,393,802	2,414,221	274,808,023
Other Government Securities	9,849,223	36,521,799	2,206,283	48,577,305
Corporate Debt Securities	4,653,910	47,132,535	66,212,932	117,999,377
	14,503,133	356,048,136	70,833,436	441,384,705
Investment securities at fair value through profit or loss				
Government of Jamaica guaranteed corporate bonds	-	17,042,357	-	17,042,357
Other Government Securities	11,632,631	67,582,769	-	79,215,400
Corporate Debt Securities	3,210,926	15,783,137	5,164,034	24,158,097
Quoted & Unquoted equity securities	61,330,073	3,932,621	5,617,726	70,880,421
Other securities	235,708	1,181,881	164,587	1,582,176
	76,409,338	105,522,765	10,946,347	192,878,450
Derivative financial instruments	-	653,735	-	653,735
	90,912,471	462,224,636	81,779,783	634,916,890
Financial liabilities				
Derivative financial instruments				
Liabilities under annuity and insurance contracts	-	-	405,014,541	405,014,541
	-	-	405,014,541	405,014,541

The movement in the Group's financial assets classified as Level 3 during the year is as follows:

	The Group	
	2021 $'000	2020 $'000
At start of year	81,779,783	98,128,374
Transfer between levels based on adoption of IFRS 9	450,373	1,815,795
Acquisitions	46,761,439	39,226,448
Disposals	(80,165,605)	(56,476,747)
Fair value gains	3,136,097	(914,087)
At end of year	51,962,087	81,779,783

The movement in liabilities under annuity and insurance contracts is disclosed in Note 39.

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.

	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 -100	2,450,814
			JMD +100 and USD +100	(1,703,809)

	2020			
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	2,216,350
			JMD +100 and USD +50	(2,069,519)

The Group's level 3 unquoted equity securities would decrease in value by $186,529,000 should there be a 5% decrease/increase (2020 - $72,685,000) 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, 2021	181,879,343	176,166,604
At September 30, 2020	213,084,577	224,271,173

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, 2021, the Group had financial assets under administration of approximately $363,489,106,000 (2020 –$367,758,260,000).

52. Dividends

The following dividends were paid by NCB Financial Group Limited during the year:
- $0.50 per ordinary stock unit was paid in May 2021

The Board of Directors, at its meeting on November 11, 2021, did not declare an interim dividend.

53. Disposal of Portfolio

NCB Insurance Company Limited

During the 2020 financial year, the NCB Insurance Company Limited, a wholly owned subsidiary of NCBJ entered in an agreement with Guardian Life Insurance, a wholly owned subsidiary of GHL, which is a subsidiary of NCBFG, to dispose of its insurance and annuity business. The transaction is deemed to be among common owners and as such any gain or loss resulting from the transaction was eliminated. The identifiable assets and liabilities are as follows:

Proceeds, net of transaction costs	4,866,582
Market value of investments transferred	(35,075794)
Policyholders’ liabilities and reserves	33,547,584
Other actuarial adjustments	(3,225,455)
Gain on disposal	112,917

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54. Non-Controlling Interest

The table below shows the summarised financial information for Clarien Group Limited that has non-controlling interest:

	Guardian Holdings Limited		Clarien Group Limited	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Beginning of year	33,979,587	26,312,796	10,110,658	9,967,643
Share of net profit of subsidiaries	5,693,892	7,670,735	155,043	122,299
Revaluation surplus	(5,347,008)	(175,778)	1,325,480	-
Remeasurement of post-employmentbenefits obligations	430,587	197,674	-	-
Other	(39,293)	(25,840)	(737,546)	20,716
Addition of non-controlling interest	-	-	-	-
Employment share option scheme value of services received	-	-	-	-
Share-based payments exercised	-	-	-	-
Transfer of treasury shares to employees	-	-	-	-
Dividends paid	(362,565)	-	-	-
End of year	34,355,200	33,979,587	10,853,635	10,110,658

