



Financial Results

For The Nine Months Ended
June 30, 2022



KEY RESULTS



\$18.64B

Net Profit



\$2.02T

Total Assets



\$146.64B

Equity



\$8.11

EPS



1.75%

Return on Assets



16.14%

Return on Equity

Third Quarter 2022 Report to Shareholders

Kingston, Jamaica - August 4, 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 nine months ended June 30, 2022.

NCBFG reports unaudited consolidated net profit of \$25.9 billion for the nine months ended June 30, 2022, an increase of \$12.0 billion or 86% over the prior year. Consolidated net profit attributable to stockholders of the parent totalled \$18.6 billion improving by \$8.7 billion or 88% over the \$9.9 billion earned for the corresponding period of the prior year. Our

efforts to strengthen the core business segments enabled strong operating performance and positions the Group for continued growth. Our investment in strategic initiatives continues as we aim to digitise and optimise our operations while broadening our revenue streams.

For the rest of the financial year, the Group will focus on executing our digital roadmap and serving our customers while enhancing their experience. As we strengthen the Group's products, services and digital capabilities we will also focus on capital management, which is critical for our growth aspirations. We remain optimistic for the future as we build our Caribbean financial ecosystem to deliver superior service to our customer segments across the region.

For more information, contact:

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Financial Results

For The Nine Months Ended June 30, 2022

Net Profit of \$18.6 billion (attributable to stockholders of the parent)

Group Performance

A strong performance for the second consecutive quarter has contributed to net operating income of \$105.6 billion for the nine months of the financial year, an increase of 15% or \$13.8 billion over the prior year. The improvement in net operating income was largely driven by increased net revenues from the consumer & small and medium sized enterprises (SME), life & health insurance, treasury and payment services segments.

The improved revenues contributed to a general improvement in our key performance indicators over the prior year. Return on assets and return on equity improved to 1.75% up from 1.01% and 16.14% up from 8.45%, respectively. The cost to income ratio also improved to 71.87% down from 76.12% in the prior year, mainly due to revenue growth outpacing the growth in operating expenses.

Banking and Investment Activities

The net result from banking and investment activities of \$80.1 billion represented an improvement of 9% or \$6.4 billion over the prior year. Net interest income was the main contributor to the increase registering \$48.6 billion, up \$7.3 billion or 18%. Interest income from securities increased by 12% or \$3.4 billion and interest from loans increased by 10% or \$3.1 billion. The growth in average earning assets accounted for approximately 70% of the increase with the balance due to a 16 basis points increase in average yields.

Net fee and commission income increased by 14% or \$2.3 billion to \$19.1 billion. This improvement was primarily due to higher transaction volumes in our payment services segment. This increased credit card usage also resulted in increased rebates paid to customers. Other income increased by \$1.3 billion due to one-off gains related to the sale of properties associated with our main Jamaican banking subsidiary's branch optimisation and consolidation project.

Insurance Activities

The net result from insurance activities increased over the prior year by 41% or \$7.4 billion to \$25.5 billion, mainly due to strong performance from our life and health insurance segment as a result of improved net premium income.

Operating Expenses

Operating expenses totalled \$77.2 billion, an increase of \$5.7 billion or 8% over the prior year. There was a 9% rise in staff costs due to annual increases. Professional and consultancy fees increased by 25% as we continue to invest in expanding our digital capabilities. Property expenses, maintenance and utilities increased by 19% due to general price increases and credit card rebates paid to customers grew by 67%, consistent with the transaction volume increases in the payment services segment.



Financial Results

For The Nine Months Ended June 30, 2022

Net Profit of \$18.6 billion (attributable to stockholders of the parent)

Consolidated Statement of Financial Position

At June 2022 total assets had increased to \$2.02 trillion, up 7% from \$1.89 trillion in the prior year. Growth in assets was mainly due to increased net loans, investment securities, amounts due from banks, and cash in hand and balances at central 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 \$938.2 billion, an increase of 3% or \$31.2 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 \$558.7 billion, an increase of 11% or \$54.7 billion over the prior year. Non-performing loans totalled \$30.4 billion as at June 30, 2022, a decrease of \$422 million or 1% from the prior year. Non-performing loans as a percentage of gross loans declined to 5.3%, down from 6.0% in the prior year.

