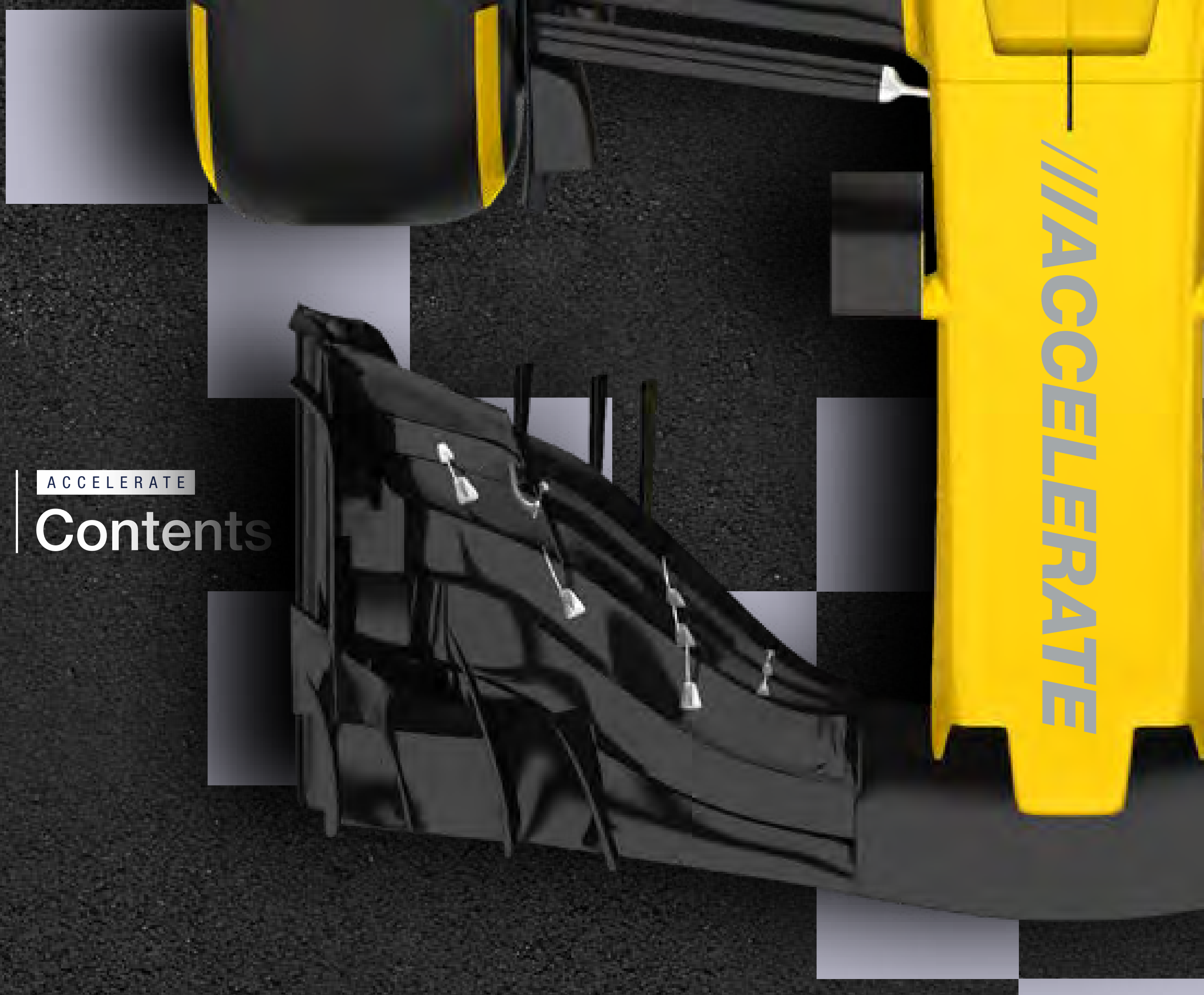
Annual Report 2020

NCB FINANCIAL GROUP LIMITED

We live in a society where change is constant and rapid. To succeed, we must be willing to push the limits and grow our business at a rate which not only drives high performance, but also builds long-term endurance.

NCB FINANCIAL GROUP LIMITED



ACCELERATE

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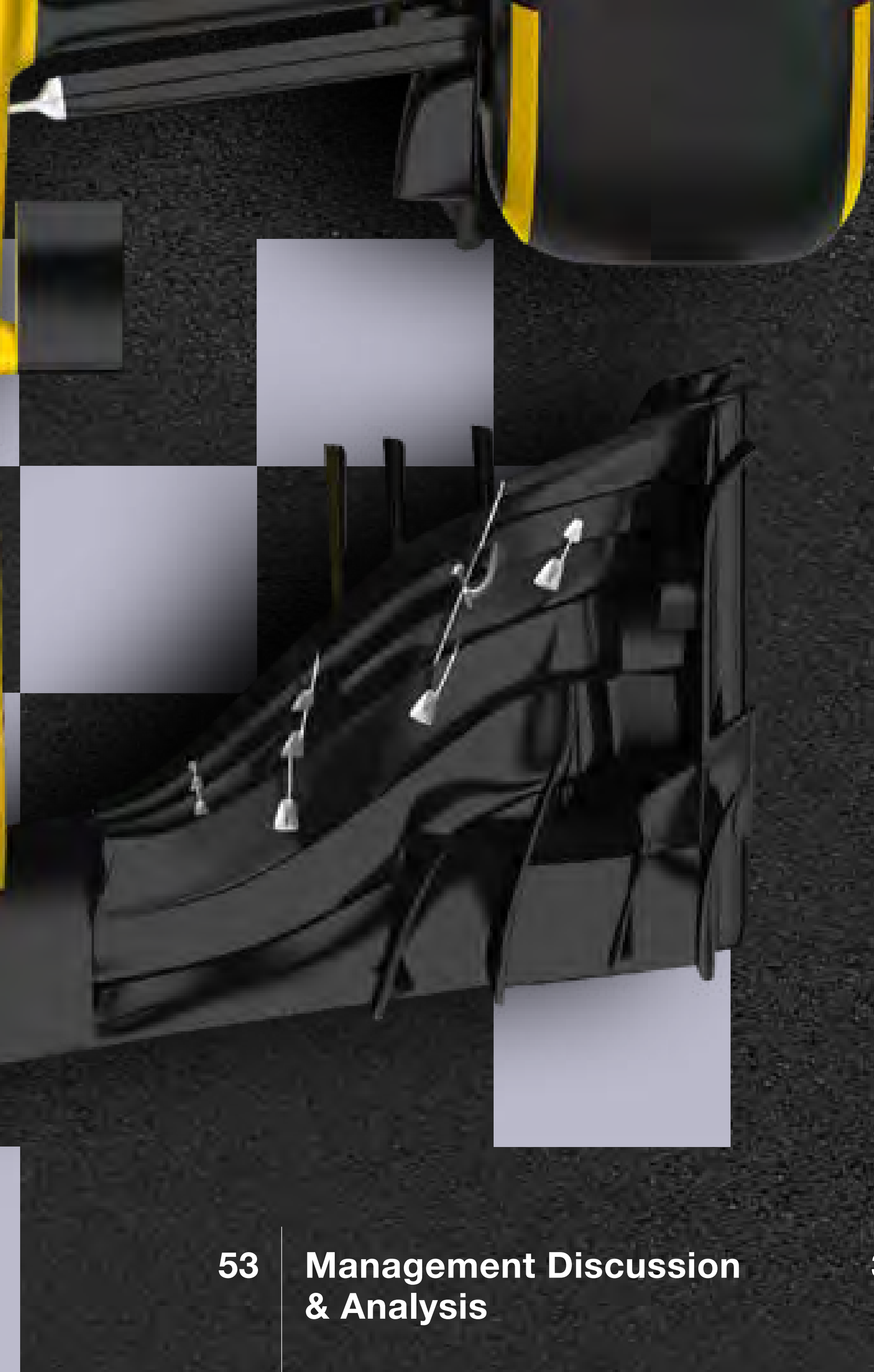
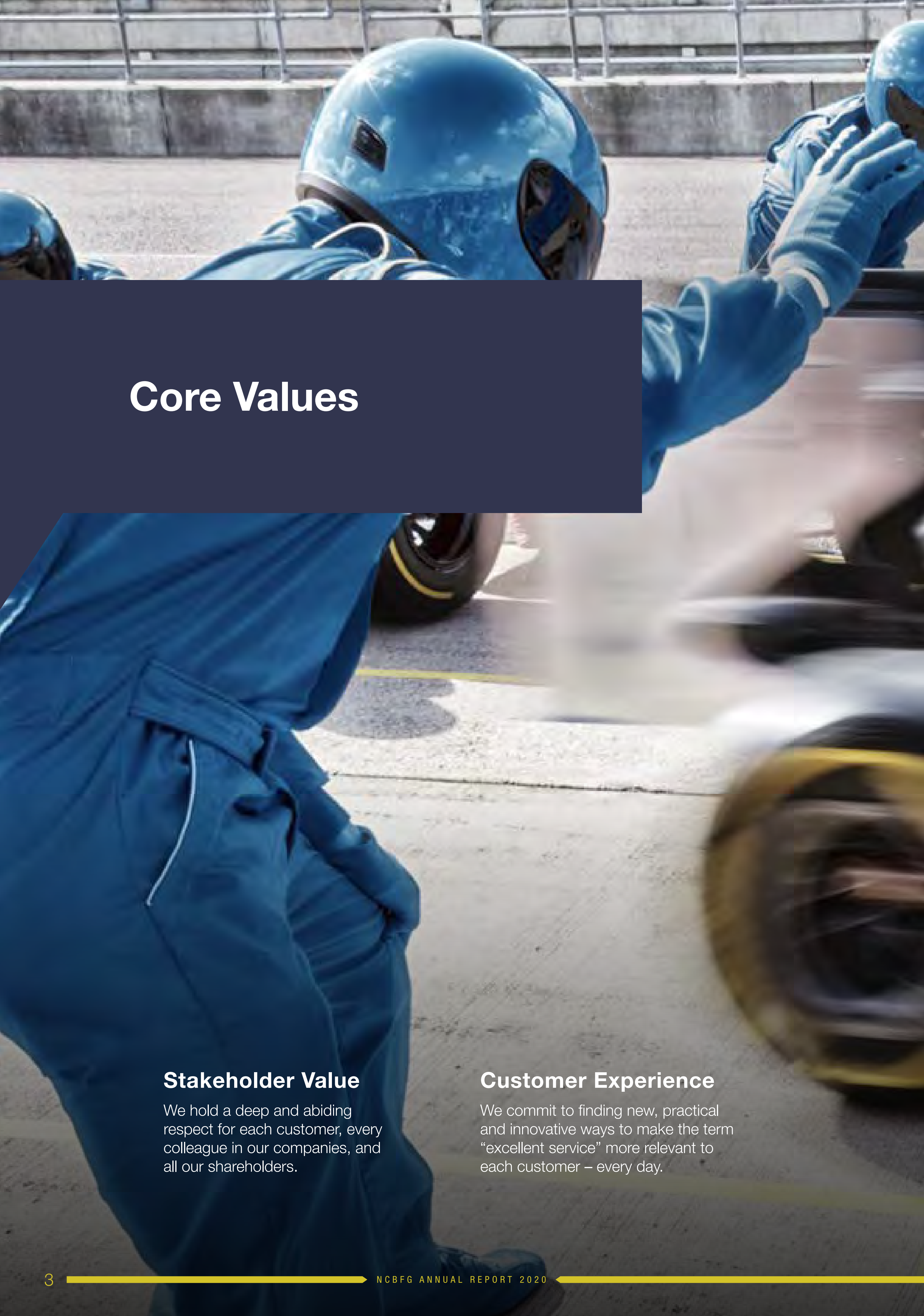


Vision

To be the premier Caribbean financial services group delivering superior products and services to satisfy the needs of our customers, while developing our employees and building the communities we serve.

The focus is never just on the finish-line. Victory is about designing a journey that enables winning for everyone who is in the race.



Core Values

Stakeholder Value

We hold a deep and abiding respect for each customer, every colleague in our companies, and all our shareholders.

Customer Experience

We commit to finding new, practical and innovative ways to make the term "excellent service" more relevant to each customer – every day.

The race is not just for the swift…it is for those who take the time to build a solid foundation, motivate employees, delight customers as well as design and develop the capabilities to create winning outcomes.

People Development

We commit to the relentless renewal of our enterprise through the constant training of our people at all levels.

Reward & Recognition

In our merit-based culture, individual reward and recognition will be a result of measured performance.

Fair Competition

We treat all competitors as noble, but we will compete fairly and vigorously to win.

Brand Pillars

Innovation

We are constantly striving to improve the financial solutions we offer in order to meet the changing needs of our customers. We also drive innovation in our operations by using technology as a key enabler of greater efficiency and better service delivery.

Expertise

Professionals within the Group possess expert knowledge in their respective areas of our business. Equally important, we foster superior customer relationship management skills that engender trust and loyalty with those we serve.

The engine is a core element for participating in any race but the drivers are responsible for crossing the finish line. In our organisation, innovation is the fuel that powers our engine. We’ve spent years building on our strengths, improving our agility and honing our skills and expertise. We’re built to win.

Strength

Sound and prudent management are hallmarks of sustainability for the Group. We carry out our business within a framework that observes proper ethical, regulatory and financial practices, while embracing our role as a responsible corporate citizen.

Notice of Annual General Meeting

NOTICE is hereby given that the Annual General Meeting of NCB FINANCIAL GROUP LIMITED will be held at **The Atrium, 32 Trafalgar Road, Kingston 10, in the parish of Saint Andrew, Jamaica on February 5, 2021, and online through access information to be made available through www.myncb.com, to start at 3:00 p.m.,** to consider and if thought fit pass the following resolutions:

ORDINARY BUSINESS

Ordinary Resolutions

1. **Audited Accounts**

   "**THAT** the Audited Accounts for the year ended September 30, 2020 and the Reports of the Directors and Auditors, circulated with the Notice convening the Meeting, be and are hereby adopted."

2. **Declaration of Dividend**

   "**THAT** the interim dividends per stock unit of $1.00 paid in December 2019 and $0.90 paid in March 2020 be treated on the recommendation of the Directors as the final dividend for the financial year ended September 30, 2020."

3. **Election of Directors**

   a) **Article 94** of the Company's Articles of Incorporation provides that one-third of the Board other than the Managing Director (that is, our President and Group Chief Executive Officer) and Deputy Managing Director (that is, our 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 Annual General Meeting. The Directors retiring under this Article are **Prof. Alvin Wint, CD** and **Mr Robert Almeida** who, being eligible, offer themselves for re-election.

   The proposed resolutions are therefore as follows:

   "**THAT** Director **PROF. ALVIN WINT, CD,** retiring pursuant to Article 94 of the Articles of Incorporation be and is hereby re-elected."

   "**THAT** Director **MR ROBERT ALMEIDA,** retiring pursuant to Article 94 of the Articles of Incorporation be and is hereby re-elected."

b) **Mr Adrian Lee-Chin** was appointed Director of the Company on July 29, 2020. **Under Article 103** of the Company's Articles of Incorporation his appointment expires on the date of this Meeting and being eligible he offers himself for re-election.

The proposed resolution is therefore as follows:

"**THAT** Director, **MR ADRIAN LEE-CHIN**, retiring pursuant to Article 103 of the Articles of Incorporation be and is hereby re-elected."

4. **Directors' Remuneration**

a) "**THAT** the Directors be and are hereby empowered to fix the remuneration of the Executive Directors."

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, 2021, 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."

5. **Appointment of Auditors and their Remuneration**

"**THAT** PricewaterhouseCoopers, having signified their willingness to serve, be appointed as Auditors of the Company until the conclusion of the next Annual General Meeting, at a remuneration to be agreed with the Directors."

6. Resolutions in respect of any other business which can be transacted at an Annual General Meeting.

A Member of the Company, entitled to attend and vote, is entitled to appoint a Proxy to attend and vote in his/her stead, and a Proxy need not be a member.

If you are unable to attend the Meeting, a Form of Proxy is enclosed for your convenience. When completed, this Form should be deposited with the Secretary, at the Registered Office of the Company, "The Atrium", 32 Trafalgar Road, Kingston 10, Jamaica, not less than 48 hours before the time appointed for the Meeting. The Proxy Form should bear stamp duty of $100.00, before being signed. The stamp duty may be paid by adhesive stamps, which are to be cancelled by the person signing the Proxy.

DATED THE 4TH DAY OF JANUARY 2021

BY ORDER OF THE BOARD

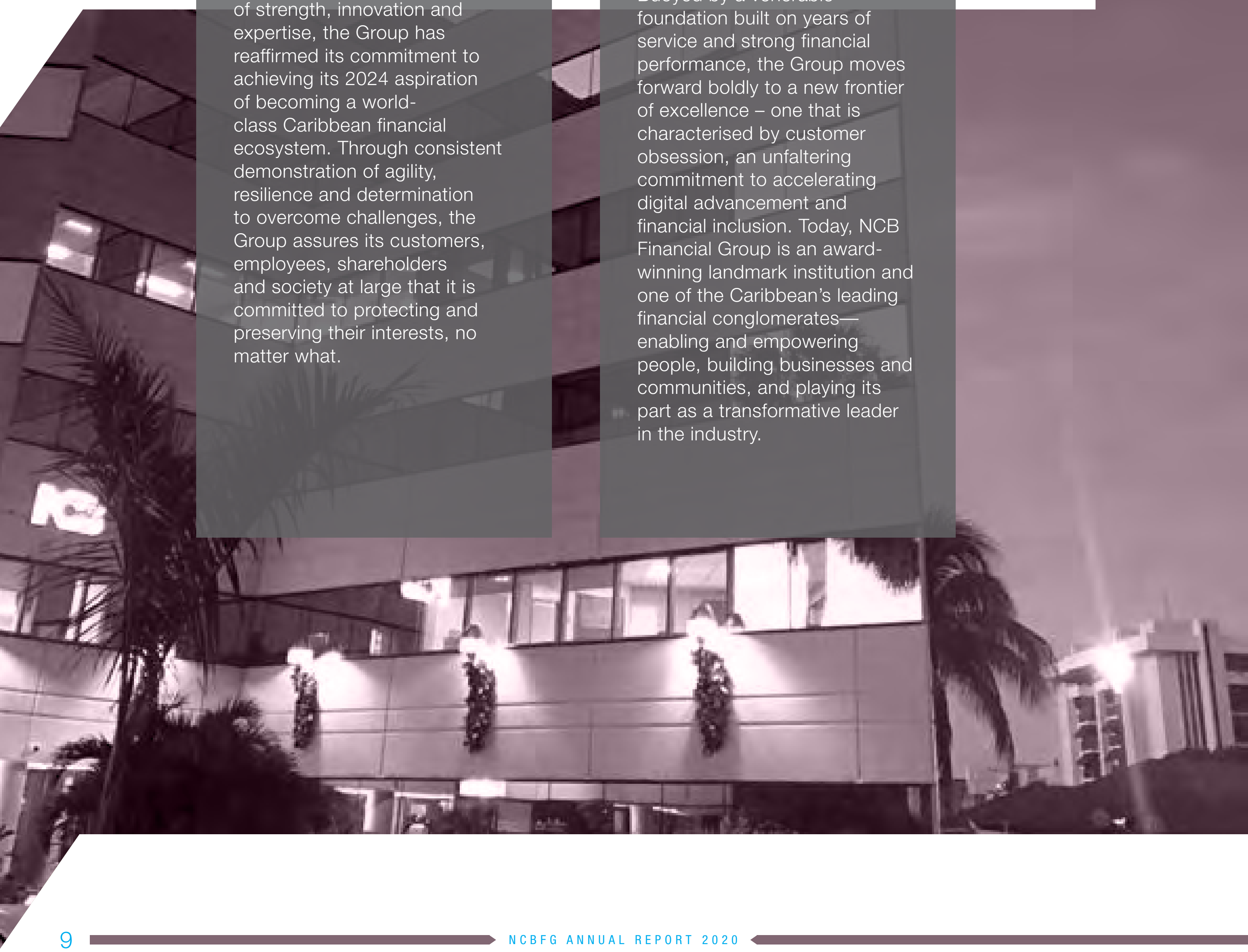
DAVE L. GARCIA
CORPORATE SECRETARY

Our Business in Brief

Over 180 years after its formation, excellence remains the unequivocal standard for the NCB Financial Group. Given that the nature of the universe is defined by constant change and elevation of the bar for excellence, meeting this standard requires being on a continuous journey of discovery, improvement and bold aspirations. The routes may have changed over time and the milestones have evolved based on a multitude of variables. Still, the NCB Financial Group continues to boldly accelerate the pursuit of its goals, even in times of global economic uncertainty and unpredictable outcomes.

Leaning on its brand pillars of strength, innovation and expertise, the Group has reaffirmed its commitment to achieving its 2024 aspiration of becoming a world-class Caribbean financial ecosystem. Through consistent demonstration of agility, resilience and determination to overcome challenges, the Group assures its customers, employees, shareholders and society at large that it is committed to protecting and preserving their interests, no matter what.

Buoyed by a venerable foundation built on years of service and strong financial performance, the Group moves forward boldly to a new frontier of excellence – one that is characterised by customer obsession, an unfaltering commitment to accelerating digital advancement and financial inclusion. Today, NCB Financial Group is an award-winning landmark institution and one of the Caribbean's leading financial conglomerates—enabling and empowering people, building businesses and communities, and playing its part as a transformative leader in the industry.



NCB Financial Group Limited ("NCBFG") is the financial holding company of the Group, incorporated in April 2016. NCBFG has roots that trace as far back as 1837 and remains the largest and most profitable financial services provider in Jamaica. The Group comprises of National Commercial Bank Jamaica Limited (NCBJ) and its subsidiaries, Clarien Group Limited (Clarien) and its subsidiaries and NCB Global Holdings Limited- majority owner of Guardian Holdings Limited (GHL) and its subsidiaries. NCBFG is proud to be a regional entity with presence in 21 territories in the English and Dutch Caribbean as well as in the United Kingdom.

NCB FINANCIAL GROUP LIMITED

NATIONAL COMMERCIAL BANK JAMAICA LIMITED

NCBJ and its subsidiaries provide an expansive range of products and services aimed at meeting all the commercial banking, wealth and asset management needs of customers primarily in Jamaica, the Cayman Islands, Barbados and Trinidad & Tobago. Products and services offered include deposits, loans, credit cards, overdraft lines, foreign exchange, personal & private banking services, stock brokerage services, investment management, individual and group pensions. The main subsidiaries are NCB Capital Markets Limited and NCB Insurance Agency and Fund Managers Limited*. NCBJ boasts over 35 locations, more than 300 ABMs and financial kiosks and in excess of 8,000 merchant locations. NCBJ's upgraded online banking platform is available at www.jncb.com.

CLARIEN

Clarien Bank Limited and its subsidiaries provide personal, commercial and private banking services as well as investment, wealth management and trust services to our clients primarily based in Bermuda. It is proudly one of the largest independent, privately-owned integrated financial services organisations in Bermuda. Clarien also offers a full range of wealth management services centred on wealth creation, preservation and income generating needs delivered in a personalised and bespoke manner through Clarien Investments Limited and customised trust and fiduciary services through Clarien Trust Limited.

Guardian Group

GHL is the parent company for an integrated financial services group known as the Guardian Group, with a focus on life, health, property and casualty insurance, pensions and asset management. The Group has grown steadily and currently serves markets in 21 countries across the English and Dutch Caribbean, including Trinidad & Tobago, Barbados, Jamaica, Curacao, Aruba, St. Maarten and Bonaire. Guardian Group's products and services are marketed throughout the Eastern Caribbean, the Bahamas, Cayman Islands, the US Virgin Islands and Belize.

*Formerly NCB Insurance Company Limited. Name changed effective October 1, 2020 when the entity completed its registration as an insurance agent under the Insurance Act. This was subsequent to the sale of its insurance and annuity portfolio to fellow subsidiary Guardian Life Limited.

ACCELERATE

Our Awards and Honours

In spite of the challenges and uncertainties that this year has brought, NCB Financial Group (NCBFG) remained resolute in its pursuit of new opportunities to grow, innovate, delight customers and accelerate its goals. This persistence and focus garnered recognition from several local and international bodies, as well as customers, employees and industry peers - earning the Group several awards and honours during the financial year.

GLOBAL FINANCE

Awarded to NCB Financial Group Limited

DISTINGUISHED CRISIS LEADERSHIP 2020

(The only Caribbean entity to earn this distinction)

GLOBAL BANKING AND FINANCE REVIEW

Awarded to NCB Financial Group Limited

THE NEXT 100 GLOBAL AWARDS 2020 BANKING GROUP

JAMAICA STOCK EXCHANGE (JSE) BEST PRACTICES AWARDS 2019

Awarded to NCB Financial Group Limited

THE GOVERNOR-GENERAL'S AWARD FOR EXCELLENCE (MAIN MARKET CATEGORY)

Winner

THE PSOJ/JSE CORPORATE GOVERNANCE AWARD (MAIN MARKET)

Winner

BEST ANNUAL REPORT AWARD (MAIN MARKET CATEGORY)

Winner

BEST WEBSITE AWARD (MAIN MARKET CATEGORY)

Winner

CORPORATE DISCLOSURE AND INVESTOR RELATIONS AWARD

1st runner up

NCBFG is grateful for having a team whose commitment to excellence is unwavering; for stakeholders who continuously push the boundaries to drive innovation and growth in all areas of the business; and for customers, whose loyalty and firm faith in the Group continues to be a tremendous source of inspiration and constant motivation.

$1.8T
ASSETS
($'Trillions)

$19B
NET PROFIT*
($'Billions)

$156B
STOCKHOLDERS' EQUITY*
($'Billions)

ACCELERATE

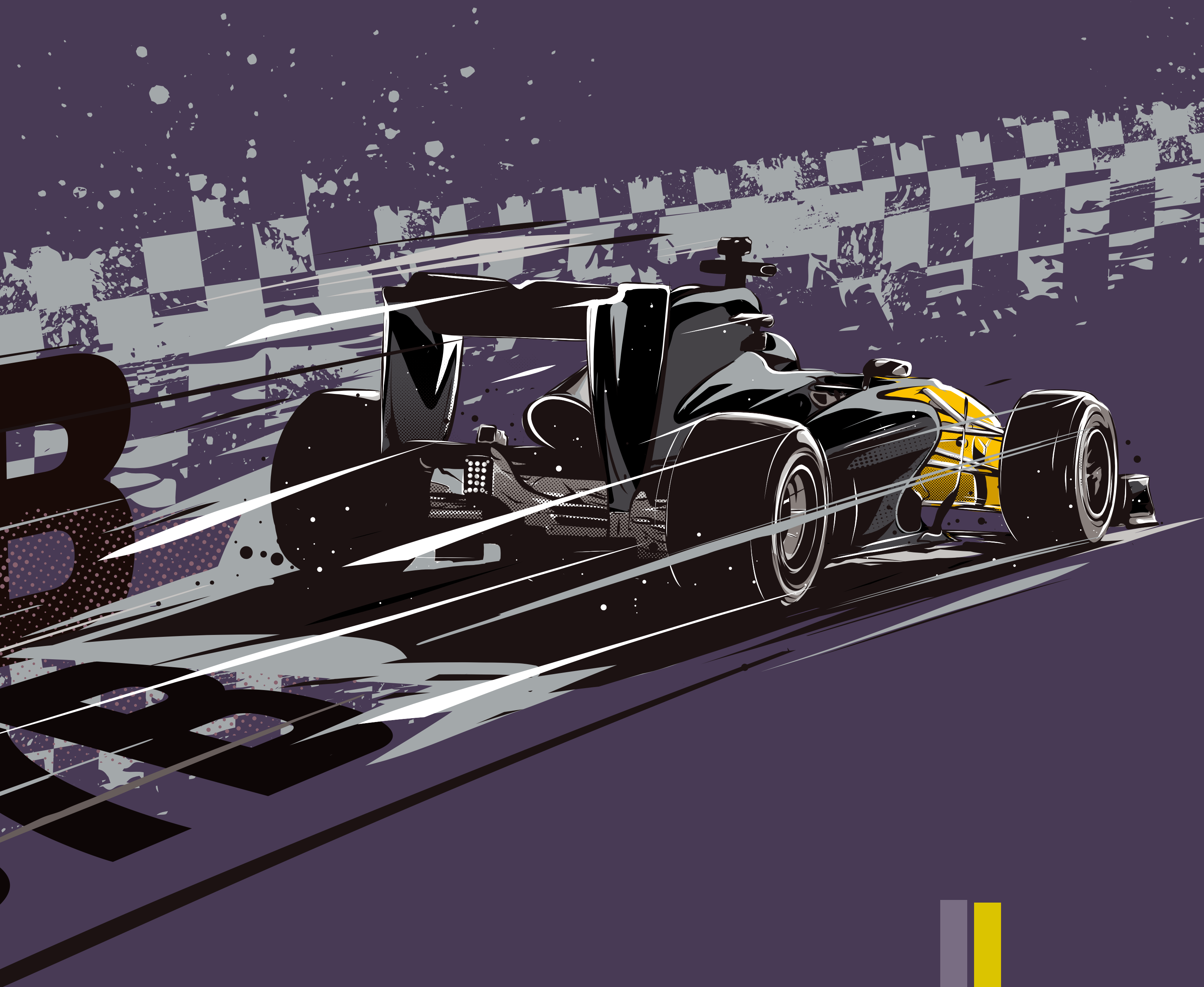
Performance Highlights

* Attributable to stockholders of the parent.

$453B
NET LOANS
($'Billions)

$574B
CUSTOMER DEPOSITS
($'Billions)

$405B
LIABILITIES UNDER ANNUITY & INSURANCE CONTRACTS
($'Billions)



78.92%
NET LOANS TO CUSTOMER DEPOSIT RATIO

2019 $14B
2020 $32B
NET RESULT FROM INSURANCE ACTIVITIES
($'Billions)

2019 $77B
2020 $76B
NET RESULT FROM BANKING & INVESTMENT ACTIVITIES
($'Billions)

Our Business Highlights

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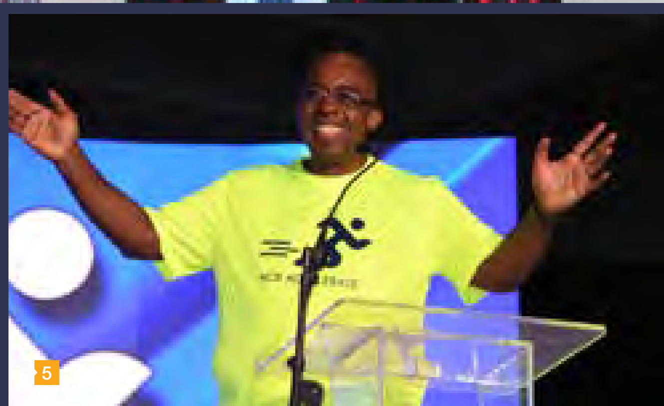

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1. A Clarien Bank team member shows an elderly customer how to use one of the Bank's new Automated Banking Machines (ABMs). **2.** Michael DeCouto (2nd right), Executive Vice President and Chief Digital and Marketing Officer of Clarien Bank, participates in a panel discussion at the 2019 MasterCard LAC Innovation Forum in Miami – alongside Juan Carlos Guillermety (Nubank's Head of Business Development) and Mauricio Araya (BCI Chile's Card Centre Manager). **3.** Toni-Ann Singh, Miss World 2019, meets with President and Group CEO of the NCB Financial Group, Patrick Hylton (centre) and Chairperson of N.C.B. Foundation, Thalia Lyn (left). **4.** Dr. Guyan Arscott is the centre of attention for Najah Peterkin (left), Manager of Regional Customer Experience and Channels, NCBCM, Audrey McIntosh (2nd right), Head of Private Banking, NCBJ, and Bob Blake (right), CEO of NCBJ, at the Brunch with Bob event held in January 2020. **5.** President and Group CEO of the NCB Financial Group, Patrick Hylton, during his presentation at NCBJ's EGM 2020, held in February 2020. **6.** Olympian and NCBJ brand ambassador, Elaine Thompson-Herah, gets in the dance with Jamaican entertainers – Ding Dong and the Ravers—at the NCBJ EGM 2020 held in February 2020. **7.** As part of the Private Sector Organisations of Jamaica's response


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initiative to the COVID-19 pandemic, Guardian Life Limited donated a 29-seater 2020 Toyota Coaster bus to the South East Regional Health Authority. The bus will be used by frontline health workers at the Kingston Public and Victoria Jubilee hospitals. **8.** The Guardian Group Foundation and Guardian Life Limited awarded $10M in scholarships, grants, bursaries, book vouchers and book supplies to students who will be attending secondary and tertiary institutions for the 2021 academic year. Pictured here are this year's National top-performing boy and girl in the Primary Exit Profile (PEP), Chad Wright and Abbi-Gail McKenzie, who will receive $1M each, in disbursements of $200,000 per annum over five years, for the life of the scholarship. **9.** Members of the NCBJ team celebrate with the Bank's million-dollar winner, who was surprised with the news at the Cross Roads branch in Kingston, Jamaica.

