



Financial Results

For The Six Months Ended
March 31, 2022



KEY RESULTS

\$10.43B	\$2.06T	\$156.54B	\$4.54	1.54%	13.13%
Net Profit	Total Assets	Equity	EPS	Return on Assets	Return on Equity

Second Quarter 2022 Report to Shareholders

Kingston, Jamaica - May 9, 2022

The Board of Directors is pleased to release the following unaudited financial results for NCB Financial Group Limited (NCBFG) and its subsidiaries (the Group) for the six months ended March 31, 2022.

NCBFG reports unaudited consolidated net profit of \$15.3 billion for the half-year ended March 31, 2022, an increase of \$6.0 billion or 65% over the prior year. Consolidated net profit attributable to stockholders of the parent totalled \$10.4 billion compared to \$5.9 billion for the previous year, an

increase of \$4.5 billion or 77%. The Group delivered strong results for the quarter, the highest since the onset of COVID-19. We continue to face market volatility, economic uncertainty and uneven recovery in the Caribbean, but remain focussed on maintaining the momentum of our strategic transformation journey.

Our long-term growth and viability is supported by our strategic transformation and technological investments. We have made progress over the past few years and continue our disciplined approach to the execution of our strategy. Our diversified business model positions us to remain nimble while focussed on achieving our aspirations.

For more information, contact:

INVESTOR RELATIONS
Jacqueline De Lisser
Head -
Group Investor Relations & Financial Advisory
Email: DelisserJN@incb.com

MEDIA RELATIONS
Nicole Brackett Walters
Group Marketing & Communications Manager
Email: BrackettWaltersNC@incb.com





Financial Results

For The Six Months Ended March 31, 2022

Net Profit of \$10.4 billion (attributable to stockholders of the parent)

Group Performance

The improved performance during the period resulted in operating income of \$69.3 billion, an increase of \$9.6 billion or 16% over the prior year. Five of the seven business segments outperformed the prior year's results, leading to year over year growth from insurance, banking and investment activities. This positive outturn was partially offset by the 10% increase in operating expenses, leading to operating profit of \$17.6 billion, an increase of \$5.0 billion or 39%.

The improved revenue performance outpaced the growth in costs, resulting in a cost to income ratio of 72.21%, a decline from 75.66% a year ago.

Banking and Investment Activities

The net result from banking and investment activities of \$53.4 billion represented a 15% or \$6.8 billion increase over the prior year. Net interest income improved to \$32.4 billion, up \$5.3 billion or 19%. This reflects continued growth in lending and higher investment securities coupled with effective interest spread management.

Net fee and commission income increased by 15% or \$1.6 billion to \$13.0 billion. E-commerce revenues had a 50% increase over the prior year due to higher levels of transactions. We have also earned more corporate finance fees from asset and investment banking activities.

Insurance Activities

The net result from insurance activities improved over the prior year by 21% or \$2.8 billion to \$15.9 billion, despite a decline in the second quarter's performance. During the half-year period, the net performance from life and health increased while general insurance declined from the prior period mainly due to an increase in property claims.

Operating Expenses

Operating expenses totalled \$51.7 billion, an increase of \$4.6 billion over the prior year. There was a 5% rise in compensation related costs due to annual increases. Asset taxes increased due to the growth in the asset base. The Group also experienced higher expenses primarily related to the execution of various strategic initiatives as we strive to enhance customers' service experience and our digital capabilities.



Financial Results

For The Six Months Ended March 31, 2022

Net Profit of \$10.4 billion (attributable to stockholders of the parent)

Consolidated Statement of Financial Position

The asset base at March 2022 totalled \$2.06 trillion, an increase of 11% or \$207.3 billion over the prior year. The growth in the asset base continues to be bolstered by increased net loans, investment securities and amounts due from banks. The year over year growth was primarily funded by increased deposits, repurchase agreements, other borrowed funds, and liabilities under annuity and insurance contracts.

Investment Securities and Reverse Repurchase Agreements

Investment securities, including pledged assets and reverse repurchase agreements, totalled \$968.6 billion, an increase of 10% or \$84.3 billion over the prior year. This continues to be the Group's largest earning asset portfolio.

Loans and Advances

The Group's loans and advances, net of credit impairment losses, totalled \$555.9 billion, an increase of 17% or \$78.8 billion over the prior year. Non-performing loans totalled \$31.1 billion as at March 31, 2022, an increase of \$557 million or 2% over the prior year. Non-performing loans as a percentage of gross loans declined to 5.5%, down from 6.2% in the prior year.

Deposits

Deposits are now at a record high of \$706.6 billion, an increase of 17% or \$103.4 billion over the prior year. This continues to be our largest source of funding.

Policyholders' Liabilities

Liabilities under annuity and insurance contracts increased to \$461.2 billion, up \$38.1 billion or 9% over the prior year, reflecting continued growth in all our markets.