Deposits

Deposits totalled \$712.2 billion, an increase of 11% or \$71.2 billion over the prior year, reflecting our banking customers' confidence in the Group. This continues to be our largest source of funding.

Policyholders' Liabilities

Liabilities under annuity and insurance contracts increased to \$443.9 billion, up \$9.2 billion or 2% over the prior year, reflecting continued growth in all our markets.

Capital and Liquidity

Equity attributable to stockholders of the parent totalled \$146.6 billion, a decrease of \$9.8 billion or 6% compared to the prior year. The decline was mainly attributable to a \$35.1 billion decline in fair value reserves as a result of unrealised mark to market losses in the investment portfolio due to the rise in interest rates. This was partially offset by increased retained earnings due to improved profitability.

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

Dividends

The Board of Directors, at its meeting on August 4, 2022, did not decide to pay an interim dividend.



Financial Results

For The Nine Months Ended June 30, 2022

Net Profit of \$18.6 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 practices for our employees;
- improve stakeholder engagement;
- embrace fair competition; and
- engage in philanthropic activities, particularly relevant to health, education and community development, primarily executed through the work of our foundations.

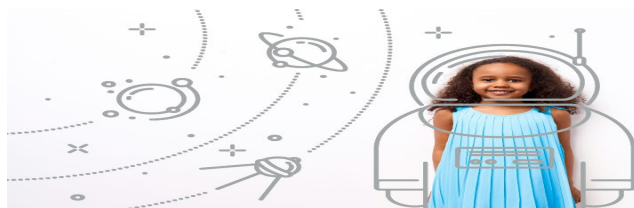
We will continue to provide a safe and secure environment for our customers by offering suitable alternative channels and urging everyone to practise the recommended safety protocols.

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



	CURRENT YEAR			PRIOR YEAR	
	Quarter ended June 30 2022 \$'000	Quarter ended March 31 2022 \$'000	Year to date June 30 2022 \$'000	Quarter ended June 30 2021 \$'000	Year to date June 30 2021 \$'000
Operating income					
Banking and investment activities					
Interest income	23,069,529	22,407,136	67,582,436	20,837,053	61,056,027
Interest expense	(6,885,639)	(6,302,429)	(19,016,000)	(6,648,032)	(19,762,072)
Net interest income	16,183,890	16,104,707	48,566,436	14,189,021	41,293,955
Fee and commission income	8,546,236	8,796,104	25,730,183	7,094,586	20,691,886
Fee and commission expense	(2,355,113)	(2,267,089)	(6,584,692)	(1,542,332)	(3,830,619)
Net fee and commission income	6,191,123	6,529,015	19,145,491	5,552,254	16,861,267
Gain on foreign currency and investment activities	1,621,000	3,778,712	7,022,660	3,875,430	12,294,595
Credit impairment reversals/(losses)	429,111	(463,692)	(1,868,676)	348,882	(2,183,007)
Dividend income	657,163	421,633	2,023,044	529,221	1,523,027
Other operating income	1,647,087	2,330,482	5,251,292	2,662,261	3,964,202
	4,354,361	6,067,135	12,428,320	7,415,794	15,598,817
Net revenues from banking and investment activities	26,729,374	28,700,857	80,140,247	27,157,069	73,754,039
Insurance activities					
Premium income	37,002,118	41,682,337	121,055,810	35,868,646	109,428,812
Insurance premium ceded to insurers	(13,428,899)	(13,074,684)	(39,642,783)	(12,936,605)	(36,878,406)
Reinsurance commission income	3,301,328	2,859,378	9,010,756	2,762,069	8,854,124
Net underwriting income	26,874,547	31,467,031	90,423,783	25,694,110	81,404,530
Insurance benefits and claims	(26,448,226)	(36,813,287)	(88,591,794)	(18,855,874)	(55,583,172)
Reinsurance on benefits and claims	12,985,893	16,128,553	36,231,578	2,000,365	4,886,117
Commission and other selling expenses	(3,859,528)	(4,159,315)	(12,585,059)	(3,901,045)	(12,607,948)
Net revenues from insurance activities	9,552,686	6,622,982	25,478,508	4,937,556	18,099,527
Net operating income	36,282,060	35,323,839	105,618,755	32,094,625	91,853,566
Operating expenses					
Staff costs	12,961,578	12,628,711	37,520,582	11,188,191	34,545,145
Depreciation and amortisation	1,360,447	2,406,043	6,208,611	2,395,534	7,010,880
Finance cost	582,693	486,659	1,532,420	446,510	1,297,402
Other operating expenses	10,612,494	9,234,243	31,985,956	10,417,863	28,724,819
	25,517,212	24,755,656	77,247,569	24,448,098	71,578,246
Operating profit	10,764,848	10,568,183	28,371,186	7,646,527	20,275,320
Share of profit of associates	154,332	199,355	642,741	118,238	168,945
Profit before taxation	10,919,180	10,767,538	29,013,927	7,764,765	20,444,265
Taxation	(325,042)	(860,259)	(3,134,310)	(3,093,715)	(6,531,806)
NET PROFIT	10,594,138	9,907,279	25,879,617	4,671,050	13,912,459
Attributable to:					
Stockholders of parent	8,208,253	7,794,481	18,642,766	4,015,984	9,905,639
Non-controlling interest	2,385,885	2,112,798	7,236,851	655,066	4,006,820
	10,594,138	9,907,279	25,879,617	4,671,050	13,912,459
Earnings per stock unit					
Basic and diluted (expressed in \$)	3.57	3.39	8.11	1.70	4.18



