

**MINUTES OF THE ANNUAL GENERAL MEETING OF NCB FINANCIAL GROUP LIMITED HELD AT THE ATRIUM, 32 TRAFALGAR ROAD, KINGSTON 10, IN THE PARISH OF SAINT ANDREW, JAMAICA, AND ONLINE ON FEBRUARY 4, 2022, AT 10:30 A.M.**

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**PRESENT**

Hon. Michael Lee-Chin, OJ	-	Chairman
Prof. Alvin Wint, CD	-	Lead Independent Director
Hon. Patrick Hylton, OJ, CD	-	President and Group Chief Executive Officer
Mr Dennis Cohen	-	Group Chief Financial Officer & Deputy Chief Executive Officer
Mr Robert Almeida	-	Director
Mrs Sandra Glasgow	-	Director
Mrs Sanya Goffe	-	Director
Mrs Thalia Lyn, OD	-	Director
Mr Dave Garcia	-	Corporate Secretary

Mr Paul Williams, representing the Auditors, Messrs PricewaterhouseCoopers, was also in attendance as well as over 49 registered members or their representatives, holding or representing the holding of 1,314,859,445 ordinary shares.

**1. THE NATIONAL ANTHEM**

The National Anthem was played.

**2. CHAIRMAN'S WELCOME**

Prof. Wint, Lead Independent Director, opened the meeting noting that it was the second time the Company was having its Annual General Meeting (AGM) virtually and that it was a pleasure to have members join the meeting online.

Having received confirmation from the Secretary that there was a quorum, Prof. Wint called the meeting to order.

The Secretary indicated that the meeting was being held in the same manner as last year due to the observance of COVID-19 protocols. He acknowledged that all the directors were participating in the meeting either in person or via the online platform. He also indicated that the various executives were participating via the online platform.

The Secretary informed the meeting that with the Board Chairman, Mr Michael Lee-Chin, not being physically present, the Lead Independent Director, Prof. Alvin Wint, would be chairing the meeting.

**Moment of Silence**

A moment of silence was observed for persons who had passed during the year including several pensioners, members, Mrs Gloria Chen (mother of the Chairman – described by Prof. Wint as an extraordinary individual who has attended AGM in many years) and the following members of staff:

- Janet McLean
- Alex Ashley
- Carlene Smith-Walker
- Avril Bailey
- Ripton Gordon

**Chairman's Opening Remarks**

The Meeting Chair then invited Mr Lee-Chin, Board Chairman, to give his welcome and opening remarks. Mr Lee-Chin highlighted that it was the 20<sup>th</sup> anniversary of the marriage between AIC Limited (AIC) and National Commercial Bank Jamaica Limited (The Bank). He recalled that 20 years ago he saw an opportunity in the banking sector that most deemed ugly. He said that in 2002 the Bank was regarded as a failed institution that was non-competitive and inefficient. Jamaica was experiencing great economic challenges with an inflation rate of up to 50%, interest rates were high, Gross Domestic Product movement

was flat, crime was increasing, the dollar was falling (J\$48 to US\$1 at the time) and unemployment was 20%. Mr Lee-Chin added that he chose to get involved with the Bank because he saw an opportunity to transform the Bank, and by extension the banking sector, into a competitive and efficient organisation.

Mr Lee-Chin explained three pre-conditions must exist before getting involved in a wealth creating opportunity. He said:

1. You can't create wealth unless there is a difference between perception and reality;
2. You can't create wealth unless there are inefficiencies; and
3. You can't create wealth unless there is a lack of capital.

He said those three pre-conditions existed in 2002 within the Bank and now, 20 years later, the stock price had increased from \$3 to over 130 per share. The results show that shareholders were paid dividends yields from approximately 3% up to 10% until two years ago when the pandemic hit.

Mr Lee-Chin also mentioned that the organisation had set a standard in running an outstanding business and also for being a good corporate citizen. However, there was still a long way to go for it to become more efficient and he was committed to the journey and challenge. He continued that he was committed to harness all the advantages to protect the shareholders' capital, give growth and income and great income.

### **3. PRAYERS**

The Meeting Chair then introduced Mrs Julia Wong-Brooks, Executive Assistant, Group Finance Division, who prayed.