Capital and Liquidity

Equity attributable to stockholders of the parent totalled \$156.5 billion, a decrease of \$6.2 billion or 4% compared to the prior year. The decline was mainly attributable to a \$12.2 billion decline in fair value reserves as a result of mark to market losses in the investment portfolio due to the rise in interest rates.

All our regulated entities continue to meet the applicable capital and liquidity regulatory requirements.

Dividends

The Board of Directors, at its meeting on May 9, 2022, did not declare an interim dividend.



Financial Results

For The Six Months Ended March 31, 2022

Net Profit of \$10.4 billion (attributable to stockholders of the parent)

Environment, Social and Governance (ESG)

The Group is committed to engaging in activities that support long-term success, providing appropriate benefits for various stakeholders and ensuring compliance with all applicable rules and regulations through responsible and ethical business practices. We ensure our business strategies positively impact society and the environment. We continue to employ strategies to:

- reduce our carbon footprint;
- make environmentally conscious investments;
- improve governance standards;
- improve labour and remote work policies for our employees;
- embrace fair competition; and
- engage in philanthropic activities, particularly relevant to health, education and community development, primarily executed through the work of our foundations.

We will continue to provide a safe and secure environment for our customers by offering suitable alternative channels and urging everyone to practise the recommended safety protocols.

We are grateful to the persons on the front line and thank them for their continued service. Thanks to our valued stakeholders, including our team members, for their continued loyalty, confidence and support.

NCBFG – Empowering People | Unlocking Dreams | Building Communities.

ON BEHALF OF THE BOARD

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



Unaudited Financial Results

Consolidated Income Statement

Six Months Ended March 31, 2022

(expressed in Jamaican dollars unless otherwise indicated)

	CURRENT YEAR			PRIOR YEAR	
	Quarter ended March 31 2022 \$'000	Quarter ended December 31 2021 \$'000	Year to date March 31 2022 \$'000	Quarter ended March 31 2021 \$'000	Year to date March 31 2021 \$'000
Operating income					
Banking and investment activities					
Interest income	22,407,136	22,105,773	44,512,909	19,376,966	40,218,974
Interest expense	(6,302,429)	(5,827,933)	(12,130,362)	(6,087,463)	(13,114,040)
Net interest income	16,104,707	16,277,840	32,382,547	13,289,503	27,104,934
Fee and commission income	8,796,104	8,387,843	17,183,947	6,612,265	13,597,300
Fee and commission expense	(2,267,089)	(1,962,490)	(4,229,579)	(1,173,555)	(2,288,287)
Net fee and commission income	6,529,015	6,425,353	12,954,368	5,438,710	11,309,013
Gain on foreign currency and investment activities	3,778,712	1,622,948	5,401,660	3,006,888	8,419,165
Credit impairment losses	(463,692)	(1,834,095)	(2,297,787)	(1,363,964)	(2,531,889)
Dividend income	421,633	944,249	1,365,882	417,009	993,806
Other operating income	2,330,482	1,273,726	3,604,208	616,185	1,301,941
	6,067,135	2,006,828	8,073,963	2,676,118	8,183,023
Net result from banking and investment activities	28,700,857	24,710,021	53,410,878	21,404,331	46,596,970
Insurance activities					
Premium income	41,682,337	42,371,355	84,053,692	37,124,286	73,560,166
Insurance premium ceded to insurers	(13,074,684)	(13,139,199)	(26,213,883)	(11,763,650)	(23,941,801)
Reinsurance commission income	2,859,378	2,850,051	5,709,429	2,527,676	6,092,055
Net underwriting income	31,467,031	32,082,207	63,549,238	27,888,312	55,710,420
Insurance benefits and claims	(36,813,287)	(25,330,281)	(62,143,568)	(20,584,828)	(36,727,298)
Reinsurance on benefits and claims	16,128,553	7,117,132	23,245,685	1,016,488	2,885,752
Commission and other selling expenses	(4,159,315)	(4,566,215)	(8,725,530)	(3,749,041)	(8,706,903)
Net result from insurance activities	6,622,982	9,302,843	15,925,825	4,570,931	13,161,971
Net operating income	35,323,839	34,012,864	69,336,703	25,975,262	59,758,941
Operating expenses					
Staff costs	12,628,711	11,930,291	24,559,002	11,039,714	23,356,954
Depreciation and amortisation	2,406,043	2,442,123	4,848,166	2,324,674	4,615,346
Finance cost	486,659	463,068	949,727	434,482	850,892
Other operating expenses	9,234,243	12,139,217	21,373,460	7,770,161	18,306,956
	24,755,656	26,974,699	51,730,355	21,569,031	47,130,148
Operating profit	10,568,183	7,038,165	17,606,348	4,406,231	12,628,793
Share of profit of associates	199,355	289,055	488,410	118,698	50,707
Profit before taxation	10,767,538	7,327,220	18,094,758	4,524,929	12,679,500
Taxation	(860,259)	(1,949,009)	(2,809,268)	(1,135,889)	(3,438,091)
NET PROFIT	9,907,279	5,378,211	15,285,490	3,389,040	9,241,409
Attributable to:					
Stockholders of parent	7,794,481	2,640,043	10,434,524	1,972,458	5,889,655
Non-controlling interest	2,112,798	2,738,168	4,850,966	1,416,582	3,351,754
	9,907,279	5,378,211	15,285,490	3,389,040	9,241,409
Earnings per stock unit					
Basic and diluted (expressed in \$)	3.39	1.15	4.54	0.82	2.48