Unaudited Financial Results

Consolidated Statement of Comprehensive Income

Nine Months Ended June 30, 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Quarter ended June 30 2022 \$'000	Quarter ended March 31 2022 \$'000	Year to date June 30 2022 \$'000	Quarter ended June 30 2021 \$'000	Year to date June 30 2021 \$'000
Net Profit	10,594,138	9,907,279	25,879,617	4,671,050	13,912,459
Other comprehensive income, net of tax-					
Items that will not be reclassified to profit or loss					
Remeasurements of post-employment benefit obligations	177,587	36,068	586,636	(1,218)	416,103
	<u>177,587</u>	<u>36,068</u>	<u>586,636</u>	<u>(1,218)</u>	<u>416,103</u>
Items that may be subsequently reclassified to profit or loss					
Currency translation (losses)/gains	(2,683,536)	(1,412,534)	(2,417,681)	21,265	446,221
Expected credit reversals/(losses) on debt instruments at fair value through other comprehensive income (FVOCI)	370,596	(402,221)	190,414	(270,702)	(127,018)
Unrealised (losses)/gains on securities designated as FVOCI	(11,532,154)	(17,111,565)	(30,208,173)	2,139,677	4,712,256
Realised fair value (gains)/losses on securities designated as FVOCI	(4,441,233)	1,150,084	(5,672,913)	(1,192,143)	(4,386,303)
	<u>(18,286,327)</u>	<u>(17,776,236)</u>	<u>(38,108,353)</u>	<u>698,097</u>	<u>645,156</u>
Total other comprehensive (loss)/income	(18,108,740)	(17,740,168)	(37,521,717)	696,879	1,061,259
TOTAL COMPREHENSIVE (LOSS)/INCOME	(7,514,602)	(7,832,889)	(11,642,100)	5,367,929	14,973,718
Total comprehensive (loss)/income attributable to:					
Stockholders of the parent	(5,925,329)	(7,338,417)	(11,307,177)	8,684,765	16,100,576
Non-controlling interest	(1,589,273)	(494,472)	(334,923)	(3,316,836)	(1,126,858)
	<u>(7,514,602)</u>	<u>(7,832,889)</u>	<u>(11,642,100)</u>	<u>5,367,929</u>	<u>14,973,718</u>