### **4. NOTICE OF THE MEETING & APPOINTMENT OF PROXY**

#### **4.1 NOTICE OF THE MEETING**

The Secretary then outlined the procedures for the meeting and introduced members, Ms. Jacqueline DeLisser, Head – Group Investor Relations, Performance Monitoring and Planning and Mrs Stephanie Neita, Assistant Secretary and Group Corporate Services Manager, who he said were physically present and would be proposing and seconding the motions for the resolutions set out in the Notice at the meeting. He also gave instructions with regards to voting, noting that some members may have opted to vote beforehand, which was permitted within the scope of the Supreme Court Order relating to the holding of the Annual General Meeting as well as the current provisions of the Companies Act with respect to this type of meeting.

On a motion duly proposed by Ms. Jacqueline DeLisser and seconded by Mrs Stephanie Neita, the following resolution was put to the Meeting:

**“THAT the Notice of the meeting as circulated be taken as read.”**

Following the elapse of time given for voting electronically, the results were displayed and the Secretary confirmed that all votes were in favour. The Meeting Chair declared the motion carried.

#### **4.2 APPOINTMENTS OF PROXY**

The Secretary advised that a number of proxies had been received and that a Proxy Register was available. Given the circumstances under which the meeting was being held, persons who wished to inspect the Proxy Register were invited to contact the Registrar, Jamaica Central Securities Depository Limited.

### **5. REPORT ON THE FINANCIAL AND BUSINESS PERFORMANCE**

The Meeting Chair invited the Group Chief Financial Officer & Deputy Chief Executive Officer, Mr Dennis Cohen, to deliver his report. He advised that Mr Cohen would be followed by the President and Group Chief Executive Officer, Hon Patrick Hylton, CD, OJ.

Mr Cohen then addressed the meeting aided by a visual presentation.

Mr Cohen first thanked staff, customers and other stakeholders for their support during these challenging times.

He gave an overview of the performance for the financial year 2020/2021, in which the NCB Group reported net income of \$20.1 billion with earnings per share of \$6.25 and operating revenue of \$121 billion. He also outlined the financial performance for the quarter ended December 31, 2021.

Mr Cohen also noted that during the year the Company focused on strategic transformation and

continuous improvements to bring innovation to the market and expand digital solutions. He said that with increased digital processes and the use of data analytics, the Company would become more efficient and capitalize on the strengths of the business.

Mr Cohen mentioned that TFOB (2021) Limited ("TFOB"), a fintech, was incorporated to provide a new payment solution to the market. TFOB (which stands for The Future of Banking), recently launched a mobile wallet in Jamaica - Lynk. With the Lynk digital wallet, customers are or would be able to gain access to their digital wallet carry out activities such as sending and receiving funds, making payments at participating merchants, and doing call credit top ups. .

A copy of Mr Cohen's visual presentation is attached as **Appendix 1**.

Hon. Mr Patrick Hylton, OJ, CD, President and Group Chief Executive Officer, then spoke. He mentioned that this format of AGM that was novel and a means of pivoting last year had now become a part of the Group's new normal and it was expected that even when the Company returns to physical meetings with members, he expected that a virtual option for those who wish to participate and vote in these proceedings would remain.

Mr Hylton indicated that this unpredictable period in history was also the greatest period of opportunity for transformation in science, business, education, financial services and humanity. However, in order to capitalize on this opportunity and navigate the new normal, the following three things should be done:

- 1) Be guided by our purpose - this is embodied in our strategy and our aspirations;
- 2) Avoid waiting for the right time, as the right time is now; and
- 3) Be bold and take big leaps - ensuring that we are fearless but skillful in our execution.

## **6. AUDITED ACCOUNTS**

At the request of the Secretary, Mr Paul Williams of Messrs. PricewaterhouseCoopers read the Auditors' Report on pages 133 to 143 of the Annual Report.

The following resolution was then proposed by Ms. Jacqueline DeLisser and was duly seconded by Mrs Stephanie Neita:

***"THAT the Audited Accounts for the year ended September 30, 2021 and the Reports of the Directors and Auditors, circulated with the Notice convening the Meeting, be and are hereby adopted."***

The Secretary indicated that the meeting participants were invited to submit questions prior to the meeting via a designated mailbox and during the meeting via a question and answer functionality in the meeting application. He said that he had reviewed the questions that were submitted and there were no questions on the audited accounts. He then invited the members who had not already done so to cast their vote.