Unaudited Financial Results

Consolidated Statement of Comprehensive Income

Six Months Ended March 31, 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Quarter ended March 31 2022 \$'000	Quarter ended December 31 2021 \$'000	Year to date March 31 2022 \$'000	Quarter ended March 31 2021 \$'000	Year to date March 31 2021 \$'000
Net Profit	9,907,279	5,378,211	15,285,490	3,389,040	9,241,409
Other comprehensive income, net of tax-					
Items that will not be reclassified to profit or loss					
Remeasurements of post-employment benefit obligations	36,068	372,981	409,049	23,634	417,321
Other	-	-	-	(42,290)	-
	<u>36,068</u>	<u>372,981</u>	<u>409,049</u>	<u>(18,656)</u>	<u>417,321</u>
Items that may be subsequently reclassified to profit or loss					
Currency translation (losses)/gains	(1,412,534)	1,678,389	265,855	(690,977)	424,956
Expected credit (losses)/reversals on debt instruments at fair value through other comprehensive income (FVOCI)	(402,221)	222,039	(180,182)	9,976	143,684
Unrealised (losses)/gains on securities designated as FVOCI	(17,111,566)	(1,564,454)	(18,676,020)	(3,618,103)	2,572,579
Realised fair value losses/(gains) on securities designated as FVOCI	1,150,084	(2,381,764)	(1,231,680)	(2,636,436)	(3,194,160)
	<u>(17,776,236)</u>	<u>(2,045,790)</u>	<u>(19,822,026)</u>	<u>(6,935,540)</u>	<u>(52,941)</u>
Total other comprehensive (loss)/income	<u>(17,740,168)</u>	<u>(1,672,809)</u>	<u>(19,412,977)</u>	<u>(6,954,196)</u>	<u>364,380</u>
TOTAL COMPREHENSIVE (LOSS)/INCOME	(7,832,889)	3,705,402	(4,127,487)	(3,565,156)	9,605,789
Total comprehensive (loss)/income attributable to:					
Stockholders of the parent	(7,338,417)	1,956,580	(5,381,837)	(2,285,052)	7,415,811
Non-controlling interest	(494,472)	1,748,822	1,254,350	(1,280,104)	2,189,978
	<u>(7,832,889)</u>	<u>3,705,402</u>	<u>(4,127,487)</u>	<u>(3,565,156)</u>	<u>9,605,789</u>



Unaudited Financial Results


Consolidated Statement of Financial Position


March 31, 2022

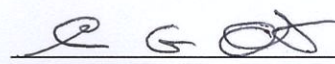
(expressed in Jamaican dollars, unless otherwise indicated)