	June 30 2022 \$'000	September 30 2021 \$'000	June 30 2021 \$'000
ASSETS			
Cash in hand and balances at central banks	78,510,121	69,134,649	68,027,479
Due from banks	182,870,186	175,494,037	168,666,087
Derivative financial instruments	774,250	767,441	752,453
Reverse repurchase agreements	7,994,943	9,667,060	7,228,913
Loans and advances, net of credit impairment losses	558,744,134	523,488,890	504,046,738
Investment securities	724,844,735	683,855,078	677,630,300
Pledged assets	205,376,384	223,301,253	222,171,828
Investment in associates	6,876,825	5,950,188	6,667,085
Investment properties	37,753,381	38,218,322	36,010,519
Intangible assets	52,661,364	52,546,872	52,327,085
Property, plant and equipment	30,870,238	28,221,326	27,653,055
Right-of-use assets	5,967,887	5,234,938	5,418,483
Properties for development and sale	2,096,147	2,794,053	2,889,647
Deferred income tax assets	17,607,471	14,421,483	12,214,195
Income tax recoverable	7,258,719	8,007,601	7,769,156
Reinsurance assets	30,698,768	26,635,997	29,961,588
Letters of credit and undertaking	5,824,256	4,801,671	5,392,489
Other assets	60,966,163	48,827,313	54,026,846
Total assets	<u>2,017,695,972</u>	<u>1,921,368,172</u>	<u>1,888,853,946</u>
LIABILITIES			
Due to banks	24,194,898	24,104,359	25,030,198
Customer deposits	712,209,052	647,085,400	640,972,651
Repurchase agreements	240,184,814	224,805,387	207,522,839
Obligations under securitisation arrangements	56,367,535	63,087,217	65,943,204
Derivative financial instruments	113,413	45,228	15,704
Other borrowed funds	161,637,420	136,972,443	131,026,657
Deferred income tax liabilities	4,271,570	13,494,322	13,089,233
Third party interests in mutual funds	33,496,849	33,699,975	31,319,299
Liabilities under annuity and insurance contracts	443,933,466	433,056,798	434,690,146
Segregated fund liabilities	14,829,193	15,419,433	14,896,574
Investment contract liabilities	45,817,210	43,772,829	43,080,919
Post-employment benefit obligations	9,762,476	9,484,565	9,821,575
Letters of credit and undertaking	5,824,256	4,801,671	5,392,489
Lease liabilities	6,183,192	5,377,512	5,562,885
Other liabilities	68,459,529	59,496,007	61,100,806
Total liabilities	<u>1,827,284,873</u>	<u>1,714,703,146</u>	<u>1,689,465,179</u>
STOCKHOLDERS' EQUITY			
Share capital	153,827,330	153,827,330	153,827,330
Treasury shares	(26,652,675)	(27,198,690)	(29,776,345)
Reserve from the scheme of arrangement	(147,034,858)	(147,034,858)	(147,034,858)
Fair value and capital reserves	(17,150,330)	17,361,407	17,995,493
Loan loss reserve	6,156,128	2,269,374	1,599,420
Statutory reserve fund	6,824,472	6,795,733	6,765,932
Retained earnings reserve	67,170,000	65,320,000	63,620,000
Retained earnings	103,497,064	90,115,895	89,428,408
Equity attributable to stockholders of the parent	<u>146,637,131</u>	<u>161,456,191</u>	<u>156,425,380</u>
Non-controlling interest	43,773,968	45,208,835	42,963,387
Total stockholders' equity	<u>190,411,099</u>	<u>206,665,026</u>	<u>199,388,767</u>
Total stockholders' equity and liabilities	<u>2,017,695,972</u>	<u>1,921,368,172</u>	<u>1,888,853,946</u>

Approved for issue by the Board of Directors on August 4, 2022 and signed on its behalf by:

		
Hon. Patrick Hyllon, OJ, CD	Dennis Cohen President and Group Chief Executive Officer	Group Chief Financial Officer and Deputy Chief Executive Officer
		
Professor Alvin Wint, CD	Dave Garcia Lead Independent Director	Corporate Secretary



Unaudited Financial Results

(expressed in Jamaican dollars unless otherwise indicated)