The motion was put to the vote electronically, after which the Meeting Chair declared that it had been carried.

## **7. DECLARATION OF DIVIDENDS**

The following resolution was proposed by Ms. Jacqueline DeLisser and seconded by Mrs Stephanie Neita:

**THAT the interim dividend per stock unit of \$0.50 paid in May 2021 be treated on the recommendation of the Directors as the final dividend for the financial year ended September 30, 2021."**

The motion was put to the vote electronically, after which the Meeting Chair declared that it had been carried.

## **8. ELECTION OF DIRECTORS**

The Secretary said that Article 94 of the Company's Articles of Incorporation provides that one-third of the Board other than the Managing Director (that is, the President and Group Chief Executive Officer) and Deputy Managing Director (that is, the Group Chief Financial Officer and Deputy Chief Executive Officer) or, if the number of members of the board is not three or a multiple of three, then the number nearest to one third shall retire from office at each AGM. He said the directors retiring under this Article

were Mrs Sandra Glasgow and Mrs Sanya Goffe who, being eligible, had offered themselves for re-election.

The proposed Resolutions were thereafter put to the Meeting individually as follows:

- (i) **“THAT Director, MRS SANDRA GLASGOW, retiring pursuant to Article 94 of the Articles of Incorporation be and is hereby re-elected.”**

This motion was proposed by Mrs Stephanie Neita and seconded by Ms. Jacqueline DeLisser. Following a vote done electronically, the Meeting Chair declared that it had been carried.

- (ii) **“THAT Director, MRS SANYA GOFFE, retiring pursuant to Article 94 of the Articles of Incorporation be and is hereby re-elected.”**

This motion was proposed by Mrs Stephanie Neita and seconded by Ms. Jacqueline DeLisser. Following a vote done electronically, the Meeting Chair declared that it had been carried.

## **9. DIRECTORS' REMUNERATION**

The Secretary said the next item for consideration was the remuneration of directors.

The following resolution was proposed by Ms. Jacqueline DeLisser and seconded by Mrs Stephanie Neita:

- (a) “THAT the Directors be and are hereby empowered to fix the remuneration of the Executive Directors.”**

The motion was then put to the vote electronically and the Meeting Chair declared that it had been carried.

The following resolution was then proposed by Ms. Jacqueline DeLisser and seconded by Mrs Stephanie Neita:

- (b) “THAT the total remuneration of all of the Directors combined, other than the Executive Directors, for the financial year of the Company ending September 30, 2022, BE AND IS HEREBY fixed at \$27,000,000, which remuneration may include such share incentive scheme for Directors as may be determined by the Board.”**

The motion was then put to the vote electronically and the Chairman declared that it had been carried.

## **10. APPOINTMENT OF AUDITORS AND THEIR REMUNERATION**

The Secretary advised that Messrs. PricewaterhouseCoopers had indicated their willingness to continue in office as Auditors of the Company, until the conclusion of the next Annual General Meeting.

The following resolution was then proposed by Mrs Stephanie Neita and seconded by Ms. Jacqueline DeLisser:

- “THAT Messrs. PricewaterhouseCoopers, having signified their willingness to serve, continue in office as Auditors of the Company until the conclusion of the next Annual General Meeting, at a remuneration to be agreed with the Directors.”**

Prof. Wint, in his capacity as Chairman of the Audit Committee, was invited by the Company Secretary, to address the meeting with respect to the auditors' service.

In his brief remarks, Prof. Wint indicated that NCBFG was one of the largest and most complex institutions in the region and, accordingly, its financial systems and audit processes were also complex. He said that the Audit Committee looked very carefully at the performance of the auditors in auditing the NCBFG organisation, taking the complexity into account. This was done by periodically administering a structured assessment by the independent directors who were members of the Audit Committee and by the management in relation to the performance of the auditors. At each assessment the auditors' performance had been rated as high. The Committee also examined the interaction between PricewaterhouseCoopers (PwC) Jamaica and all the other PwC auditors within the other region across the Group and those relationships had been very strong. Prof. Wint also mentioned that the record of attendance of the auditors at the Audit Committee meetings across the Group was an unblemished record. The Audit Committee also considered the capacity and capabilities of audit firms that were available to NCBFG and the entities within the NCB Group and

continued to be convinced that PricewaterhouseCoopers was most suited for this organisation at this point in time.