10 Year Financial Statistical Review

Consolidated Income Statement Summary (J$'000)

	2020	RESTATED 2019	2018	2017
Net profit	**26,883,412**	31,164,938	28,580,966	19,107,818
Net profit attributable to the stockholders of the parent	**19,090,378**	29,869,398	27,958,752	19,107,818
Gross operating income	**256,816,559**	171,252,858	98,779,947	76,213,792
Operating income	**108,826,889**	91,180,975	69,614,802	54,336,912
Net interest income	**52,489,709**	44,595,084	35,144,184	29,759,669
Non-interest income	**66,622,174**	51,410,625	36,431,256	25,306,477
Credit impairment losses	**10,284,994**	4,824,734	1,960,638	729,234
Net result from banking & investment activities	**76,370,898**	76,749,460	65,817,511	51,096,962
Net result from insurance activities	**32,455,991**	14,431,515	3,797,291	3,239,950
Operating expenses	**81,565,804**	64,736,903	43,428,745	33,178,281
Staff costs	**40,526,668**	32,120,544	23,776,353	16,461,158
Depreciation, amortisation and lease finance cost	**9,941,198**	6,941,434	3,472,372	2,359,274
Taxation expenses	**690,064**	6,423,458	5,407,952	4,901,510

Consolidated Statement of Financial Position Summary (J$'000)

	2020	RESTATED 2019	2018	2017
Total assets	**1,800,260,275**	1,616,299,602	978,584,626	693,724,191
Loans and advances, net of provision for credit losses	**452,954,936**	423,102,600	372,634,701	218,615,226
Investment securities	**853,085,972**	759,496,006	389,490,044	299,177,288
Statutory reserves with Central Banks	**35,552,128**	37,316,963	43,575,130	39,022,524
Customer deposits	**573,968,886**	504,678,536	484,847,790	288,464,013
Liabilities under annuity and insurance contracts	**405,014,541**	394,615,307	38,093,007	36,185,320
Repurchase agreements	**211,436,379**	174,619,976	152,884,626	115,586,590
Other borrowed funds	**125,066,336**	124,953,101	65,558,639	38,649,556
Obligations under securitisation arrangements	**71,083,957**	48,305,823	58,992,666	66,743,350
Stockholders' equity	**200,204,923**	183,870,618	139,584,328	115,993,769
Stockholders' equity attributable to the stockholders of the parent	**156,114,678**	147,590,179	130,040,568	115,993,769

Profitability Ratios (%)

	2020	RESTATED 2019	2018	2017
Return on average stockholders' equity (1)	**12.57%**	21.52%	22.73%	17.44%
Return on average total assets (2)	**1.57%**	2.40%	3.42%	2.94%
Net result from banking & investment to operating income	**70.18%**	84.17%	94.55%	94.04%
Net result from insurance activities to operating income	**29.82%**	15.83%	5.45%	5.96%
Effective tax rate (3)	**1.87%**	17.37%	15.91%	20.42%
Cost to income ratio (4)	**68.48%**	67.43%	60.68%	60.25%

1. Return on average stockholders' equity is calculated as net profit attributable to stockholders' of the parent divided by average stockholders' equity attributable to stockholders' of the parent (stockholders' attributable to stockholders' of the parent equity at the end of the financial year plus stockholders' equity attributable to stockholders' of the parent at the end of the prior financial year, divided by two).
2. Return on average total assets is calculated as net profit divided by average total assets (total assets at the end of the financial year plus total assets at the end of the prior financial year, divided by two).
3. Effective tax rate is calculated as taxation expenses divided by profit before taxation.
4. Cost to income ratio is calculated as staff costs, depreciation and other operating expenses divided by total operating income excluding credit impairment loses.

* The comparative information for previous periods was reclassified, where required, to conform to the 2020 financial statements presentation format to enhance comparability.

2016	2015	2014	2013	2012	2011
14,448,560	12,301,790	12,327,120	8,578,858	10,045,862	13,885,301
14,448,560	12,301,790	12,327,120	8,578,858	10,045,862	13,885,301
65,747,306	61,158,813	58,067,343	48,999,634	44,413,755	44,772,383
46,936,071	41,495,517	36,794,886	32,027,321	30,140,837	31,141,273
28,123,770	25,964,030	24,660,667	23,558,986	21,784,090	21,150,860
19,424,656	17,410,410	14,561,253	10,621,731	11,287,336	11,021,297
612,355	1,878,923	2,427,034	2,153,396	2,930,589	1,030,884
43,423,353	37,854,769	34,418,353	30,975,528	29,887,501	30,650,555
3,512,718	3,640,748	2,376,533	1,051,793	253,336	490,718
28,839,998	25,494,334	22,912,745	27,775,657	17,958,962	15,653,535
13,809,023	11,942,482	11,523,930	11,226,597	9,755,916	9,240,116
1,899,414	1,563,551	1,247,403	1,209,971	812,512	580,132
4,479,992	4,082,309	3,142,766	2,472,246	3,070,027	3,704,793

2016	2015	2014	2013	2012	2011
607,669,433	523,815,161	499,345,092	446,575,055	379,435,519	359,618,113
189,055,786	165,404,606	157,630,000	141,150,312	111,904,854	91,728,138
275,669,541	275,987,700	264,170,757	234,437,453	210,653,557	204,748,127
29,832,265	23,247,218	22,833,217	20,392,153	17,727,899	16,068,630
273,965,888	227,850,985	202,162,392	178,411,021	162,930,350	155,800,401
35,282,653	34,689,274	34,230,910	33,914,506	25,194,324	23,564,275
105,974,938	100,004,008	134,690,626	117,377,395	101,890,449	84,075,103
12,061,154	8,595,313	11,992,819	4,900,592	3,620,012	5,693,957
47,899,756	44,292,064	13,885,577	10,101,032	2,593,201	14,378,119
103,105,310	88,394,211	81,846,383	72,516,720	65,895,952	61,977,264
103,105,310	88,394,211	81,846,383	72,516,720	65,895,952	61,977,264

2016	2015	2014	2013	2012	2011
15.09%	14.45%	15.97%	12.40%	15.71%	25.07%
2.55%	2.40%	2.61%	2.08%	2.72%	4.00%
92.52%	91.23%	93.54%	96.72%	99.16%	98.42%
7.48%	8.77%	6.46%	3.28%	0.84%	1.58%
23.67%	24.92%	20.32%	22.37%	23.41%	21.06%
60.65%	58.78%	58.42%	81.26%	54.30%	48.66%

10 Year Financial Statistical Review CONTINUED

Stock Unit Information (J$, unless otherwise stated)

	2020	RESTATED 2019	2018	2017
Earnings per stock unit(5)	**$8.01**	$12.30	$11.39	$7.76
Dividends paid per stock unit	**$1.90**	$3.40	$2.70	$2.70
Book value per stock unit	**$65.48**	$60.76	$53.00	$47.12
Closing share price at September 30 - Jamaica Stock Exchange (JSE) (*)	**$130.90**	$208.79	$124.52	$87.02
Closing share price at September 30 - Trinidad & Tobago Stock Exchange (TTSE) (**)	**TT$7.75**	TT$10.44	TT$5.73	TT$5.10
Price earnings ratio	**16.34**	16.97	10.93	11.21
Dividends paid [J$'000]	**4,680,465**	8,368,730	6,660,260	6,660,260
Dividend yield (payment date) [%]	**1.45%**	1.63%	2.17%	3.10%
Dividend payout ratio (payment date) [%]	**23.72%**	27.64%	23.71%	34.79%
Total annual shareholder return [%]	**(36.40%)**	70.41%	46.20%	115.93%

Asset Quality Ratios (%)

	2020	RESTATED 2019	2018	2017
Non-performing loans as a percentage of gross loans and advances (6)	**5.29%**	5.28%	4.84%	2.45%
Non-performing loans as a percentage of total assets	**1.37%**	1.41%	1.86%	0.78%
Non-performing loans as a percentage of equity attributable to stockholders' of the parent	**15.85%**	15.47%	14.01%	4.67%
Total provision for credit losses as a percentage of gross loans and advances	**3.98%**	3.04%	2.17%	1.66%

Consolidated Statement of Financial Position Ratios (%)

	2020	RESTATED 2019	2018	2017
Loans and advances, net of provision for credit losses, as a percentage of total assets	**25.16%**	26.18%	38.08%	31.51%
Investment securities as a percentage of total assets	**47.39%**	46.99%	39.80%	43.13%
Fixed and intangible assets as a percentage of total assets	**4.47%**	4.69%	2.62%	2.21%
Loans and advances, net of provision for credit losses, as a percentage of customer deposits	**78.92%**	83.84%	76.86%	75.79%
Equity attributable to stockholders' of the parent to total assets	**8.67%**	9.13%	13.29%	16.72%

Other Statistics

	2020	RESTATED 2019	2018	2017
JSE Index at September 30 (**)	**380,425.98**	516,042.91	358,320.11	262,729.14
JSE Index annual movement (Twelve months ended September 30) [%] (***)	**(26.28%)**	44.02%	36.38%	59.73%
Inflation Rate (Twelve months ended September 30) [%]	**4.84%**	3.36%	4.33%	4.61%
USD foreign exchange rate at September 30	**141.57**	134.14	134.06	129.20

5. Earnings per stock unit is calculated as net profit attributable to stockholders' of the parent divided by weighted average ordinary stock units for the relevant financial year.
6. Non-performing loans are loans as to which there have been no payments of principal or interest for 90 days or more.

2016	2015	2014	2013	2012	2011
$5.87	$5.00	$5.01	$3.49	$4.08	$5.64
$2.35	$2.31	$1.18	$1.11	$1.10	$1.36
$41.89	$35.91	$33.25	$29.46	$26.77	$25.18
$41.55	$27.72	$17.93	$18.80	$21.83	$27.30
TT$2.60	TT$1.63	TT$1.00	TT$1.13	TT$1.60	TT$2.09
7.08	5.54	3.58	5.39	5.35	4.84
5,796,893	5,698,222	2,910,780	2,738,107	2,713,439	3,354,797
5.66%	8.33%	6.58%	5.90%	5.04%	4.98%
40.03%	46.20%	23.55%	31.81%	26.96%	24.11%
58.37%	67.48%	1.65%	(8.80%)	(16.01%)	63.68%

3.14%	5.05%	5.37%	4.84%	7.14%	7.16%
0.99%	1.63%	1.74%	1.56%	2.18%	1.87%
5.86%	9.66%	10.62%	9.60%	12.55%	10.87%
1.97%	2.62%	3.03%	2.25%	4.12%	3.06%

31.11%	31.58%	31.57%	31.61%	29.49%	25.51%
45.37%	52.69%	52.90%	52.50%	55.52%	56.93%
1.96%	2.07%	1.96%	1.85%	1.68%	1.45%
69.01%	72.59%	77.97%	79.12%	68.68%	58.88%
16.97%	16.88%	16.39%	16.24%	17.37%	17.23%

164,482.25	96,324.59	72,238.36	84,500.20	87,188.38	91,731.84
70.76%	33.34%	(14.51%)	(3.08%)	(4.95%)	9.71%
1.83%	1.81%	9.03%	10.45%	6.65%	8.05%
127.93	118.70	112.53	103.23	89.72	86.12

* The comparative information for previous periods was reclassified, where required, to conform to the 2020 financial statements presentation format to enhance comparability.

** Source: Jamaica Stock Exchange Monthly Statistics Report.

*** Source: Trinidad & Tobago Stock Exchange Monthly Equity Summary Report.

Chairman's Message

We are accelerating our transformation to ensure we are well positioned for the future..."

My Fellow Shareholders,

> This financial year, we, along with the rest of the world, were forced to contend with the COVID-19 pandemic, which continues to be unprecedented in its global reach and impact.

I am extremely proud of the commendable financial performance recorded by the Group, and how as an organisation we have demonstrated resilience, particularly with the acceleration of digital initiatives and delivery of new solutions to meet the changing needs of our customers. I remain extremely optimistic about the future of the NCB Financial Group.

Optimism is a deliberate choice and mindset, and a fundamental source of fuel for anyone navigating a personal or professional challenge. Helen Keller also noted the importance of optimism, saying, "optimism is the faith that leads to achievement. Nothing can be done without hope and confidence."

The COVID-19 pandemic underscores the importance of adaptation, innovation, change and transformation. These principles have always been a part of our organisation as we evolved into a leading financial services Group in the Caribbean. As I contemplate the challenges that we face in the region, I am reminded that life is not linear; you have ups and downs. It's how you deal with the troughs that defines you. That said, there is not a period in history in which I would prefer to be alive. Like Albert Einstein, I embrace the present with the knowledge that, "in the middle of difficulty, there is opportunity. The bigger the difficulty, the bigger the opportunity." Opportunities allow us to overcome challenges, resulting in growth, resilience and strength.

I am encouraged by the opportunities that have been unearthed so far, some of which include:

- Young entrepreneurs have been taking advantage of digital technology to conduct e-commerce using mobile devices
- The acceleration of remote work produced a global marketplace for talent, allowing citizens in the countries that we serve to access jobs around the globe
- Streaming platforms presented an opportunity to expand our creative industry by allowing those with limited resources to produce content for global distribution.
- An increase in the volume of retailers establishing their presence online to be able to expand their reach to local and overseas-based customers.

We have also seen local entrepreneurs pivoting their business models. Local companies have started to produce masks and personal protective equipment, and offer sanitisation and delivery services. Each of these shifts creates an opportunity for us to serve our clients by providing the financial solutions that will enable them to capitalise on opportunities and pursue their dreams. Our role of being in the lives of our customers every step of the way remains unaltered.

I remain optimistic, and encourage you to do the same. This is the first step in building the resilience to withstand the ongoing uncertainty and disruption worldwide. We are accelerating our transformation to ensure we are well positioned for the future to meet the shifting and growing needs of our customers.

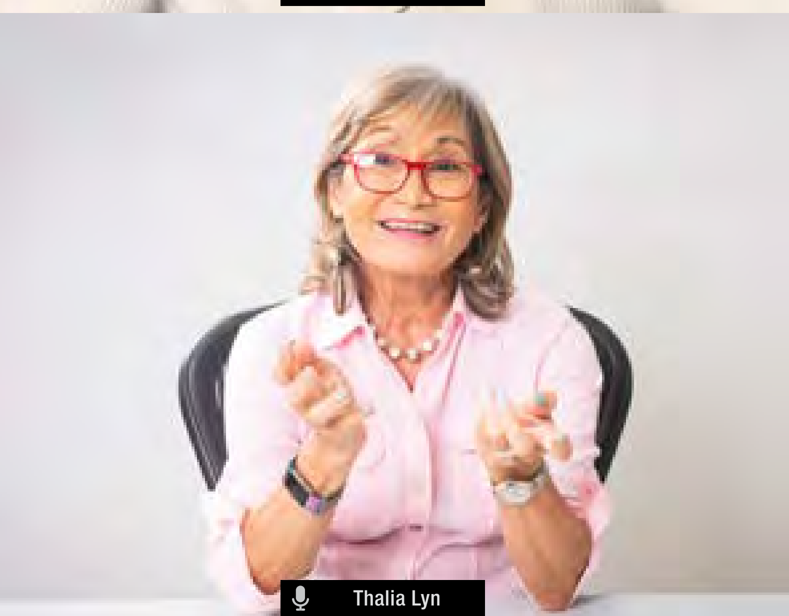
We remain committed to becoming a world-class Caribbean financial ecosystem by 2024, and will continue to focus on adding value in all that we do. We are deeply grateful for the opportunity to continue to serve each stakeholder, and we look forward to rising together above the challenges that are masking incredible opportunities.

On behalf of the Board, we thank our dedicated team, customers, partners and shareholders for your loyalty and support, which has contributed to the continued success of the Group.

Sincerely,

Michael Lee-Chin
Chairman

Board of Directors



You are viewing Michael Lee-Chin's screen

View Options

Our Board of Directors, in executing its role, applies sound corporate governance which is vital to the activities of NCB Financial Group Limited (NCBFG) and its subsidiaries (the Group).

Share Screen

Chat

Record

Reactions

Leave Meeting

ACCELERATE

Board of Directors CONTINUED

HON. MICHAEL LEE-CHIN
OJ, HON. LL.D., B.ENG
Chairman

Although his humble roots were planted in Port Antonio, Jamaica in 1951, Michael has since flourished into a world-renowned entrepreneur, businessman and philanthropist. Formally educated in Civil Engineering at McMaster University in Canada, his professional career is a study in diversity, with interests and achievements that span various industries, sectors and countries.

He is known to be bold and visionary in his entrepreneurial pursuits, and credits his successful 'Buy, Hold and Prosper' philosophy to a couple of the greats – Warren Buffett and Benjamin Graham. Michael's most noteworthy achievements include being a father of five, being bestowed with the Order of Jamaica, and being appointed to the Order of Ontario.

Michael sits on various boards in Canada and throughout the Caribbean and serves on the Boards of NCBJ and GHL. He is also the President and Chairman of Portland Holdings, a privately-held investment company in Canada and chairs Jamaica's Economic Growth Council.

Chairman of the Board

Non-Executive Director

Appointment Date - NCBFG:
February 23, 2017

Length of Directorship - NCBJ:
18 years

HON. PATRICK HYLTON
OJ. CD, HON. LL.D., A.C.I.B., BBA
President & Group Chief Executive Officer

Patrick was born and raised in rural Clarendon, Jamaica. With more than three decades of experience in Banking and Finance, Patrick's bold and fearless leadership and achievements have earned him international prominence as an expert in the field. He is an avid reader with an affinity for aphorisms, and finds it nearly impossible to pick just one favourite book, or quote.

Today, Patrick is chairman of NCBJ, NCB Capital Markets Limited, Guardian Holdings Limited and Clarien Bank Limited, and also sits on the board of directors for Clarien Group Limited, and several of NCBFG's subsidiaries including NCB (Cayman) Limited, NCB Insurance Agency & Fund Managers Limited and NCB Capital Markets (Cayman) Limited as well as Massy Holdings (Trinidad). In the mid-1990s, he was appointed by the Government of Jamaica to lead the restructuring of the Jamaican financial sector – a project that earned him the national award of the Order of Distinction (Commander Class) in 2002. In October 2020, he was also conferred with the Order of Jamaica for distinguished contribution to the Financial Sector and Philanthropy.

Executive Director

Appointment Date - NCBFG:
April 26, 2016

Length of Directorship - NCBJ:
17 years

DENNIS COHEN
FCA, FCCA, B.SC.
Group Chief Financial Officer & Deputy Chief Executive Officer

Dennis provides leadership and oversight for the Group's financial planning and reporting, investor relations and several key business segments. He started his professional career at PriceWaterhouseCoopers before joining Citibank, where he served in a number of roles including Country Treasurer.

He joined NCB in 2004, and has served in several key roles within the Group, including CEO of NCB Capital Markets Limited. He is the Chairman of NCB Insurance Agency and Fund Managers Limited, NCB (Cayman) Limited, NCB Capital Markets (Cayman) Limited, and NCB Trust Company (Cayman). He also serves as director of NCB Capital Markets Limited, Guardian Holdings Limited, Guardian Life of the Caribbean, Guardian General Insurance Limited (Trinidad), Clarien Bank Limited (Bermuda) and West Indies Trust Company Limited.

He is a member at the Institute of Chartered Accountants of Jamaica (ICAJ), and a fellow of the Association of Chartered Certified Accountants (ACCA).

Executive Director

Appointment Date - NCBFG:
April 26, 2016

Length of Directorship - NCBJ:
14 years

PROFESSOR ALVIN G. WINT
CD, D.B.A, M.B.A., B.SC

Alvin is an Emeritus Professor of International Business at the University of the West Indies. He holds a Doctorate of Business Administration in the field of International Business from Harvard University and has published extensively and advised national governments and multilateral institutions in the area of international investment policy.

Alvin chairs the Audit & Group Risk Committees of NCBFG. Alvin serves on the Boards of the several of NCBFG's subsidiaries including National Commercial Bank Jamaica Limited, NCB (Cayman) Limited, NCB Capital Markets Limited, NCB Capital Markets (Cayman) Limited, NCB Insurance Agency & Fund Managers Limited and NCB Trust Company (Cayman) Limited. He also serves on Jamaica's National Partnership Council and Jamaica's National Competitiveness Council and as a Director of Jamaica Producers Group and the Caribbean Policy Research Institute.

Lead Independent Director

Non-Executive Director

Appointment Date - NCBFG:
February 23, 2017

Length of Directorship - NCBJ:
18 years

SANDRA GLASGOW
MBA, B.SC.

Sandra is the Founder & Managing Director of BizTactics Limited and a Co-Founder of Jamaica's first Angel Investor Network - First AngelsJA. An astute businesswoman, she holds a Master's Degree in Business Administration and a B.Sc. in Marine Biology and was Jamaica's Eisenhower Fellow in 2000. In January 2020 she was appointed a Senator representing Jamaica in the World Business Angels Investment Forum.

Sandra also serves as a director of NCBJ and chairs the NCBFG Corporate Governance & Nomination Committee. She serves as a director of Medical Disposables and Supplies Limited, Multicare Youth Foundation Limited, DRT Communications Limited, SiFi Studios Jamaica Limited and Stanley Motta Limited. She also chairs the Board of the National Crime Prevention Fund (Crime Stop) and is Chairman and Trustee of the SMART Retirement Plan as well a Trustee of the NCB Pension Funds.

Non-Executive Independent Director

Appointment Date - NCBFG:
April 26, 2016

Length of Directorship - NCBJ:
18 years

THALIA LYN
OD, J.P., LL.D., B.A. (Hons.)

Thalia is one of Jamaica's top entrepreneurs, sitting at the helm of Island Grill - a leading multibillion-dollar fast food chain with outlets right across Jamaica and Barbados. She is also a philanthropist, and one of Jamaica's most passionate advocates for gender equality and persons with disabilities.

She is Chairman of the N.C.B. Foundation; a Trustee of the NCB Pension Funds; CEO of Island Catering and Island Grill Holdings; Patron of UWI/CB 5K Fundraiser; Director of the Mustard Seed Communities, Port Royal Patties (UK), Oracabessa Foundation and Devon House Development. She is also the Honorary Consul General of Thailand, the second woman inducted into the PSOJ Hall of Fame, and was conferred with an Honorary Doctor of Laws degree (LL. D) by the University of the West Indies. She has also been conferred with national honours by Jamaica and the Kingdom of Thailand.

Non-Executive Independent Director

Appointment Date - NCBFG:
February 23, 2017

Length of Directorship - NCBJ:
18 years

ROBERT ALMEIDA
B.COMM., CPA, CA

Robert is a Founding Partner of Portland Private Equity, and Managing Partner of the AIC Caribbean Fund and Portland Caribbean Fund II. He is a Director, Senior Vice President and Portfolio Manager at Portland Investment Counsel Inc. (Canada) and serves on the boards of several Portland group portfolio companies.

Robert has over 30 years experience as an Investor & Business Executive. In addition to his CA designation, Robert holds a Bachelor of Commerce Degree with High Distinction from the University of Toronto. He currently serves on the Boards of NCBJ, GHL, Clarien Group Limited, Clarien Bank Limited and Clarien Investments Limited.

Non-Executive Non-Independent Director

Appointment Date - NCBFG:
February 23, 2017

Length of Directorship - NCBJ:
12 years

SANYA M. GOFFE
LL.B (Hons.)

Sanya is a mother, wife, partner of the law firm Hart Muirhead Fatta, and was most recently named a 2020 Eisenhower Fellow. She serves as a director of Jamaica Producers Group Limited, Chairperson of Stratus Alternative Funds SCC, and President of the Pension Industry Association of Jamaica. She also serves as a member of the Jamaican Bar Association's Commercial Law, Intellectual Property Law and Publications Committees, is a member of the UK Association of Pension Lawyers, and the International Pension and Employee Benefits Lawyers Association. She is also co-founder of the Adult Learning Centres of Jamaica.

Non-Executive Independent Director

Appointment Date - NCBFG:
April 26, 2016

Length of Directorship - NCBJ:
9 years

ADRIAN LEE-CHIN
CFA, B.A. (ECON.)

Adrian has garnered over two decades of diversified experience in business, ranging from marketing fulfilment and customer support, to investment analysis and business management. An alumnus of Harvard Business School's Program for Leadership Development, Adrian also holds a Bachelor of Arts degree with a Major in Economics from the University of Western Ontario, and holds the Chartered Financial Analyst designation. A firm believer in continuous learning, Adrian is currently teaching himself how to code.

Non-Executive Non-Independent Director

Appointment Date - NCBFG:
July 29, 2020

Length of Directorship - NCBJ:
2 months (as at September 30, 2020)

See the complete profiles for the Directors at www.myncb.com

Corporate Governance Statement

Corporate governance standards are continually evolving with the rapidly changing business landscape in order to remain aligned with the shift in the priorities of many stakeholders, including shareholders, customers, employees, regulators and the wider society.

The Board of NCB Financial Group Limited ("NCBFG" or "the Company") continues to be committed to maintaining and promoting high standards of corporate governance, as we believe this is critical to the resilience and sustainability of the Group thereby contributing to the long-term value creation for shareholders and other stakeholders. In this regard, our corporate governance framework is designed to ensure the appropriate oversight and monitoring required in order to maintain the trust of customers, shareholders and employees.

During this past year, we set an aspiration to become a world-class Caribbean financial ecosystem by the year 2024. In pursuit of this, as a Board, we improved on our governance processes. We have placed a focus on collaboration across NCBFG and its subsidiaries ("the Group) and strengthening governance in our subsidiary companies. A Group reporting framework was reviewed by the Corporate Governance Committee and Nomination Committees of NCBFG and its major subsidiaries and recommended for Board approval. The Framework is available on our website, www.myncb.com under "Corporate Governance".

NCBFG Board Framework

www.myncb.com/NCBFinancialGroup/media/NCB-Financial-Group/Main-Librarie/NCB-Group-Reporting-Framework-Boards-and-Committees-approved-by-BoD-12Nov2020.pdf

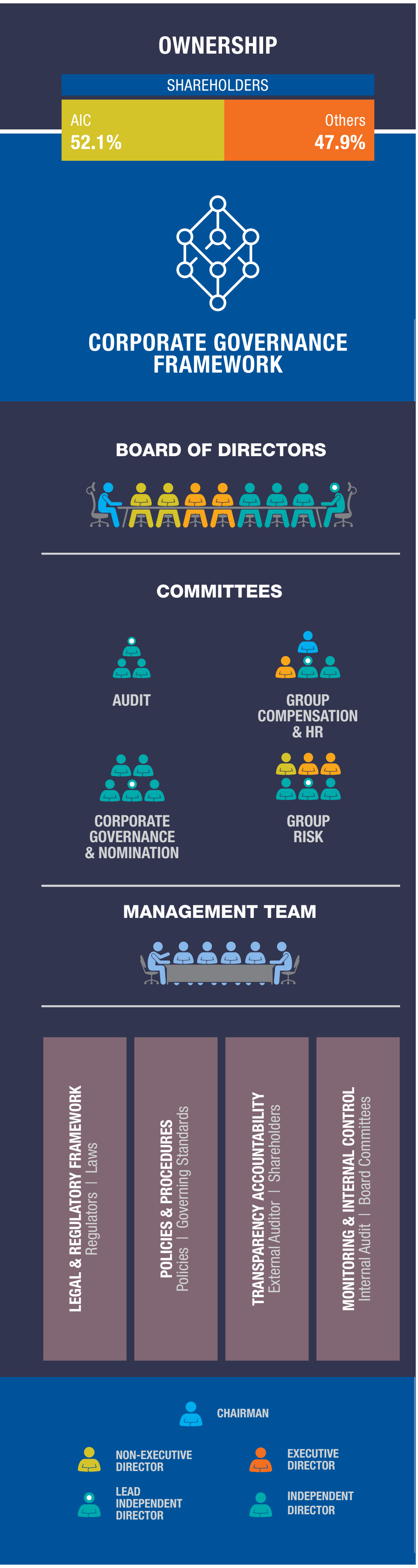
IMPACT OF COVID-19

The onset of the COVID-19 pandemic presented unique and profound challenges, which required that as a Board we operate with a higher degree of focus and agility in providing oversight of the short and long term prospects of the business.

With this new paradigm, the Board ensured that directors had regular and sustained dialogue with Management on both the business risks and the workplace health and safety issues posed by COVID-19. Through regular written updates, Management kept the NCBFG and subsidiary Boards abreast of the risk-mitigation plans and protocols as well as adjustments that became necessary to address changing local developments. The Board was clear in its instructions to Management as to its expectations regarding Management's responsibility to keep the Board informed about the infection rate amongst employees and the efficacy of the protocols put in place to protect employees, customers and service providers against the virus and the impact of government-imposed restrictions on the business.

During the financial year, the Board's Group Risk Committee also reviewed the updated Business Continuity Plans and recommended it for Board approval. The overall plan and sub-plans were updated to address pandemic situations, including matters such as employee availability, functionality of IT systems, cyber security, communication protocols and legal/regulatory compliance. Due to the unique nature of COVID-19, the Board, as part of its ongoing monitoring and oversight responsibilities, discussed with Management the efficacy of the overall plan to deal with new issues as they arise.

COVID-19 also brought into sharp focus the likely longer-term implications for our corporate strategies. In response to the changing environment, the Board enhanced its discussion of strategies to ensure the long-term viability of our business and considered the development and use of more innovation and technology to enhance the delivery of our services to our customers and new ways of working, e.g. remote working. We also focusswwed on improved organisational health, growth through acquisitions and/or disposal of non-core assets or businesses, explored lower cost financing structures, and began evaluating the use of our real estate assets.



KEY ACTIVITIES OF THE BOARD

During the 2020 Financial Year ("FY") some of the key activities undertaken to enhance our corporate governance and leadership practices included:

- Receiving presentations from the Heads of Guardian Holdings Limited and Clarien Bank Limited on the operations of their companies and subsidiaries.
- Reviewing the structure of boards and leadership teams within the context of becoming a multinational group following the acquisition of a majority interest in Guardian Holdings Limited in May 2019.
- Approving a stand-alone Anti-Bribery & Corruption Policy ("ABC") for adoption by all the entities in the NCB Financial Group to the extent that those subsidiaries do not have their own ABC Policies. The policy is applicable to all persons working for NCBFG or on behalf of NCBFG in any capacity. Further details appear in the section "Other Key Governance Policies".
- Approving revisions to the Corporate Social Responsibility Policy.
- Reviewing requests for approval in respect of Executives and/ or Senior Managers within the Group acquiring or participating in business interests outside of the Group, accepting appointments to the Boards of corporations, Government agencies, schools and political committees or councils or the holding of elected political office.
- Reviewing the results of Board Evaluations conducted, and agreeing resulting actions. Further details are provided in Board Performance Evaluations.
- Reviewing results of Organisational Health Index Survey administered by a leading global consulting firm and action plans from Management to improve those results.
- Receiving reports, and engaging Management, on the impact of COVID-19 on the Group as a whole. A COVID-19 Task Force was operationalised in March 2020 arising out of a recommendation of the Crisis Management Committee formed in accordance with the NCBFG Business Continuity Policy. Additionally, special meetings were convened across the Group to review the impact of COVID-19.
- Activities undertaken to leverage synergies and connections between businesses; one such activity being the streamlining of the insurance business offered between subsidiaries, NCB Insurance Agency & Fund Managers (formerly known as NCB Insurance Company Limited) and Guardian Life Limited.