Consolidated Statement of Changes in Stockholder's Equity

Nine Months Ended June 30, 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	-	-	-	5,778,833	-	-	-	10,321,742	(1,126,858)	14,973,717
Transfer to loan loss reserve	-	-	-	-	1,599,420	-	-	(1,599,420)	-	-
Transfer to statutory reserve	-	-	-	-	-	30,869	-	(30,869)	-	-
Transfer to retained earnings reserve	-	-	-	-	-	-	5,040,000	(5,040,000)	-	-
Purchase of treasury shares	-	(14,626,144)	-	-	-	-	-	-	-	(14,626,144)
Transaction with owners of the Company - Dividends paid	-	-	-	-	-	-	-	(1,163,729)	-	(1,163,729)
Balance at June 30, 2021	153,827,330	(29,776,345)	(147,034,858)	17,995,493	1,599,420	6,765,932	63,620,000	89,428,408	42,963,387	199,388,767
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	-	-	-	(34,511,737)	-	-	-	19,229,402	(334,923)	(15,617,258)
Transfer to loan loss reserve	-	-	-	-	3,886,754	-	-	(3,886,754)	-	-
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 June 30, 2022	153,827,330	(26,652,675)	(147,034,858)	(17,150,330)	6,156,128	6,824,472	67,170,000	103,497,064	43,773,968	190,411,099



Unaudited Financial Results

Consolidated Statement of Cash Flows

Nine Months Ended June 30, 2022

(expressed in Jamaican dollars unless otherwise indicated)

	June 30 2022 \$'000	June 30 2021 \$'000
Cash Flows from Operating Activities		
Net profit	25,879,617	13,912,459
Adjustments to reconcile net profit to net cash provided by operating activities	26,389,293	9,893,262
Net cash provided by operating activities	<u>52,268,910</u>	<u>23,805,721</u>
Cash Flows from Investing Activities		
Acquisition of property, plant and equipment	(4,582,770)	(2,236,063)
Acquisition of intangible asset - computer software	(4,339,630)	(3,262,436)
Proceeds from disposal of property, plant and equipment	3,700,187	85,953
Purchase of investment property	(737,477)	(1,929,638)
Proceeds from disposal of investment property	-	6,611
Purchases of investment securities	(452,437,091)	(467,631,634)
Sales/maturities of investment securities	391,520,751	442,955,190
Net cash used in investing activities	<u>(66,876,030)</u>	<u>(32,012,017)</u>
Cash Flows from Financing Activities		
Repayments under securitisation arrangements	(6,767,777)	(5,702,856)
Proceeds from other borrowed funds	47,675,957	39,729,172
Repayments of other borrowed funds	(24,656,473)	(35,015,208)
Purchase of treasury shares	-	(831,815)
Proceeds from disposal of treasury shares	463,275	-
Due to banks	(1,948,345)	70,651
Lease repayment	(1,083,675)	(773,291)
Dividends paid	(1,099,944)	(1,163,729)
Net cash provided by/(used in) financing activities	<u>12,583,018</u>	<u>(3,687,076)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>3,939,114</u>	<u>(472,584)</u>
Net increase/(decrease) in cash and cash equivalents	1,915,012	(12,365,956)
Cash and cash equivalents at beginning of period	195,743,140	201,165,403
Cash and cash equivalents at end of period	<u>197,658,152</u>	<u>188,799,447</u>
Comprising:		
Cash in hand and balances at Central Banks	32,304,239	28,003,094
Due from banks	179,023,869	165,154,977
Reverse repurchase agreements	1,501,589	6,648,058
Investment securities	2,248,868	2,256,299
Due to banks	(17,420,413)	(13,262,981)
	<u>197,658,152</u>	<u>188,799,447</u>



NCB
FINANCIAL GROUP
LIMITED

Unaudited Financial Results

(expressed in Jamaican dollars unless otherwise indicated)