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54. 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	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Statement of financial positions				
Current assets	147,446,445	143,252,648	127,181,222	158,861,966
Current liabilities	109,719,676	86,099,453	163,735,451	158,332,392
Total current net assets	37,726,769	57,153,195	(36,554,229)	529,574
Non Current assets	597,096,403	536,867,084	71,061,891	34,247,338
Non current liabilities	544,010,289	504,647,351	12,756,918	14,515,071
Total non-current net assets	53,086,114	32,219,733	58,304,973	19,732,267
Net assets	90,812,883	89,372,928	21,750,744	20,261,841
Statement of comprehensive income				
Revenue	202,135,223	163,504,763	10,487,602	10,752,482
Direct profit for the period	16,910,247	15,445,269	891,525	826,024
Consolidation adjustments	(957,831)	5,591,774	(581,377)	(581,377)
Other comprehensive income	(4,955,715)	(3,943)	587,935	41,514
Total comprehensive income	10,996,701	21,033,100	898,083	286,161
Profit allocated to NCI	5,693,892	7,670,735	155,043	122,299
OCI allocated to NCI	(4,955,715)	(3,943)	587,935	20,716
Accumulated non-controlling interest	738,177	7,666,792	742,978	143,015

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54. Non-Controlling Interest (Continued)

Summarised cash flows

The information below represents amounts before intercompany eliminations

	Guardian Holdings Limited		Clarien Group Limited	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Cash flows from operating activities				
Cash generated from operations	40,908,661	30,786,569	(6,930,526)	27,938,892
Interest paid	(4,683,173)	(3,489,718)	(1,730,839)	(1,631,189)
Income tax paid	(5,601,265)	(2,319,982)	-	-
Net cash generated from operating activities	30,624,223	24,976,869	(8,661,365)	26,307,703
Net cash used in investing activities	(35,342,016)	(11,379,157)	(2,708,286)	10,024,834
Net cash used in financing activities	5,994,367	14,721,789	(204,007)	-
Net increase in cash and cash equivalents				
Cash and cash equiivalents at beginning of year	78,126,633	47,891,854	49,725,219	30,125,074
Exchange gains on cash and cash equivalents	2,318,995	2,125,355	1,667,051	1,668,532
Other movements	1,397,312	28,109,424	(11,565,658)	17,931,613
Cash and cash equivalents at endof year	81,842,940	78,126,633	39,826,612	49,725,219

55. 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 October 1, 2019	124,394,235	48,305,823	4,212,208	176,912,266
Cash movements -				
Drawdowns	24,192,548	35,392,925	1,724,573	61,310,046
Repayment – principal	(26,988,658)	(12,077,688)	(1,346,282)	(40,412,628)
Non-cash movements -				
Amortisation of upfront fees	118,340	(405,327)	-	(286,987)
Foreign exchange adjustments	3,608,341	(42,883)	7,495	3,572,953
Interest payable	(258,470)	(88,893)	-	(347,363)
At September 30, 2020	125,066,336	71,083,957	4,597,994	200,748,287
Cash movements -				
Drawdowns	55,166,682	-	2,580,907	57,747,589
Repayment – principal	(45,264,920)	(7,894,566)	(1,846,996)	(55,006,482)
Non-cash movements -				
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 September 30, 2021	136,972,443	63,087,217	5,377,512	205,437,172

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55. Reconciliation of Liabilities arising from Financial Activities (Continued)

	The Company		
Liabilities	**Other borrowed funds $'000**	**Lease liabilities $'000**	**Total $'000**
At October 1, 2019	76,227,470	-	76,227,470
Cash movements -			
Drawdowns	2,000,007	127,592	2,127,599
Repayment - principal	(5,500,500)	(29,231)	(5,529,731)
Non-cash movements -			
Foreign exchange adjustments	2,938,515	-	2,938,515
Amortisation of upfront fees	(102,236)	-	(102,236)
Interest payable	(1,206)	-	(1,206)
At September 30, 2020	75,562,050	98,361	75,660,411
Cash movement -			
Drawdowns	31,963,927	128,653	32,092,580
Repayment - principal	(24,939,637)	(150,576)	(25,090,213)
Non-cash movements -			
Foreign exchange adjustments	2,218,255	-	2,218,255
Amortisation of upfront fees	121,332	-	121,332
Interest payable	7,268	-	7,268
At September 30, 2021	84,933,195	76,438	85,009,633