Corporate Governance Statement CONTINUED

ROLE, STRUCTURE AND COMPOSITION OF THE BOARD

The principal role of the Board is to oversee the implementation of the Group's strategic initiatives and its functioning within the agreed framework, in accordance with relevant statutory and regulatory structures.

The Board ensures the adequacy of financial and operational systems and internal control, as well as the implementation of corporate ethics and the code of conduct. The Board Charter is available on the NCBFG website at www.myncb.com.

NCBFG Board Charter

www.myncb.com/NCBFinancialGroup/media/NCB-Financial-Group/Policies/NCBFG-Board-Charter-Revised-November-2018.pdf

COMPOSITION OF THE BOARD

The Board's composition is guided by the Articles of Incorporation of NCBFG and reflects a mix of diversity, independence, skills and expertise, to facilitate objectivity in decision making, with high levels of professional skills and appropriate personal qualities being prerequisites for directorships. As at September 30, 2020, the Board comprised nine directors. This includes seven non-executive directors (four of whom are considered to be independent) and two executive directors, being the President and Group CEO and the Group CFO and Deputy CEO. The roles of the Chairman and Chief Executive Officer are carried out by separate individuals.

Changes during the year included the retirement of Oliver Mitchell Jr. at the last Annual General Meeting ("AGM") held on January 31, 2020, and the appointment of Adrian Lee-Chin effective July 29, 2020.

'Executive directors', 'non-executive directors' and 'independent directors' have been defined as (save where otherwise defined from time to time by the Group's regulators):

- **Executive Director** – employed to the company and is normally responsible for aspects of the entity's day-to-day operations.
- **Non-Executive Director** – A director who is not an executive director.
- **Independent Director** - A director who:
  - **a)** is free of any interest, position, association or relationship that might influence or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgment to bear on issues before the board and to act in the best interest of the entity and its shareholders generally;
  - **b)** does not represent a substantial shareholding of NCBFG;
  - **c)** is not a close relative of a significant shareholder of NCBFG; and
  - **d)** does not have an employment relationship with NCBFG or its parent companies.

These definitions are generally consistent with those outlined in The PSOJ's Corporate Governance Code.

Role of the Chairman

Our Chairman, Hon. Michael Lee-Chin, O.J., is responsible for the leadership and effectiveness of the Board. He has the requisite skills and experience in a broad portfolio of industries and organisations, including financial services, hospitality, real estate, and health care to lead this expanding Group. The Chairman also represents NCBFG to shareholders and the wider community and although, as the controlling shareholder of NCBFG, he is not an independent director in accordance with our defined criteria, the Board believes that neither his significant interest in NCBFG nor his positions held outside NCBFG impair his ability to fulfil his duties to the Board and Group.

BOARD SKILLS & EXPERIENCE

	Corporate governance	Strategy	Global perspective	Information technology/ cybersecurity	Financial expertise	Financial literacy	Listed company experience	Human resources and compensation	Legal skills & expertise	Stakeholder engagement	Leadership	Financial services	Risk management
Robert Almeida	●	●	●	○	●	●	●	●	○	●	●	●	●
Dennis Cohen	●	●	●	●	●	●	●	●	○	●	●	●	●
Sandra Glasgow	●	●	○	○	○	●	●	●	○	●	●	○	●
Patrick Hylton	●	●	●	●	●	●	●	●	○	●	●	●	●
Michael Lee-Chin	●	●	●	○	●	●	●	●	○	●	●	●	○
Sanya Goffe	●	○	○	○	○	●	●	○	●	●	○	○	●
Thalia Lyn	●	●	○	○	○	●	●	●	○	●	●	●	●
Alvin Wint	●	●	●	○	●	●	●	●	○	●	○	●	●
Adrian Lee-Chin	●	●	●	●	●	●	○	●	○	●	●	○	●
Total	9	8	6	3	6	9	8	8	1	9	7	6	8
%GE	100%	89%	67%	33%	67%	100%	89%	89%	11%	100%	78%	67%	89%

// **Strategy:** Demonstrated experience in developing, implementing and delivering strategic objectives. // **Global Perspective:** Having a global perspective through exposure or responsibility for international operations. // **Information Technology/Cybersecurity:** Experience in IT Governance/technology strategies and innovation &/or cybersecurity. // **Financial Expertise:** Experience in financial accounting and reporting, capital management and/or actuarial expertise. // **Financial literacy:** Ability to analyse and interpret financial statements. // **Listed Company Experience:** Minimum of 1 year's experience as a non-executive director with a listed company. // **Legal Skills & Expertise:** Proven ability and understanding in the application of legal principles. // **Stakeholder Engagement:** Demonstrated ability to build and maintain key relationships with industry, government and regulators. // **Leadership:** C-level experience (with large company). // **Financial Services:** Local or international experience in banking, insurance and/or securities industries. // **Risk Management:** Proven ability in identifying, assessing and managing macro, strategic, operational and financial risks.

Role of the President and Group Chief Executive Officer

The President and Group Chief Executive Officer, Hon. Patrick Hylton, O.J., C.D., has responsibility for overall management of the Group. Mr Hylton also chairs the Boards of National Commercial Bank Jamaica Limited, NCB Capital Markets Limited, Guardian Holdings Limited and Clarien Bank Limited.

Role of the Corporate Secretary

The Board has appointed Mr Dave Garcia as the Group Corporate Secretary. The appointment and removal of a Corporate Secretary is subject to the approval of the Board.

The Board requires that the Corporate Secretary is suitably qualified and capable of performing the duties of the position. The Corporate Secretary ensures that appropriate and timely information is provided to the Board and its committees and is responsible for advising and supporting the Chairman and Board on all governance matters. All Directors have access to the Corporate Secretary.

INDEPENDENCE

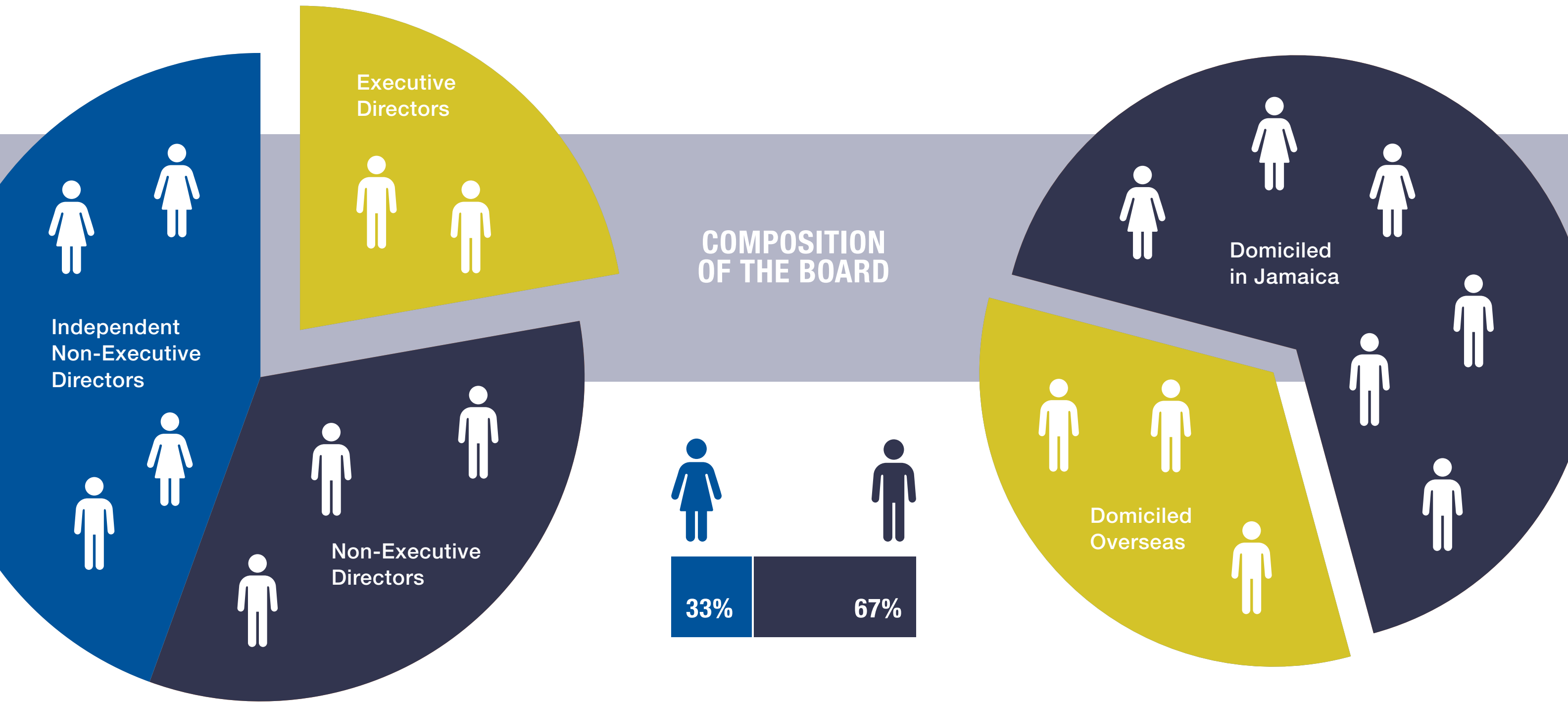
One of the responsibilities of the Board is to identify which directors meet the criteria for independence on an annual basis. The activities in relation to the annual review of independence have been delegated to the Corporate Governance and Nomination Committee.

The PSOJ's Corporate Governance Code & The Trinidad & Tobago Corporate Governance Code recommend that where a Chairman is not an Independent Non-Executive Director, the Board should appoint a Lead Independent Director.

Prof. Alvin Wint, C.D., an independent non-executive director, was appointed as the Lead Independent Director by the Board in 2017. The responsibilities of the Lead Independent Director include the following:

- Chairing meetings of the Board where the Board Chairman is absent;
- Chairing meetings of the Independent Directors, guided by the framework set out in the Board Charter (the Board Charter may be viewed on our website under Corporate Governance);

Corporate Governance Statement CONTINUED



- Being available, as needed, for consultation with shareholders and other stakeholders; and
- Serving as a liaison between the independent directors and the Chairman, and the independent directors and the executive directors, as needed.

The directors deemed by the Board to be independent are:

- Professor Alvin Wint, C.D. (Lead Independent Director)
- Sandra A. C. Glasgow
- Thalia Lyn, O.D, J.P.
- Sanya M. Goffe

These Directors continue to make independent contributions and effectively challenge management. The details of their qualifications and tenure are provided on pages 30 and 33.

Directors are required to notify the Board of any changes in status which will affect their independence, and once so notified, the Board will give consideration to how this may affect its functioning.

Meetings of Independent Directors

To facilitate free and open communication among independent directors, meetings may be held at which only independent directors are present, except as may otherwise be determined by the independent directors themselves. These meetings are chaired by the Lead Independent Director or, in his absence, another independent director elected by the others present.

The objectives of these meetings are:

- To assess the extent to which directors are able to provide an independent perspective on Board deliberations;
- To assess the extent of their independence from the controlling shareholder and from Management;
- To assess the quality, quantity and timeliness of the flow of information between the Company's management and the Board that is necessary for the Board to effectively and reasonably perform its duties.
- To carry out such other purposes as may from time to time be agreed.

The Corporate Secretary (as a member of Management) does not attend the meeting, nor does any other employee of the Company. The Lead Independent Director reports on the outcome of each meeting at the next regular Board meeting, orally or in writing. If an oral report is given, any material feedback is captured in the minutes. Action items are identified and carried out accordingly.

Meetings of the Independent Directors should occur at least twice per year. Meetings were held during the financial year.

Access to Independent Professional Assistance

Directors are entitled to obtain independent professional advice relating to the affairs of the Group or to their individual responsibilities as Directors, subject to approval of the fee by the Board if the Group is to pay it.

BOARD REMUNERATION

The remuneration of NCBFG's Executives and Board Members is based on the premise that it should be sufficient to attract, retain and motivate suitably qualified and experienced persons required to drive the business in achieving its strategic objectives.

Executive Directors and Non-Independent Directors do not receive remuneration for directorships held in NCB Financial Group Limited or its subsidiaries whilst remuneration for Independent Non-Executive Directors is approved by shareholders at Annual General Meetings.

There is a Non-Executive Directors' Remuneration Committee comprising those Directors who do not receive fees as Non-Executive Directors and chaired by the Board Chairman. That Committee meets as needed to review fees payable to Independent Non-Executive Directors. Factors that are considered when determining remuneration for Independent Non-Executive Directors include:

- Setting appropriate amounts that do not interfere with judgment and independence
- Size, risks and complexity of operations of the Group
- Time commitment required
- External market factors.

There is no direct link between Independent Non-Executive Directors' remuneration and the annual financial results of the Group and/or its subsidiaries; and there is no requirement for share qualification.

Remuneration includes a retainer for the year and a fee for each Board and Committee meeting attended. The fee structure payable during the FY consists of the following:

- A retainer for the Chairman of $2,666,667 per annum (not actually paid) and a retainer for other Board members of $1,125,005 per annum;
- Directors who chair the Audit, Corporate Governance and Nomination and the Group Risk Committees receive instead a retainer of $1,968,760 per annum. The Lead Independent Director, however, receives a retainer of $2,000,000 per annum;
- A fee payable to directors of $83,333 per Board meeting and $66,667 for each Committee meeting attended.

BOARD APPOINTMENT AND RENEWAL PROCESS

The Board recognises that it derives its strength from the diversity, independence, skills and expertise of its members. It has delegated the screening and selection of candidates to the Corporate Governance & Nomination Committee, which consists exclusively of independent directors.

The Committee's screening and selection process includes:

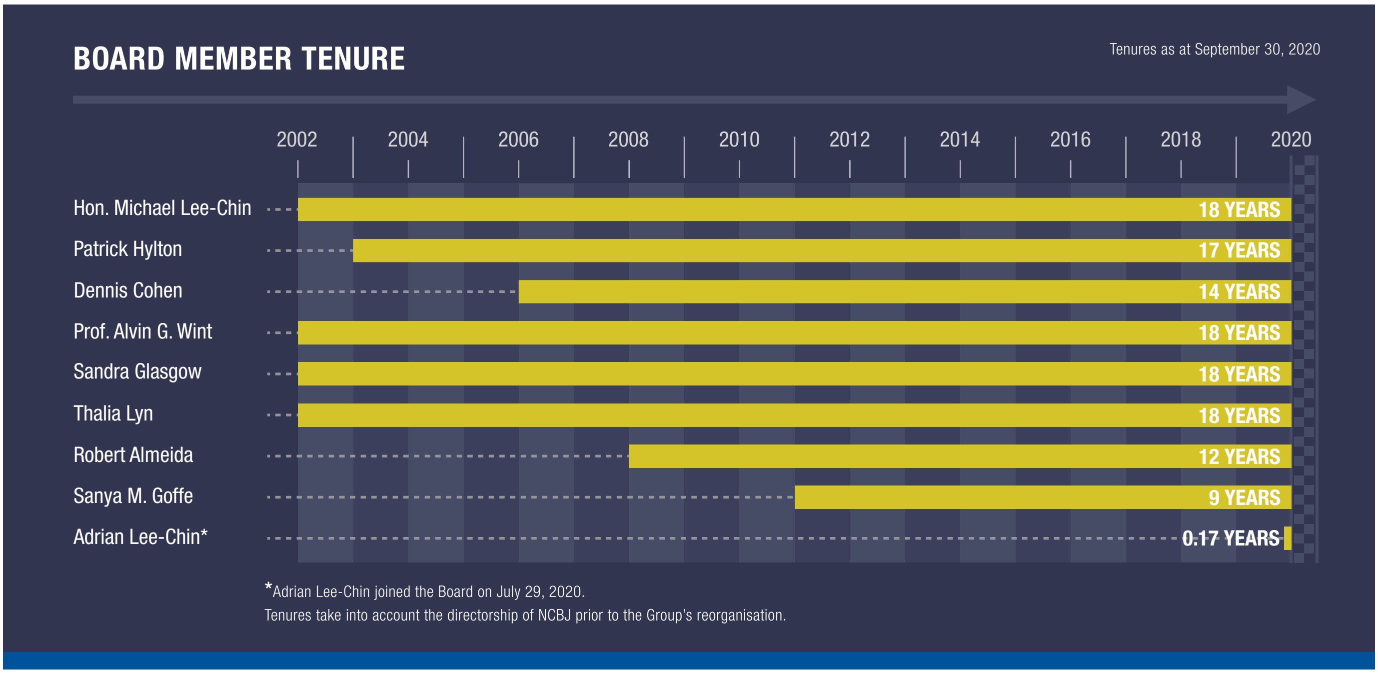
- Recruiting to the candidate profile, determining where the priorities lie.
- Making initial contact with potential candidates to confirm their interest and suitability.
- Reviewing the final slate of candidates in order to prioritise the choices and referring to the Board for discussion after consultation on the prioritised list with the Board Chair and the President and Group Chief Executive Officer.
- Making contact with the preferred candidate(s) to confirm his/her/their willingness, and to outline to him/her/them the remaining process (in particular, regulatory approval process in and outside Jamaica), and to arrange interviews based on the agreed framework.

FEES PAID FOR THE FINANCIAL YEAR 2020

(after any withholding taxes) are set out below:

Director	Q/E DEC 2019	Q/E MAR 2020	Q/E JUN 2020	Q/E SEP 2020	Total
Sandra Glasgow	681,624.26	694,142.00	494,142.00	494,142.00	2,364,050.26
Sanya Goffe	473,438.26	435,938.00	335,938.00	335,938.00	1,581,252.26
Thalia Lyn	273,438.25	385,938.00	385,938.00	385,938.00	1,431,252.25
Alvin Wint	687,499.76	699,999.50	499,999.50	499,999.50	2,387,498.26
Oliver Mitchell Jr	364,584.33	93,750.44	-	-	458,334.77

Corporate Governance Statement CONTINUED



- Conducting comprehensive background checks on the identified candidate. Law enforcement clearance reports will be obtained at this stage.
- Presenting a draft report by the Chair of the interview panel to the Committee for discussion and modification, before it is presented to the Board. The draft report takes into account the candidate's resume, background check findings and results of the interview process, as well as any other factors.
- The Board considering and, if thought fit, approving the appointment subject to regulatory approval/non-objection.

Pursuant to the Articles of Incorporation of NCBFG, all Non-Executive Directors must retire at least once every three years but shall be eligible for re-election, if recommended by the Board, for a further three-year period.

BOARD COMMITTEES

To assist in exercising its responsibilities, the Board has established four committees, three of which are chaired by Independent Non-Executive Directors:

- Audit Committee (chaired by Prof. Alvin Wint, C.D.)
- Group Compensation & HR Committee (chaired by Hon. Michael Lee-Chin, O.J.)
- Corporate Governance & Nominations Committee (chaired by Mrs Sandra Glasgow)
- Group Risk Committee (chaired by Prof. Alvin Wint, C.D.)

Each committee has a board-approved charter, which sets out the purpose, authority and responsibilities of the committee. Each charter is available on the NCBFG website under https://www.myncb.com/corporategovernance.

Group Compensation & HR Committee

The purpose of the Compensation and Human Resource Committee is to support Board oversight of:

- The Group's compensation principles and practices.
- The review of the relationship among risk, risk management, and compensation in the light of the Group's objectives, including its safety and soundness and the avoidance of practices that would encourage excessive or unnecessary risk-taking.
- Succession management for the senior officers in the Group and general human resource issues.
- Recruitment and retention of talent.

The main activities undertaken by the Committee during FY2020:

- Reviewed the Compensation and Human Resource Committee Charter

BOARD COMMITTEE MEMBERSHIP

Committee	Members
Group Compensation & HR Committee	Hon. Michael Lee-Chin, OJ (Chair), Hon. Patrick Hylton, OJ, CD, Sandra Glasgow and Alvin Wint, CD
Corporate Governance & Nomination Committee	Sandra Glasgow (Chair), Alvin Wint, CD, Sanya Goffe and Thalia Lyn, OD
Group Risk Committee	Alvin Wint, CD (Chair), Sandra Glasgow, Sanya Goffe, Robert Almeida, Hon. Patrick Hylton, OJ, CD and Dennis Cohen
Audit Committee	Alvin Wint, CD (Chair), Sandra Glasgow and Sanya Goffe

- Reviewed the Group's organisational restructuring
- Reviewed the succession management strategy and recommended Board approval
- Reviewed salary increases for Executives, Senior Managers & Executive Secretaries
- Reviewed recommendation for Incentive Payments
- Reviewed recommendations for promotions among the Executive Management Group
- Reviewed Human Resources policies namely: Staff Loan Policy, Paternity Leave Policy and Remote Work Policy. The Paternity Leave Policy is still undergoing the approval process
- Discussed and approved the Group Human Resources & Facilities Division's proposed approach to negotiating annual increases to NCBJ and its subsidiaries' salaries and allowances for the two-year period, October 1, 2020 - September 30, 2022.

Corporate Governance & Nominations Committee

The purpose of the Corporate Governance & Nominations Committee is to assist the Board of NCBFG in ensuring that its composition, structure, policies and processes meet all relevant legal and regulatory requirements, to strive to achieve global corporate governance best practice standards and to facilitate the Board and management's objective of increasing the long-term value of the Group.

The main activities undertaken by the Committee during FY2020:

- Reviewed the policy and procedure framework of NCBFG and its major subsidiaries in order to ensure that policies remain up-to-date
- Reviewed the Corporate Governance & Nomination Committee Charter and Group Reporting Framework for Boards and Committees as well as the NCBFG Corporate Social Responsibility Policy
- Reviewed Candidates for the Board and discussed the candidate identification process
- Reviewed the results of the externally facilitated Board Effectiveness Survey and discussed actions to improve the effectiveness of the Board
- Reviewed the Proposed Board and Committee Evaluation framework for subsidiaries
- Reviewed the independence status of existing Directors
- Reviewed a gap analysis relating to the Jamaica Stock Exchange Corporate Governance Index and considered an action plan to address gaps
- Reviewed the Board Committee & Peer Evaluation Process for NCBFG and its subsidiaries
- Reviewed and recommended the NCB Group Reporting Framework for Board approval. This framework supports the objective for integrating the governance, and in particular the reporting relationships at the Board and Committee levels within the Group.

Corporate Governance Statement CONTINUED

Group Risk Committee

The purpose of the Group Risk Committee is to assist the Board in fulfilling its responsibility with respect to oversight of the Group's risk management framework including the risk appetite, and the policies and major procedures related to managing credit, market, liquidity, capital, operational and certain other risks as determined from time to time. The Committee also plays a role in the decision-making process around significant risks that are to be undertaken by the Group.

During the year, the responsibility to obtain updates regarding fraud, legal and compliance matters, except those affecting financial statements, shifted from the Audit Committee to the Risk Committee and the Committee Charters were updated accordingly.

The main activities undertaken by the Committee during FY2020:

- Reviewed the revised Group Risk Committee Charter
- Received reports on the Group's operational risk profile to include an examination of the Group's information security posture and potential events such as fraud and systems failures, which could give rise to losses and impact the organisation's reputational risk
- Reviewed the Anti-Bribery & Corruption Policy, which was recommended for Board approval
- Reviewed the Business Continuity Policy, which saw the inclusion of a scenario for a pandemic
- Reviewed credit, market and liquidity risks, which are associated with and/or emanate from the Group's loan and investment portfolios
- Examined the risk governance framework and reviewed a number of risk related policies, including the Outsourcing Policy. The proposed revisions to the Outsourcing Policy were recommended for approval by the Board of Directors
- Focussed on IT Security Risks, including cybersecurity, cyber-security attacks, data safety and security given the need to ensure the Group is well placed to meet the risks and external threats in this area. The Committee reviewed and recommended the revised Information Security Policy for approval by the Board of Directors
- Focussed on the possible impact of COVID-19 on the Group, including reviewing a comprehensive Enterprise Scenario Analysis and Risk Mitigation presentation
- Reviewed a report on the post-implementation of the upgraded core banking software used by NCBJ.

Exposure to Environmental, Social and Governance Risks

NCB is committed to conducting business in an environmentally and socially responsible manner. This is consistent with the NCB Group's good corporate governance and good citizenship principles aimed at assisting in the achievement of prosperous economies in the countries in which the Group operates. Accordingly, when financing development projects, assessment is conducted around environmental, social and governance risk issues. NCB's Credit Risk Policy Manual sets out how these issues are considered in financing decision-making.

Audit Committee

The purpose of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities for the financial and operational reporting processes, risk management, the system of internal controls, the audit process, and the Group's processes for monitoring compliance with laws and regulations and the code of conduct.

Meetings are generally held a week prior to Board meetings and meeting packs are circulated in advance of the meetings. Meeting packs also include minutes of Audit Committee meetings held for the larger subsidiaries within the Group. Representatives of the External Auditors, Pricewaterhouse Coopers, are invitees for all Audit Committee meetings within the Group.

During the FY 2020, the responsibility for obtaining updates on fraud, legal and compliance matters, except those affecting financial statements, was shifted from the Audit Committee to the Risk Committee and the Committee Charters were updated accordingly.

The main activities undertaken by the Committee during FY2020:

- Reviewed quarterly unaudited financial statements and Stock Exchange releases with the Group CFO and Deputy CEO, the Group Chief Audit Executive and the External Auditor and recommended approval of their release by the Board, giving due consideration to whether they were complete and consistent with the information known to Committee members
- Reviewed changes in International Financial Reporting Standards in order to develop a full understanding of their likely impact on the financial statements
- Reviewed the External Auditor's proposed audit strategy, scope and fees for the audit of the year-end financial statements
- Pre-approved all non-audit related services provided by the External Auditor to companies within the Group
- Reviewed reports from the Group Internal Audit Division on the Group's risk management and internal control environment, noting significant audit findings and management's action plans for resolution
- Reviewed reports from the Fraud Prevention Unit on frauds, forgeries and other irregularities in respect of investigations undertaken (reporting shifted to the Group Risk Committee during the course of the FY)
- Reviewed reports from the Group Legal and Compliance Division on regulatory compliance, breaches and remediation and the management of legal risk (reporting shifted to the Group Risk Committee during the course of the FY)
- Reviewed all relevant related party transactions to ensure they were in compliance with the policy on Related Party Transactions
- Submitted a quarterly report to the Board, in writing, from the Audit Committee Chairman on matters reviewed and discussed by the Committee
- Participated in annual training session arranged for Audit Committee members
- Held separate private sessions with the External Auditor (without the Group Chief Financial Officer, Group Chief Audit Executive and Corporate Secretary being present) and the Group Chief Audit Executive (without management being present)
- Reviewed Statements of Confirmation of execution of charter responsibilities to Subsidiary Audit Committees
- Reviewed and recommended revisions to the Audit Committee Charter and reviewed and approved revisions to the Internal Audit Charter.

External Auditor

PricewaterhouseCoopers (PwC) is the Group's External Auditor, whose re-appointment was affirmed at the Group's Annual General Meeting (AGM) held in January 2020. The External Auditor provides an independent opinion on whether, among other things, the Group's financial report provides a true and fair view of its financial position and performance.

During the course of the FY, there was a rotation in the lead audit partner, resulting in Mr Paul Williams assuming the role from Mr Garfield Reece. The lead audit partner and his team attended meetings of the Committee and met with members of the Committee in the absence of management to discuss the audit process, any internal control weaknesses, risk matters and whether there were any significant disagreements with management regarding the financial statements.

PwC is required to confirm, at least annually in writing, that the firm complies with relevant ethical requirements regarding independence, within the meaning of the Ethical Standards promulgated by the Auditing Practices Committee of the Institute of Chartered Accountants of Jamaica. Those standards align with the Code of Ethics for Professional Accountants promulgated by the International Federation of Accountants. ISA 260 Communication with Those Charged with Governance requires communications in relation to any matters or relationships which the external auditors believe may have a bearing on the firm's independence or the objectivity of the audit engagement team.

The Audit Committee believes that the continued retention of PwC as our external auditor is in the best interest of the Group and our shareholders, and will recommend to our shareholders the approval of the selection of PwC as our external auditor for the 2020/2021 financial year at our next Annual General Meeting scheduled in 2021.

Corporate Governance Statement CONTINUED

MEETINGS AND ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

During the year, with the exception of an overseas-based Director who retired in January 2020, there was a 100% attendance at Board and Committee meetings. The frequency of meetings held and activities undertaken were in accordance with the respective Charters. Following the onset of COVID-19 pandemic in March 2020, all meetings were held virtually and a protocol established for holding virtual meetings.

MEETING ATTENDANCE

	Board	Audit	Corporate Governance and Nomination Committee	Compensation and HR Committee	Group Risk Committee
Robert Almeida	7/7	N/A	N/A	N/A	4/4
Dennis Cohen	7/7	N/A	N/A	N/A	4/4
Sandra Glasgow	7/7	7/7	2/2	3/3	4/4
Patrick Hylton	7/7	N/A	N/A	3/3	4/4
Michael Lee-Chin	7/7	N/A	N/A	3/3	N/A
Sanya Goffe	7/7	7/7	2/2	N/A	4/4
Thalia Lyn	7/7	N/A	2/2	N/A	N/A
Alvin Wint	7/7	7/7	2/2	3/3	4/4
*Oliver Mitchell Jr	1/2	N/A	nil	N/A	N/A
**Adrian Lee-Chin	2/2	N/A	N/A	N/A	N/A

*Oliver Mitchell retired from the Board on January 31, 2020. He did not attend any Corporate Governance & Nomination Committee meetings since they were held in February and July 2020.

**Adrian Lee-Chin joined the Board on July 29, 2020

BOARD PERFORMANCE

The Board recognises that it needs to continually monitor and improve its performance.

This is achieved through the annual performance evaluation, full induction of new Board members and ongoing Board development.

BOARD & COMMITTEE EVALUATION

The Board evaluation process comprises two major activities:

- Director Self/Peer Evaluation in which Directors evaluate themselves and each other.
- Board effectiveness surveys administered by external parties.

The Director Self/Peer Evaluations entails assessing contribution to interaction, quality of input and understanding of the role. Each director is provided with a report on the feedback received on him/her, all directors receive comments on overall observations, and the Chairman receives details of each director's evaluation so he may determine whether any further steps - in particular, conversations with specific directors would be warranted or helpful.

The Board Effectiveness Survey was facilitated by a leading global consulting firm. The survey was complemented by interviews with five of the nine Directors (three independent Directors and two Executive Directors). The Survey was based on a three-pronged framework:

- Board Platform – Foundation of a forward-looking board
- Board Activities – Putting the Board's best foot forward
- Board Performance – Measuring the Board's impact on value creation.

Representatives from the consulting firm presented the results at a Board meeting held in January 2020; the report included results compared to previous years as well as benchmarks the firm was able to establish globally. The key areas agreed for attention were:

- organisational health, which has been receiving particular focus under the NCB Accelerate programme with regular reporting to the Board; and

- ensuring that presentations being made to the Board and Committee meetings were at the right level and capturing the key elements to facilitate optimal discussion. Directors were encouraged to give focus to exploring areas of risk and concern. The Group Reporting Framework is expected to achieve significant progress in this area.

DIRECTOR INDUCTION AND CONTINUING DEVELOPMENT

Induction

We have a comprehensive induction programme in place for our newly appointed Directors. This involves meetings with other members of the Board, Committee Chairs, some members of the Executive Management Team, and Heads of Subsidiaries. During the induction, each Director is encouraged to identify areas on which they would like additional information, or further meetings, which are then arranged by the Corporate Secretary.

On completion of the induction programme, all new Directors have sufficient knowledge and understanding of the business to enable them to effectively contribute to strategic discussions and oversight of the Group.

On joining the Board at the end of July 2020, Adrian Lee-Chin participated fully in the induction programme and opted for further meetings, which were arranged for him by the Corporate Secretary.

Continuing Development

The Board is required to be up to date with current business, industry, regulatory and legislative developments and trends that will affect the Group's business operations. Consequently, the Group has a continuing awareness programme in place for its Directors, which may take many different forms, through distribution of publications, workshops, presentations at Board meetings and attendance at conferences encompassing topics on areas including, directorship, corporate governance, business, industry and regulatory developments.