The motion was then put to the vote electronically and the Meeting Chair declared that it had been carried.


The Secretary thanked all members for their participation in this section of the meeting.

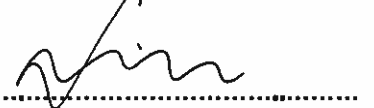
#### 11. **QUESTIONS AND ANSWERS**

Questions and remarks were invited through the meeting platform in addition to any already submitted. The questions/comments then covered a range of topics, as captured in **Appendix 2**.

#### 12. **TERMINATION**

The Meeting Chair thanked the organisers for their hard work in preparing for the meeting and external service providers. He made specific mention of Ms. Jacqueline DeLisser, Mrs Stephanie Neita and the Corporate Secretary. He thanked the Chairman, Mr Lee-Chin, for being an exemplary Chair for the organisation for over 20 years. He then thanked the directors, staff members and members for their attendance and declared the meeting terminated at 12:58 p.m.

  
.....  
**MEETING CHAIRMAN**


  
.....  
**CORPORATE SECRETARY**

APPENDIX 1


Presentation by Mr Dennis Cohen, Group Chief Financial Officer & Deputy Chief Executive Officer



# Performance Highlights



**Strategic Growth**



**Digital Enhancement**



**Strength & Positive Outlook**

Continued commendable performance

Deepening of digital capabilities

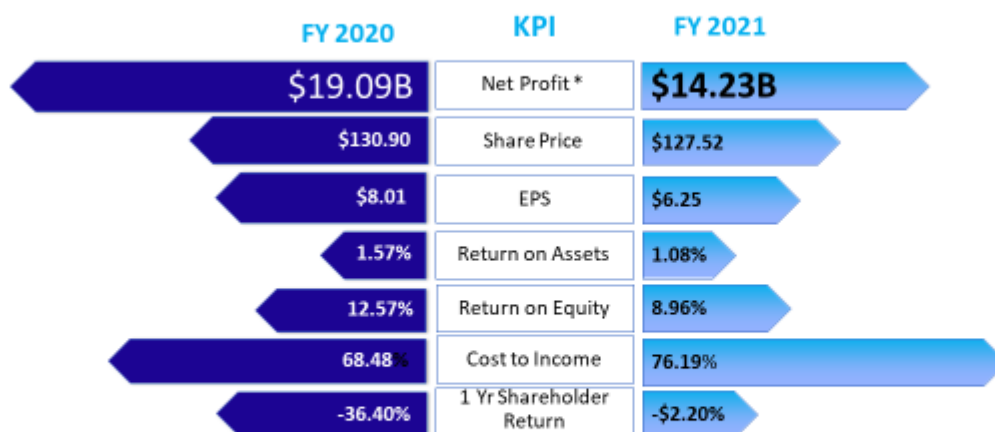
**Optimising operations**

**Positioned to capitalise on opportunities**

Empowering People    Unlocking Dreams    Building Communities



## Financial Performance



### Financial summary (FY21 vs. FY20)

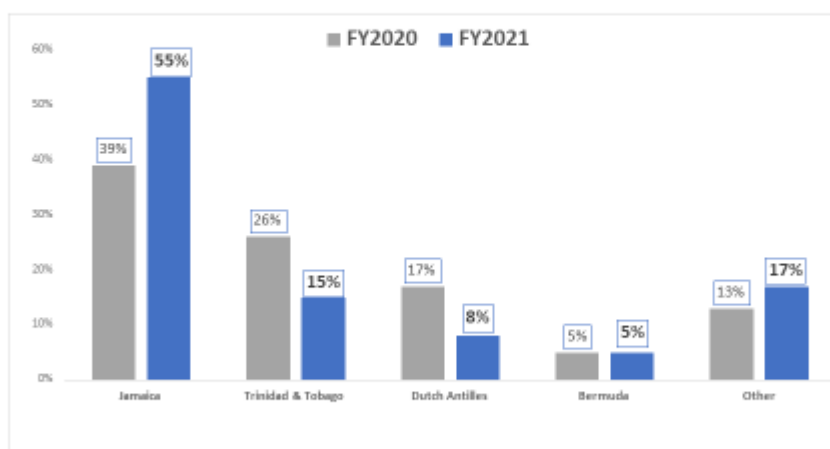
- Operating revenues** of \$121.1 billion, up \$12.3 billion or 11%  
 Net result from banking and investment activities of \$98.2 billion, up \$21.8 billion  
 Net result from insurance activities of \$23.0 billion, down 29% or \$9.5 billion
- Operating expenses** of \$94.9 billion, up \$13.3 billion or 16%
- Taxation expenses** of \$6.5 billion, up \$5.8 billion or 845%