Segment Report

Nine Months Ended June 30, 2022

Nine months ended June 30, 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	26,840,923	18,492,063	10,461,173	13,392,060	14,581,420	91,137,458	60,877,732	1,893,352	237,676,181
Revenue from other segments	2,113,505	1,341	385,444	4,337,966	3,051,396	483,555	399,986	(10,773,193)	-
Total Revenue	28,954,428	18,493,404	10,846,617	17,730,026	17,632,816	91,621,013	61,277,718	(8,879,841)	237,676,181
Net interest income	18,927,181	4,256,387	6,554,271	3,260,104	5,688,650	17,242,407	719,967	(8,017,251)	48,631,716
Net fee and commission income	3,452,665	6,323,748	824,306	380,151	3,123,998	2,240,911	1,482,639	100,230	17,928,648
Gain/(loss) on foreign currency and investment activities	30,058	72,057	46	6,742,101	2,011,103	(748,095)	254,146	(1,338,756)	7,022,660
Net result from insurance activities	-	-	-	-	-	14,976,244	10,440,956	61,308	25,478,508
Credit impairment (losses)/reversals	(1,283,653)	(1,747)	383,415	83,444	432,101	(1,146,125)	(134,428)	(201,683)	(1,868,676)
Other operating income and dividend income	2,824,111	2,498	200	12	467,405	1,123,084	37,845	2,862,098	7,317,253
Total operating income	23,950,362	10,652,943	7,762,238	10,465,812	11,723,257	33,688,426	12,801,125	(6,534,054)	104,510,109
Staff costs	7,243,166	1,148,446	482,493	215,637	2,427,494	6,620,295	4,715,222	5,249,345	28,102,098
Depreciation and amortisation	1,300,906	271,859	1,247	8,159	83,089	689,887	519,501	1,824,910	4,699,558
Finance cost	405,241	8,288	18,558	5,541	47,930	135,813	97,352	317,254	1,035,977
Other operating expense	5,073,382	4,115,150	1,122,405	1,227,133	2,475,798	5,812,560	3,845,531	(1,026,218)	22,645,741
Total operating expense	14,022,695	5,543,743	1,624,703	1,456,470	5,034,311	13,258,555	9,177,606	6,365,291	56,483,374
Operating profit before allocated cost	9,927,667	5,109,200	6,137,535	9,009,342	6,688,946	20,429,871	3,623,519	(12,899,345)	48,026,735
Allocated costs	(8,951,833)	(2,867,448)	(1,173,217)	(543,862)	-	-	-	-	(13,536,360)
Operating profit	975,834	2,241,752	4,964,318	8,465,480	6,688,946	20,429,871	3,623,519	(12,899,345)	34,490,375
Unallocated corporate expenses									(6,119,189)
Share of profit of associates									642,741
Profit before taxation									29,013,927
Taxation									(3,134,310)
Net Profit									25,879,617
Segment assets	468,774,689	40,835,401	183,176,774	415,123,973	418,427,083	528,211,048	108,414,368	(177,010,379)	1,985,952,957
Associates									6,876,825
Unallocated assets									24,866,190
Total assets									2,017,695,972
Segment liabilities	437,014,573	22,056,703	168,982,387	396,698,866	376,023,387	450,761,411	74,760,545	(103,284,569)	1,823,013,303
Unallocated liabilities									4,271,570
Total liabilities									1,827,284,873
Capital expenditure	3,394,517	2,663,903	74,375	126,077	300,481	835,811	1,056,935	470,301	8,922,400



NCB
FINANCIAL GROUP
LIMITED

Unaudited Financial Results

(expressed in Jamaican dollars unless otherwise indicated)