During FY2020, Board members received publications and presentations on various topics, including "Considerations for an Evolving Board: A Case Study". Additionally, the continuing development calendar includes annual training for the Directors within the Group. For FY2020, we recorded 100% attendance by Directors of NCBFG at the following interactive training sessions held:

- **Anti-Money Laundering Training**

  Roger Hernandez, Financial Advisor - Caribbean Financial Action Task Force Secretariat, delivered training on the topic "Anti-Corruption and the Role of the Board and Compliance". This covered topics such as Corporate Governance and the Role of the Board, Risk Assessments, Definition of Corruption Risk and Corruption Risk Factors for financial institutions.

- **Information Technology Training**

  Mr Andrew Nook of Symptai Consulting Limited delivered training on "Data Privacy & Protection". This was very comprehensive, covering topics such as Work From Home Risks and Tips, Cyber Threat Trends in 2020, the importance of Data Privacy and the Jamaica Data Protection Act.

- **Corporate Governance Training**

  Mrs Suzanne Ffolkes-Goldson, Attorney-at-Law and Lecturer led training on "The Roles of Directors of Entities within a Conglomerate – Parent and Subsidiary Boards: Where do the Obligations Start and Stop and How to Handle the Interconnectedness". This session included emerging trends in corporate governance, components of a subsidiary governance framework, and laws pertaining to subsidiary governance within the main jurisdictions in which the Group operates.

Additionally, Members of Audit Committees within the Group receive training on an annual basis. This year's topic was "IFRS 17 - Insurance Contracts", which was delivered by representatives of Pricewaterhouse Coopers.

STAKEHOLDER ENGAGEMENT

Disclosure and Transparency

The Group is committed to promoting investor confidence in the markets in which it operates by at a minimum complying with its disclosure obligations in a way that provides investors with equal access to timely, balanced and effective disclosures. All market sensitive information is released to the Jamaica Stock Exchange (JSE) and the Trinidad and Tobago Stock Exchange (TTSE) in compliance with our disclosure obligations under the Exchanges' Listing Rules. Additionally, the Group facilitates Quarterly Investor Briefings using digital platforms that allow shareholders, journalists and other stakeholders to participate.

The Board and employees receive copies of all market announcements after release. In addition, the Group posts all information released to the JSE and TTSE on our website.

Corporate Governance Statement CONTINUED

The Company believes in communication with its stakeholders and engages them in a variety of ways.

Shareholders

Annual General Meeting (AGM)

At our AGM, discussion is facilitated in an open setting as microphones are provided for use by shareholders to openly air their questions, comments and concerns, which are in turn addressed by the Chairman, Board Members, Executives, the Corporate Secretary and/or External Auditor. This event is available via live streaming.

Quarterly Investor Briefings

Shareholders are also able to engage with Senior Executives at our quarterly investor briefings. They, along with members of the media, are invited to make contact or submit queries via the Investor Relations Office and/or the Group Marketing & Communications Unit so that they may be addressed. Prior to the COVID-19 pandemic, questions were facilitated live in person and questions that were shared prior with our Group Marketing and Communications and Investor Relations Units were also addressed. Since the pandemic, we have continued to facilitate questions and comments prior to and during the live briefing, but not in person.

Making contact with the Investor Relations Team and Company Registrar

The Investor Relations team is accessible and provides responses to enquiries received via various channels. Contact information is available for the Head, Group Investor Relations and Financial Advisory Unit of NCB and JCSD (Registrar) under the Investor Relations tab of the NCBFG website. Shareholders' queries are generally handled there or are appropriately routed by the Corporate Secretary's Office of NCBFG.

Customers

The importance of customers to the Group is evidenced by the creation of a Division during the FY, focussed on Customer Experience and Organisational Health, in furtherance of the commitment to prioritise two critical strategic pillars – delighted customers and inspired people and culture.

Employees

The Board understands that there is a correlation between employee well-being and organisational well-being and whilst not all employees will have an opportunity to interact directly with the Board, there is an opportunity for their voices to be heard through feedback given in Organisational Health Surveys. The results of these surveys, along with action plans put forward by Management are carefully considered by the Board.

Communities

The Board continues to be fully supportive of the important work being carried out by the three Foundations - N.C.B. Foundation, Guardian Group Foundation and Clarien Foundation, and companies within the Group towards improving the lives of the people living in the communities in which they operate. Additional information on activities relating to corporate social responsibility can be found on page 135.

Regulators and the Government

The Board, Senior Management and other key personnel continue to engage Regulators and/or Governments on issues critical to good governance as well as any other issues that they may deem important.

NCBFG BOARD CHARTER

Our current Board Charter is located on our website at www.myncb.com under Corporate Governance.

OTHER KEY GOVERNANCE POLICIES

In addition to the overarching Board Charter, there are some other key policies, which further illustrate our guiding philosophy as a business:

Code of Conduct

There is a Code of Conduct applicable to all directors within the Group and there is a Code of Business Conduct applicable to employees. The Board has approved these Codes of Conduct (the Codes) which bind directors and employees of the Group to the highest standards of professionalism and due diligence in discharging their duties. The Codes provide guidance on areas of conflict of interest, confidentiality and responsibility of the directors and employees to the Group, the shareholders, and regulators. The Code of Business Conduct is included among the policies listed in an Annual Staff Declaration of Policies that are to be read, understood and signed-off at the start of each calendar year.

Corporate Disclosure Policy

The Group's Corporate Disclosure Policy applies to all directors, officers and employees of NCB Financial Group Limited and its subsidiaries, and regulates the disclosure of all material information of the NCB Group relating to its business and activities whether in written or oral statements.

Anti-Bribery Corruption Policy

We support and foster a culture of zero tolerance towards bribery or corruption in all our activities. The purpose of the Anti-Bribery and Corruption ("ABC") policy is to specifically:

a) set out NCBFG's responsibilities, and the responsibilities of those working for NCBFG (including employees at all levels, directors, officers, temporary or part-time workers, volunteers, interns, contractors, external consultants and service providers), in observing and upholding NCBFG's position on bribery and corruption; and

b) provide information and guidance to those working for NCBFG on how to recognise and deal with bribery and corruption issues.

Previously, this risk was managed through various policies, such as the Code of Business Conduct, Whistleblower Policy and/or the AML/CTF Policy & Procedures Manual. This policy has been added to list of policies in the Annual Staff Declaration.

Corporate Social Responsibility Policy

NCBFG has adopted a Corporate Social Responsibility Policy, with oversight for all its subsidiaries operating in various territories across the region. While the GHL and Clarien subsidiaries are accountable to their individual and localised Corporate Social Responsibility (CSR) policies, they are also ultimately subject to the principles outlined in the NCBFG policy. NCBFG believes that a commitment to the principles of CSR not only complements its core business strategy, but also supports the key corporate values of its brand. By practising CSR, companies like NCBFG can consciously manage the impact they have on all aspects of society, including economic, social and environmental.

Securities Trading Policy

The Group has an established Securities Trading Policy, which seeks to ensure that key persons in the Group (and their 'connected parties') do not abuse their positions by using insider information, not available to the market, to trade shares for their financial benefit. This policy takes into account requirements of the JSE and the TTSE and is included among the list of policies in the Annual Staff Declaration.

Whistleblower Policy

The Group has a Whistleblower Policy, which was established to encourage and enable employees to make, in good faith, protected disclosures of improper conduct, via a confidential channel, without being subjected to any form of retaliation or other occupational detriment; and to regulate the receiving and investigation of any such disclosure. This policy complies with the Jamaican Protected Disclosures Act and is included among the list of policies in the Annual Staff Declaration of Policies.

The abovementioned policies are all available on the Company's website www.myncb.com.

ARTICLES OF INCORPORATION

The Articles of Incorporation of NCB Financial Group Limited have not been amended since its incorporation in April 2016.

Sandra A. C. Glasgow
Chairperson
Corporate Governance & Nomination Committee

Our Policies and Practices

NCB Financial Group is governed by a robust set of policies and procedures approved or authorised by its Board of Directors. **These policies and procedures, guided by applicable laws, regulations, codes of ethics and best practices, provide a framework for effective decision making and help to maintain the accountability of the organisation to its people, customers, suppliers, shareholders, and society at large**.

CORPORATE DISCLOSURE POLICY

As an entity with publicly traded shares having an ethos for honesty and transparency, NCBFG maintains a Corporate Disclosure Policy which regulates the disclosure of information by and about the organisation and its business activities. It stipulates that the Group's companies shall be responsible to make any disclosure that they are required to make by virtue of any law, regulation or regulatory requirement. This policy also outlines the following:

- Objectives and principles of disclosure
- Media and communication protocols
- Guidance and criteria for representatives in the organisation who are authorised to make disclosures on behalf of the Group
- Parties and rules for the disclosure of information
- For the Group companies with securities listed on a stock exchange (NCBFG Listed Companies), general stipulations for disclosure, in respect to financial information and business operations, are included in the Annual Report to shareholders
- In addition to the means of disclosure required by law, NCBFG Listed Companies will:
    - conduct meetings;
    - disclose information on the organisation's website
    - issue press releases.

DIVIDEND POLICY

NCBFG maintains a dividend policy to govern the structure of dividend payouts in order to ensure that the organisation maintains adequate capital to meet its strategic objectives, while complying with regulatory and/or any other requirements. In determining whether a dividend should be paid, the organisation must ensure that it is able to meet its capital needs and future growth while balancing the return to shareholders and investors. To support this, the Board determines an appropriate dividend pay-out rate each year based on profitability and the capital requirements of the Group.

DIVIDEND PAY-OUT RATE

The Board of Directors will declare dividends to shareholders, at its discretion. These dividends will be paid from the realised earnings of NCBFG, and will be subject to a maximum of 50% of the maximum profits earned each year. In the event that the payout is less than 50% in any one year, the Board of Directors reserves the right to increase future distributions proportionately. Furthermore, the Board may also distribute to its shareholders the full amount of the dividends received from its subsidiaries and realised gains arising from non-recurring and extraordinary transactions, at its discretion.

The Dividend Policy is consistent with the Capital Management Plan, and is reviewed annually, or as deemed necessary by the Board of Directors.

HUMAN RESOURCES DEVELOPMENT POLICIES AND PRACTICES

Through its Human Resource (HR) development philosophies, policies and practices, the Group delivers on its core mandate which is the development and direction of strategies for effective and efficient management of the human capital of the Group.

In keeping with the organisation's strategic direction the Group has established and maintains a talent management framework. This facilitates talent acquisition, employee development, workforce planning and retention, which enables the HR function to continue to be a strategic driver, and create a work environment that is conducive to high levels of employee productivity, innovation and customer centricity.

In order to achieve operational excellence, the Group HR function ensures that the business has the right capabilities, capacity and organisation design to create value. In delivering on these objectives, some of the main areas of focus in the Group's policies and practices include:

- Learning and development
- Talent management
- Succession management
- Education/benefits
- Whistle-blowing
- Occupational health and safety
- HIV workplace policy
- Diversity
- Sexual harassment
- Supply chain management
- Physical asset management.

Additional information can be found in Our Business Enablers section (see page 115) and Corporate Social Responsibility section (see page 135).

LEARNING AND DEVELOPMENT

The Company is committed to continuously developing and enhancing initiatives that support employee professional development and expertise. The Corporate Learning Campus, for instance, supports the NCBJ's employment, retention and growth strategies, including succession planning, promotion, development and cross-training interventions and thereby enables increased performance and productivity levels.

NCBFG is committed to continuously enhancing its talent management strategies which enable capacity and capability building for operational excellence to enhance the sustainability and profitability of the Group. This includes onboarding of qualified candidates, employee development, succession management, performance management, retention strategies and workforce planning. The practices and procedures which guide talent management are: fairness and consistency, non-discrimination on the grounds of sex, race, age, religion or disability and conforming to statutory regulations and agreed best practices.

SUCCESSION MANAGEMENT

NCBFG recognises that succession management is critical to business continuity and has therefore implemented strategies and programmes which ensure that the organisation has the right talent in mission critical and key leadership positions. It also ensures that there is continuous development of potential business leaders and renewal of learning and development.

Our Policies and Practices CONTINUED

REWARD AND RECOGNITION

Organisational health was a major area of focus for the NCBFG over the past year. Employee reward and recognition programmes continue to be used to drive the motivation of team members and several such initiatives have been implemented across the organisation.

PERFORMANCE MANAGEMENT

NCBFG recognises performance management is a key driver of operational excellence. Through system based solutions the organisation creates efficiency throughout the employee performance management cycle. The aim is to ensure the right capability and capacity to drive the business' strategic aspirations.

OCCUPATIONAL HEALTH AND SAFETY

The Group seeks to provide a workplace that is free from preventable injuries and occupational illnesses through the observance of the respective rules and regulations by all concerned. We believe that a safe and healthy working environment is essential to achieving high productivity and work quality comparable with international standards. The Group is committed to compliance with safe practices and the promotion and maintenance of a safe and healthy working environment through the training and education of employees.

HIV/AIDS WORKPLACE POLICY

The policy provides a framework to monitor and mitigate the impact of HIV/AIDS on the Company and seeks to maintain stability and productivity in the workplace, whilst protecting the confidentiality, dignity and rights of HIV positive persons.

WHISTLEBLOWER POLICY

NCBFG provides a work environment that encourages and enables employees and others to raise serious concerns about breaches arising from how employees conduct their roles and responsibilities. This is in keeping with internal policies and applicable laws. It is important that our stakeholders understand that we value the role that our employees play in supporting a culture of high standards of business and personal ethics without any fear of adverse consequences.

EDUCATION/BENEFITS

The Group's Education Policy seeks to encourage staff to explore opportunities to build their competencies by improving their own knowledge and understanding of the skills and issues which are relevant to the services offered by NCBFG.

DIVERSITY MANAGEMENT

NCBFG seeks to take advantage of its diversity to foster an environment of creativity, innovation and idea/solution generation in order to ultimately achieve its vision and compete effectively in the global marketplace. NCBFG understands that a diverse workforce, through the infusion of talents and experiences, can improve the quality of decisions and increase innovation by providing a range of perspectives on each of these areas. We believe that leveraging the mix of talents and experiences will translate into the better serving of the needs of our customers and the markets within which we operate.

SEXUAL HARASSMENT

The Group is committed to the maintenance of a work environment which fosters respect and dignity and is free from sexual harassment. NCBFG does not tolerate sexual harassment of its clients, commercial business partners or employees and requires that all relationships with customers, commercial business partners and others be professional and free from sexual harassment.

SUPPLY CHAIN MANAGEMENT

NCBFG continues to implement and refine our supply chain strategy to ensure the creation of sustainable and collaborative relationships with our commercial partners. This in turn will lead to improved service quality, a reduction in our addressable spend and cost to income ratio, increased operational efficiency and enhanced productivity.

PHYSICAL ASSET MANAGEMENT

Our asset management strategy outlines our approach in optimising the value of the organisation's asset portfolio and enhancing our asset management capabilities. This involves efficient space management, integrated real estate portfolio planning, and environmental sustainability.

BUSINESS CONTINUITY POLICY AND PLANS

The Group's business continuity policy and plans have been crafted to ensure that the business is able to minimise financial losses and safeguard employees and customers in the event of a disaster or non-financial disruption.

The Business Continuity Plans outline the response to be undertaken in specified scenarios, and indicates the minimum resources required to ensure the continuity of key business functions in the event of disruptions. The plan is drafted in a modular format such that individual sub-plans are maintained for the different subsidiaries, divisions, branches and critical business units.

The sub-plans are stored both physically and in a central web-based repository, which facilitates plan distribution, sharing and updating. For each business area, the sub-plan

Our Policies and Practices CONTINUED

provides a map of specific instructions to be carried out in the event of significant business disruptions and events of varying scope. Among other things, the overall plan describes the role for recovery sites, backup databases and system facilities.

A chief command team is responsible for monitoring the effective execution of the plan in the event of business disruption.

Key components of this overall plan were updated, following the onset of the COVID-19 pandemic, as new scenarios and more appropriate responses were developed to meet the needs of the organisation, its employees and customers. Customer education was also critical in the deployment of the organisation's response to the pandemic, as the organisation continued its efforts to migrate customer transactions from physical spaces to digital channels to ensure continuity and 'always-on' availability.

The main objectives of the policy include:

- Minimisation of the impact of disruptions on the business and customers by the resumption of critical business functions
- Provision of a clear framework for delegation of responsibilities to enable employees to recover key functions and services
- Assurance of recovery of Information Technology infrastructure within critical timeframes
- Assurance of compliance with all applicable regulatory requirements.

REMOTE WORK POLICY

An essential part of the organisation's response to the COVID-19 pandemic was a major pivot to the remote work environment, to manage the physical distancing requirements of the health crisis and minimise the exposure of employees. With over 60% of the organisation now working remotely, this business continuity plan was updated to include the pandemic scenario, and other relevant rules and regulations, while our Remote Work Policy and strategy were also developed.

This policy outlines the guidelines under which remote work is practised and governed by the organisation, and establishes standard work arrangements which facilitate efficient

and effective environments for non-customer facing job functions to be executed. Given the nature of the organisation, the Remote Work Policy is maintained in accordance with the NCB Information Security Policy, and established practices for keeping equipment safe, as well as managing, securing, storing, using and retrieving data.

The Remote Work Policy also addresses the organisation's on-boarding efforts, to ensure that the organisation is understood to be flexible and capable of utilising various modes of work to ensure continuity, sustainability and growth while accessing global talent pools.

CORPORATE SOCIAL RESPONSIBILITY POLICY

As the organisation grows towards its aspiration of becoming the Caribbean's leading financial services ecosystem, it recognises that its impact on the people, environment and society will also expand. To ensure that the organisation continues to engage in actions which balance its right to operate freely with its responsibilities as a corporate citizen, NCBFG has updated its Corporate Social Responsibility Policy to match its expanded scope.

The updated policy now outlines guidelines for six key areas:

- Inspired people – to ensure that the organisation continues to be an employer of choice, based on fundamentals of equality and equal opportunity, fair labour practices, competitive compensation and benefits and a safe, harassment-free work environment;
- Doing good business – conducting business with the highest levels of integrity, honesty and good faith
- Creating delighted, lifelong customers – winning and retaining customers with world-class products, services and customer experience
- Data security – protecting the privacy of customers', employees', suppliers' and business data
- Community development – ensuring that the organisation gives back through nation-building, community development and other acts of service
- Environmental sustainability – continuously seeking environmental solutions with minimal footprint, while putting processes in place to prevent, reduce and mitigate any negative impact on the environment.

ENVIRONMENTAL POLICIES AND PRACTICES

NCBFG is focussed on seeking environmental solutions with minimal footprint, while putting processes in place to prevent, reduce and mitigate any negative impact on the environment.

President's Message

> “ The NCB strategic framework that we established prior to the onset of the pandemic put us in a position to effectively respond to the changes brought on by the pandemic.”

To our valued shareholders,

At the beginning of the 2019/2020 financial year, we embarked on our bold 2024 aspiration to become a world-class Caribbean financial ecosystem anchored by four main pillars:

1. Strong financial performance
2. Delighted customers
3. Inspired people and culture
4. Digital to the core

We set the bar at 'world-class' for our customer experiences, culture, technology systems, processes and financial performance. Given the size of our ambition, we established a framework that would allow us to deliver against this ambition for the benefit of our employees, our customers, our shareholders, and the communities we serve. We established our strategic execution programme - NCB Accelerate, with a robust set of initiatives and a roadmap for meeting our goals in collaboration with team members across the organisation. This was supported by a mechanism for identifying dependencies and monitoring milestones and value captured. This was further reinforced by capability-building and initiatives to re-energize the team on a continuous basis.

When I shared our aspiration with you at the Annual General Meeting in January 2020, we could never have imagined what lay ahead of us later in 2020. As the world contends with the COVID-19 pandemic, our lives at work and home continue to be impacted in unimaginable ways. Because of this, 2020 is a year that will be hard to forget.

While the future remains uncertain, we do have control over how we respond in the present. Notwithstanding what the future holds, I remain committed to the following:

- The health, safety and wellness of each team member of the NCB Financial Group
- Serving our customers and empowering them to navigate during the pandemic and beyond
- Our 2024 aspiration to become a world-class Caribbean financial ecosystem

Some may ask how we can remain committed to such bold aspirations in the face of the emerging challenges and uncertainty. I say anything less than that would be counter to the NCB mindset, which has taken us from being a failed bank that was once referred to as an 'ugly monkey' to becoming the largest and most profitable financial conglomerate in Jamaica. Today, we have exceeded this achievement to become a financial services leader in the region.

Our success is not the result of luck or the absence of challenges. It is a result of our commitment to seeking out the opportunity in every challenge and continuing to aim high. The secret of our success is and will continue to be that we never give up, which is why the size of our commitment to achieving our 2024 aspiration is equivalent to the size of this aspiration.

HOW WILL WE MOVE FORWARD?

The strategic framework that we established prior to the onset of the pandemic put us in a position to effectively respond to the changes brought on by the pandemic. We have been embracing and confronting this period of global uncertainty by engaging in the four Ps:

1) PIVOT – TRY AN ALTERNATE APPROACH OR INITIATIVE TO REACH THE GOAL

The physical distance requirements forced us to accelerate our plans to migrate services to digital channels in order to safely facilitate our customers' financial needs. These objectives were met earlier than anticipated, while others have been delayed. The process of accelerating digital adoption has not been without challenges, as the countries we serve contend with varying levels of internet access and digital literacy.

Nevertheless, we continue to respond with solutions to better support our customers, such as the zero-rating of our Jamaican web platforms. This enables our customers to use our digital and online services from their mobile devices, even without activating a mobile data plan. This has gone a far way in making some of our digital services accessible to our customers, and we continue to support this with relevant digital education programmes.

President's Message CONTINUED

In addition to what we have done with respect to our own operations, we have also helped many of our customers to pivot in order to put their businesses in a position to withstand the challenges brought on by the pandemic.

2) PURSUE NEW OPPORTUNITIES

As individuals, businesses and as a society, we must embrace and leverage the irreversible digital shift precipitated by the pandemic, in order to effectively participate in the post-pandemic world. Across the Group, you can expect to see the continued roll-out of new digital products, services, processes, and business models.

3) P.U.S.H (PERSIST UNTIL SOMETHING HAPPENS)

Calvin Coolidge said, "Nothing in this world can take the place of persistence. Talent will not; nothing is more common than unsuccessful men with talent. Genius will not; unrewarded genius is almost a proverb. Education will not; the world is full of educated derelicts. Persistence and determination alone are omnipotent. The slogan Press On! has solved and always will solve the problems of the human race."

We have been persistent in the pursuit of the same targets that were established prior to the pandemic. This has forced us to identify new ways of working, and to become creative in our approach. As a result of this persistence, we have seen record sales in certain product areas that have exceeded even pre COVID-19 levels.

4) PAY IT FORWARD

As a major regional player, our success comes with a tremendous responsibility to support the citizens and communities that we serve. Since the onset of the pandemic, we have engaged in several initiatives to provide this kind of support. These include:

- ►► NCBJ responded quickly with loan and credit card payment holidays for our personal banking customers and loan moratoriums for our business clients. As a Group, we donated to the initiative to procure ventilators and other medical equipment to support our health care system and workers in responding to the onset of the COVID-19 pandemic in Jamaica. We also provided educational grants to workers that had been displaced due to COVID-19 so that they could pursue short-term training and certifications for online work. This programme has enabled many of these workers to begin earning again by offering services virtually to overseas companies.
- ►► Guardian Group extended payment grace periods for life and health insurance policies, to provide additional peace of mind to customers. The Group also partnered with the United Nations University for Peace Centre for Executive Education to launch a scholarship programme for applicants seeking to positively influence the world in achieving one or more of the UN's sustainable development goals. Twelve awardees were selected from over 384 applicants across Trinidad and Tobago, Barbados, Jamaica, Guyana and the Dutch Caribbean.
- ►► Clarien supported senior citizen homes with donations of face masks.

These are just a few examples of how we continue to live the four Ps, which will enable us to continuously create value and withstand the unimaginable. I hope you will join us in continuing to pursue your hopes and dreams.

As we say goodbye to a financial year like no other, I am grateful to each team member, customer, supplier and shareholder for their continuous support. We also commit to continuing to support all our stakeholders in weathering this challenging period and emerging stronger. My fellow shareholders, I ask that you continue on this journey with us as we persist in accelerating to a new frontier in 2024.

Patrick A. Hylton, OJ, CD, LL. D (Hon.)
President and Group Chief
Executive Officer, NCBFG

ACCELERATE

Performance Highlights

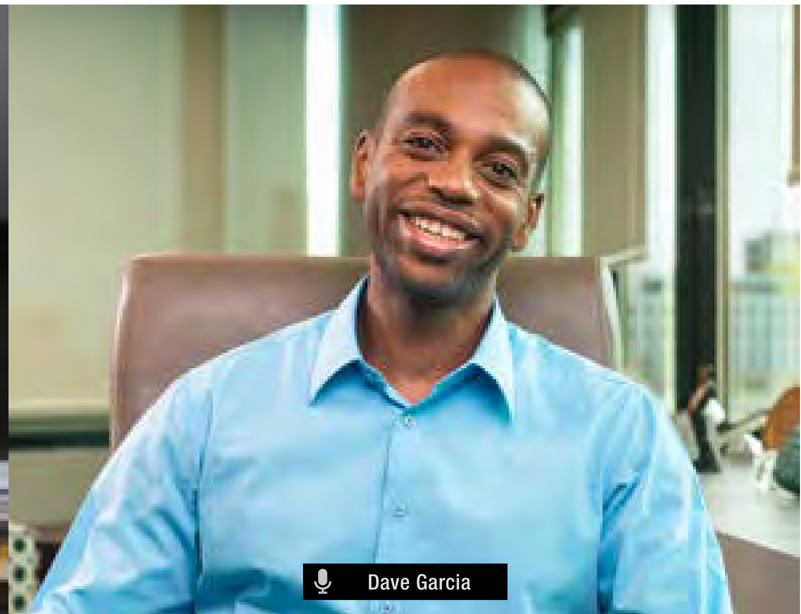
BY GEOGRAPHICAL SEGMENTS

Revenues by geographical segments

	JAMAICA	TRINIDAD & TOBAGO	DUTCH ANTILLES	BERMUDA	OTHER
2020	J$99.3B	J$67.1B	J$43.7B	J$12.3B	J$34.5B
2019	J$100.7B	J$24.5B	J$17.5B	J$11.5B	J$16.9B

Total assets by geographical segments

	JAMAICA	TRINIDAD & TOBAGO	DUTCH ANTILLES	BERMUDA	OTHER
2020	J$955.7B	J$246.6B	J$170.4B	J$202.7B	J$224.7B
2019	J$932.3B	J$214.9B	J$147.2B	J$169.4B	J$152.5B



Management Team

The leaders of the NCB Financial Group work together towards a common goal of creating stakeholder value and building a world-class Caribbean financial ecosystem. [for more info - www.myncb.com]

Mute Stop Video Invite Participants 6

Allison Wynter
Group Chief Risk Officer

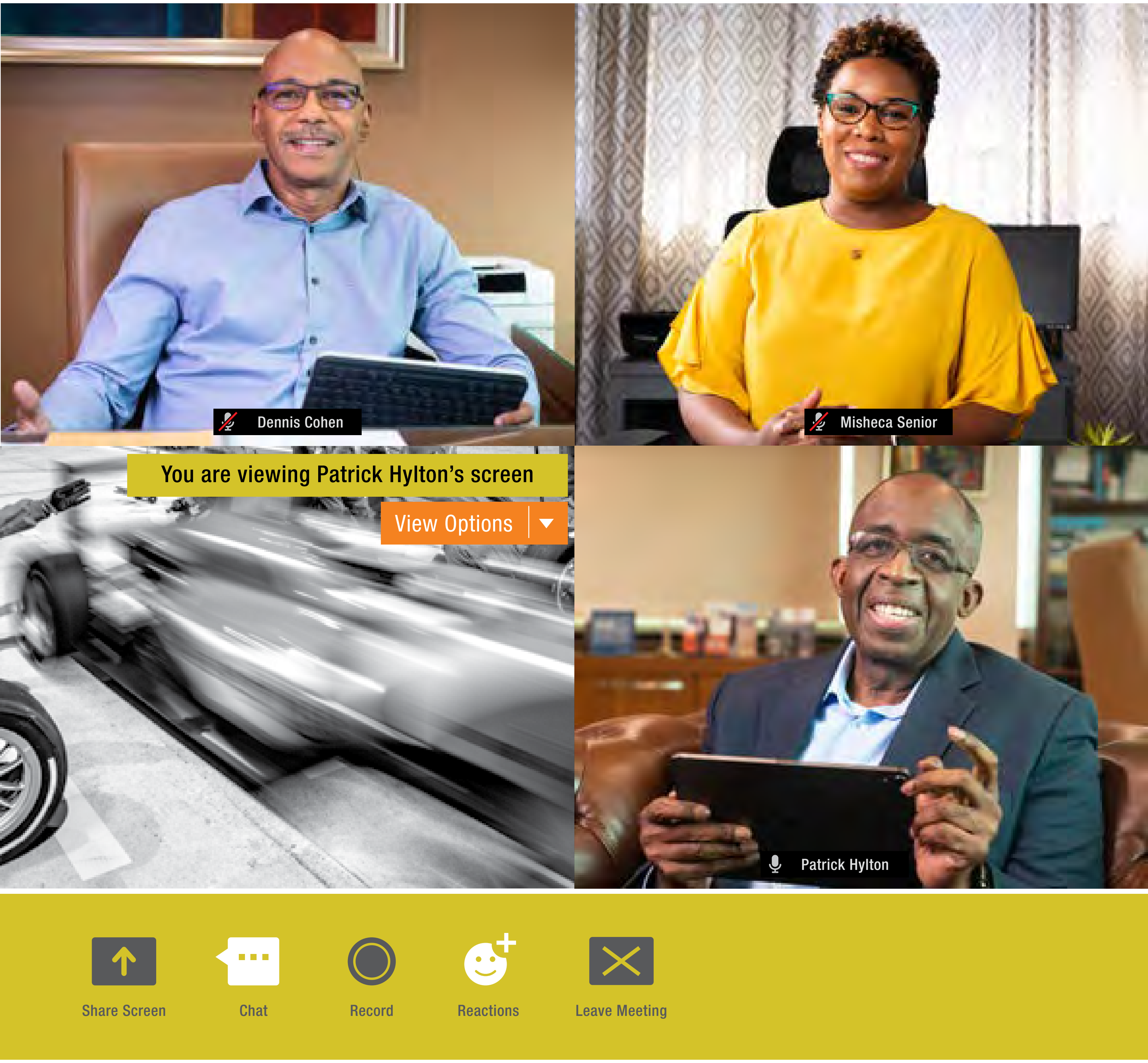
Allison is responsible for the identification, assessment, measurement, monitoring and management of the principal risks faced by the Group, with particular emphasis on credit, market, liquidity and operational risks.

Dave L. Garcia
Group General Counsel and Corporate Secretary

Dave provides the Group with general advice, leadership and direction on legal, regulatory governance and corporate secretarial matters while maintaining effective relationships with relevant stakeholders. He is charged with guiding the Group's legal strategy and the ongoing development and monitoring of its governance framework while ensuring the appropriate oversight and management of legal risk.

Mukisa Ricketts
Group Chief Audit Executive

Mukisa provides strategic direction and oversight of the internal audit activities for the Group. In this role, she facilitates transparency of the Group's operations through independent and objective assurance on the effectiveness of the risk management and governance processes and the internal control environment.



Dennis Cohen
Group Chief Financial Officer and
Deputy Chief Executive Officer

Dennis provides leadership and oversight for the Group's financial planning and reporting. He is also responsible for monitoring the Group's performance against strategy and budget, in addition to overseeing the Group's Transformation Office, Investor Relations function and several other key business segments.

Misheca Seymour Senior
Group Chief Compliance Officer

Misheca leads the Group Compliance Unit, and is responsible for the development, implementation and effectiveness of the Group's compliance programmes. She focusses on ensuring that appropriate measures are maintained to combat money laundering, financing of terrorism and proliferation financing, while monitoring and ensuring overall compliance with regulations relevant to the Group.

Patrick Hylton
President and
Group Chief Executive Officer

Patrick provides strategic leadership to all entities within the Group. He is responsible for its strategic development, ensuring that its sales, service and risk management goals are appropriately set and achieved.