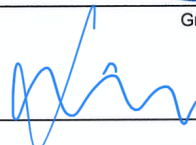
	March 31 2022 \$'000	September 30 2021 \$'000	March 31 2021 \$'000
ASSETS			
Cash in hand and balances at Central Banks	70,108,606	69,134,649	69,840,344
Due from banks	204,169,524	175,494,037	170,506,564
Derivative financial instruments	916,323	767,441	880,887
Reverse repurchase agreements	10,025,213	9,667,060	7,633,467
Loans and advances, net of credit impairment losses	555,889,246	523,488,890	477,060,194
Investment securities	728,982,164	683,855,078	639,365,664
Pledged assets	229,589,740	223,301,253	237,257,056
Investment in associates	6,953,284	5,950,188	6,047,848
Investment properties	38,453,248	38,218,322	35,507,871
Intangible assets	53,520,563	52,546,872	52,888,631
Property, plant and equipment	30,170,373	28,221,326	27,303,341
Right-of-use assets	5,365,107	5,234,938	4,544,326
Properties for development and sale	2,237,153	2,794,053	2,858,399
Deferred income tax assets	15,890,949	14,421,483	12,680,273
Income tax recoverable	7,502,125	8,007,601	8,231,786
Reinsurance assets	31,030,567	26,635,997	27,174,819
Letters of credit and undertaking	6,138,710	4,801,671	4,153,189
Other assets	62,106,844	48,827,313	67,844,649
Total assets	2,059,049,739	1,921,368,172	1,851,779,308
LIABILITIES			
Due to banks	34,473,066	24,104,359	25,504,102
Customer deposits	706,635,735	647,085,400	603,270,333
Repurchase agreements	249,219,264	224,805,387	213,706,330
Obligations under securitisation arrangements	60,361,598	63,087,217	67,728,339
Derivative financial instruments	-	45,228	2,602
Other borrowed funds	155,992,930	136,972,443	134,992,243
Deferred income tax liabilities	7,785,614	13,494,322	12,969,618
Third party interests in mutual funds	35,476,523	33,699,975	29,318,973
Liabilities under annuity and insurance contracts	461,192,795	433,056,798	423,055,852
Segregated fund liabilities	14,845,472	15,419,433	15,235,107
Investment contract liabilities	46,120,940	43,772,829	42,688,928
Post-employment benefit obligations	9,656,101	9,484,565	9,689,383
Letters of credit and undertaking	6,138,710	4,801,671	4,153,189
Lease liabilities	6,390,504	5,377,512	4,509,542
Other liabilities	62,859,617	59,496,007	55,975,869
Total liabilities	1,857,148,869	1,714,703,146	1,642,800,410
STOCKHOLDERS' EQUITY			
Share capital	153,827,330	153,827,330	153,827,330
Treasury shares	(26,652,675)	(27,198,690)	(15,982,016)
Reserve from the scheme of arrangement	(147,034,858)	(147,034,858)	(147,034,858)
Fair value and capital reserves	1,135,997	17,361,407	13,325,496
Loan loss reserve	4,195,618	2,269,374	-
Statutory reserve fund	6,824,472	6,795,733	6,765,932
Retained earnings reserve	67,170,000	65,320,000	62,270,000
Retained earnings	97,071,745	90,115,895	89,526,791
Equity attributable to stockholders of the parent	156,537,629	161,456,191	162,698,675
Non-controlling interest	45,363,241	45,208,835	46,280,223
Total stockholders' equity	201,900,870	206,665,026	208,978,898
Total stockholders' equity and liabilities	2,059,049,739	1,921,368,172	1,851,779,308

Approved for issue by the Board of Directors on May 9, 2022 and signed on its behalf by:


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


 Dennis Cohen
 Group Chief Financial Officer and Deputy Chief Executive Officer


 Professor Alvin Wint, CD
 Lead Independent Director


 Dave Garcia
 Corporate Secretary



Unaudited Financial Results

(expressed in Jamaican dollars unless otherwise indicated)

Consolidated Statement of Changes in Stockholder's Equity

Six Months Ended March 31, 2022

	Share capital	Treasury shares	Reserve from the Scheme of Arrangement	Fair value and capital reserves	Loan loss reserve	Statutory reserve fund	Retained earnings reserve	Retained earnings	Non-controlling interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at October 1, 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	-	-	-	1,108,836	-	-	-	6,306,976	2,189,978	9,605,790
Transfer to statutory reserve	-	-	-	-	-	30,869	-	(30,869)	-	-
Transfer to retained earnings reserve	-	-	-	-	-	-	3,690,000	(3,690,000)	-	-
Purchase of treasury shares	-	(831,815)	-	-	-	-	-	-	-	(831,815)
Balance at March 31, 2021	153,827,330	(15,982,016)	(147,034,858)	13,325,496	-	6,765,932	62,270,000	89,526,791	46,280,223	208,978,898
Balance as at October 1, 2021	153,827,330	(27,198,690)	(147,034,858)	17,361,407	2,269,374	6,795,733	65,320,000	90,115,895	45,208,835	206,665,026
Total comprehensive income	-	-	-	(16,225,410)	-	-	-	10,843,573	1,254,350	(4,127,487)
Transfer to loan loss reserve	-	-	-	-	1,926,244	-	-	(1,926,244)	-	-
Transfer to statutory reserve	-	-	-	-	-	28,739	-	(28,739)	-	-
Transfer to retained earnings reserve	-	-	-	-	-	-	1,850,000	(1,850,000)	-	-
Disposal of treasury shares	-	546,015	-	-	-	-	-	(82,740)	-	463,275
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	-	(1,099,944)	(1,099,944)
Balance at March 31, 2022	153,827,330	(26,652,675)	(147,034,858)	1,135,997	4,195,618	6,824,472	67,170,000	97,071,745	45,363,241	201,900,870