\* Attributable to stockholders of NCBFG



## Geographic Diversification

Geographic Composition of Total Operating Income



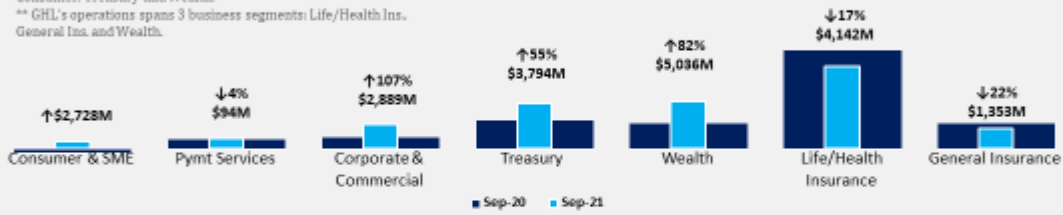
Empowering People    Unlocking Dreams    Building Communities



# Segment Results

Financial Results  
Financial Year Ended September 30, 2021

\* Clarion's operations spans 3 business segments: Commercial & Consumer, Treasury and Wealth.  
\*\* GHL's operations spans 3 business segments: Life/Health Ins., General Ins. and Wealth.



## Segment Performance (FY2021 operating profit\* performance)

- **CONSUMER & SME: Operating profit: \$1.7 billion** - operating revenues ↑ & operating expenses ↓
- **PAYMENT SERVICES: Operating profit: \$2.3 billion** - credit impairment provisions ↓ & operating expenses ↓
- **CORPORATE & COMMERCIAL : Operating profit: \$5.6 billion** - credit impairment provisions ↓ & fee & commission income ↑
- **TREASURY & CORRESPONDENT: Operating profit: \$10.7 billion** - gains from foreign exchange and investment activities ↑
- **WEALTH, ASSET MANAGEMENT & INVESTMENT BANKING: Operating profit: \$11.1 billion** - gains from investment activities ↓
- **LIFE INSURANCE AND PENSION FUND MANAGEMENT: Operating profit: \$19.6 billion** - net insurance revenues ↓
- **GENERAL INSURANCE: Operating profit: \$4.9 billion** - operating expenses ↑

NCB  
FINANCIAL GROUP LIMITED

# Financial Strength

Financial Results  
Financial Year Ended September 30, 2021



Empowering People  
Unlocking Dreams  
Building Communities

NCB  
FINANCIAL GROUP LIMITED

AGENDA

- Financial Performance FY2021
- FINANCIAL PERFORMANCE Q1 FY2022**
- Outlook

NCB  
FINANCIAL GROUP LIMITED



## Summary Results – Q1 FY2022

KPI	QTD DEC 20	QTD SEP 21	QTD DEC 21	DEC 21 vs SEP 21	DEC 21 vs DEC 20
Operating Income	\$33.8B	\$29.25B	\$34.0B	\$4.8B or 16%	\$229M or 1%
Net Profit*	\$3.9B	\$4.3B	\$2.6B	\$1.7B or 39%	\$1.3B or 33%
EPS	\$1.66	\$2.07	\$1.15		

\* Attributable to stockholders of the parent

### Financial measures (QTD Dec-21 compared to QTD Sep-21):

- Operating revenues of \$34 billion, up \$4.8 billion or 16%
- Asset tax charge of \$2.1 billion in December 2021
- Return on assets: 1.1%, down from 1.3%
- Return on equity: 6.5%, down from 10.9%
- Cost to income ratio: 75.3%, down from 76.4%