See the complete profiles for the Management Team at www.myncb.com

Management Discussion & Analysis

Even the best vision requires both foresight and hindsight. Always look back for the lessons from your journey and use your learnings to pave the way forward.

STRATEGIC PRIORITY

01

ACCELERATE

Strong Financial Performance

It doesn't matter how much the route changes – hitting the brakes will never get you any closer to the finish line. The journey is ultra-competitive, with high financial stakes; so our focus and efforts must be equally unrelenting.

Executive Summary

The management of NCB Financial Group Limited ("NCBFG" or "the Company") and its subsidiaries (hereafter referred to as "the NCB Financial Group", "the Group", "we", "our" or "our organisation") is responsible for the integrity and objectivity of the information contained in this Management Discussion and Analysis ("MD&A").

The financial data presented in this MD&A is constructed upon the informed judgment of management with proper consideration given to materiality. Management maintains an accounting and reporting framework which includes the internal controls required to ensure that transactions are properly maintained and recorded, that assets are secured from unauthorised use and that disposal of assets and liabilities are fully recognised. Importantly, the efficacy of this control mechanism is regularly monitored and supported by written policies and instructions, trained staff, strong internal audit and procedures for risk assessment.

The MD&A is written to allow the reader to have a guided approach towards comparing the financial performance of the Group for the year ended September 30, 2020 with prior performance. The MD&A is to be read in conjunction with the audited consolidated financial statements and related notes. The financial statements were prepared in accordance with the International Financial Report Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The MD&A may contain forward-looking statements. These statements may include the words "believe", "expect", "intend", "plan", "estimate", "may", and similar expressions as well as statements other than statements of historical facts including, without limitation, those regarding the business strategy, plans, targets, 2021 outlook, 2024 strategic plan, expectations related to general economic conditions, market trends, anticipated impact on business segments and objectives of the Management of NCBFG for future operations. Forward-looking statements are subject to uncertainty and uncertainties that may substantially differentiate actual results from forward-looking statements. These statements are not guarantees of future performance and undue reliance should not be placed on them. Although forward-looking statements contained in this MD&A are based upon what the Management of NCBFG believes are reasonable assumptions, there can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. NCBFG undertakes no obligation to update forward-looking statements if circumstances or Management's estimates or opinions should change. All sums are represented in Jamaican dollars, unless otherwise stated.

Corporate Overview

NCBFG is the non-operating financial holding company for three direct subsidiaries, namely: National Commercial Bank Jamaica Limited ("NCBJ"), NCB Global Holdings Limited ("NCBGH") and Clarien Group Limited ("CGL"). NCB Financial Group operates in the financial services industry, providing products and services in banking, insurance and investment management through 21 territories across the Caribbean. The NCB Financial Group is also one of the largest financial conglomerates in Jamaica and the Caribbean, measured by profitability and total assets.

Through seven business segments, a wide range of products and services are offered to customers. These products and services include loans, deposits, electronic banking, payment services, structured finance, trade finance, foreign exchange, wealth management, pension fund management, annuities, trust and general, health & life insurance services. Customers may also gain access to our products and services via our online platforms or mobile apps. Self-service Jamaican banking options are also available via digital channels accessible through financial kiosks and Intelligent ABMs at our Bank on the Go locations. NCBFG remains committed to delivering superior value for customers through various digital channels to ensure a delightful customer experience.

NCBFG is listed on both the Jamaica and Trinidad & Tobago Stock Exchanges. More details on the Company may be found on our website at www.myncb.com.

DIRECT SUBSIDIARIES OF NCB FINANCIAL GROUP LIMITED

SUBSIDIARY	PRINCIPAL ACTIVITIES	PERCENTAGE OWNERSHIP
CLARIEN	Banking, investment and trust services	50.10
NATIONAL COMMERCIAL BANK JAMAICA LIMITED	Commercial banking	100
NCB GLOBAL HOLDINGS LIMITED	Holding company	100

The full list of subsidiaries can be found in note #1 of the financial statements, **pages 174 - 175.**

Clarien Group Limited

Clarien, one of Bermuda's largest independent integrated financial services organisations, boasts more than eight decades of banking experience in the financial services industry in Bermuda. In December 2017, NCBFG acquired a 50.1% equity stake in CGL. With this partnership in place, the Clarien Group is well positioned to become a regional leader in financial services and wealth management. Clarien Bank Limited, a major subsidiary of CGL, is licensed by the Bermuda Monetary Authority to conduct banking, investments and trust business for Bermudian and international clients. The Clarien Group serves its customers through four primary channels: 1) Personal Banking, 2) Commercial Banking, 3) Private Banking and 4) Asset Management.

National Commercial Bank Jamaica Limited

NCBJ, a wholly owned subsidiary of NCBFG, is a registered deposit-taking institution ("DTI") licensed under the Banking Services Act and is regulated by the Bank of Jamaica ("BOJ"). NCBJ and its subsidiaries continue to be the largest and most profitable banking and financial services group in Jamaica based on net profit and total assets. NCBJ and its subsidiaries operate primarily in Jamaica; however, banking, wealth management and other financial services are also offered in the Cayman Islands, Trinidad & Tobago, and Barbados.

NCB Global Holdings Limited

NCBGH, a wholly owned subsidiary of NCBFG, is incorporated in Trinidad and Tobago as a holding company and owns a 61.967% equity stake in Guardian Holdings Limited ("GHL"). GHL is a non-operating parent company for the Guardian Group.

NCBFG BUSINESS SEGMENTS

OPERATING ACTIVITIES	SEGMENTS	SUBSIDIARY*
Banking and Investment Activities	Consumer & SME Banking Payment Services Corporate & Commercial Banking Treasury & Correspondent Banking	NCBJ and its wholly owned commercial banking subsidiary Commercial banking subsidiary of CGL
	Wealth, Asset Management & Investment Banking	Wealth, securities dealing, brokerage, investment & asset management subsidiaries of NCBJ Investment management subsidiary of CGL Asset management subsidiaries of GHL
Insurance Activities	Life & Health Insurance & Pension Fund Management	Life insurance and pension fund management subsidiary of NCBJ[1] Life and health insurance subsidiaries of GHL
	General Insurance	Property and casualty insurance subsidiaries of GHL
Other	Other	All other subsidiaries not named above

*The full list of subsidiaries and principal activities can be found in note #1 of the financial statements, **pages 173 - 366.**

[1] At the end of September 2020, NCBJ's wholly owned subsidiary, NCB Insurance Company Limited ("NCBIC") transferred 100% of its portfolio of insurance and annuities business to GHL's wholly owned subsidiary, Guardian Life Limited ("GLL"). NCBIC also completed its registration as an insurance agent under the Insurance Act under a new company name – NCB Insurance Agency and Fund Managers Limited ("NCBIAFM"). Consequent on the change in the company's registration, effective October 1, 2020 NCBIAFM (formerly known as NCBIC) no longer operates as an insurance underwriter but sells insurance products as an exclusive agent of GLL in addition to continuing to operate its business as a pension fund administrator and investment manager.

Executive Summary CONTINUED

TABLES 1 & 2 PROVIDE THE MOST RECENT PUBLIC RATINGS FOR NCBFG AND ITS MAIN SUBSIDIARIES.

TABLE 1	NCBFG RATING			
RATING AGENCY	**TYPE OF RATING**	**RATINGS ASSIGNED**		**OUTLOOK**
CariCRIS[2]	Issuer/Corporate Credit Rating	Regional Scale	*Cari***A+** (local currency)	**Stable**
			*Cari***A** (foreign currency)	
		National Scale	*jm***AAA** (local currency)	
			*jm***AA+** (foreign currency)	

Source: Caribbean Information & Credit Rating Services Limited ("CariCRIS") Rating Release – NCB Financial Group Limited, December 10, 2020

TABLE 2	SUBSIDIARY RATINGS			
SUBSIDIARY	**RATING AGENCY / RATING TYPE OR INSTRUMENT RATED**	**RATINGS ASSIGNED**		**OUTLOOK**
NCBJ	CariCRIS – USD 75 million Debt issue (notional)	Regional Scale	*Cari***A** (local currency)	**Stable**
			*Cari***A-** (foreign currency)	
		National Scale	*jm***AA+** (local currency)	
	Fitch Ratings	Long-term Issuer Default Ratings (IDRs)	**'B+'** (foreign and local currency)	**Negative**
		Short-term IDRs	**'B'** (foreign and local currency)	
		Viability Rating	**'b+'**	
		Support Rating	**'4'**	
		Support Rating Floor	**'B+'**	
	S&P Global Ratings	Issuer Credit Rating	B+/Negative/B	**Negative**
NCB Capital Markets Limited	CariCRIS - Issuer/ Corporate Credit Rating	Regional Scale	*Cari***A-** *(local currency)*	**Stable**
		National Scale	*jm***AA-** *(local currency)*	
NCB (Cayman) Limited		Regional Scale	*Cari***A** (foreign and local currency)	**Stable**
NCB Capital Markets (Barbados) Limited		Regional Scale	Cari**BBB-** (foreign and local currency)	**Positive**
NCBIC	AM Best	Financial Strength Rating	B (Fair)	**Negative**
		Long-term Issuer Credit Rating	Bb (Fair)	
GHL (Insurance composite) (T&T)		Long-term Issuer Credit Rating	bbb- (Good)	**Negative**
Guardian General Insurance Limited (T&T)		Financial Strength Rating	A- (Excellent)	**Negative**
		Long-term Issuer Credit Rating	a- (Excellent)	
Guardian Life of the Caribbean (T&T)		Financial Strength Rating	A- (Excellent)	**Negative**
		Long-term Issuer Credit Rating	a- (Excellent)	

The Guardian Group is a leading insurance provider with its operations spanning 21 territories across the English and Dutch speaking Caribbean, including Jamaica, Trinidad and Tobago, Barbados, Curacao, Aruba, St. Maarten and Bonaire. The Guardian Group offers world-class products and services in life and health insurance, asset management, trust services and general insurance through several subsidiaries across the Caribbean.

Credit Ratings

Each year, the Group and its subsidiaries are rated by independent international and regional rating agencies. These ratings provide an independent assessment of the Company's or its subsidiaries' financial strength and credit quality. Rating agencies develop distinctive methodologies that guide their assessment and evaluation of our companies.

The opinions expressed by rating agencies on our creditworthiness and that of our obligations or securities (including long-term debt, short-term borrowings, and asset securitisations) are based on independent analyses and financial modelling. Our credit rating is subject to review by each rating agency where a number of quantitative and qualitative factors are considered; including financial strength, performance, prospects, operations, asset quality, capitalisation and liquidity position as well as factors not under our control. Other factors that influence our credit ratings include changes to the rating agency's methodologies; the rating agency's assessment of the general operating environment for financial services companies; our relative position in the industry; the sovereign credit rating of the relevant governments where we operate and/or have significant exposure; current or future regulatory and legislative initiatives; the agency's views on whether the relevant governments would provide meaningful support to our organisation in a crisis; our various risk exposures and risk management policies; our reputation; diversity of funding sources and funding costs; the current and expected level and volatility of our earnings; our capital position and capital management practices; and our corporate governance. The rating agency can adjust the rating at any time and they provide no assertions about the maintenance of the rating at current levels. Our organisation maintains active discourse with these major rating agencies and it is our objective to preserve high-quality credit ratings through outstanding financial performance.

Performance Measurement

Strategic plans are established with defined performance metrics for the Group which are then devolved to the business units, responsible executive and individual employee levels. The Group is measured against internal targets along with country specific, regional and international benchmarks. We are constantly challenging ourselves to exceed prior performance and strive for excellence. We monitor various aspects of our performance on either a daily, weekly, monthly, quarterly or annual basis. We are constantly monitoring our strategy, using financial and non-financial measures to cover all areas of our performance to ensure we deliver or exceed the expected results for the benefit of all our stakeholders, including customers, employees and shareholders. Our financial measures include quantitative targets for net profit, revenue, cost optimisation, digitisation, core balance sheet portfolios, return on assets, return on equity, market share, capital management and strength, liquidity, risk management and operating efficiency. Our non-financial targets include objectives in the areas of customer service, customer satisfaction, customer loyalty, sales effectiveness, innovation, product penetration, efficiency improvements, branch optimisation, employee engagement, organisational health, regional expansion, corporate governance, corporate social responsibility and community involvement.

Our senior and executive management teams monitor some performance metrics and forecasts performance on a weekly basis to proactively manage the business and our overall performance is assessed as frequently as required to respond to changes in our environment.

The performance reports include forward looking projections to ensure prudent and timely decision making. Additionally, forecasting and planning is done each year to assist the leadership team in effectively managing the business. We actively pursue our strategic imperatives and review outcomes using defined strategic measures to ensure alignment with the overall mission of the organisation.

We intensified our monitoring mechanisms and included frequent stress testing and scenario planning during the 2020 financial year due to the impact of COVID-19 on the Group. The pandemic caused a contraction of global economies and impacted major territories in which the Group operates. We conducted analyses and assessed the impact on our operating environment, the Group, our customers, and our employees. We made adjustments, where required, to our operations to adjust to the changes in the environment and added additional measures, where appropriate, to enhance the performance management of the Group.

Financial Snapshot

TABLE 3: FIVE-YEAR SUMMARY OF SELECTED FINANCIAL DATA

(in millions, except per stock unit amounts)	2016	2017	2018	Restated 2019	2020	% Change Financial Year 2020 vs. Financial Year 2019	Five-year compounded annual growth rate (CAGR)
	For the year ended September 30						
Consolidated Income Statement Extract							
Banking & Investment Activities							
Net interest income	28,124	29,760	35,144	44,595	**52,490**	18%	15%
Credit impairment losses	(612)	(729)	(1,961)	(4,825)	**(10,285)**	113%	40%
Net interest income, net of impairments	27,511	29,030	33,184	39,770	**42,205**	6%	12%
Net fee & commission	10,889	13,816	15,864	19,180	**21,369**	11%	17%
Gain on foreign currency and investment activities	4,736	7,726	15,611	15,412	**8,793**	(43%)	19%
Net result from banking & investment activities	**43,423**	**51,097**	**65,818**	**76,749**	**76,371**	**(0.5%)**	**15%**
Insurance Activities							
Premium Income	7,992	8,116	9,485	60,619	**135,202**	123%	78%
Insurance Ceded to Reinsurers	(511)	(542)	(823)	(16,058)	**(42,004)**	162%	145%
Reinsurance Commission Income	53	75	97	3,594	**8,471**	136%	147%
Net underwriting income	7,534	7,648	8,759	48,155	**101,669**	111%	70%
Policyholders' & annuitants' benefits & reserves and other insurance related expenses	(4,021)	(4,408)	(4,962)	(33,723)	**(69,213)**	105%	83%
Net result from insurance operations	**3,513**	**3,240**	**3,797**	**14,432**	**32,456**	**125%**	**55%**
Operating income	46,936	54,337	69,615	91,181	**108,827**	19%	21%
Staff costs	13,809	16,461	23,776	32,121	**40,527**	26%	28%
Other operating expenses, including depreciation & amortisation and finance cost	15,031	16,717	19,652	32,616	**41,039**	26%	25%
Net profit	14,449	19,108	28,581	31,165	**26,883**	(14%)	17%
Net profit attributable to stockholders of the parent	14,449	19,108	27,959	29,869	**19,090**	(36%)	9%
Earnings per stock unit ($)	5.87	7.76	11.39	12.30	**8.01**	(35%)	10%
Dividends paid per stock unit ($)	2.35	2.70	2.70	3.40	**1.90**	(44%)	(4%)
Consolidated Statement of Financial Position Extract (at year end)							
Investment securities	275,670	299,177	389,490	759,496	**853,086**	12%	25%
Net loans	189,056	218,615	372,635	423,103	**452,955**	7%	22%
Total assets	607,669	693,724	978,585	1,616,[300	**1,800,260**	11%	28%
Customer deposits	273,966	288,464	484,848	504,679	**573,969**	14%	20%
Repurchase agreements	105,975	115,587	152,885	174,620	**211,436**	21%	16%
Liabilities under annuity and insurance contracts	35,283	36,185	38,093	394,615	**405,015**	3%	63%
Other borrowed funds	12,061	38,650	65,559	124,953	**125,066**	0%	71%
Equity	103,105	115,994	139,584	183,871	**200,205**	9%	18%
Equity attributable to stocholders of the parent	103,105	115,994	130,041	147,590	**156,115**	6%	12%

TABLE 4: KEY RATIOS AND PER STOCK UNIT DATA

	Year ended September 30				
	2016	2017	2018	2019	**2020**
Profitability ratios					
Return on average total assets	2.55%	2.94%	3.42%	2.40%	**1.57%**
Return on average equity	15.09%	17.44%	22.73%	21.52%	**12.57%**
Net results from banking & investment activities to operating income	92.52%	94.04%	94.55%	84.17%	**70.18%**
Net insurance results to operating income	7.48%	5.96%	5.45%	15.83%	**29.82%**
Cost to income ratio	60.65%	60.25%	60.68%	67.43%	**68.48%**
Insurance loss ratio	50.47%	55.19%	54.62%	61.28%	**60.31%**
Per stock unit data					
Dividend payout ratio (based on payment date)	40.03%	34.79%	23.71%	27.64%	**23.72%**
Dividend yield	5.66%	3.10%	2.17%	1.63%	**1.45%**
Book value (J$)	41.89	47.12	52.74	61.60	**65.82**
Market Price - Jamaica Stock Exchange (JSE)					
High	J$45.00	J$94.99	J$130.00	J$249.00	**J$215.00**
Low	J$27.50	J$58.50	J$84.01	J$110.11	**J$130.00**
Year end - close	J$41.55	J$87.02	J$124.52	J$208.79	**J$130.90**
Market Price - Trinidad and Tobago (TTSE)					
High	TT$2.85	TT$5.25	TT$6.75	TT$10.71	**TT$11.50**
Low	TT$1.67	TT$2.58	TT$5.05	TT$5.73	**TT$7.15**
Year end - close	TT$2.60	TT$5.10	TT$5.73	TT$10.44	**TT$7.75**

2020 Performance Overview

Following the attainment of the main targets set under our strategic plan, **NCB 2.0 by 2020, faster | simpler | stronger**, ahead of schedule, we embarked on a new and exciting transformation journey to drive financial value, improve customer experience and satisfaction and boost organisational health across the Group. The implementation of our **NCB Accelerate 2024 Programme** provides a roadmap to meeting our goals by the development of several strategic initiatives through the collaboration of team members across the organisation. Our new strategy seeks to strengthen the Group's position as we fully integrate our subsidiaries to create a regional financial ecosystem to provide world-class products and services. This new aspiration is anchored by four pillars:

1. **Strong financial performance – delivering** world-class growth, efficiency, return on assets and return on equity.
2. **Inspired people and culture –** becoming the employer of choice, with strong organisational health, and a place where each employee is proud to be a part of the team and committed to our success as an organisation.
3. **Delighted customers –** being the preferred and most trusted financial partner for customers across segments.
4. **Digital to the core –** operating a world-class technology and analytics platform that enables fast, simple, intuitive, secure, stable and delightful digital first experiences for customers and employees.

In the wake of the COVID-19 pandemic and the resultant adverse impacts on health, society and the economy, we are steering through unchartered waters. The Group navigated challenges to bridge the gaps in financial performance while remaining resolute in providing unwavering support to customers and

Financial Snapshot CONTINUED

employees. This resilience reinforced the Group's commitment to remain focussed on our strategy and sought to capitalise on the opportunities presented by this unprecedented experience and build on the capabilities necessary to evolve and thrive in this new reality.

During the year, we continued to enhance customer experience, improve operational efficiency and develop our digital capabilities, while safeguarding the health, well-being and economic interests of our stakeholders.

Within the context of the pandemic's devastating impact on the regional and global economies, the Group recorded a solid performance for the financial year. NCB Financial Group Limited reported consolidated net profit of $26.9 billion and net profit attributable to stockholders of the parent of $19.1 billion, a 36% or $10.8 billion decrease when compared to the restated prior year. It should be noted the 2020 financial performance includes a full year of GHL's results as opposed to only five months in the 2019 financial year. Additionally, the prior year's results included one-off gains totalling $8.2 billion, comprising $3.3 billion from the disposal of an associate, $2.3 billion from the revaluation of our interest in GHL and $2.6 billion from the disposal of a subsidiary. On a normalised basis excluding these one-off gains, the profit attributable to stockholders of the parent would have declined by $2.5 billion or 12% from the prior year. Our asset base increased by 11% or $184.0 billion to $1.8 trillion primarily due to increases in investment securities, net loans and amounts due from banks. However, the growth in the asset base coupled with lower net profits resulted in return on average assets of 1.57% compared to 2.40% in the prior financial year. Equity attributable to shareholders of the company increased by 6% or $8.5 billion to $156.1 billion with return on average equity of 12.57% (2019: 21.52%).

JAMAICA

Investments to upgrade core systems and the technology infrastructure across our Jamaican entities have positioned us to improve operational efficiency while enhancing value creation. Our strides in digitalisation allowed us the flexibility to respond to the wide-reaching impact of COVID-19. The ensuing government mandated curfews and lockdowns in an effort to curb the spread of the virus following its onset resulted in reduced operating hours and limited physical customer and employee interactions. Though the pandemic has been a defining moment for digital transformation, our investments in digital over the years allowed us to be prepared to actively respond to the crisis. Our improved platforms were available to empower customers to navigate the shifts in operations and successfully transition to digital channels to access relevant products and services. We intend to continue the promotion of the use of our online and digital platforms so that we may reduce transaction times and improve efficiency. We remain committed to expanding our digital solutions to sustainably meet and exceed consumer expectations.

We streamlined our insurance business through the transfer of 100% of NCBIC's portfolio of insurance and annuities business to fellow subsidiary, GLL, effective September 30, 2020. NCBIC also completed its registration as an insurance agent under the Insurance Act under a new company name – NCB Insurance Agency and Fund Managers Limited ("NCBIAFM"). Consequent on the change in the company's registration, effective October 1, 2020 NCBIAFM (formerly known as NCBIC) no longer operates as an insurance underwriter but sells insurance products as an exclusive agent to GLL in addition to continuing to operate its business as a pension fund management administrator and investment manager. This change to the Jamaican insurance business allows the Group to benefit from economies of scale and experience while continuing to optimise product and service offerings for our customers.

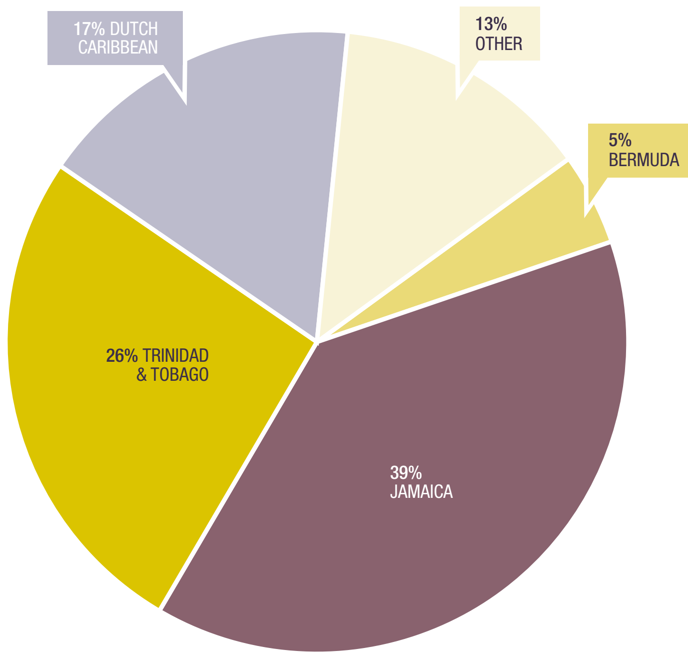
BERMUDA

Our establishment of a solid foothold in the investment-grade Bermudian financial market through our majority ownership of the Clarien Group has supported our goals of diversification and enhanced financial performance. Bermuda's economy is heavily dependent on tourism and was particularly impacted by the COVID-19 pandemic including government mandated lockdowns and travel restrictions in an attempt to curtail the spread of the virus. Despite the economic fallout caused by the COVID-19 pandemic, the country remains an investment grade territory with a stable outlook and we believe that we can continue to develop opportunities and growth both within Bermuda and the Caribbean. We have embraced the new norms brought on by the pandemic and the evolving needs of our customers served through our Bermudian entity. This resulted in the launch of Clarien iInvest – Bermuda's first and only robo-advisory solution. This digital platform provides online investment advice and management to customers with moderate to minimal human intervention as we use technology to build low-cost, individualised portfolios to help them create wealth. We are committed to providing superior internal and external digital experiences while developing the opportunities within the market and across the organisation.

TRINIDAD & TOBAGO AND THE EASTERN CARIBBEAN

The 2020 financial year marked the first full year of the consolidation of GHL's performance. Though we previously had a presence in Trinidad & Tobago and Barbados through our wealth, asset management and investment banking subsidiaries, NCB Capital Markets (Barbados) Limited and NCB Global Finance Limited, the acquisition of GHL reinforced our footprint with the Caribbean. These Caribbean territories have been particularly vulnerable to the effects of the coronavirus given the heavy dependency on tourism and exports. However, we remain steadfast in leveraging our market reach and innovative products and services to capitalise on opportunities to provide customers with a full suite of financial and insurance services. To this end we have launched full-scale efforts to develop our transformation plan through the launch of initiatives to drive improvements throughout the respective territories. The solutions will be tailored to provide value creation to surpass customer expectations while improving efficiency.

GEOGRAPHICAL COMPOSITION OF OPERATING INCOME



Operating Environment

Most countries across NCBFG's operating environment entered 2020 coming off the heels of strong economic performance and improved fiscal positions; however, the COVID-19 pandemic altered this dynamic. Jamaica and Barbados had made good progress in terms of their fiscal programmes with Jamaica terminating its programme with the International Monetary Fund (IMF), and Barbados meeting all its benchmarks. All countries, except for Trinidad & Tobago (T&T) and Barbados which contracted, saw their economies expand aided by a favourable external environment.

However, the economic and social disruption caused by the COVID-19 pandemic sparked widespread economic contraction, increased government spending, lowered fiscal revenues, and eroded buffers. Sovereign debt levels have also increased substantially due to depreciating currencies and/or increased borrowing in the wake of the decline in revenues. Further, in their attempt to boost economic activity, preserve price, foreign exchange and financial system stability, regional central banks implemented various accommodative monetary policy measures. Despite the widespread contraction witnessed in 2020, a gradual recovery is expected in 2021 as the pending distribution of COVID-19 vaccines is helping to dissipate the cloud of uncertainty over the regional economic outlook.

MACROECONOMIC PERFORMANCE AND COVID-19 IMPACT

Overview

The first quarter of our 2019/2020 financial year, and 2019 in general, proved to be a good one for most of our operating territories with significant gains made on the economic front and in fiscal performance. Jamaica successfully ended its Extended Fund Facility (EFF) arrangement with the IMF on November 10, 2019. At the point of termination, it had notably realized 19 consecutive quarters of economic growth, significantly reduced its debt to GDP ratio to 94.4%, and built up a primary surplus that was 7.5% of GDP.[11] Jamaica was also on track to reduce its indebtedness below the 90% mark at the end of 2020/21 fiscal year. Similarly, in pursuance of fiscal consolidation and enhanced economic performance, Barbados met all quantitative performance criteria, indicative targets, and structural benchmarks in the IMF's Barbados Economic Recovery and Transformation (BERT) programme. The Cayman Islands sustained its positive performance and had the highest growth rate (3.2%) and the lowest debt to GDP ratio (5.7%) among all NCBFG's operating territories in 2019. Bermuda's economy grew at a rate of 0.5% supported by construction work, and the government held the second-lowest debt to GDP ratio of 36.8%. Contrastingly, T&T's economy contracted and registered an increase in debt to 73.4% of GDP, as its crude oil production continued to fall, and maintenance-related outages and supply disruptions offset gains from British Petroleum T&T's new Angelin Platform[12].

However, since COVID-19 arrived on the shores of Caribbean countries, economic conditions have deteriorated due to the fear and panic it infused and counteractive measures implemented by governments. These measures, for the most part, restricted the movement of people, business activities and weighed on consumer and business confidence. NCBFG's operating territories experienced economic contractions between January and September 2020, with the Cayman Islands being the only exception (see Table 1). It should be noted that Cayman's latest reported data was for Q1 2020 and would not have reflected the full impact of the pandemic and the restrictions that were implemented in March 2020. Cayman's economic diversification provided some buffer against the early effects of the pandemic and it realized an expansion in its construction, electricity and water supply, real estate, and financial services[13] sectors in Q1. However, it was not totally

TABLE 1 Regional Economic Growth & Inflation

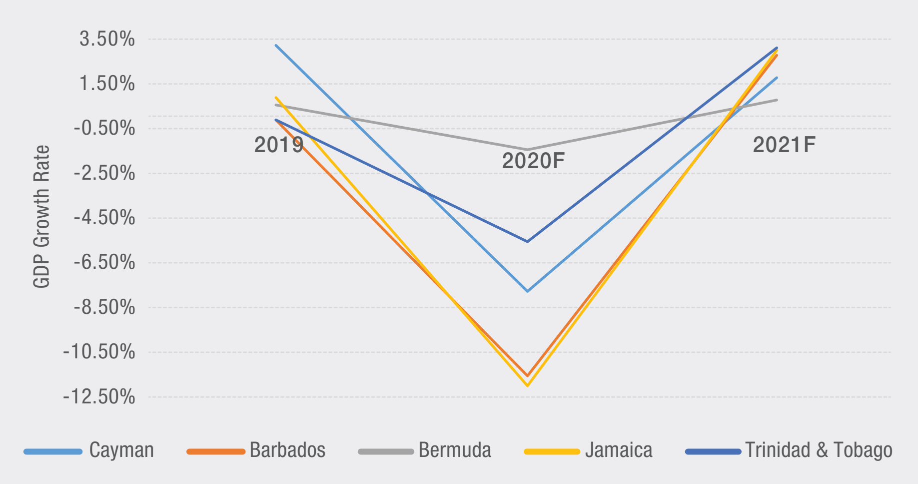
PERIOD	BARBADOS	BERMUDA	CAYMAN	JAMAICA	T&T
GDP Growth					
2019	-0.1%	0.5%	3.2%	0.9%	-0.1%
YTD 2020	-16.3%[1]	-2.8%[2]	1.9%[3]	-11.3%[4]	-5.9%[5]
2020F	-11.6%	-1.5%	-7.8%	-10% to -12%	-5.6%
2021F	2.7%	0.7%	1.7%	3% to 8%	3.1%
Inflation					
2020	1.9%[6]	-0.7%[7]	3.0%[8]	5.0%[9]	0.4%[10]

Sources: Bermuda Government, Statin, Fitch Solutions, IMF, BOJ, ESO (2020)

1: Represents growth for the first nine months of 2020.
2: Represents growth for Q1 2020.
3: Represents growth recorded in Q1 2020.
4: Represents growth for the first nine months of 2020.
5: Represents growth recorded in the first half of 2020.
6: Twelve months point-to-point for July 2020.
7: Twelve months point-to-point for August 2020.
8: Reported at the end of Q1 2020.
9: Twelve months point-to-point for October 2020.
10: Twelve months point-to-point for March 2020.
11: These metrics reflect Jamaica's position at the end of 2018/19FY before the IMF programme ended.
12: The new platform, BPTT's 15th installation offshore Trinidad & Tobago, has a production capacity of 600 million standard cubic feet a day (mmscfd).
13: The financial services sector is the largest contributor to GDP with 30.4% at the end of 2019.