	March 31 2022 \$'000	March 31 2021 \$'000
Cash Flows from Operating Activities		
Net profit	15,285,490	9,241,409
Adjustments to reconcile net profit to net cash provided by/(used in) operating activities	<u>54,979,562</u>	<u>(8,623,621)</u>
Net cash provided by operating activities	<u>70,265,052</u>	<u>617,788</u>
Cash Flows from Investing Activities		
Acquisition of property, plant and equipment	(4,015,624)	(1,285,869)
Acquisition of intangible asset - computer software	(3,094,742)	(2,169,057)
Proceeds from disposal of property, plant and equipment	2,769,431	75,222
Purchase of investment property	(510,060)	(1,337,247)
Purchases of investment securities	(358,357,916)	(330,725,104)
Sales/maturities of investment securities	<u>287,035,009</u>	<u>323,370,987</u>
Net cash used in investing activities	<u>(76,173,902)</u>	<u>(12,071,068)</u>
Cash Flows from Financing Activities		
Repayments under securitisation arrangements	(4,479,279)	(3,542,490)
Proceeds from other borrowed funds	41,301,931	42,231,649
Repayments of other borrowed funds	(24,924,353)	(33,839,093)
Purchase of treasury shares	-	(831,815)
Proceeds from disposal of treasury shares	463,275	-
Due to banks	806,698	(799,420)
Lease repayment	(913,951)	(468,075)
Dividends paid	<u>(1,099,944)</u>	<u>-</u>
Net cash provided by financing activities	<u>11,154,377</u>	<u>2,750,756</u>
Effect of exchange rate changes on cash and cash equivalents	<u>2,847,064</u>	<u>(556,981)</u>
Net increase/(decrease) in cash and cash equivalents	8,092,591	(9,259,505)
Cash and cash equivalents at beginning of period	<u>195,743,140</u>	<u>201,165,403</u>
Cash and cash equivalents at end of period	<u>203,835,731</u>	<u>191,905,898</u>
Comprising:		
Cash in hand and balances at Central Banks	24,394,716	32,802,883
Due from banks	200,246,265	167,249,768
Reverse repurchase agreements	1,511,149	5,917,039
Investment securities	2,498,395	545,545
Due to banks	<u>(24,814,794)</u>	<u>(14,609,337)</u>
	<u>203,835,731</u>	<u>191,905,898</u>



NCB
FINANCIAL GROUP
LIMITED

Unaudited Financial Results

(expressed in Jamaican dollars unless otherwise indicated)

Segment Report

Six Months Ended March 31, 2022

Six months ended March 31, 2022	Banking and Investment Activities					Insurance Activities			Total
	Consumer & SME Banking	Payment Services	Corporate & Commercial Banking	Treasury & Correspondent Banking	Wealth, Asset Management & Investment Banking	Life and Health Insurance & Pension Fund Management	General Insurance	Other & Consolidation Adjustments	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
External revenue	17,982,100	12,008,196	7,096,601	8,530,915	10,268,108	65,443,578	40,559,726	1,635,278	163,524,502
Revenue from other segments	1,315,651	607	96,176	2,308,261	2,149,410	614,928	175,918	(6,660,951)	-
Total Revenue	19,297,751	12,008,803	7,192,777	10,839,176	12,417,518	66,058,506	40,735,644	(5,025,673)	163,524,502
Net interest income	12,853,931	2,932,564	4,322,759	2,022,319	3,948,614	11,139,465	456,271	(5,245,243)	32,430,680
Net fee and commission income	2,317,577	4,108,307	718,146	277,052	2,265,326	1,546,283	1,036,237	61,781	12,330,709
Gain/(loss) on foreign currency and investment activities	27,992	48,023	385	3,959,996	1,817,660	831,463	321,196	(1,605,055)	5,401,660
Net result from insurance activities	-	-	-	-	-	9,201,437	6,770,500	(46,112)	15,925,825
Credit impairment (losses)/reversals	(1,091,329)	225,430	(1,199)	78,019	409,863	(1,627,623)	(102,468)	(188,480)	(2,297,787)
Other operating income and dividend income	1,905,554	499	144	8	384,090	1,259,840	38,719	1,535,042	5,123,896
Total operating income	16,013,725	7,314,823	5,040,235	6,337,394	8,825,553	22,350,865	8,520,455	(5,488,067)	68,914,983
Staff costs	4,888,347	775,961	335,173	152,715	1,553,021	4,272,097	3,051,983	2,987,889	18,017,186
Depreciation and amortisation	897,647	190,816	1,039	4,058	59,020	459,831	347,325	1,223,446	3,183,182
Finance cost	263,671	5,337	12,473	3,872	30,576	89,063	66,233	225,442	696,667
Other operating expense	3,174,803	2,714,141	855,588	1,106,055	2,083,225	4,234,532	3,507,622	(2,547,274)	15,128,692
Total operating expense	9,224,468	3,686,255	1,204,273	1,266,700	3,725,842	9,055,523	6,973,163	1,889,503	37,025,727
Operating profit before allocated cost	6,789,257	3,628,568	3,835,962	5,070,694	5,099,711	13,295,342	1,547,292	(7,377,570)	31,889,256
Allocated costs	(6,153,673)	(1,914,107)	(786,439)	(376,454)	-	-	-	-	(9,230,673)
Operating profit	635,584	1,714,461	3,049,523	4,694,240	5,099,711	13,295,342	1,547,292	(7,377,570)	22,658,583
Unallocated corporate expenses									(5,052,235)
Share of profit of associates									488,410
Profit before taxation									18,094,758
Taxation									(2,809,268)
Net Profit									15,285,490
Segment assets	433,827,312	39,630,690	184,499,896	431,555,525	415,926,963	518,758,451	123,746,212	(119,241,668)	2,028,703,381
Associates									6,953,284
Unallocated assets									23,393,074
Total assets									2,059,049,739
Segment liabilities	428,652,412	15,912,694	172,913,716	384,271,931	360,499,011	466,489,281	78,392,912	(57,768,702)	1,849,363,255
Unallocated liabilities									7,785,614
Total liabilities									1,857,148,869
Capital expenditure	2,386,688	2,440,423	61,618	72,518	229,258	556,936	974,103	388,822	7,110,366