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56. Leases

The statement of financial position shows the following amounts relating to leases:

	2021 $'000	2020 $'000
Right-of-use assets		
Buildings	4,634,532	3,962,194
Motor vehicles	525,678	453,824
Equipment	74,728	127,660
	5,234,938	4,543,678
Lease liabilities		
Current	947,814	1,341,021
Non-current	4,429,698	3,256,973
	5,377,512	4,597,994

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 2021 $'000**	**30 September 2020 $'000**
Buildings	4,634,532	3,962,194
Motor vehicles	525,678	453,824
Equipment	74,728	127,660
	5,234,938	4,543,678

b) As at 30 September 2021, 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	1,098,729	223,866	1,261,567
Accumulated depreciation	(796,767)	(149,138)	(735,888)
Net book values	301,962	74,728	525,679

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56. Leases (Continued)

Leased assets previously classified as operating leases are presented as in the property, plant and equipment disclosure note.

During the financial year additions through new leases and acquisitions amounted to $2,580,907,000 (2020- $1,724,573,000).

(ii) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	2021 $'000	2020 $'000
Depreciation charge of right-of-use assets		
Buildings	1,016,898	764,163
Equipment	102,634	56,752
Motor Vehicles	373,498	246,591
	1,493,030	1,067,506

Amounts recognised in the statement of comprehensive income relating to leases:

	2021 $'000	2020 $'000
Depreciation charge of right-of-use assets	1,493,030	1,067,506
Interest expense on lease liabilities	343,316	344,221
Total expenses related to leases	1,836,346	1,411,727

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.

56. 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 would 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 $97,252,000.

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57. 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. No provision was made for this claim as the Bank's attorneys were of the view that the suit against the Bank was unlikely to succeed. The Supreme Court issued judgment in the Bank's favor, with the Court ordering a company (placed by the Bank into receivership) to pay the claimant $5 million plus interest. The claimant has appealed and the defendants (including the Bank) have cross-appealed that portion of the judgment in which the company in receivership was ordered to pay the claimant $5 million plus interest. However, in the light of a recent decision of the Court of Appeal, the claimant has applied to vacate the judgment of the Supreme Court as the Judge who delivered the judgment did so after he retired from the Supreme Court. Having heard the claimant's application, the Court of Appeal ordered that the matter be referred to the Supreme Court where a re-trial has commenced.

A number of other suits have been filed by customers of the Group. In some instances, counter claims have been filed by the Group. Provision 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 defense against these claims.

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58. Offsetting Financial Assets and Financial Liabilities

The following financial assets are subject to offsetting, enforceable master netting arrangements and similar agreements.

	The Group						
	2021						
	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
Assets							
Cash resources	250,927,116	-	250,927,116	-	(5,249,318)	(6,634,136)	239,043,662
Financial investments	900,642,200	-	900,642,200	(206,734,968)	-	(9,922,149)	683,985,083
	1,151,569,316	-	1,151,569,316	(206,734,968)	(5,249,318)	(16,556,285)	923,028,745
	2020						
Assets							
Cash resources	258,411,791	-	258,411,791	-	(3,707,087)	(5,473,992)	249,230,712
Financial investments	853,085,972	-	853,085,972	(210,914,030)	-	(185,369,195)	456,802,747
	1,111,497,763	-	1,111,497,763	(210,914,030)	(3,707,087)	(190,843,187)	706,033,459

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58. Offsetting Financial Assets and Financial Liabilities (Continued)

The following financial assets are subject to offsetting, enforceable master netting arrangements and similar agreements.

	The Group						
	2021						
				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	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
	2020						
Liabilities							
Repurchase agreements	211,436,379	-	211,436,379	(210,914,030)	(84,943)	-	437,406
Obligations under securitisation agreements	71,083,957	-	71,083,957	-	(3,622,144)	-	67,461,813
	282,520,336	-	282,520,336	(210,914,030)	(3,707,087)	-	67,899,219