Operating Environment CONTINUED

FIGURE 1 GDP Growth Across NCBFG's Operating Territories



immune to the impact as there was a fall in the hotels and restaurants sector reflecting the closure of Cayman's borders in the latter half of March 2020 and it is believed to have continued through 2020. Unlike Cayman, countries such as Jamaica and Barbados contracted by double digits, 11.3% and 16.3%, respectively, as border closures brought tourism, an economic staple for most of the countries in the region[14], to a grinding halt in Q2. Consequently, there was a reduction in employment, disposable income and output in a number of sectors. Although borders were reopened for much of Q3, output from the tourism sector remained muted given fears of travel and depressed disposable incomes as the pandemic also weighed on the economies of our major trading partners. Overall, output from the tourism sector declined by 66% and 53.3%, in Barbados and Jamaica, respectively, during the first nine months of 2020. Further, travel restrictions in the wake of the pandemic and lower activity in the productive sectors globally have reduced the demand for oil and natural gases. This along with failed agreements on production cuts have kept prices well below the 2018 and 2019 averages, which negatively impacted the real output of T&T's energy sector. Across the region, local containment measures that caused businesses to reduce operating hours, schools to close, organisations to implement work from home policies, and limit face-to-face patronage also weighed on economic performance. To counter some of the negative effects, there was a swift implementation of targeted fiscal, monetary and financial stability measures to reduce contagion effects, support disrupted markets, and protect financially impacted households and businesses.

The IMF projects that Latin America and the Caribbean will contract by 8.1% in 2020 but expand by 3.6% in 2021. Economic output from NCBFG's key operating territories is projected to decline in 2020 (see figure 1) as they continue to grapple with the pandemic and the effects of what was the most active hurricane season. Tourism dependent nations are projected to register the largest economic deterioration for 2020, between 10% and 12%, as key source markets contend with a second wave of the virus, re-imposition of lockdown measures, elevated unemployment, and slower economic activity. The recently concluded Atlantic hurricane season also proved to be a disruptive force, being the most active and seventh costliest on record. While none of NCBFG's operating territories suffered a direct impact, the deluge that accompanied a number of the systems inflicted severe damage to infrastructure and caused economic dislocations in the territories affected. For example, in Jamaica, the damage to crops and delays it caused in farmers' replanting efforts will likely result in a decline in agricultural output and a steeper economic contraction thereby adding more downside risks to the economic outlook.

In 2021 a gradual recovery in economic growth is projected, supported by an improvement in the global economy influenced by the distribution of COVID-19 vaccines. The speed of the roll-out of the vaccines will, however, be dependent on how quickly they are manufactured and distributed. Producing and distributing vaccines will take months, with average Americans not expected to receive their doses until at least mid - or late 2021.[15] If the vaccination programme goes according to plan and there is a recovery in major trading partners, all countries across the region will benefit, increasing the likelihood

14: Tourism accounts for 41.2% of GDP in Barbados and around 75% of GDP in Jamaica.

15: Politico. "Here's How the Pandemic Finally Ends" of growth within or above current expectations (see table 1). Expansion in advanced economies would also support recovery in tourism. However, considering the lingering fear that will surround international travel and the anticipated gradual recovery in source markets, international tourist arrivals are not expected to return to pre-crisis levels until 2023. That being said, increased global activity and travel demand should support a rebound in oil prices, positively affecting exporting countries such as T&T. The prospects for recovery should also increase consumer and business confidence, fueling investments in business expansion and employment. However, based on forecasts made by rating agencies, the IMF and other international bodies, most countries' gross domestic product (GDP) will not return to pre-pandemic levels until at least 2023.

Inflation

Inflation has remained low or within countries' prescribed target range. Lower demand, global travel restrictions, subdued commodity, and goods prices, and measures implemented to boost economic activity created a low inflation environment in 2020 (see table 1). T&T maintained low inflation due to muted energy prices, and international commodity prices which remained low because of reduced demand associated with lower economic activity and income levels. In Bermuda, the contraction in rent, transport & foreign travel, as well as the fuel and power segments resulted in prices deflating by 0.7% for the 12 months ended August 2020. Conversely, in Jamaica inflation remained within or close to the Bank of Jamaica's (BOJ's) 4% to 6% target range up to the end of the financial year, owing to favourable external prices and soft domestic demand. Throughout the region, central banks enacted accommodative monetary policy measures such as policy rate cuts, reserve ratio reductions, and others, to stimulate economic activity and sustain price stability during the pandemic.

Inflation is largely expected to remain subdued as the effects of the pandemic continue to depress commodity prices. However, recent heavy rains and a sharp rise in the price of agricultural produce given the fall in production could cause inflation in Jamaica to temporarily rise to the top end or breach the upper end of BOJ's target range[16].

Foreign Exchange

The decline in output from the biggest foreign currency earners such as the tourism and energy sectors, constrained US dollar supply, which placed downward pressure on domestic currencies and incited more central bank intervention in foreign exchange (FX) markets. The significant drop in foreign arrivals in countries like Barbados and Jamaica and the reduction in the export of energy products from T&T reduced foreign currency earnings. Although the precipitous drop in global oil prices reduced external vulnerability and dampened the overall demand for the US Dollar for the oil-importing territories, this was not commensurate to the fall in supply, which caused FX imbalance. Therefore, central banks intervened with FX sales and other tools to promote FX liquidity in their respective markets. The BOJ estimated the fallout in FX inflows for FY 2020/21 to be US$800 million in a best-case scenario and US$1.4 billion in a worst-case scenario. By the end of NCBFG's financial year, BOJ had already provided US$700 million in FX liquidity through various measures. Most governments accessed IMF financing and tapped their international reserve to provide foreign exchange support. At the end of September 2020, Jamaica's net international reserves amounted to US$2.75 billion (36.3 weeks of goods and service imports), while Barbados' stood at BDS$1.56 billion. T&T drew down from its Heritage Stabilization Fund to boost its gross official reserves, which amounted to US$7.44 billion (8.8 months of import cover) at the end of August 2020. Contrary to expectations, remittances (especially in Jamaica), proved to be resilient and helped to temper some of the negative pressures. Countries with floating and quasi-fixed regimes such as Jamaica and T&T, respectively, saw some depreciation in their domestic currencies[17] relative to the US dollar. On the other hand, Cayman, Bermuda, and Barbados were able to maintain their currency pegs.

FX imbalance should lessen in the coming year as economic recovery begets higher US dollar supply and should support a reduction in the level of central bank intervention needed in the market. As real output from key FX generating sectors increases, there should be a proportionate rise in FX inflows to support FX demand in the respective economies. This should allow central banks to replenish international reserves and reduce their activity in FX markets. However, it is anticipated that the Central Bank of Trinidad and Tobago (CBTT) and BOJ will use reserves and other tools to offset supply imbalances, if necessary.

Monetary Policy

In step with their peers across the globe, regional central banks were forced to enact accommodative monetary policies in response to the COVID-19 induced economic contraction suffered by their countries. On March 17, 2020, the CBTT lowered its benchmark repo rate by 150 basis points (bps) to 3.5% and lowered its primary reserve

16: BOJ anticipates that inflation would be within the 5.5% to 6.5% range in Q4 2020.

17: The Jamaican dollar depreciated by 4.9% and TTD by 0.2% relative to the USD during the NCBFG's 2019 financial year.

Operating Environment CONTINUED

TABLE 2 Regional Fiscal Indicators

VARIABLES	2019			2020F		
	PRIMARY BALANCE (% OF GDP)	FISCAL BALANCE (% OF GDP)	DEBT-TO-GDP (%)	PRIMARY BALANCE (% OF GDP)	FISCAL BALANCE (% OF GDP)	DEBT-TO-GDP (%)
Barbados	3.8	2	119.5	-1.9	-4.8	150.6
Bermuda	1	-0.6	36.8	-1.8	-3.7	47.1
Cayman Islands	1.7	2	5.7	N/A	-0.5	6.6
Jamaica[18]	7.1	0.9	94.4	3.1	-3.5	102.9
Trinidad & Tobago	0.6	-2.4	73.4	-5	-7.8	85.8

Source: The Ministry of Finance and the Public Service, ESO, Fitch Solutions, S&P Global Ratings, Government of the Republic of Trinidad & Tobago, Central Bank of Barbados, CDB

requirement by 3 percentage points to 14%. This was intended to amplify liquidity in the short-run and allow for a reduction in interest rate spreads by lowering commercial banks' cost of funds. It was also motivated by the need to stimulate the economy given the unprecedented negative impact that the pandemic had on real output because of the significant drop in global energy prices. This was followed by the Central Bank of Barbados (CBB) which lowered its bank discount rate[19] from 7.0% to 2.0% on April 1, 2020. It also reduced the securities reserve ratio[20] for commercial banks from 17.5% to 5.0% and eliminated the 1.5% securities ratio for non-bank deposit-taking licensees. These actions were intended to support the domestic banking sector in the light of the projected impact of COVID-19 on the economy and the financial system. In Jamaica, the BOJ kept its policy rate at the historic low of 0.5%, and lowered both its foreign and domestic currency cash reserve ratios by two percentage points each to alleviate some of the excess FX demand caused by the sharp fall-off in USD inflows and increase the funds available for lending to households and businesses for consumption and investment purposes.

Central banks across the region will likely maintain their accommodative stance in 2021, as Caribbean economies are still ailing from the effects of COVID-19 and will need maximum monetary and fiscal support to aid in a strong economic recovery. Fitch Solutions believes the CBTT could lower its monetary policy rate by an additional 50bps to 3.0% by the end of 2020, as rising COVID-19 cases locally and internationally deepen the country's domestic recession. This outlook is supported by the country's low inflation due to muted energy prices, and a positive interest rate differential with the U.S, which should support monetary easing.

FISCAL AND DEBT DYNAMICS

Prior to the onset of the COVID-19 pandemic, the majority of NCBFG's operating territories recorded favourable fiscal performance (see Table 2).

18: This represents the values for FY2019/20 and the forecast is for FY2020/21.

19: Rate at which it provides overnight lending to banks and deposit-taking non-banks licensed under the Financial Institutions Act.

20: The securities reserve ratio (securities ratio) is a reserve requirement specified by the Central Bank of Barbados for deposit-taking institutions (commercial banks, trust and finance companies and merchant banks) to hold a precise percentage of their domestic deposits in stipulated securities.

Most countries registered a fiscal surplus as revenues outweighed expenditures, with the exception of Trinidad and Tobago and Bermuda. T&T recorded the highest fiscal deficit primarily due to falling natural gas and crude oil prices. However, this was an improvement relative to the previous year[21]. Despite recording the highest debt-to-GDP ratio, Barbados' public finances strengthened due to the government's fiscal austerity and the completion of its debt restructuring. This enabled the country to have one of the largest fiscal surpluses (2.0%) for that period. Also, on a positive note, Jamaica recorded the highest primary balance (7.1%) in FY 2020 owing to the fiscal discipline exhibited under the IMF sponsored economic reform programme, which ended in November 2019.

The COVID-19 pandemic has negatively impacted economic activity resulting in lower revenue flows, higher expenditure, and a subsequent deterioration in Caribbean countries' fiscal and debt metrics. As shown in Table 2, all the operating territories are expected to experience a fiscal deficit owing to the deterioration in revenue intake, increases in spending on relief measures, and other expenses to cushion the effect of the pandemic on those most vulnerable. Trinidad and Tobago is set to record the highest level of primary (-5.0%) and fiscal (-7.8%) deficits, owing to the ongoing volatility of energy prices in international markets. The deficit will be financed from external and domestic sources. Barbados is expected to register the highest debt-to-GDP ratio (150.6%), which will primarily be influenced by the contraction in economic output. Jamaica is expected to be the only operating territory to run a primary surplus (3.1%) for 2020. However, this is well below levels recorded in recent years and below the 5.4% target in the government's initial budget estimate at the start of fiscal year 2020-21.

Lower revenues, increased spending on social safety nets, and fiscal stimulus to stave off the worst effects of the pandemic are expected to drive Jamaica's lower fiscal outturn.

Given that the pandemic impacted countries' fiscal and economic positions to varying degrees, the actions taken by S&P showed no common directional trend during the period. While the rating agency affirmed both Bermuda's (A+) and Jamaica's (B+) ratings, the outlook on the latter was revised to negative from stable while the rating agency maintained its stable outlook on Bermuda. The negative outlook on Jamaica reflects the possibility that economic recovery could be weaker than expected in 2021, or the pandemic may be prolonged. On a more negative note, S&P lowered Trinidad and Tobago's rating by one notch to 'BBB-' from 'BBB', with a stable outlook. Lower oil and gas prices, and its material impact on government's revenue and debt, influenced the rating action. The view also considers the economic contraction in 2020 and the expected fall in exports that will contribute to a moderate current account deficit.

The COVID-19 pandemic has been that tail risk event that has thrown the operating territories off their path of fiscal recovery; however, the demonstrated commitment to fiscal consolidation and expected economic recovery should support an improvement in fiscal performance in 2021 and onwards. An uptick in real output should contribute to a rebound in government revenues, while a gradual improvement in employment levels and reduced social spending should positively impact fiscal balances. This will likely reduce external and domestic financing needs, which would support a fall in indebtedness. It is also expected that some countries may reallocate, reduce or postpone non-essential expenditure and seek public-private partnerships for capital investment projects to boost their economies and improve their fiscal positions.

Stock Market Performance and Outlook

Reflecting the deterioration in the local and external environments caused by the pandemic, stock markets across the region declined during our financial year. The Jamaica Combined Index declined by 26.4%, a significant reversal from the 31.4% growth in the market in 2019. The onset of COVID-19 in Jamaica on March 10 fueled fear among investors, which caused a broad-based sell-off of Jamaican equities. Most companies with listed securities have reported year-over-year contractions in earnings, and in some cases losses. Despite the downturn in the market, a total of nine companies successfully raised equity financing to the tune of about $52.81 billion, but with most of these offerings done in the first half of our financial year, before the onset of the COVID-19 pandemic. Among these companies were Transjamaican Highway Limited ($14.10 billion), First Rock Capital Holdings Limited ($2.59 billion), JMMB Group Limited ($19.05 billion), Sagicor Select Funds Limited Manufacturing & Distribution ($2.49 billion), Caribbean Assurance Brokers Limited ($100.27 million), Lumber Depot Limited ($169.49 million), and Mailpac Group Limited ($495.00 million). That being said, after the lull in market activity caused by the pandemic, Barita Investments Limited and Tropical Battery Company Limited were able to launch successful equity raises of $13.50 billion and $325.00 million, respectively. The T&T and Barbados markets also recorded contractions of 6.0% and 25.8%, respectively in 2020. This reflects the economic contraction brought on by COVID-19 in both countries,

21: Trinidad & Tobago's fiscal deficit improved from 3.6% of GDP in 2018 to 2.4% of GDP in 2019 while the primary balance improved from -0.8% of GDP to 0.6% of GDP due to a one-off payment of back taxes obtained from a tax amnesty for income years 2013-2018.

Operating Environment CONTINUED

TABLE 3 Regional Stock Market Performance

REGIONAL STOCK MARKETS	PERFORMANCE 2019/2020
Jamaica Stock Exchange	-26.4%
Trinidad & Tobago Stock Exchange	-6.0%
Barbados Stock Exchange	-25.8%

Source: Jamaica, Barbados & T&T Stock Exchange, NCBCM Research

and its effects on listed companies. The fall-off in the performance of the Barbadian stock market could also be linked to investors liquidating their positions to shore up their cash position in the light of the worsening economic climate. Meanwhile, T&T's relatively small decline (6.0%), can be attributed to the fact that the market is thinner than the Jamaican market with less trading activity. It must be noted that the T&T and Barbados equity markets are less vibrant than Jamaica's, with fewer listings and significantly lower volumes traded. We believe the regional stock markets could gradually recover in 2021, as the race to distribute vaccines to the market for distribution intensifies. The vaccines could allow for the relaxation of containment measures such as curfews, which would influence an increase in business activities and a recovery in revenue growth for listed companies. Furthermore, we anticipate a rebound in initial & additional public offerings (IPOs/APOs) in Jamaica in 2021, as companies that delayed their capital raises due to COVID-19 have already begun to seek equity financing to support their expansion plans. Some of these companies include Sygnus Credit Investments Limited, Future Energy Source Company Limited (Fesco), Proven Investments Limited, and the RJR Gleaner Communications Group (RJR Group). The resumption in capital market activities coupled with improved economic conditions could aid in the recovery of the Jamaican stock market in 2021. In T&T, the launch of an online platform in 2020 and the government's introduction of a tax incentive for SMEs that opt to list on the Trinidad & Tobago Stock Exchange could help to fuel greater interest in the market in the coming years. Meanwhile, an improvement in the Barbadian market will be contingent on the efforts of the stock exchange to spread greater awareness around the benefits of investing as well as any provision of attractive incentives for companies to list.

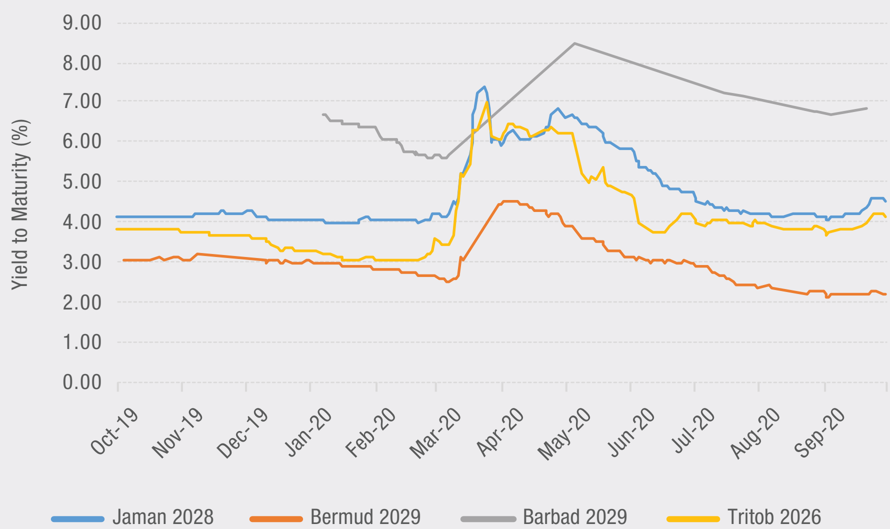
Global Fixed Income Market

Emerging Market (EM) bond prices trended downwards during the first few months of 2020, due to the negative investor sentiment caused by fears around COVID-19, its potential impact on risky assets, and negative rating actions that reflected the weakened economic and fiscal positions of EM issuers. The JP Morgan Emerging Market Bond Index declined by 4.1% during the year, as the pandemic emphasised the fragility of emerging markets and sparked a series of negative rating actions on EM issuers. As the demand for EM bonds fell, prices declined and yields rose during the February to May period. This pattern was also observed for a sample of the most liquid bonds issued by sovereigns in NCBFG's operating territories (see figure 2). Yields rose to as high as 6.6% for the JAMAN 2028 bonds, 6.2% for the Tritob 2026 bonds, 4.4% for the Bermud 2029 bonds, and 8.5% for the Barbad 2029 bonds.

The US Federal Reserve's actions to boost liquidity and investors' appetite for attractive yields fostered some recovery in the EM bond market in the latter part of the financial year. During the year, the US Federal Reserve stepped in with a broad array of actions to limit the damage from the pandemic including up to US$2.3 trillion in lending support to households, employers, financial markets, and state and local governments. Further, in March, the Fed reduced its benchmark interest rate by 50 basis points to the range 0.0%-0.25%. These actions heightened liquidity in the market keeping US government and corporate bond yields low. Given that investors maintained their appetite for favourable yields, some of the funds from the US market flowed to the EM bond market, as investors purchased higher-yielding/attractively priced assets. As a result of this, Jaman, Tritob, Barbad, and Bermud bond prices have since trended upwards while the yields declined (see figure 2). Following this recovery, these bonds recovered much of the lost ground, while the Bermud 2029 appreciated (see table 4). Bermuda's stable outlook and rating affirmation amid the pandemic influenced by its moderate debt burden and strong external position likely supported this appreciation in bond value. Although there has been some recovery, the overall year over year decline in bond prices resulted in trading and fair value losses for many financial companies, which adversely impacted their financial performance.

Sustained improvement/recovery in EM bond values is likely in the coming months, considering the possible near-term distribution of COVID-19 vaccines and the importance it will have on global economic recovery in 2021. Furthermore, the low-interest-rate environment in the US will continue to drive investors towards emerging market assets, as the potential return on these securities will be more attractive. The low-interest-rate environment in the US and Europe is likely to remain intact, as major central banks will be inclined to maintain their accommodative monetary policy stance to aid in the global economic recovery.

FIGURE 2 Regional Bond Performance 2019-20FY



Source: Bloomberg

TABLE 4 Regional Bond Performance

REGIONAL ISSUERS	PRICE (OCTOBER 1, 2019)	PRICE (SEPTEMBER 30, 2020)	PRICE CHANGE (%)
JAMAN 2028	$118.61	$114.22	-3.7%
TRITOB 2026	$104.31	$101.83	-2.4%
BERMUD 2029	$113.25	$119.29	5.3%
BARBAD 2029	100.96%	$97.86	-3.1%

Source: Bloomberg

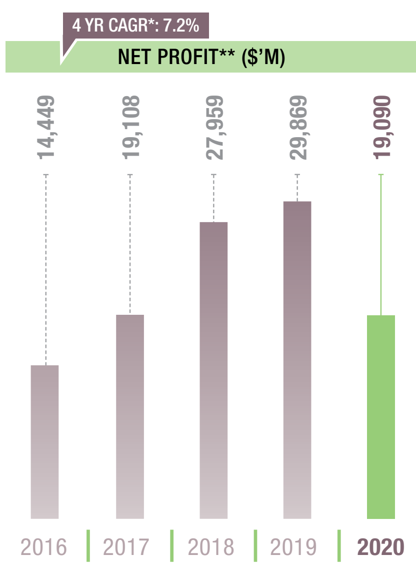
Financial Performance

The Group was not immune to the challenges created as a result of the COVID-19 pandemic and the consequent economic fallout and deterioration in market conditions. This year presented unprecedented uncertainties as the Group grappled with the effects of COVID-19 and the decline in economic activity which negatively impacted profitability. The weakened economic conditions resulted in:

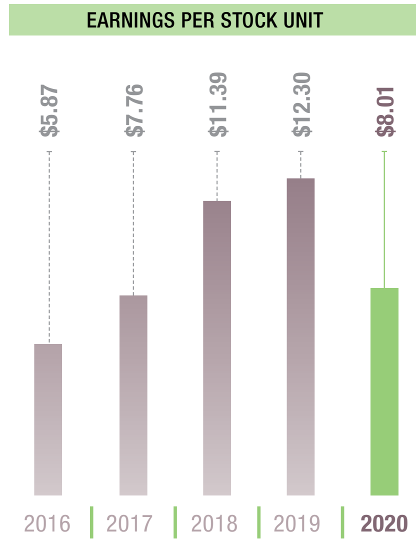
- A reduction in securities trading activity, a decline in the equity markets and depreciation in the Jamaican currency relative to its main trading currencies. Consequently, gain on foreign currency and investment activities declined by $6.6 billion or 43% to $8.8 billion;
- An increase in credit impairment losses to $10.3 billion compared to losses of $4.8 billion in the 2019 financial year. The significant economic downturn resulted in the Group applying very conservative provisioning given the economic uncertainty.

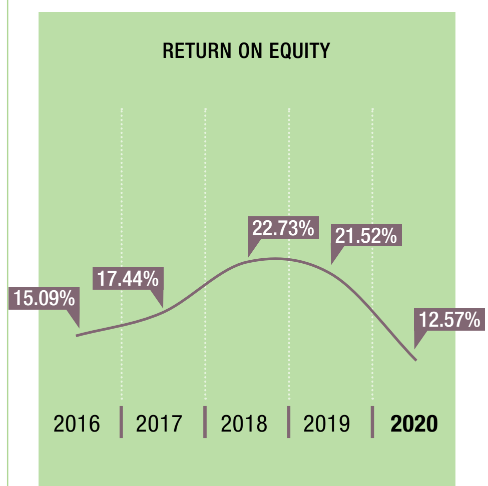
NCBFG reported record net consolidated operating income of $108.8 billion, an improvement of $17.6 billion or 19% when compared to the previous year. The consolidation of a full year of GHL's results compared to only five months in the prior period and a strong performance from GHL during the year had the consequence of our net results from insurance activities totalling $32.5 billion, an increase of $18.0 billion or 125%.

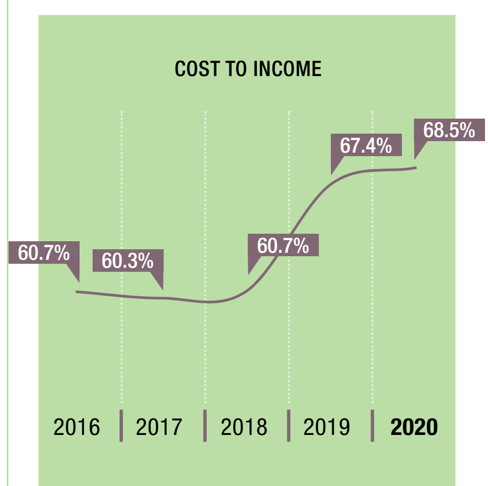
Operating expenses increased by $16.8 billion or 26%, to $81.6 billion. The increase in operating costs was largely driven by the consolidation of a full year of GHL's expenses. Staff costs, which accounts for approximately 50% of total operating expenses, was $40.5 billion, representing a 26% or $8.4 billion increase when compared to the prior period. Additionally, the execution of our digital strategy involved significant investments in our information technology infrastructure and application software in recent years, which contributed to a $1.6 billion or 23% increase in depreciation and amortisation to $8.5 billion.



* CAGR – Compounded Annual Growth Rate
** Net profit attributable to stockholders of the parent.







The Group's commendable performance despite the arduous operating environment is a testament to the resilience of our diversified business model.

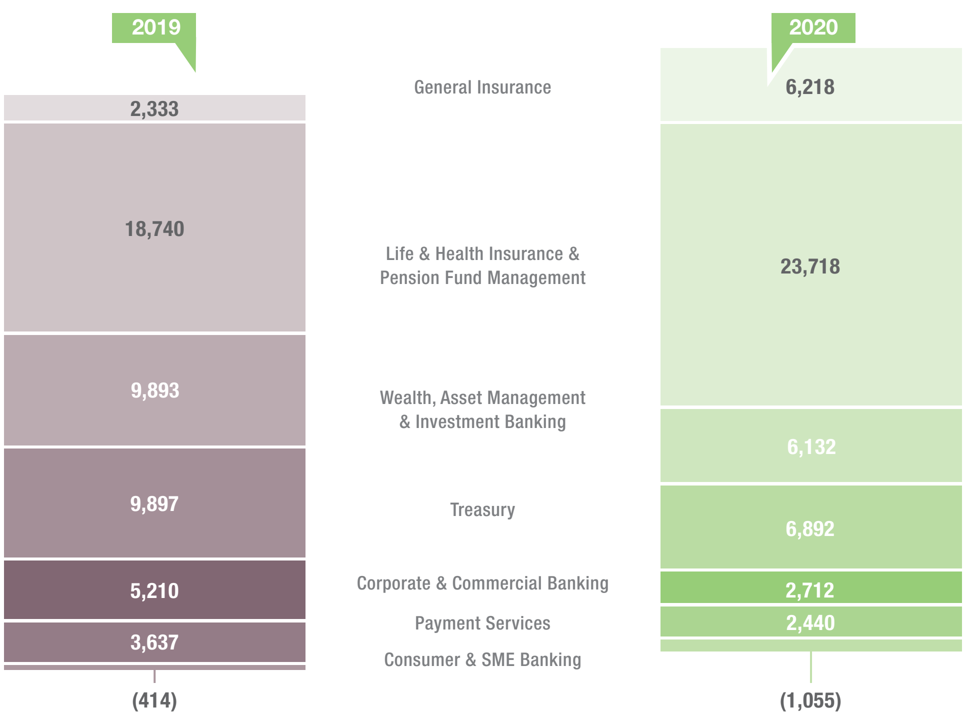
Outlook

The Group remains dedicated to the execution of its 2024 Strategic Programme despite the unprecedented shocks in regional and international economies. By remaining steadfast in the implementation of our strategic initiatives, we believe that we will be able to accomplish our aspirations of achieving **strong financial performance, inspired people and culture, having delighted customers and becoming digital to the core**. Our goals are all interconnected and as such the successful application of each pillar is necessary to create and maintain a unified Group which will provide a world-class financial ecosystem to our customers and stakeholders.

Our strategy is well underway with the development and launch of digital platforms, innovative products and services and enhanced offerings as we pivot to ensure that we are serving the evolving needs of our team, customers, and the territories in which we operate. We are aware that there are still challenging times ahead which will require us to adapt to new way of life. However, we are motivated and optimistic about the opportunities ahead. NCBFG is resolute in continuing the legacy of exceeding the goals and aspirations of our stakeholders including employees, customers and our shareholders. We will maintain our commitment to excellence in driving value to customers, our employees and the region.

SEGMENT PERFORMANCE

OPERATING PROFIT ($'M)



Financial Performance CONTINUED

Segment Performance

TABLE 5: SEGMENT SELECTED FINANCIAL DATA [1]

	Commercial & SME Banking			Payment Services			Corporate & Commercial Banking		
Year ended September 30	2018	2019	2020	2018	2019	2020	2018	2019	2020
Segment's Contribution of Performance (%) **{Segment Result as a percentage of Consolidated Statement Result}**									
Total revenue	29.8%	18.9%	12.4%	14.5%	9.8%	6.8%	8.9%	6.4%	4.7%
Net interest income	57.1%	51.8%	44.1%	11.7%	12.2%	12.0%	10.5%	12.5%	13.8%
Total operating income	35.0%	26.6%	20.9%	12.4%	11.2%	8.6%	6.8%	7.4%	6.2%
Total operating expenses	34.6%	24.2%	21.9%	9.4%	6.9%	5.8%	1.8%	1.3%	1.7%
Operating profit	10.5%	(1.6%)	(3.9%)	11.0%	13.8%	9.0%	13.0%	19.7%	9.9%
Total assets	38.0%	26.0%	24.4%	2.9%	1.8%	1.5%	11.5%	7.8%	8.7%
Selected Segment Performance Indicators (%)									
Cost to income ratio	84.8%	86.8%	85.5%	62.7%	58.7%	59.3%	27.7%	22.1%	46.5%
Operating profit as a percentage of average assets	0.9%	(0.1%)	(0.2%)	11.0%	12.7%	8.7%	3.5%	4.4%	1.9%
Selected Segment Financial Data (in millions)									
Total revenue	29,479	32,306	31,816	14,354	16,732	17,345	8,751	10,893	12,155
Total operating income	24,336	24,268	22,700	8,602	10,198	9,343	4,731	6,708	6,722
Net interest income, net of credit impairment losses	18,968	18,929	18,090	3,565	4,442	4,016	3,643	5,537	5,364
Net insurance activities	-	-	-	-	-	-	-	-	-
Other income	5,369	5,340	4,610	5,036	5,756	5,327	1,088	1,172	1,358
Total direct operating expense	15,036	15,664	17,852	4,063	4,447	4,710	763	853	1,367
Staff costs	10,323	9,777	9,584	905	1,043	923	322	349	244
Operating profit	2,749	(414)	(1,055)	2,878	3,637	2,440	3,406	5,210	2,712
Segment assets	371,812	420,800	439,335	28,226	28,996	27,252	112,328	126,195	156,881
Segment liabilities	350,173	369,548	382,909	15,097	17,463	8,274	88,719	92,742	126,646

[1] Segment data do not give effect to the elimination of intersegment transactions.

We are a diverse Group with varying business segments. Our performance is managed and reported through two main types of business activities – banking & investment and insurance, which comprise a total of seven operating segments. The reduction in consumer, business and trading activities due to the adverse impact of the pandemic on the economy resulted in only two of our seven segments recording improved performances over the prior year. Our life & health insurance and pension fund management and general insurance segments recorded increases of $5.0 billion and $3.9 billion in operating profits, respectively, primarily due to the consolidation of a full year's results for GHL versus only five months in the previous financial year. Our commercial banking segment, which includes Consumer & SME Banking, Payment Services, Corporate & Commercial Banking and Treasury & Correspondent Banking, contributed operating profits of $11.0 billion while Wealth, Asset Management & Investment Banking contributed $6.1 billion.