NCB
FINANCIAL GROUP
LIMITED

Unaudited Financial Results

(expressed in Jamaican dollars unless otherwise indicated)

Segment Report

Six Months Ended March 31, 2021

Six months ended March 31, 2021	Banking and Investment Activities					Insurance Activities			Total
	Consumer & SME Banking	Payment Services	Corporate & Commercial Banking	Treasury & Correspondent Banking	Wealth, Asset Management & Investment Banking	Life and Health Insurance & Pension Fund Management	General Insurance	Other & Consolidation Adjustments	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
External revenue	14,383,028	8,948,626	5,918,545	8,536,816	11,207,929	58,117,815	38,981,066	(1,910,418)	144,183,407
Revenue from other segments	1,523,277	-	19,699	2,001,156	2,787,447	136,856	96,706	(6,565,141)	-
Total Revenue	15,906,305	8,948,626	5,938,244	10,537,972	13,995,376	58,254,671	39,077,772	(8,475,559)	144,183,407
Net interest income	11,813,851	2,883,040	3,586,136	1,588,735	3,133,374	9,227,295	454,276	(5,581,773)	27,104,934
Net fee and commission income	2,189,755	3,241,561	436,498	218,016	1,977,663	1,611,793	1,300,615	333,112	11,309,013
Gain/(loss) on foreign currency and investment activities	65,910	(2,785)	37,974	3,969,451	3,793,801	1,887,754	508,449	(1,841,389)	8,419,165
Net result from insurance activities	-	-	-	-	-	6,190,070	7,265,937	(294,036)	13,161,971
Credit impairment (losses)/reversals	(2,377,977)	(554,318)	59,343	102,986	(297,811)	(55,613)	244,280	347,221	(2,531,889)
Other operating income and dividend income	143,700	175	335	4,951	460,201	1,274,362	23,764	388,259	2,295,747
Total operating income	11,835,239	5,567,673	4,120,286	5,884,139	9,067,228	20,135,661	9,797,321	(6,648,606)	59,758,941
Staff costs	5,207,955	571,186	240,951	134,163	1,466,398	3,989,870	3,060,568	4,123,158	18,794,249
Depreciation and amortisation	716,624	270,437	-	265	73,189	529,430	316,189	1,116,470	3,022,604
Finance cost	172,295	3,822	7,901	4,602	28,112	107,821	82,063	195,110	601,726
Other operating expense	2,715,813	1,766,550	456,958	734,699	1,280,468	3,812,418	1,880,143	615,401	13,262,450
Total operating expense	8,812,687	2,611,995	705,810	873,729	2,848,167	8,439,539	5,338,963	6,050,139	35,681,029
Operating profit before allocated cost	3,022,552	2,955,678	3,414,476	5,010,410	6,219,061	11,696,122	4,458,358	(12,698,745)	24,077,912
Allocated costs	(4,061,908)	(1,536,523)	(1,706,072)	(424,613)	-	-	-	-	(7,729,116)
Operating profit	(1,039,356)	1,419,155	1,708,404	4,585,797	6,219,061	11,696,122	4,458,358	(12,698,745)	16,348,796
Unallocated corporate expenses									(3,720,003)
Share of profit of associates									50,707
Profit before taxation									12,679,500
Taxation									(3,438,091)
Net Profit									9,241,409
Segment assets	440,671,951	28,426,255	175,304,220	369,788,021	355,755,845	590,734,236	110,725,241	(246,586,369)	1,824,819,400
Associates									6,047,848
Unallocated assets									20,912,060
Total assets									1,851,779,308
Segment liabilities	385,089,230	7,558,675	130,870,065	406,898,941	304,302,647	449,726,724	72,307,963	(126,923,624)	1,629,830,621
Unallocated liabilities									12,969,789
Total liabilities									1,642,800,410
Capital expenditure	2,569,620	114,426	42,774	11,457	103,667	364,386	114,001	134,595	3,454,926



1. Identification and Principal Activities

NCB Financial Group Limited ("the Company") is a financial holding company, incorporated and domiciled in Jamaica. The Company is 52.68% (March 31, 2021 - 51.73%) owned by AIC (Barbados) Limited. The ultimate parent company is Portland Holdings Inc., incorporated in Canada. Portland Holdings Inc. is controlled by Hon. Michael A. Lee-Chin, O.J., Chairman of the Company.