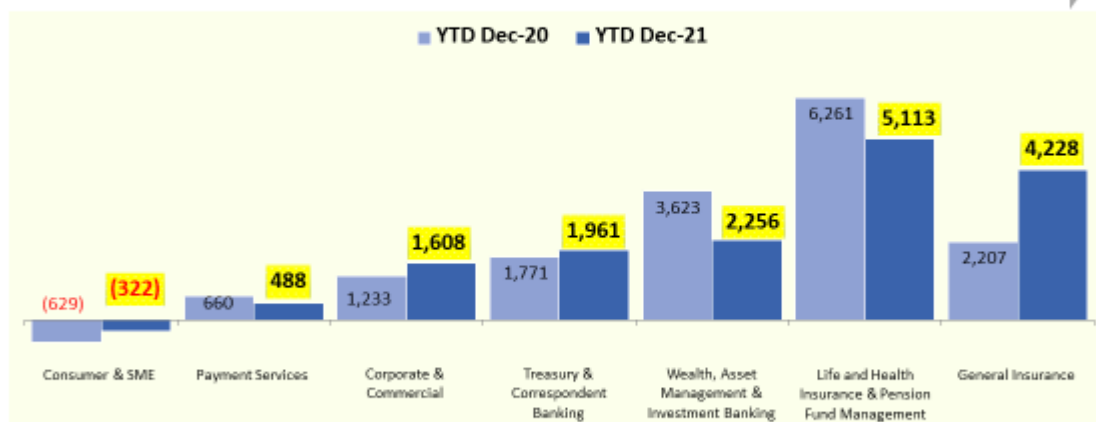
### Financial measures (QTD Dec-21 compared to QTD Dec-20):

- Operating revenues of \$34 billion, up \$229 million or 1%
- Return on assets: 1.1%, down from 1.3%
- Return on equity: 6.5%, down from 9.8%
- Cost to income ratio: 75.3%, up from 73.1%

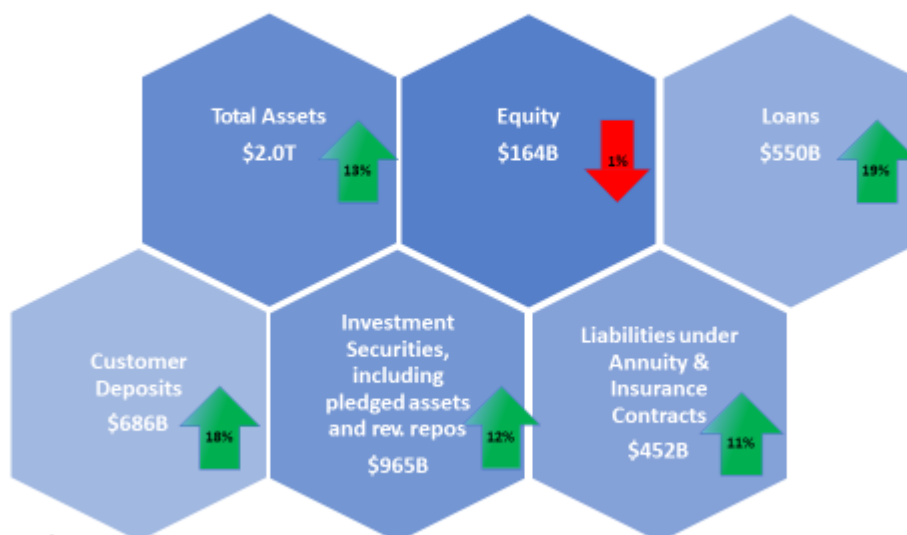


NCB Financial Group Limited  
Financial Results  
Financial Year Ended September 30, 2021

## Segment Results – Q1 FY2022



## Financial Strength



NCB Financial Group Limited  
Financial Results  
Financial Year Ended September 30, 2021



AGENDA

- Financial Performance FY2021
- Financial Performance Q1 FY2022
- OUTLOOK**

**NCS**  
FINANCIAL GROUP LIMITED

## Prioritized Strategic Themes -2024 Aspirations

**Deepen our relationships with customers significantly**

- Move from a product to customer segment centric
- Evolve the risk framework
- Upgrade the product suite

**Shift our cost structure sustainably**

- Re-charge and enhance cost optimization strategies
- Revamp operating model for Retail to unlock efficiencies in the cost base

**Build leading digital, analytics and technology capabilities**

- Transform IT
- Accelerate the data and analytics machine and capabilities
- Re-focus the digital operating model on value capture, while continuing to upgrade capabilities


**Win with talent**

- Focus the talent development model on the top 2% to power the enterprise
- Identify key talent pools to expand and shrink, shift the talent attraction model to reflect the key talent needs


**Delight our customers with experience**

- Enhance client service through increase in availability and quality to lower customer attrition