Segment Report

Nine Months Ended June 30, 2021

Nine months ended June 30, 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	\$'000
External revenue	23,200,835	13,772,373	9,722,655	12,997,954	15,573,137	86,197,103	59,185,895	(2,837,279)	217,812,673
Revenue from other segments	1,873,620	-	31,305	3,129,457	6,057,072	766,915	108,668	(11,967,037)	-
Total Revenue	25,074,455	13,772,373	9,753,960	16,127,411	21,630,209	86,964,018	59,294,563	(14,804,316)	217,812,673
Net interest income	17,950,053	4,271,091	5,550,546	2,444,492	4,799,190	13,758,811	644,864	(8,038,985)	41,380,062
Net fee and commission income	3,279,813	4,847,028	880,840	334,723	2,990,904	2,429,850	1,932,814	(1,182,983)	15,512,989
Gain/(loss) on foreign currency and investment activities	103,050	(917)	70,616	6,142,247	4,916,047	3,887,358	719,078	(3,542,884)	12,294,595
Net result from insurance activities	-	-	-	-	-	7,632,509	10,539,871	(72,853)	18,099,527
Credit impairment (losses)/reversals	(2,198,079)	436,333	794,374	168,382	(294,184)	(1,224,133)	276,738	(142,438)	(2,183,007)
Other operating income and dividend income	1,070,832	2,674	379,242	4,955	616,483	2,703,941	155,057	4,823,487	9,756,671
Total operating income	20,205,669	9,556,209	7,675,618	9,094,799	13,028,440	29,188,336	14,268,422	(8,156,656)	94,860,837
Staff costs	7,241,770	811,464	361,180	192,721	2,326,119	6,789,788	4,780,871	4,496,595	27,000,508
Depreciation and amortisation	1,076,060	408,345	-	389	118,048	809,895	469,392	1,679,565	4,561,694
Finance cost	289,055	6,100	10,980	6,338	6,838	159,930	117,864	338,264	935,369
Other operating expense	4,093,270	2,722,862	605,912	926,069	2,124,751	7,533,683	3,899,379	(1,428,142)	20,477,784
Total operating expense	12,700,155	3,948,771	978,072	1,125,517	4,575,756	15,293,296	9,267,506	5,086,282	52,975,355
Operating profit before allocated cost	7,505,514	5,607,438	6,697,546	7,969,282	8,452,684	13,895,040	5,000,916	(13,242,938)	41,885,482
Allocated costs	(6,128,152)	(2,337,140)	(2,573,665)	(642,619)	-	-	-	-	(11,681,576)
Operating profit	1,377,362	3,270,298	4,123,881	7,326,663	8,452,684	13,895,040	5,000,916	(13,242,938)	30,203,906
Unallocated corporate expenses									(9,928,586)
Share of profit of associates									168,945
Profit before taxation									20,444,265
Taxation									(6,531,806)
Net Profit									13,912,459
Segment assets	466,571,374	23,754,972	186,377,272	393,796,280	362,956,391	475,577,313	116,960,043	(163,790,135)	1,862,203,510
Associates									6,667,085
Unallocated assets									19,983,351
Total assets									1,888,853,946
Segment liabilities	410,465,622	6,608,199	151,220,270	414,587,014	310,786,045	415,373,809	79,253,706	(111,918,719)	1,676,375,946
Unallocated liabilities									13,089,233
Total liabilities									1,689,465,179
Capital expenditure	3,070,626	615,993	185,778	72,554	422,350	726,150	128,120	276,928	5,498,499



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% (June 30, 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 nine months ended June 30, 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

While the risks from the COVID-19 pandemic have receded, forecasts for global growth are being revised downwards as the downside risks from inflation and higher interest rates have intensified. Both the International Monetary Fund (IMF) and World Bank¹ have again cut their global growth outlook for 2022 and 2023 in July, warning that the world economy may soon be on the cusp of an outright recession. Global economic expansion is expected to slow to 3.2% this year, less than the 3.6% forecast by the IMF in April and the 4.4% estimated in January. Among the challenges to the global growth outlook are soaring inflation, a worse-than-expected slowdown in China, and the ongoing fallout from the war in Ukraine. These issues, along with lower-than-expected US consumer spending, have already caused US output and global output to contract in the second quarter of this year². Though headwinds have intensified fears of recession, there are counterbalancing positives that may help to sustain growth, though at a slower pace. Global growth is being supported by sustained vaccination, greater economic reopening, rising employment and consumption growth, though subdued.