The Company's registered office is located at 32 Trafalgar Road, Kingston 10, Jamaica.

The Company's ordinary stock units are listed on the Jamaica Stock Exchange and the Trinidad and Tobago Stock Exchange.

2. Basis of preparation

The condensed consolidated interim financial statements (interim financial statements) for the six months ended March 31, 2022 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The interim financial statements should be read in conjunction with the annual financial statements for the year ended September 30, 2021 which have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

3. Segment reporting

The Group is organised into the following business segments:

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

4. Macro-environment update

After growing by an estimated 6.1% in 2021, the global economy is expected to grow by 3.6% (International Monetary Fund - IMF) this year, which should support a continued rebound in our operating markets, along with the tailwinds from the impact of the end or relaxation of COVID-19 restrictions. Global growth is being driven by sustained vaccination, greater economic reopening, rising employment, and consumer spending, as well as the residual effects of the stimulus issued during the pandemic. The reopening globally has spurred increased demand for travel and other exports, which should help to drive the domestic recovery. However, this current forecast is down from the IMF's previous expectations of 4.4% reflecting the increasing headwinds from the Russia-Ukraine War, the associated economic sanctions, and their impact on the supply of key commodities (including wheat, oil, natural gas), which has triggered a surge in prices. This has resulted in a significant rise in inflationary pressures globally causing many central banks, including the Bank of Jamaica and the US Federal Reserve, to begin aggressively tightening monetary policy. While the re-opening of the economy is creating tailwinds for recovery through increases in employment, rising disposable incomes and stronger demand, higher inflation and interest rates are presenting headwinds that are slowing the rebound.

The Latin America and the Caribbean region is expected to a record 2.3% growth in 2022 (Worldbank) down from a 6.9% rebound in 2021. Most tourism-dependent countries such as Jamaica, Barbados, Bermuda, and the Cayman Islands began to experience recovery in late 2021 and this should be sustained in 2022¹ supported by greater tourist activity. Data available from World Tourism Organization (UNWTO) indicate that global international tourist arrivals more than doubled (+130%) in January 2022 compared to 2021. While leisure travel is expected to recover faster than business travel, overall stopover visitors should rise above 2021 numbers. The US Centre for Disease Control and Prevention also aided the outlook for tourism by removing every country from its "Do not travel" cruise advisory list. These developments will drive a faster recovery in demand and fuel investments in the tourism sector across the Caribbean, which will also provide additional impetus to economic growth. In both Jamaica and Barbados, commercial activity, employment and private consumption should rise, aided by the removal of curfews and other restrictions. In Jamaica, the government's withdrawal of all restrictions under the Disaster Risk Management Act bodes well for growth, particularly in the entertainment and tourism sectors which will have spillover effects on other sectors such as agriculture, manufacturing, and distribution. While the government of Trinidad and Tobago (T&T) has been slower to remove restrictions, T&T's real GDP is forecasted to grow by 5.5% this year, largely underpinned by rising demand for energy exports and higher prices against the background of ongoing geopolitical tensions. While as a primarily oil-exporting sovereign T&T is benefiting from the rise in oil prices, other pre-dominantly oil-importing countries, such as Jamaica and Barbados, are being adversely impacted through higher inflation rates and higher import costs, which should worsen their trade balance. Similar to the global scenario, emerging market central banks have been raising interest rates to combat inflation. While the Bank of Jamaica is the only central bank within our operating territories that has raised rates, Barbados and Trinidad could follow suit in coming quarters to prevent capital flight and preserve their currencies as the US Federal Reserve engages in more aggressive monetary tightening. These factors as well as a further slowdown in global growth are downside risks to economic growth across the region.

1. The IMF forecasts that Jamaica, and Barbados will grow by 2.5%, and 11.2%, respectively. The Bermudan Government expects the sovereign to grow between 2.5% to 4.5%, while Cayman is expected to grow by 4.0%.