**Financial Results**  
Financial Year Ended September 30, 2021




**Strong Financial Performance**



**Inspired People & Culture**



**Delighted Customers**



**Digital to the Core**

# THANK YOU

Empowering People
 Unlocking Growth
 Building Communities

**NCS**  
FINANCIAL GROUP LIMITED

## APPENDIX 2

QUESTIONS AND ANSWERS ON THE AUDITED ACCOUNTS

Question	Mr Stephan Flowers asked Mr Hylton to share his thoughts on Guardian Holding Limited (GHL) as a long term holding.
Response	Mr Hylton indicated that NCBFG was committed to GHL as a long term holding and that GHL was a key part of NCBFG's strategy and represents a significant segment of the business. In fact, the prospects were now seen as better than originally anticipated. He further indicated that GHL was in the process of transforming and had used the opportunity from the pandemic to build new muscle and capabilities that would enable the Guardian Group to accelerate out of the pandemic.
Question	Mr Stephan Flowers asked Mr Ravi Tewari to share his thoughts on the future investment profile for GHL and whether there was consideration of a transition in the future to more equity than debt holding.
Response	Mr Ravi Tewari (CEO Guardian Group) indicated that what was critical for GHL as an investor was how efficiently it manages its capital. GHL's investment policy was framed on that basis and involved a close alignment of its liability cash flows and asset cash flows. As reviews were done, it may cause the Guardian Group to shape its asset portfolio. However, he did not foresee that there would be any significant shift towards more equity in the portfolio.
Comment	Mr David Rose asked for a comment on the Almi platform in the context of the overall fintech plan of the Group
Response	Mr Tawari responded that he was extremely excited about Almi. He indicated that fintech investment was critical as consumer behaviour had changed in life insurance. He said the fintech platform had revolutionised how the Guardian Group distributes and offers a modern digital outlet for sales. He further added that Almi does not exist in a vacuum but also represents a significant investment that was made in the Guardian Group's digital restructure and that indications regarding Almi were positive.
Comment	Mr Rose asked for a comment on the Lynk platform in the context of the overall fintech plans for the Group.
Response	Mr Vernon James (Managing Director of TFOB (2021) Limited) responded that TFOB was also excited about the Lynk offering. He said that what Lynk represented was the ability to provide financial services (payments, pension and other services) to clients of National Commercial Bank Jamaica Limited (NCBJ) and the wider public, especially the unbanked. Lynk had approximately 40,000 customers that had been onboarded and was in the process of unlocking additional functionality such as bill pay and mobile top. Mr James also mentioned that Lynk had the ability to cash in and cash out at NCBJ automated banking machines.
Question	Mr Rose asked what internal practices, policies, etc. had been put in place in the context of the activities which led to the arrest and conviction of a manager for fraud.
Response	Mr Septimus Blake (Chief Executive Office - NCBJ) responded that NCBJ continued to prioritise the advancements in its operations relevant to minimising the risk of fraud. He said that NCBJ had tightened its controls to identify weaknesses and close those gaps. This was done by incorporating greater use of technology, leveraging data and employing persons with the requisite capabilities in these areas. Once gaps had been identified, they were closed. Mr Blake said that NCBJ was also in the process of changing its business model and would remain vigilant.
Question	Mr Rose commented that NCBJ had introduced its MasterCard prepaid card last year and asked what the take up had been like so far and the extent to which the organisation's team members understand the features of the card and how contactless transactions work.