The business segments were significantly impacted by an increase

Treasury & Correspondent Banking			Wealth, Asset Management & Investment Banking			Life & Health Insurance & Pension Fund Management			General Insurance		
2018	2019	**2020**	2018	2019	**2020**	2018	2019	**2020**	2018	2019	**2020**
21.3%	12.3%	**6.9%**	18.6%	15.8%	**7.1%**	14.2%	30.6%	**40.6%**	6.7%	16.2%	**25.7%**
11.0%	9.4%	**6.1%**	11.4%	10.7%	**10.8%**	6.2%	18.6%	**27.7%**	1.8%	1.8%	**1.7%**
16.1%	13.0%	**8.2%**	18.0%	15.4%	**10.3%**	16.3%	28.4%	**36.0%**	3.7%	8.6%	**13.7%**
3.0%	2.1%	**1.9%**	7.7%	6.5%	**6.2%**	4.1%	11.0%	**19.0%**	3.5%	8.4%	**10.7%**
36.5%	37.4%	**25.3%**	35.1%	37.4%	**22.5%**	36.4%	70.9%	**87.0%**	4.1%	8.8%	**22.8%**
30.8%	20.4%	**20.3%**	22.2%	16.6%	**19.3%**	5.4%	27.9%	**31.3%**	1.6%	6.4%	**5.5%**
15.0%	17.0%	**22.5%**	26.2%	30.4%	**46.4%**	15.8%	27.2%	**38.2%**	58.1%	69.3%	**58.0%**
3.6%	3.1%	**2.0%**	4.5%	4.1%	**2.0%**	19.1%	7.4%	**4.7%**	7.3%	3.9%	**6.1%**
21,064	21,038	**17,599**	18,357	27,022	**18,353**	14,061	52,235	**104,208**	6,642	27,652	**65,962**
11,237	11,809	**8,968**	12,544	14,079	**11,179**	11,327	25,878	**39,219**	2,588	7,798	**14,939**
3,885	2,624	**2,926**	3,738	5,115	**5,980**	2,184	7,945	**13,190**	642	731	**800**
-	-	**-**	-	-	**-**	2,412	9,598	**17,607**	1,687	5,239	**12,795**
7,352	9,186	**6,042**	8,806	8,965	**5,199**	6,731	8,335	**8,422**	259	1,828	**1,343**
1,299	1,388	**1,543**	3,363	4,186	**5,047**	1,794	7,138	**15,501**	1,503	5,465	**8,720**
217	269	**189**	1,678	2,028	**2,401**	1,021	3,309	**8,151**	874	2,646	**4,939**
9,554	9,897	**6,892**	9,181	9,893	**6,132**	9,533	18,740	**23,718**	1,086	2,333	**6,218**
301,620	329,569	**366,204**	216,829	269,047	**346,603**	53,116	451,176	**563,591**	15,382	104,248	**99,683**
281,807	327,938	**388,005**	183,402	223,599	**299,625**	34,062	344,879	**431,195**	8,649	75,253	**66,228**

in credit impairment losses. Our operating environment has been partially redefined by the effects of the pandemic; however, we remain flexible to navigate to sustainably meet and exceed the expectations of our customers and employees. We embarked on several initiatives to capitalise on opportunities to improve current offerings whilst creating new products to meet evolving needs.

Collaboration across the territories and segments will be integral in deriving incremental value.

Consumer and SME Banking

This segment serves individual retail and small and medium business customers in Jamaica, Bermuda, the Cayman Islands and the United Kingdom through subsidiaries of NCBJ and Clarien. Additionally, NCBJ maintains a Representative Office in the United Kingdom. The prevailing economic challenges associated with the pandemic weighed on the segment's performance. The segment recorded a net operating loss of $1.1 billion, a decline of $641 million

Financial Performance CONTINUED

from the prior year. External revenues decreased by 3% or $908 million to $29.4 billion. The reduction was primarily driven by a 13% decline in net fee and commission income due to lower credit related fees and certain fee waivers from banking services to support customers through the unexpected challenges stemming from the pandemic. Performance was further eroded by a 22% increase in credit impairment provisions as a result of the increased credit risk given the current economic conditions.

Operating expenses totalled $17.9 billion, an increase of $2.2 billion or 14%. This was primarily driven by an increase in depreciation & amortisation from $1.1 billion in the prior year to $2.3 billion related to the upgrades of our core banking systems and infrastructure.

Our support for small & medium sized enterprises (SMEs) was integral given the significant impact that the economic decline has had on the viability of these businesses. Small businesses are the backbone of the economy and we are dedicated to providing working capital and business support through specialised financial solutions in order to reinforce their survival and growth in these uncertain times.

In the Jamaican market we are focussed on driving efficiency through the revamping of our operating model. This segment has the highest cost-to-income ratio within the Group which indicates that there is room for efficiency improvements. Through optimisation strategies, many routine activities have been transferred to electronic channels. Our digital acceleration efforts have enabled us to transition three branches to digitally enabled 24-hour branches outfitted to fulfill a complete suite of customer needs. We have also been able to support customers through personal financing products by offering end-to-end digital loan processing so customers' needs can be met despite the limitations on physical interactions. The long-term aspiration is to increasingly leverage digital to continuously enhance customer experience while improving efficiency.

Payment Services

This segment consists of our Card Issuing and Card Acquiring businesses. During FY20 the segment grappled with a reduction in transaction volumes and value due to the decline in consumer and business activities caused by government mandated restrictions imposed to limit the spread of COVID-19. Operating profits decreased from the prior year by $1.2 billion or 33% to $2.4 billion. The decline in transaction activities coupled with waivers on certain credit card user fees caused net fee and commission income to decline by 7% or $428 million to $5.3 billion. Total operating income was $9.3 billion compared to $10.2 billion reported in the prior year. Results were further eroded by credit impairment losses being 135% or $1.3 billion higher than the previous year due to the impact of the COVID-19 pandemic on assumptions related to current and expected future credit card portfolio quality.

Total operating expenses were $4.7 billion which represents a $262 million or 6% increase when compared to the previous year's performance. Our card systems are being continuously upgraded to ensure reliability, and to maintain and improve system up-time. We have phased the introduction of more payment platforms to offer merchants various alternatives to process payments.

Corporate and Commercial Banking

This segment offers banking services, including loans and other credit products, to commercial and large corporate clients. Our Corporate & Commercial Banking segment earned $2.7 billion in operating profit, a decrease of 48% or $2.5 billion compared to the previous year. The decline in performance was primarily due to a $1.8 billion increase in credit impairment losses resulting from changes in assumptions in the credit loss model to account for the weakened economy and projections for its recovery, and its potential impact on the credit quality of the segment's loan portfolio due to the negative effects of the pandemic on the operating environments. The tourism, hospitality and entertainment industries experienced the greatest fallout. This significant increase in credit impairment losses offset the 13% or $1.4 billion increase in external revenues stemming from loan growth.

Operating expenses were 60% or $514 million higher than the prior year as a result of technical consultancy and professional fees incurred in executing strategic and digital activities coupled with increased irrecoverable general consumption and asset taxes stemming from the growth in the business and the statement of financial position. Costs allocated from support units were $2.0 billion above the prior year due to the migration of the commercial customers' portfolio to this segment.

Treasury and Correspondent Banking

Our Treasury and Correspondent Banking segment incorporates liquidity and investment management functions for our banking activities in Jamaica and Bermuda, foreign currency dealing activities, management of correspondent banking relationships as well as relationships with other financial institutions. Our Treasury and Correspondent Banking segment reported operating profit of $6.9 billion, a decline of $3.0 billion or 30% when compared to the prior year. External revenues totalled $13.5 billion, representing a 14% or $2.1 billion decline compared to the previous year. The performance was negatively impacted by the low interest rate environment, reduction in trading activities and the depreciation of the Jamaican currency as a result of weakened market conditions. Consequently, net interest income decreased by 24% to $3.2 billion while gain on foreign currency and investment activities declined by 15% to $5.6 billion. The current market conditions also negatively impacted assumptions related to credit quality for the segment, resulting in $275 million in credit impairment losses in comparison to reversals of $538 million in the prior year. Total operating expenses grew by 11% to $1.5 billion while costs allocated from support units increased by $10 million to $533 million.

NCBJ's treasury segment also bolstered US dollar liquidity buffers at the end of the financial year by raising US$250 million via the securitisation of a new Diversified Payment Rights facility. This private placement was upsized to US$250 million following an oversubscription of the transaction signalling the confidence of international investors in NCBJ's fundamentals and the stability of these flows.

Wealth, Asset Management and Investment Banking

Our wealth, asset management and investment banking segment primarily operates in Jamaica, the Cayman Islands, Trinidad & Tobago, Barbados and Bermuda, providing stock brokerage services, securities trading, investment management and other financial services. The segment registered an 8% reduction in external revenues from $15.7 billion in the prior financial year to $14.4 billion. Overall revenue growth was hindered by the reduced volumes of securities in the market and the deceleration in the number of capital markets transactions executed. Consequently, the segment reported operating income of $11.2 billion, representing a $2.9 billion or 21% decrease when compared to the prior year's results. The weakened market conditions resulted in a decline in equity and securities trading activity and caused an 84% reduction in gain on foreign exchange and investment activities to $714 million. The negative impact of the market contraction was sufficient to more than offset the improvements in net interest income, which increased by 18% or $882 million due to the inclusion of a full year of GHL's asset management results as opposed to five months in the prior financial year.

Net fee and commission income increased by 3% over the prior year. During the year, our main wealth management subsidiary, NCBCM executed the Transjamaican Highway Limited's Initial Public Offering (IPO) on both the Main and USD markets of the Jamaica Stock Exchange (JSE) – the largest amount raised from an IPO on the JSE. There were also strides made in the Trinidadian market via the successful closing of a Government of the Republic of Trinidad & Tobago TT$1.5 million fixed rate bond which was executed by NCBGF.

In addition to the reduction in revenues, the segment's performance was further eroded by a 21% increase in total operating costs to $5.0 billion mainly due to the consolidation of a full year of GHL's wealth management segment results. During the year, we expanded our Jamaican online wealth management platform to include the execution of real-time equity trading and unit trust orders and introduced robo-advisory services in the Bermudian market. The expansion in our digital platforms enables us to offer our clients accessible wealth management tools at their convenience. We are actively seeking to introduce new innovative financial solutions to our diverse clientele across the region. We intend to capitalise on our partnerships to create alternative investment products to suit the various risk appetites of our customers to encourage wealth management for those we serve.

Life & Health Insurance and Pension Fund Management

This segment incorporates the results of the life & health insurance and pension fund management services of the Group across 21 countries across the region. The largest territorial contributors to this segment are Trinidad & Tobago, Jamaica and the English and Dutch Caribbean.

The segment achieved an operating profit of $23.7 billion representing an increase of 27% or $5.0 billion when compared to the prior year. The inclusion of the full year of GHL's performance in this segment, as opposed to five months in the previous year, boosted the results of the segment. GHL also performed commendably during the financial year despite the challenges arising from the pandemic. GHL recorded strong underwriting performance as well as benefitted from the combination of the GLL insurance portfolio with that of NCBIC. External revenues earned for the year totalled $103.7 billion, an increase of 96% or $50.9 billion. The improvement in revenues was mainly due to a 75% growth in net interest income to $14.5 billion and the net result from insurance activities was $17.6 billion, which was $8.0 billion or 83% higher than the prior year.

Operating expenses amounted to $15.5 billion compared to $7.1 billion in FY19. This too was mainly as a result of the addition of GHL's full year's financial performance

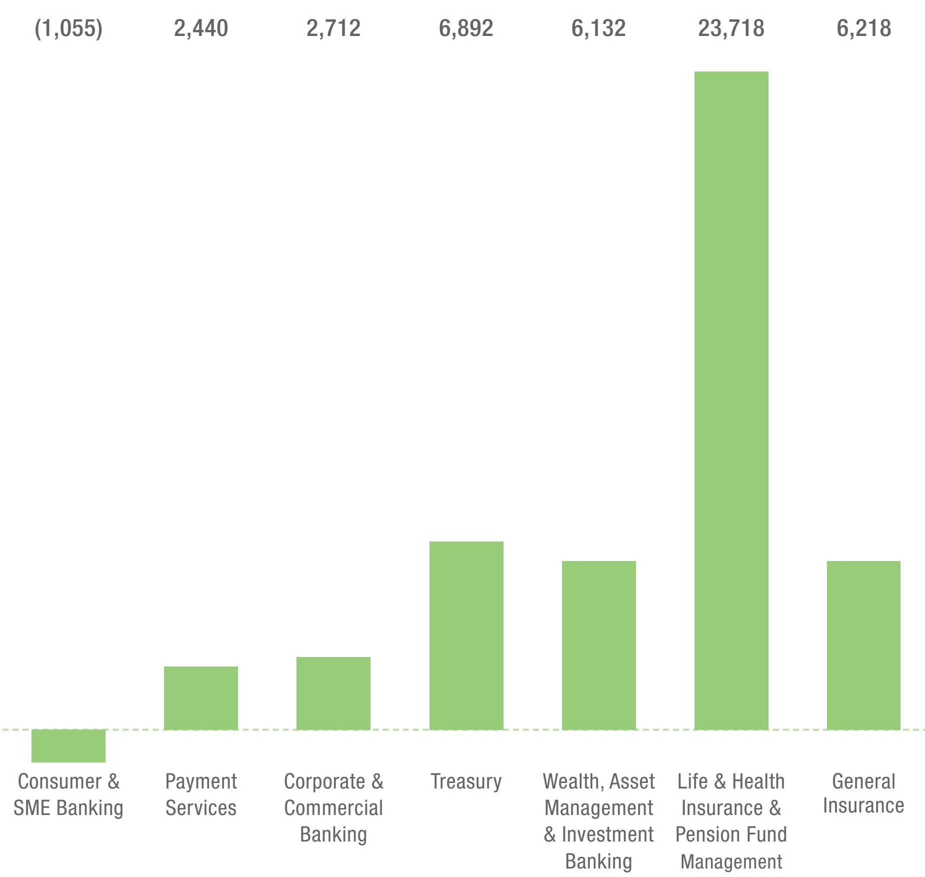
Financial Performance
CONTINUED

compared to only five months in the prior year. The streamlining of the Jamaican insurance business at the end of the financial year enables the Group to harvest expense synergies by eliminating redundant systems. The expansion of the distribution network and full partnership of the insurance business positions the Group as one of the prominent financial and insurance services providers in the region.

General Insurance

This business segment reports the results of general insurance, which incorporates property and casualty insurance from the Guardian Group. Performance from this segment was heavily driven by the consolidation of a full year of GHL's property and casualty results versus only five months in the prior year. Additionally, it must be noted that the prior financial year's results included performance from Advantage General Insurance Company Limited, which was sold by the Group at the end of the 2019 financial year. External revenues were $65.5 billion compared to $27.4 billion in the prior year. The growth in the property and casualty business also contributed to the solid performance from GHL. The segment was spared impact from any major catastrophic events during the year and experienced growth in the Dutch Caribbean markets which led to a $7.6 billion or 144% increase in net results from insurance activities. Operating expenses increased by 60% or $3.3 billion to $8.7 billion. This was primarily due to an 87% or $2.3 billion increase in staff costs related to the additional seven months of expenses in the 2020 financial year (to include the segment's full year performance) as well as higher staff costs related to the acquisition of a brokerage business during the financial year. These activities contributed to operating profit of $6.2 billion up from $2.3 billion.

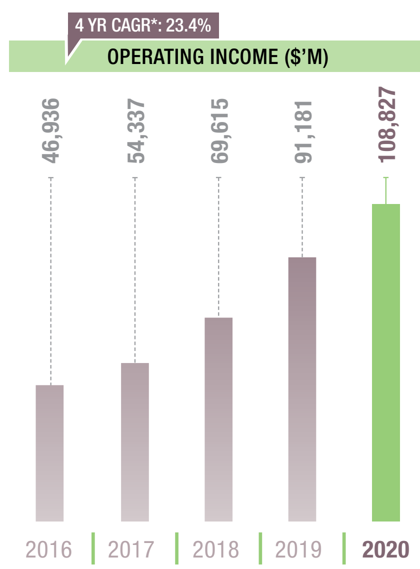
SEGMENT PERFORMANCE
OPERATING PROFIT($'M)



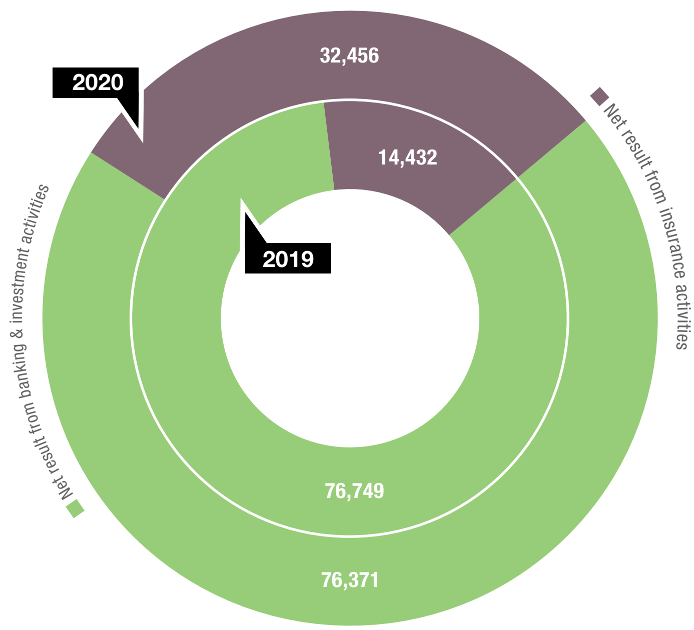
Income Statement Analysis

Operating Income

Operating income derives from banking & investment and insurance activities. Operating income increased by 19% or $17.6 billion to $108.8



INCOME MIX FY 2019 & 2020



billion. Gross income was $256.8 billion compared to $171.3 billion in the prior year.

The contribution from net insurance activities increased to 30% of the Group's net operating income, up from 16% in the prior year, due to the full year of activity from the Guardian Group included in the 2020 financial year. The net result from banking & investment activities of $76.4 billion was relatively flat when compared to the prior's year performance of $76.7 billion. Both business lines were impacted by the contraction of the economy due to the pandemic; however, the insurance business displayed greater resilience against the downturn.

Net interest income, net of credit impairment losses, contributed 39% to net operating income, down from 44% in the previous year. The remaining 61% primarily comprised net fee and commission, gain on foreign currency and investment activities, and the net result from insurance activities. Of the non-interest bearing items, net result from insurance activities accounted for 49% of non-interest related income compared to 28% in 2019, while the net fee and commission income contributed 32% of non-interest income compared to 37% in 2019.

Net Interest Income

The Group earned net interest income, net of credit impairment losses, totalling $42.2 billion, an increase $2.4 billion, or 6% over the prior year.

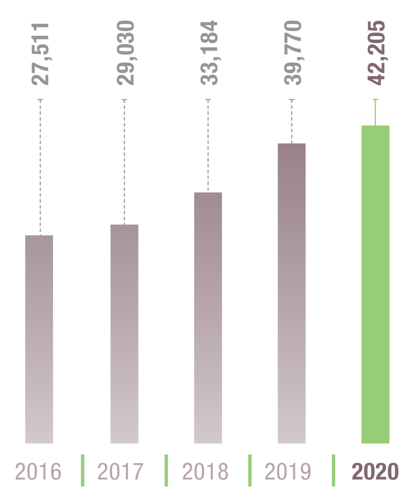
- Interest income from loans was $43.5 billion, increasing by $1.2 billion, or 3%. There was robust growth in the Group's loan and card portfolios despite the slowdown in global and regional economies. In addition to the growth in loans, the consolidation of a full year of results from GHL (compared to five months in 2019) accounted for 55% of the increase.
- Interest income from investment securities, reverse repurchase agreements and deposits totalled $30.9 billion which was $8.1 billion higher than the prior year's total of $22.8 billion. The full year consolidated results from GHL (compared to five months in 2019) accounted for the sizeable growth in interest income from investment securities.
- Interest expenses increased by $1.5 billion, or 7%, to $21.9 billion for the year. The main contributors to the increase were the additional seven months of expenses related to the consolidation of GHL and increased interest expenses on repurchase agreements.

[More details on net interest income item can be found in note 6 of the financial statements – see page 221].

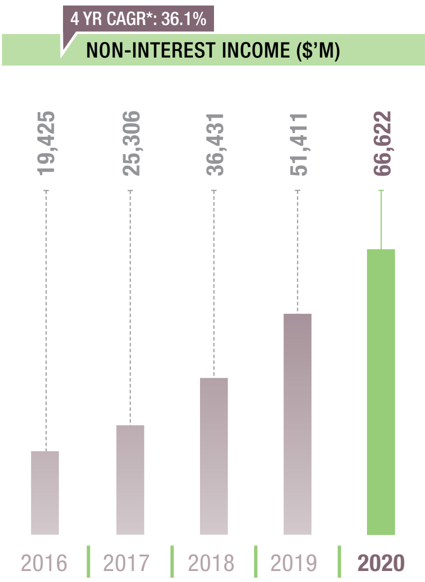
- Credit impairment losses, which includes expected credit losses on investment securities and loans and advances, totalled $10.3 billion, up by $5.5 billion or 113% from $4.8 billion in the prior year. The significant increase in impairment losses was due primarily to the impact the COVID-19 pandemic has

4 YR CAGR*: 11.3%

NET INTEREST INCOME ($'M)
Net of Impairment Losses



Financial Performance CONTINUED



had on economic activities and business operations. The Group's delinquency management processes remain robust and proactive to respond sufficiently to the risk environment in all of our operating jurisdictions.

[A summary of this expense item can be found in note 13 of the financial statements – see page 226].

Other Revenue Items

Non-interest income grew to $66.6 billion, up $15.2 billion or 30% over the prior year.

- Net result from insurance activities totalled $32.5 billion, up $18.0 billion or 125%, over the prior year's performance of $14.4 billion. The consolidation of a full year of GHL's results, compared to five months in the prior year, was the main contributor to this increase. Included in the prior year's results was $1.2 billion from a former subsidiary, which was disposed of at the end of the 2019 financial year.

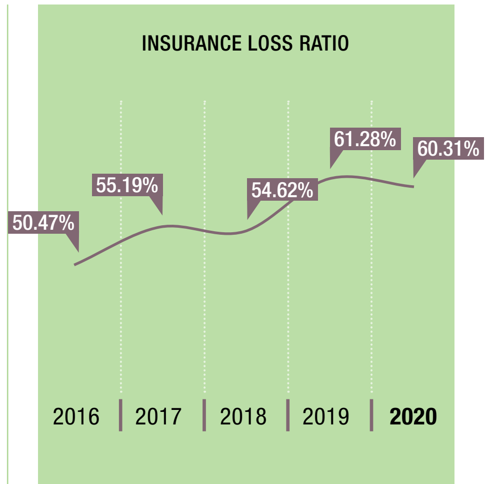
- Net underwriting income increased to $101.7 billion, up $53.5 billion or 111%, over the prior year's performance. The consolidation of a full year of GHL's results contributed $58.9 billion to the improvement in underwriting income due mainly to the solid performance of the life, health and pension business despite challenges arising from the on-going pandemic. The general insurance segment also recorded increased net income having been spared major disastrous events coupled with the growth in business experienced in the Dutch Caribbean markets. Premium income totalled $135.2 billion (2019: $60.6 billion) of which GHL contributed $132.0 billion.

  [Additional details on this income item can be found in note 9 of the financial statements – see page 223].

- Net policyholders' and annuitants' benefits and reserves increased by 106% to $56.2 billion mainly as a result of the consolidation of an additional seven months of GHL's results. The prior year included reserve releases related to NCBIC's portfolio, which contributed to 15% of the increase experienced in the 2020 financial year.

  [Further details on this expense item can be found in note 10 of the financial statements – see page 223].

- Commission and other selling expenses incurred in providing insurance services grew to $13.0 billion, up from $6.4 billion, which was also due to the consolidation of the full year of GHL's results.



As previously noted, at the end of the financial year, the Jamaican insurance business was streamlined, resulting in NCBIC transferring 100% of its portfolio of insurance and annuities business to GLL. The net result from insurance activities also benefited from the initial effect of combining the GLL insurance portfolio with that of NCBIC.

- Net fee and commission income totalled $21.4 billion, an increase of $2.2 billion or 11%. The Guardian Group earns fee income via policy administration and asset management services and was the main contributor to the increase in net fee income. The improved fees from GHL offset the reduction in fees experienced by the banking segment, which was mainly due to the pandemic's impact on business and consumer activities, by extension transaction volumes, and our efforts to promote the use of our digital channels by the waiving or reducing certain user fees.

  [A summary by segment can be found in note 7 of the financial statements – see page 222].

- Gains on foreign currency and investment activities totalled $8.8 billion, down $6.6 billion or 43%, from the prior year's result.

The reduction was caused by weakened economic conditions stemming from the pandemic, which resulted in reduced securities trading activity, a decline in the equity markets and the depreciation of the Jamaican dollar.

[Further details on this income item can be found in note 8 of the financial statements – see page 222].

The Group's commitment to pursuing our aspiration of becoming the Caribbean's leading financial ecosystem remained unwavering as we navigated through this period of increased uncertainty. Our continued proactive management of our capital, liquidity, risk, margins, currency and financial positions allowed us to weather the devastating economic impact of COVID-19 and adeptly meet the needs of our customers. We will continue on this path to manage, assess and adjust, where required, to the changes in the environment.

Operating Expenses

Operating expenses totalled $81.6 billion, up $16.8 billion or 26% over the prior year, mainly as a result of the consolidation of a full year of GHL's expenses, compared to five months in the prior year. In response to the ongoing health crisis, we have accelerated our digital agenda to expand the digital products and services provided to our customers ensuring they had safe and convenient alternatives to conduct business, safeguarded the health and well-being of our staff and limited business disruptions due to new safety protocols introduced. Additionally, we continued necessary investments to improve and expand the skillsets and competencies of our team, equipping us to deliver on our strategic commitments.

- Staff costs of $40.5 billion increased by $8.4 billion, or 26%, largely due to the consolidation of a full year of GHL's results, compared to five months in the prior year. GHL contributed 36% of the Group's staff costs, up from 16% in the prior year. We remain dedicated in our commitment to being an employer of choice across all our operating territories by providing appropriate compensation and prioritising the health and well-being of our employees. During the year, we expanded our remote work framework and updated our policies and practices to transition as many non-customer facing employees to remote work. Additionally, we have made significant investments in human capital with increased training and competency building across the Group. The development of our employees' expertise and capabilities is of utmost importance to the successful execution of our strategic initiatives as we work to safely navigate the current economic and health crisis.

  [Further details on staff costs can be found in note 12 of the financial statements – see page 225].

- Depreciation, amortisation and finance charges totalled $9.9 billion, up $3.0 billion over the prior year. The main driver of the increase was amortisation of software intangible assets and depreciation of computer hardware due to the significant capital investments made during the year to enhance and expand our digital capabilities. These investments were necessary as we adjusted our digital business operations. The consolidation of GHL's results for a full year (compared to five months for the 2019 financial year) also accounted for some of the increase. During the year, the Group adopted IFRS 16 "Leasing" which replaces IAS 17. Under IFRS 16, lessees are now required to recognise a lease liability reflecting the future lease payments and 'right-of-use asset' for virtually all lease contracts. The adoption of this new standard resulted in finance costs of $1.4 billion for the current financial year.

  [Additional details on these expenses can be found in notes 28, 29 and 57 of the financial statements – see pages 241,242 and 356].

- Other operating expenses totalled $31.1 billion, an increase of $5.4 billion or 21%.

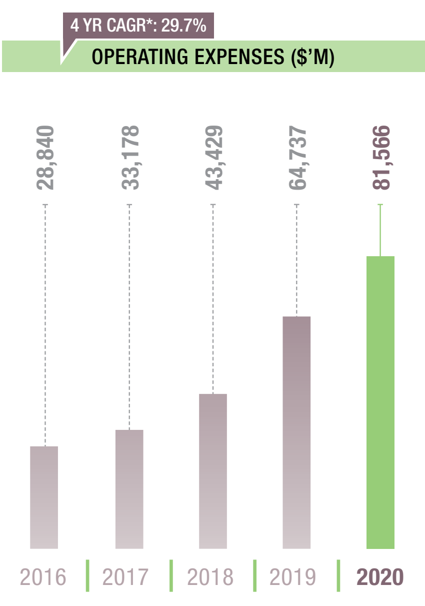
  - Property, vehicle and ABM maintenance and utilities grew by $1.5 billion or 28% mainly due to the consolidation of a full year of GHL's results compared to five months in the prior year. The Group experienced increases in maintenance costs related to our technological infrastructure as we expanded our digital capabilities. Repairs and maintenance of our business premises also increased during the year as we worked on standardising all physical locations to ensure the safety of our customers and staff. We also continued the optimisation and modernisation of our Jamaican banking branch operations to create a more delightful experience for our customers, and we incurred additional cleaning costs due to the increased sanitisation of our offices and branches to protect our employees and customers.

  - Marketing, customer care, advertising and donations increased by $1.2 billion or 40% mainly due to the

Financial Performance CONTINUED

consolidation of an additional seven months of GHL's market research and development costs as well as advertising and marketing expenditure. Additionally, the Group and our three Foundations supported and partnered with various groups across the region to provide COVID-19 relief packages, hospital equipment and other donations to help those most impacted, such as front-line workers and others assisting with the fight against the spread of the virus.

- Travelling, courier and telecommunication expenses grew by 60% or $1.2 billion. Given the changes to our operations there was a decline in travel expenses; however, we experienced increased courier and telecommunication expenses to facilitate remote work and physical distancing. The consolidation of seven additional months of GHL's expenses also contributed to this increase.



- Technical, consultancy and professional fees increased by 36% or $955 million due to the implementation of various strategic initiatives geared towards improving our core business, financial performance, efficiency and digital capabilities.

- Irrecoverable general consumption tax and asset tax increased by $769 million or 20%. During the year, the Jamaican banking sector volunteered to contribute to the Jamaican Government's fiscal stimulus package in response to COVID-19 by foregoing the previously announced reduction in asset tax. The Group's asset tax charge for the year totalled $1.9 billion.

[A list of other operating expenses can be found in note 14 of the financial statements – see page 226].

Related and Connected Party Transactions

The Group considers the following individuals or entities to be related:

- Parent and companies controlled by our major shareholder
- Subsidiaries
- Associated companies of the Group
- Directors and key management personnel and their families
- Companies controlled by directors and related by virtue of common directorship.

Connected parties include our affiliates, associated companies, principal shareholders, directors, key management personnel, officers and employees. Parties are considered to be related or connected if one party has the ability to control or exercise significant influence over the other party in making financial or operational decisions.

In the normal course of business, we engage, and expect from time to time to engage, in financial and commercial transactions with related parties. These transactions are executed on an arm's length basis, on substantially the same terms, including interest rates and collateral, where applicable, as those prevailing at the time for comparable transactions with unrelated parties (with the exception of loans included under our Staff Loan Policy). Related party transactions with terms outside of normal business conditions require approval by the Board of Directors. Additionally, certain subsidiaries have Corporate Governance and Conduct Review Committees which monitor overall related party exposures and approve transactions with related parties outside of the normal course of business. Periodic reports are also received by the Audit Committee.

Staff loans and other concessionary facilities

We provide credit facilities at concessionary rates to employees and pensioners. The amounts that can be borrowed at concessionary rates are capped and all amounts in excess of the cap are accessible through normal customer facilities. The benefit of the discounted rate is assessed annually and if determined to be material, included in the financial statements.

Other major related party transactions

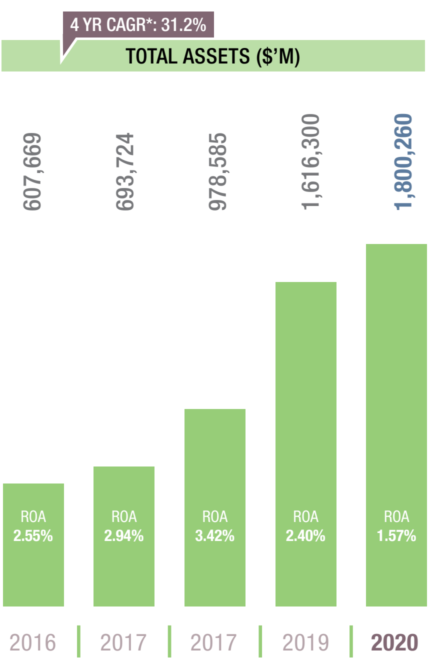
Related parties may engage in transactions involving financial assets or financial liabilities such as investment securities, reverse repurchase agreements, obligations under repurchase agreements or corporate notes, which are executed at prevailing fair market prices. From time to time, these transactions may involve corporate finance services for which fees are charged at rates that are consistent with those charged for similar services to unrelated customers. Transactions and balances between the Group companies are eliminated on consolidation of the financial statements.