4. Macro-environment update (continued)

Although our operating environment faces the ramifications associated with geopolitical tensions, rising inflation and interest rates, prospects for recovery have intensified with the more widespread reopening. The banking sector is expected to realise higher net interest and higher fee and commission income. However, higher interest rates may be a deterrent to some borrowers as it makes debt more expensive. Furthermore, the current rising interest rate environment should reduce life insurers' assets and liabilities, but the net effect is expected to be positive as the impact on the value of liabilities is expected to be greater. Securities dealers will face risks to their profitability as rising interest rates reduce the value of bonds and other fixed-income assets, and lower spreads as liabilities reprice faster than asset yields. However, given their ability to hedge against inflation, the demand for new alternative investment products should also grow, helping to drive fee and commission income. Additionally, the sector should benefit from increased initial public offerings, additional public offerings, cross-listings on the Jamaica Stock Exchange, and improvements in corporate earnings as sectors continue to recover supporting investor confidence. Though there are headwinds, the Group will continue to take advantage of emerging opportunities while trying to mitigate the existing and emerging risks.



Interest/Ownership of Stock Units by Directors of NCB Financial Group Limited as at March 31, 2022

Directors ¹	Total	Direct	Connected Parties
Robert Almeida	65,990,231	171,750	65,818,481
Dennis Cohen ²	141,038,802	2,267,344	138,771,458
Sandra Glasgow ²	139,119,484	188,126	138,931,358
Sanya Goffe	65,890,481	72,000	65,818,481
Hon. Patrick Hylton, OJ, CD	75,324,136	9,505,655	65,818,481
Hon. Michael Lee-Chin, OJ	1,505,325,526	146,698	1,505,178,828
Thalia Lyn, OD ²	139,204,204	413,984	138,790,220
Prof. Alvin Wint, CD	65,906,625	88,144	65,818,481

Interest/Ownership of Stock Units by Executives/Senior Managers of NCB Financial Group Limited as at March 31, 2022

Executives/Senior Managers	Total	Direct	Connected Parties
Dennis Cohen ^{1,2}	141,038,802	2,267,344	138,771,458
Dave Garcia (Corporate Secretary)	175,027	175,027	0
Hon. Patrick Hylton, OJ, CD ¹	75,324,136	9,505,655	65,818,481
Misheca Seymour-Senior	27,195	27,195	0
Mukisa Wilson Ricketts	87,552	87,552	0
Allison Wynter ²	73,281,214	191,237	73,089,977

Interest/Ownership of Stock Units by Executives/Senior Managers of subsidiaries of NCB Financial Group Limited as at March 31, 2022

Executives/Senior Managers	Total	Direct	Connected Parties
Gabrielle Banbury-Kelly	95,508	95,508	0
Septimus Blake	211,144	211,144	0
Brian Boothe	242,000	102,000	140,000
Danielle Cameron Duncan	92,854	92,854	0
Euton Cummings	10	10	0
Raymond Donaldson	0	0	0
Steven Gooden	124,420	124,420	0
Vernon James	0	0	0
Desmond Johnson	0	0	0
Ramon Lewis	57,215	57,215	0
Sheree Martin	6,713	6,713	0
Nadeen Matthews Blair	94,000	94,000	0
Anne McMorris Cover	8,735	8,735	0
Malcolm Sadler	58,827	28,774	30,053
Ravi Tewari	0	0	0
Ian Truran	0	0	0
Tanya Watson Francis	156,323	156,323	0
Angus Young	0	0	0

1. Connected parties for all directors include shares of 65,818,481 held by subsidiaries of Guardian Holdings Limited.

2. Connected parties for Dennis Cohen, Sandra Glasgow, Thalia Lyn and Allison Wynter include shares of 72,949,977 held as trustees of the N.C.B. Staff Pension Fund.



Unaudited Financial Results

Shareholdings Report

March 31, 2022

10 Largest Shareholders of NCB Financial Group Limited as at March 31, 2022

Name of Shareholder	Units	Percentage Ownership
AIC (Barbados) Limited	1,299,411,333	52.68%
MF&G Asset Management Limited - NCB Share Scheme	101,406,205	4.11%
Sagicor PIF Equity Fund	77,867,428	3.16%
NCB Insurance Agency & Fund Managers Limited WT 109	62,989,156	2.55%
Harprop Limited	46,434,102	1.88%
AIC Global Holdings Inc.	45,449,690	1.84%
National Insurance Fund	33,139,232	1.34%
Ideal Portfolio Services Company Limited	33,131,287	1.34%
SJIML A/C 3119	32,539,032	1.32%
Guardian Life of the Caribbean	30,206,368	1.22%

Shareholder Profile of NCB Financial Group Limited as at March 31, 2022

Number of Shareholders	Ownership of Each Shareholder	Percentage Ownership	Number of Units
One shareholder with five accounts	52.68%	52.68%	1,299,411,333
10	1 - 5%	19.84%	489,292,467
44,263	Less than 1%	27.49%	678,059,028
44,274		100.00%	2,466,762,828