The Latin America and Caribbean region is expected to grow by 2.5% in 2022 (World Bank), down from a 6.9% rebound in 2021. Most tourism-dependent countries such as Jamaica, Barbados, Bermuda, and the Cayman Islands are continuing the recovery which started last year. Economic activity is also expected to remain strong for the rest of the year³, supported by greater tourist activity and the impact of base effects. Data available from United Nations World Tourism Organization (UNWTO) indicate that global international tourist arrivals more than doubled (+182%) in Q1 2022 compared to Q1 2021. Following the extended lockdowns, leisure travel⁴ and reconnecting with family and friends, continue to support the sector. These developments are driving a faster recovery in demand, fuelling investments in the tourism sector across the Caribbean and providing tailwinds to economic growth. All of our operating territories are expected to see growth in real GDP in 2022, with Barbados expected to experience the fastest growth rate of 11.0% supported by a rebound in tourism activity. This will bolster employment and household spending and help drive growth in private consumption. These same factors are expected to fuel growth in Jamaica allowing the country to produce a growth rate of 2.5% (IMF) in 2022. On the other hand, Trinidad and Tobago is expecting to see Real GDP grow by 3.8% in 2022, underpinned by sustained high oil and natural gas prices and improvements in the labour market. That being said, rising travel costs and inflation pose downside risks to the tourism sector. Furthermore, emerging market central banks have been raising interest rates to combat inflation, and growth in key markets is projected to slow this year. 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 Federal Reserve engages in more aggressive monetary policy tightening⁵.

1. The World Bank revised its growth forecast from 4.1% to 2.9%.

2. US GDP decreased by 0.9% in Q2 2022.

3. 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. In June, 61.8% of travelers said leisure travel was for them a "high" or "extremely high" budgetary item. This figure has remained stable over the first six months of 2022. Maximum expected annual travel budgets grew in June, reaching an average of US\$4,345, an increase of 10.5% over May. (Destination Analysts, 2022)

5. The Fed raised its policy rate by 75bps on July 27, 2022 now the rate is between 2.25%-2.5%.



4. Macro-environment update (continued)

Although our operating environments face similar risks to the global economy, such as rising inflation and interest rates, the prospects for growth this year remain positive with the more widespread economic reopening. The banking sector is expected to realise higher net interest and higher fee and commission income. However, higher interest rates could cause loan demand to slow as it may be a deterrent to some borrowers because it makes debt more expensive. 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 IPOs, APOs, cross-listings on the JSE, and improvements in corporate earnings as sectors continue to recover supporting investor confidence. However, the size of these transactions will be constrained by lower JMD liquidity, as BOJ uses it as a tool to stem inflation. Though there are fresh 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 June 30, 2022

Directors ¹	Total	Direct	Connected Parties
Robert Almeida	65,990,231	171,750	65,818,481
Dennis Cohen ²	141,038,802	2,267,344	138,771,458
Sandra Glasgow ²	139,119,484	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	1,505,334,073	146,698	1,505,187,375
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 June 30, 2022

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

Interest/Ownership of Stock Units by Executives/Senior Managers of subsidiaries of NCB Financial Group Limited as at June 30, 2022

Executives/Senior Managers	Total	Direct	Connected Parties
Gabrielle Banbury-Kelly	95,508	95,508	0
Septimus Blake	211,144	211,144	0
Brian Boothe	242,000	102,000	140,000
Danielle Cameron Duncan	92,854	92,854	0
Euton Cummings	10	10	0
Raymond Donaldson	0	0	0
Steven Gooden	124,420	124,420	0
Vernon James	0	0	0
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

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.



10 Largest Shareholders of NCB Financial Group Limited as at June 30, 2022

Name of Shareholder	Units	Percentage Ownership
AIC (Barbados) Limited	1,299,419,880	52.68%
MF&G Asset Management Limited - NCB Share Scheme	101,406,205	4.11%
Sagicor PIF Equity Fund	77,867,428	3.16%
NCB Insurance Agency & Fund Managers Limited WT 109	62,989,156	2.55%
Harprop Limited	46,434,102	1.88%
AIC Global Holdings Inc.	45,449,690	1.84%
National Insurance Fund	33,139,232	1.34%
Ideal Portfolio Services Company Limited	33,061,676	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 June 30, 2022

Number of Shareholders	Ownership of Each Shareholder	Percentage Ownership	Number of Units
One shareholder with five accounts	52.68%	52.68%	1,299,419,880
10	1 - 5%	19.83%	489,222,856
44,187	Less than 1%	27.50%	678,120,092
44,198		100.00%	2,466,762,828