Response	Mrs Danielle Cameron Duncan (Head of Payments Services) responded that the take up had been very positive and that more than 10% of prepaid card usage was from MasterCard and that represented over 50% of the overall purchase volume. NCBJ had intentionally embarked on a migration process from its Keycard product to the MasterCard and this was done in order to give customers additional non-credit based purchasing solutions, worldwide access and significant flexibility in connection with the use of the card.
Question	Mr Rose commented that NCBJ had spoken heavily on technology and the spend on technology last year. However, its systems always seemed to be overloaded at the end of the month due to higher than normal transaction volumes. He mentioned that the main system was upgraded in May 2019. However, he had not seen anything ground breaking of that nature and asked whether NCBJ needed better bandwidth or a better platform to handle its payment infrastructure. He was also voiced his concern about merchant loss from point of sale systems being down at times.
Response	Mr Ramon Lewis (Chief Information Officer – NCBJ) responded that the systems were running on top of infrastructure from NCBJ's communications partner and work had been done to address the root causes of the key issues. Mr Lewis added that in order for NCBJ to improve the stability, reliability and security of the platform, it had to move towards a cloud based infrastructure and that was the future for the business and across the Caribbean.
Comment and question	Mr Rose commented that NCBJ had been paying more dividends to NCBFG which had been used to support interest payment and other activities. He queried whether it was that the Board and Management had adjudged that the heightened risk from COVID-19 and the reducing income attributable to NCBJ was sufficient reason to retain more capital in the Group. Against that background, he asked whether a share buyback could be a staple of the future discussions when a distribution is actually declared.
Response	Mr Cohen commented that the Group should treat payment of dividends within the Group as not just a re-distribution of capital. A big part of Management's function was to ensure that capital is distributed across the entities within the Group in the most efficient manner.  Mr Cohen added that the Board had agreed that given the challenges facing the Company the best strategy was to optimize and solidify the capital base, hence the non-payment of external dividend. He added that the Board and Management would continue to assess the environment and make decisions regarding the external distribution of dividends as deemed appropriate. He also said that a share buyback was one method which could be considered if it was in the best interest of members, when that time comes.
Question	Mr Ralston Samuels asked, apart from the traditional corporate social responsibility, how was NCBFG incorporating the Environment Social and Governance (ESG) strategy in its operations and on the Board of Directors' agenda. He asked whether this conversation was being cascaded to the management team and whether NCB would be incorporating ESG reporting in the future.
Response	Mr Hylton answered that ESG was on the Board's agenda. However, the Board had not yet formally implemented an ESG policy across the Group. Notwithstanding, NCBFG had incorporated elements of ESG in its strategy and in its policy framework in terms of how it operates and its governance. Mr Hylton added that last year NCBFG invested in ESG training for Board members and key members of Management. He said that the training was conducted by Matt Rogers an expert in the field who was recently appointed as Chief Executive Officer of Mission Possible Partnership.
Question	Mr Ralston Samuels commented that the cost to income ratio for NCBJ had increased to 76.9% from 68.4% and asked whether Management was reviewing every expense line to ensure that the dollars that are being put to work are being put to work in an optimal fashion and that they are necessary dollars to be spent.
Response	Mr Cohen emphasised the Group's commitment to managing expenses and process efficiency. He referred to his presentation made earlier, with respect to the strategic imperative of being "Digital to the Core". He said that at the heart of Digital to the Core was satisfying customers and driving efficiency. Banking, he said, was an expensive business which required significant infrastructure and talent and in order to address the issues regarding expense management investment was required. He added that most of the expenses that the Company had experienced was as a result of investment in infrastructure, talent and external consulting services.

Question	Mr David Rose referred to page 5 of the first quarter release and asked why there was a significant credit impairment loss provision for the insurance segment.
Response	Mr Cohen reminded the meeting that the asset base of an insurance business was fairly similar to that of a bank and it had significant investments in its mortgage portfolio, investment securities and other credit exposure. He added that the asset side of an insurance company's statement of financial position was similar to an investment company and a bank.
Question	Mr Rose asked for a comment on the benefits of higher interest rates and rate sensitivity, particularly on the net interest income outlook in the light of the recent Bank of Jamaica (BOJ) increase in its policy rate. He also asked whether NCBJ was expecting any adverse change in delinquency in loans as the interest rates on loans increased.
Response	Mr Blake noted that there was a reversal on BOJ's accommodative stands in terms of loan interest rates etc. and that BOJ had indeed begun to increase its policy rate. This, he said, was expected to affect NCBJ's statement of financial position over time and that he would continue to monitor and map the various scenarios.
Question	Mr David Rose referred to page 5 of the first quarter release. He asked why there was such a sharp drop in net foreign exchange gains & activities and whether this was as a result of the sharp rebound in asset prices and favourable foreign exchange gains in the 2020 first quarter release.
Response	Mr Cohen responded that in the prior year there had been some significant non-recurring opportunities on which the Group's capital markets segment was able to capitalize, whereas there were not similar opportunities in the December 2021 quarter. In addition, there was a 0.1% revaluation in the quarter ended December 2020 whilst there was a 5% revaluation (approximately) in the quarter ended December 2021. The combination of the two accounted for the significant variation in the figures.