In the normal course of business, we also enter into agreements with related parties, which typically involve the provision of advisory, insurance and other services. These services are provided on terms which are consistent with those offered to other unrelated customers.

Major related party transaction for the 2020 financial year

During the year, NCBIC entered in an agreement with GLL to dispose of its insurance and annuity business. This transaction was finalised at the end of September 2020. The transaction is considered to be a related party transaction and was deemed to be among common owners and as such the gain of $113 million resulting from the transaction was eliminated. The proceeds, net of transaction costs, totalled $4.9 billion.

[A summary of related party transactions and balances can be found in note 49 and 54 of the financial statements - see pages 279 and 347].



Financial Position Performance

Asset Performance Overview

Our asset base grew to a record high of $1.8 trillion, representing an increase over the prior year of $184.0 billion or 11%. Growth in our asset base was primarily driven by increases in our investment securities and loan portfolios. The increase in our loan portfolio represents our unwavering commitment to helping individual customers and businesses we serve as the economies recover to full strength after the devastating impact of the COVID-19 pandemic. Our return on assets declined to 1.57% compared to 2.40% in the prior year.

Cash in Hand and Balances at Central Banks

Our cash in hand and balances at Central Banks increased by $11.5 billion to $74.0 billion compared to the prior year. This category of assets is composed of cash held by our commercial banks, statutory reserves with Central Banks, operational balances held by Central Banks and short-term investments with the Jamaican Central Bank - the Bank of Jamaica ("BOJ"). The increase over prior year was largely driven by the various balances held with the Central Banks, which grew by $9.1 billion or 91% over the prior year. Statutory reserves held with Central Banks declined by $1.8 billion or 5%. The decline in statutory reserves was as a result of a decision made by the BOJ to reduce the cash reserve requirement of Jamaican DTIs by two percentage points effective May 15, 2020. The foreign currency cash reserve requirement was reduced to 13% while the domestic currency cash reserve has been reduced to 5%. These reserve requirements are the amount of money that DTIs are required to hold at BOJ against prescribed liabilities. BOJ implemented these adjustments with the aim to boost liquidity levels in the Jamaican financial system in the context of the strain caused by the impact of COVID-19.

Due from Banks

Balances due from banks increased by $37.5 billion or 27% compared to the prior year. These balances include placements with banks, short-term deposits and other balances held with correspondent banks. These balances are held to facilitate normal business activities as well as to satisfy liquidity requirements within the Group.

[Further details on this portfolio can be found in note 18 of the financial statements – see page 230].

Investment Securities & Reverse Repurchase Agreements

Investment securities and reverse repurchase agreements totalled $862.6 billion, an increase of $94.4 billion or 12% over the prior year. Our investment securities portfolio continues to be the Group's largest

Financial Performance

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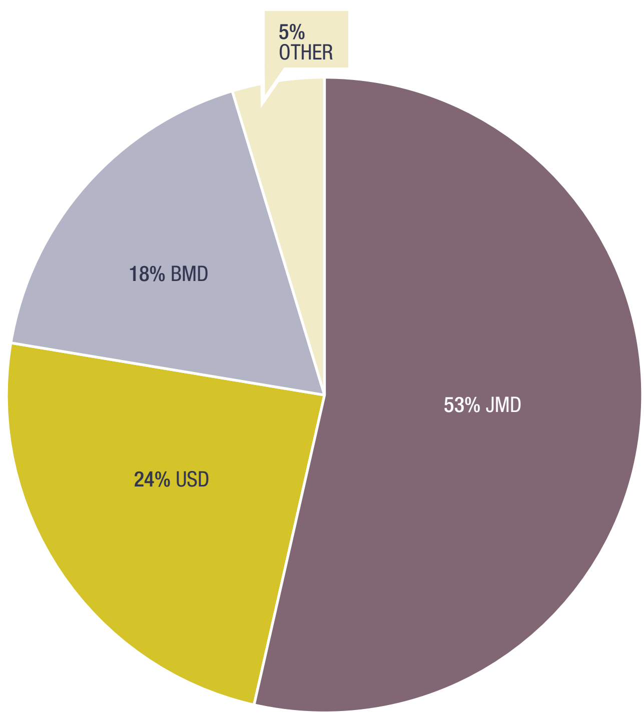
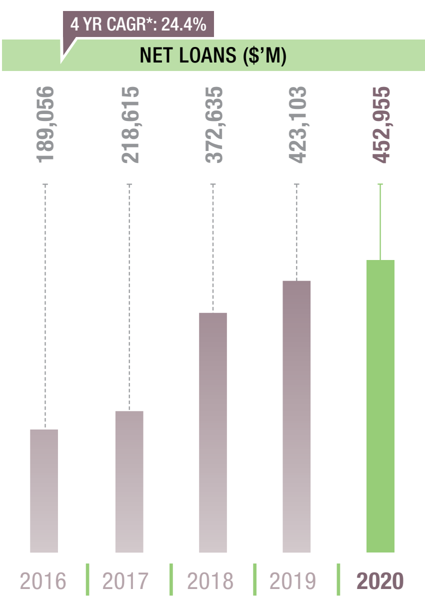
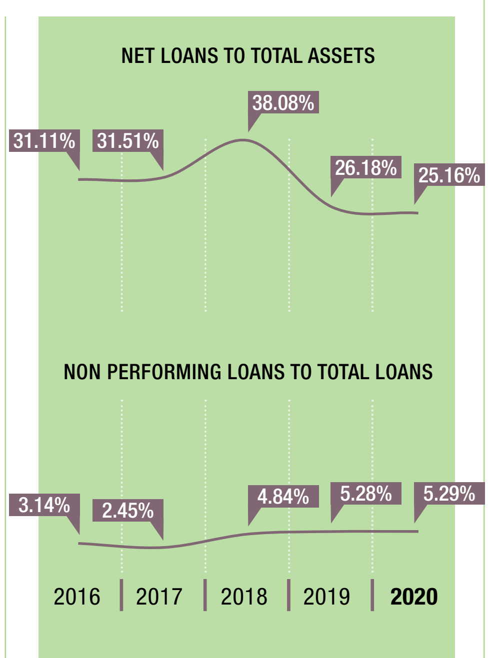
NET LOANS & ADVANCES BY CURRENCY







interest-bearing asset, representing 47% of total assets (Sep 2019: 47%). This portfolio comprises debt securities (government securities and corporate bonds), equity securities (quoted and unquoted), and collective investment schemes. These instruments are classified as fair value through profit or loss, fair value through other comprehensive income and carried at amortised cost.

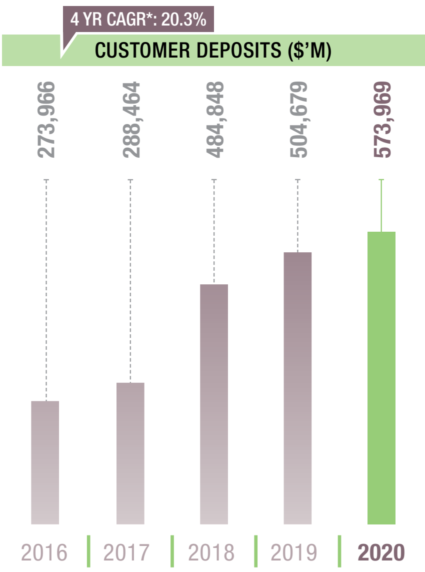
[Further details on these portfolios can be found in notes 20 and 22 of the financial statements – see pages 232 and 233].

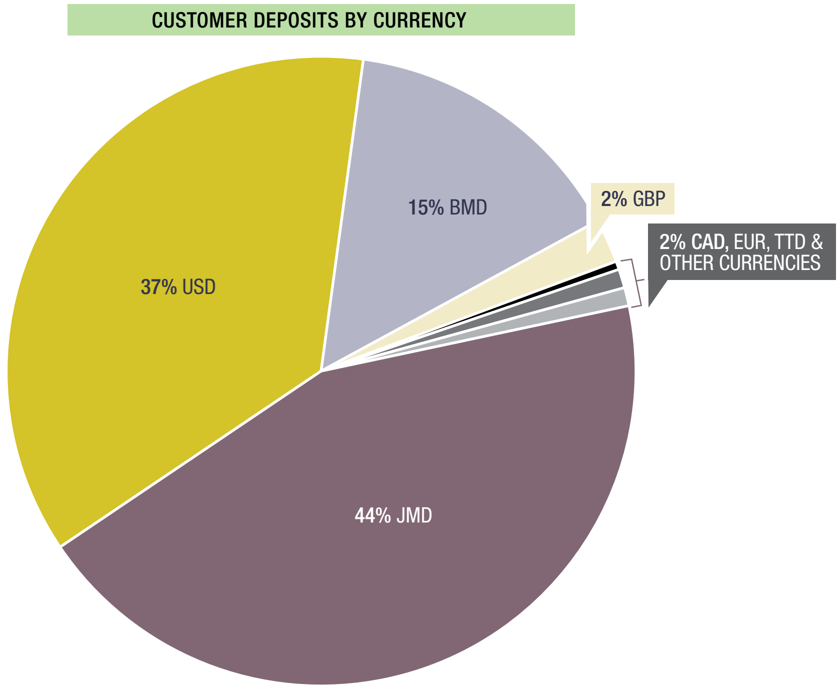
Net Loans

Our loans and advances, net of credit impairment losses, amounted to $453.0 billion, representing an increase of $29.9 billion or 7% compared to the prior year. Our loan portfolio represents the second largest asset category on the consolidated statement of financial position. The Group's non-performing loans totalled $24.7 billion, representing an increase of $1.9 billion or 8% compared to prior year and 5.3% of gross loans. We continue to make loans easily accessible to customers through our digital channels and online banking platforms.

At September 2020, 72% ($328 billion) of loans were issued from Jamaica while 21% distributed from Bermuda. 53% of the loan portfolio is denominated in Jamaican dollars (September 2019 – 51%), 24% in United States dollars (September 2019 – 25%) and 18% in Bermudian dollars (September 2019 -19%).

[Further details on the loan portfolio can be found in note 21 of the financial statements – see page 232].





Liabilities Overview

Funding

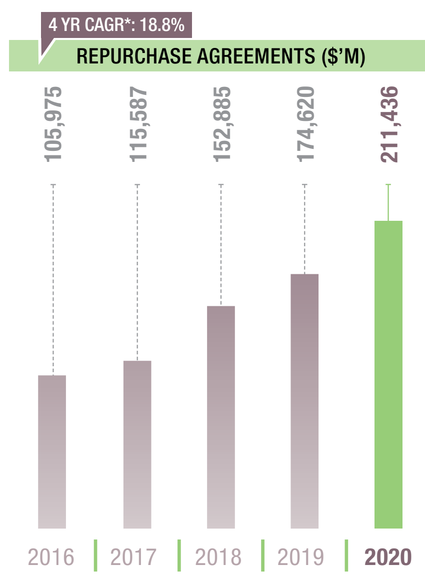
Our funding portfolio consists of short and long-term borrowing arrangements under the following funding lines: customer deposits, obligations under repurchase agreements, obligations under securitisation arrangements, amounts due to banks, other borrowed funds, mutual funds, segregated fund liabilities, investment contract liabilities and liabilities under annuity and insurance contracts.

Customers Deposits

Customer deposits represent our largest source of funding, accounting for 36% of total liabilities. Deposits totalled $574.0 billion, representing an increase of $69.3 billion or 14% over the prior year. Despite the impact of the pandemic, the growth in our customer deposits portfolio is indicative of the strong confidence and loyalty customers have in the Group's ability to safeguard their deposits. The majority of our customer deposits were held by our Jamaican commercial bank.

Liabilities under Annuity & Insurance Contracts and Investment Contract Liabilities

Liabilities under annuity & insurance contracts increased to $405.0 billion from $394.6 billion, representing an increase of $10.4 billion or 3% over the prior year. These contracts arise from operations in life and general insurance. Our life insurance subsidiaries issue life and health insurance and annuity contracts. These contracts insure human life events (for example, death, survival or critical illness) over a long duration. The general insurance subsidiaries issue property and casualty insurance contracts. Casualty insurance contracts protect our customers against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events. Property insurance



LIABILITIES UNDER ANNUITY, INSURANCE AND INVESTMENT CONTRACTS	2019 $'M	% of Total %	2020 $'M	% of Total %
Liabilities under life and health insurance and annuity contracts	336,677	78%	359,257	81%
Liabilities under general insurance contracts	57,938	13%	45,758	10%
Liabilities under investment contracts	39,258	9%	41,682	9%
Total	**433,873**	**100%**	**446,697**	**100%**

Financial Performance CONTINUED

contracts mainly compensate our customers for damage suffered to their properties or for the value of property lost. Liabilities under life and health insurance and annuity contracts accounted for 89% of the balance at the end of the year (September 2019: 85%).

Investment contract liabilities totalled $41.7 billion at the end of the year, up from $39.3 billion in the prior year. Investment contract liabilities carry floating rates of interest.

[Further details on the liabilities under annuity & insurance contracts and investment contract liabilities portfolios can be found in notes 37 and 39 of the financial statements – see pages 252 and 253].

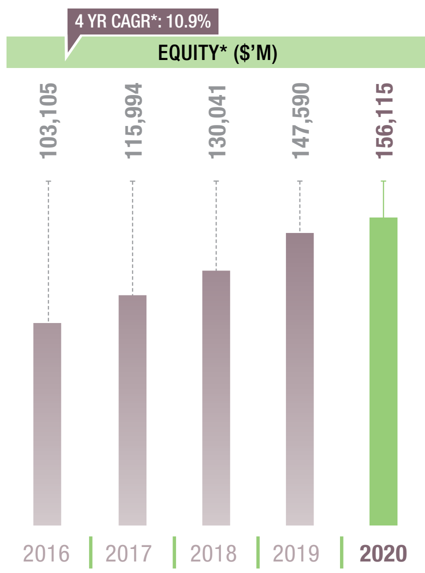
Repurchase Agreements

Obligations under repurchase agreements are used primarily by the Group as short-term funding and as a product for corporate and individual wealth clients. The portfolio increased to $211.4 billion, an increase of $36.8 billion or 21% over the prior year. This continues to be a significant funding source for some subsidiaries within the Group and represented 13% of total liabilities (September 30, 2019: 12% of total liabilities).

Obligations Under Securitisation Arrangements

Obligations under securitisation arrangements totalled $71.1 billion, which represents a $22.8 billion or 47% increase over the previous year. On September 30, 2020 NCBJ finalised a structured financing transaction involving the securitisation of its Diversified Payment Rights ("DPR"). Under this securitisation transaction, NCBJ assigned its rights to all present and future DPRs to an offshore special purpose vehicle, which then issued notes secured by the DPR flows. Through this facility, US$250 million was raised which was deployed to bolster US dollar liquidity.

[Further details on the obligations under securitisation arrangements portfolio can be found in note 33 of the financial statements – see page 247].



* Equity attributable to stockholders of the parent.

Other Borrowed Funds

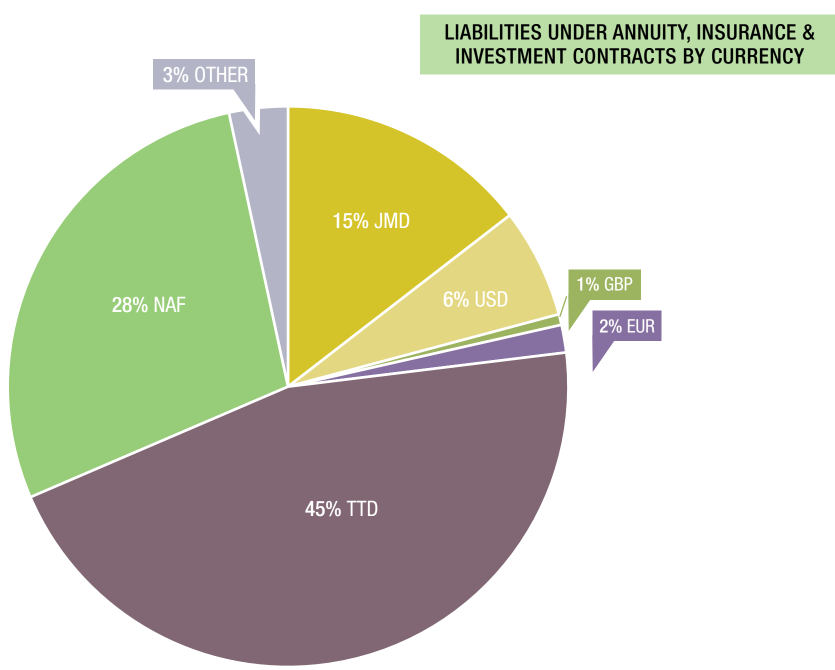
Other borrowed funds consist of various funding sources and totalled $125.1 billion, a slight increase of $113 million over the prior year. Each source of funding has different terms, tenures and interest rates which were accessed for the benefit of our customers. The most significant balance in this portfolio was corporate notes totalling $109.6 billion.

[Details of other borrowed funds are included in note 34 of the financial statements – page 249].

Other Funding

Other funding arrangements mainly consist of amounts due to banks, mutual and segregated funds.

[Details on these balances can be found in notes 32, 36, and 38 to the financial statements – pages 246, 252 and 253].



NCBFG TOTAL SHAREHOLDER RETURN

For The Year Ended September 30	2016	2017	2018	2019	2020	Three Year CAGR (%)	Five Year CAGR (%)
Closing Price of Common Shares ($ per share)	41.55	87.02	124.52	208.79	130.90	15%	36%
Dividend Paid ($ per share)	2.35	2.70	2.70	3.40	1.90	(11%)	(4%)
						Three Year Shareholder Return	**Five Year Shareholder Return**
NCBFG Shareholder Return (%)	**58%**	**116%**	**46%**	**70%**	**(36%)**	**60%**	**419%**
JSE Index Annual Movement (%)	**71%**	**60%**	**36%**	**44%**	**(26%)**		

Stockholders’ Equity

The Group’s total stockholders’ equity was $200.2 billion, an increase of $16.3 billion compared to prior year. Equity attributable to stockholders of the Company grew to $156.1 billion, an increase of $8.5 billion, or 6% over the prior year. The return on average equity for the Group decreased to 12.57% compared to 21.52% in the prior year.

Capital Management

The Group’s objectives when managing capital are broader than the equity presented in the statement of financial position. Our capital management processes are in place to ensure compliance with capital requirements set by the relevant regulators; safeguard the Group’s ability to continue as a going concern in order to provide returns for stockholders and benefits for other stakeholders; maintain a strong capital base to support development of our business and optimise capital allocation within the Group to maximise value.

Our management team recognises that the maintenance of adequate capital and the management thereof are critical to ensuring that regulatory requirements, strategic objectives and shareholder expectations are met each financial year. Each regulated entity within the Group is required to hold a minimum amount of capital as required by each relevant regulator in the specific jurisdiction and a capital management plan, guided by the Group Capital Management Policy, is developed to meet these requirements. The Group’s capital management plans are focussed on maintaining adequate levels of capital, optimising the Group’s portfolio in accordance with balancing shareholder risk-return objectives and maintaining flexibility in responding to changing market conditions. The aim of capital adequacy is to ensure sufficient capital is held in excess of the risk-based internal assessments and regulatory requirements with an overall objective of maintaining financial strength. During the year, the key regulated entities met or exceeded the minimum regulatory requirements.

[A summary on capital management can be found in note 50 (f) to the financial statements – page 338].

23.7%
Dividend pay-out ratio (dividends per share divided by earnings per share)

1.45%
Dividend yield (dividends paid as a percentage of share price)

$1.90
Dividends per share paid during year

Dividend and Shareholders’ Return

The closing share price on the Jamaica Stock Exchange as at September 30, 2020 was J$130.90 per share (September 30, 2019: J$208.79) which resulted in a price earnings ratio (current share price as a percentage of per share earnings) of 16.34 (September 2019: 16.97). The share price on the Trinidad & Tobago Stock Exchange as at September 30, 2020 was TT$7.75 per share (September 30, 2019 – TT$10.44).

On November 7, 2019, and January 30, 2020, the Board of Directors of NCBFG (“Board”) declared interim dividends of $0.90 and $1.00 per ordinary stock unit, respectively. However, on April 30, 2020, the Board decided not to declare an interim dividend in the prevailing circumstances arising from the COVID-19 pandemic. The Board did not declare any further interim dividends for the remainder of the financial year.

STRATEGIC PRIORITY

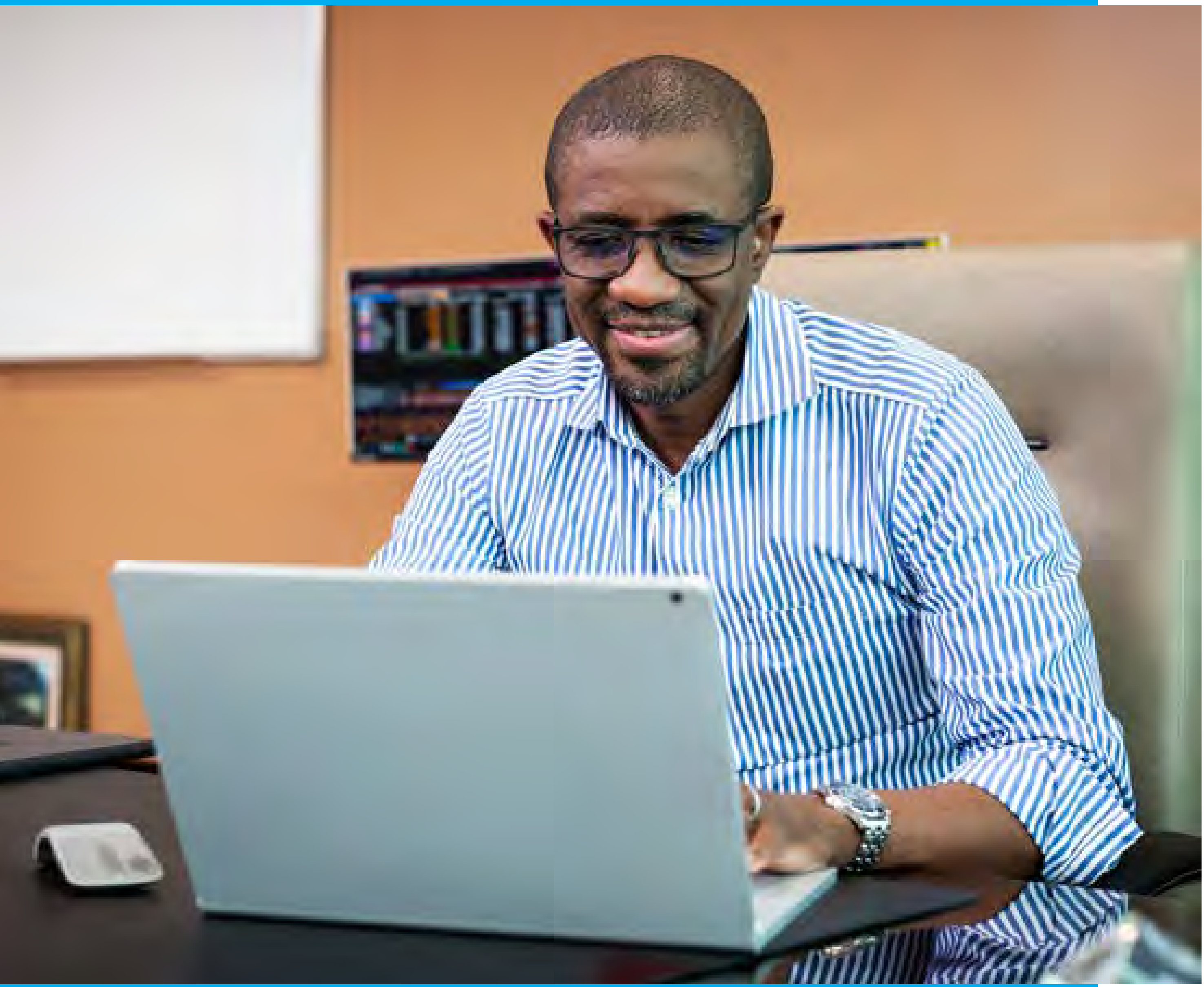
02

ACCELERATE

Inspired People and Culture

When everyone on the team looks forward to the same victory, it's a win-win situation for everyone. We believe in inspiring our people to not just participate in the race, but to also own the success.

CEO's Message



> I am confident that we are well-positioned to continue accelerating towards our vision for the future."

When the World Health Organisation announced in March 2020 that the COVID-19 outbreak had become a pandemic, the world as we knew it was upended. This fast-evolving health crisis caused disruption, forcing us to confront the reality of restrictions, which for many signalled fear and loss.

Yet, while the uncertainties tested our resilience, I believe that the response to crises can never lie in capitulation, but in adapting and pushing past obstacles. After all, it is in times like these that our organisation's purpose to serve becomes paramount and we see our ability to respond to the needs of a changing environment being defined.

Responding to the Crisis

Having assessed the ramifications, we promptly developed a slate of actions designed to help our customers navigate the inevitable challenges. By the middle of March, our customers were being offered moratoria on loan payments, reduced lending rates, pre-approved access to increased credit, fee waivers and free digital channel transactions. Our branch protocols and facilities were revised to ensure adherence to physical distancing measures and we invested in moving over 50% of our employees to remote work, in order to enhance safety and to ensure business continuity across our operations. Additionally, the N.C.B. Foundation stepped up with $25M in funding for over 3,000 displaced Jamaican workers to pursue professional short courses, which would qualify them for new income streams to help during these most trying economic circumstances.

Transforming our Business

Perhaps the most pivotal opportunity emerging from this crisis has been the rapid advancement of a digital revolution which was already underway. In the financial services sector, the benefits of transacting digitally include safer and more convenient options for customers to perform day-to-day activities like paying bills and making purchases at a time when health risks have significantly increased. While NCB has been at the forefront of digital innovation in Jamaica, we quickly realised that our digital business model implementation needed to be fast-tracked if we were going to continue providing requisite financial services within the context of the pandemic's constraints.

Accordingly, several branches were converted to a digital-first model, giving customers more self-serve capabilities. We increased our ABM footprint to over 300 machines, representing the largest fleet in the island. We launched our remote onboarding solution to enhance the opening of accounts online and introduced NCB Quick Save, which helps the unbanked population access the formal banking system with easier account-opening requirements. Other similar efforts towards ensuring safe and wider access for customers included a heavier push for the use of our mobile banking app, the installation of braille kits at our ABMs to help the visually impaired, and giving in-branch service priority to senior citizens, many of whom we recognise will take a longer time to transition to self-serve options using the digital channels.

Empowering Our Customers

While our organisation itself is evolving, so is our customer base. From businesses shifting to e-commerce and customised financing, to individuals requiring always-on services ranging from electronic payments, fast loans and attractive card reward options to tailored investments and financial planning, we are transforming NCB to be the digital financial provider of choice. Our goal is to empower our customers through seamless integrated experiences across all delivery channels, backed by reliable and secure digital-first financial solutions.

I am proud to acknowledge that our efforts have not gone unrecognised by the international financial community. For the seventh consecutive year, we have earned the honour of being among Global Finance Magazine's Safest Banks in the World, and one of the World's Best Banks.

Positioning for the Future

Amidst the upheaval that occasioned this financial year, our business achieved commendable results. This would not have been possible without pulling on the tenacious spirit of our leaders and their teams, thinking creatively and responding with agility. I thank them wholeheartedly for their contribution.

We are making sure not to waste this crisis. By recognising the implications and taking the necessary strategic strides in the year, I am confident that we are well-positioned to continue accelerating towards our vision for the future.

On behalf of the NCB family, I take this opportunity to express deep appreciation to our customers, investors and supply partners for their support during a tumultuous year. May everything we experienced adequately prepare us for the next level of normal, and may we all continue to grow from strength to strength, inspired by the desire to create a positive legacy for those whose lives we touch along the way.

Septimus "Bob" Blake
CEO – National Commercial Bank Jamaica Limited

CLARIEN | CEO's Message

> “We have used the recent crisis to accelerate towards our strategic aspiration of becoming the best bank in Bermuda.”

> The 2019/2020 financial year has been pivotal, to say the least. The COVID-19 pandemic impacted us beyond anything we could have imagined. However, by holding firm to our noble purpose which states, “We make it easier for clients to navigate their financial future,” we have been able to focus on client needs and to be agile in our thinking and execution. It has also provided us a unique opportunity to focus on our inner transformation and growth.

Over the last 12 months, we have further focussed our sights on building a bespoke business centered around our clients in wealth management and commercial banking. We have also made investments in technologies to support our robo-advisory and discretionary asset management business, such as iInvest and iPortfolio, as well as our loan portals and digital onboarding, to help clients see how much easier, simpler and faster banking virtually can be.

We have also continued to invest in developing our people, with significant training, enhanced performance management, and recognition programs. In addition, we have made progress on our diversity, equity and inclusion efforts, ensuring that Clarien is a place where our team members feel they belong and can bring their best self. We remain confident in achieving our aspiration to become employer of choice.

Even during these difficult and uncertain times, we have continued to make investments in our local community in Bermuda – continuing our long-standing support of youth development and education. We have continued to give back both financially as well as in terms of staff volunteer hours. We are proud to support Bermuda.

Yes, 2020 has brought with it challenges. However, we have leveraged our culture and our mindset to translate these challenges into opportunities. The impacts and headwinds of COVID-19 are not fully visible; however Clarien is positioned to be able to manage through these and continue to grow profitably for the benefit of our clients, community, staff and shareholders.

Sincerely,

Ian Truran
CEO – Clarien Bank Limited

Guardian Group

CEO's Message

"Although we are the leading insurer in the Caribbean region, with operations in fourteen territories, we know that we cannot become complacent."

> The 2019/2020 financial year has been a very significant one for Guardian Group. We achieved an increase in profits, reflecting strong financial performance for the period, which is one of our strategic aspirations.

We saw our hard work result in the achievement of several important milestones to position the Group for the future. We commenced our journey to make us an insurer grounded on innovation, superior customer service, efficiency and deep financial strength, by shaping our processes and capabilities to steer the organisation and deliver on its goals, through first-world technologies.

Our Strategic Direction

This deliberate strategy to make our business more resilient will transform Guardian Group into a world-class insurance, wealth management and investment banking group. We will hold ourselves to the best international standards in how we deliver strong financial performance to our shareholders, how we treat our customers, how we treat our employees and how we positively impact the markets in which we operate. Having established a strong trajectory of growth and consistency with our parent company, NCB Financial Group Limited, we now look forward to deploying these strategies in building a strong foundation of growth.

Although we are the leading insurer in the Caribbean region with operations in fourteen territories, we know that we cannot become complacent. This is because the financial services landscape continues to change rapidly due to increased digital connectivity and a shift in customer behaviour. We welcome this as a positive development as this will create significant opportunities for Guardian Group. As such, work has begun on making substantive changes to our business. These include increasing the use of analytics and automation to improve our service to our customers, launching cross-selling initiatives which will allow us to increase our ability to offer customers adequate protection and investments, and creating a more integrated company between life and general insurance, as well as asset management.

Developing A Healthy Corporate Culture

To add maximum value to our fast-changing environment, one of our major drivers from 2019 until now continues to be a focus on building a strong corporate culture - a culture that fosters a new internal mindset hinged on creativity, ideation and innovation, founded in the passion of our people across all our territories.

Creating Opportunities for Employee Growth and Engagement

As the Guardian Group grows, there will be many opportunities for our employees to grow together with the organisation. Having a talent pool with the right skills and experience is yet another pillar to achieve success. Through our organisational health and succession planning initiatives, employees are encouraged to adopt new skills, take up more responsibilities and be unfazed in the face of challenges. As part of our transformation and development efforts, our employees now have greater access to advance and align to the new opportunities presented within the organisation.

With a strong legacy of over 170 years, Guardian Group is prepared for what lies ahead. In the 2019/2020 financial year, we recalibrated, and now we are ready to move resolutely in disrupting the market.

Sincerely,

Ravi Tewari
CEO – Guardian Group

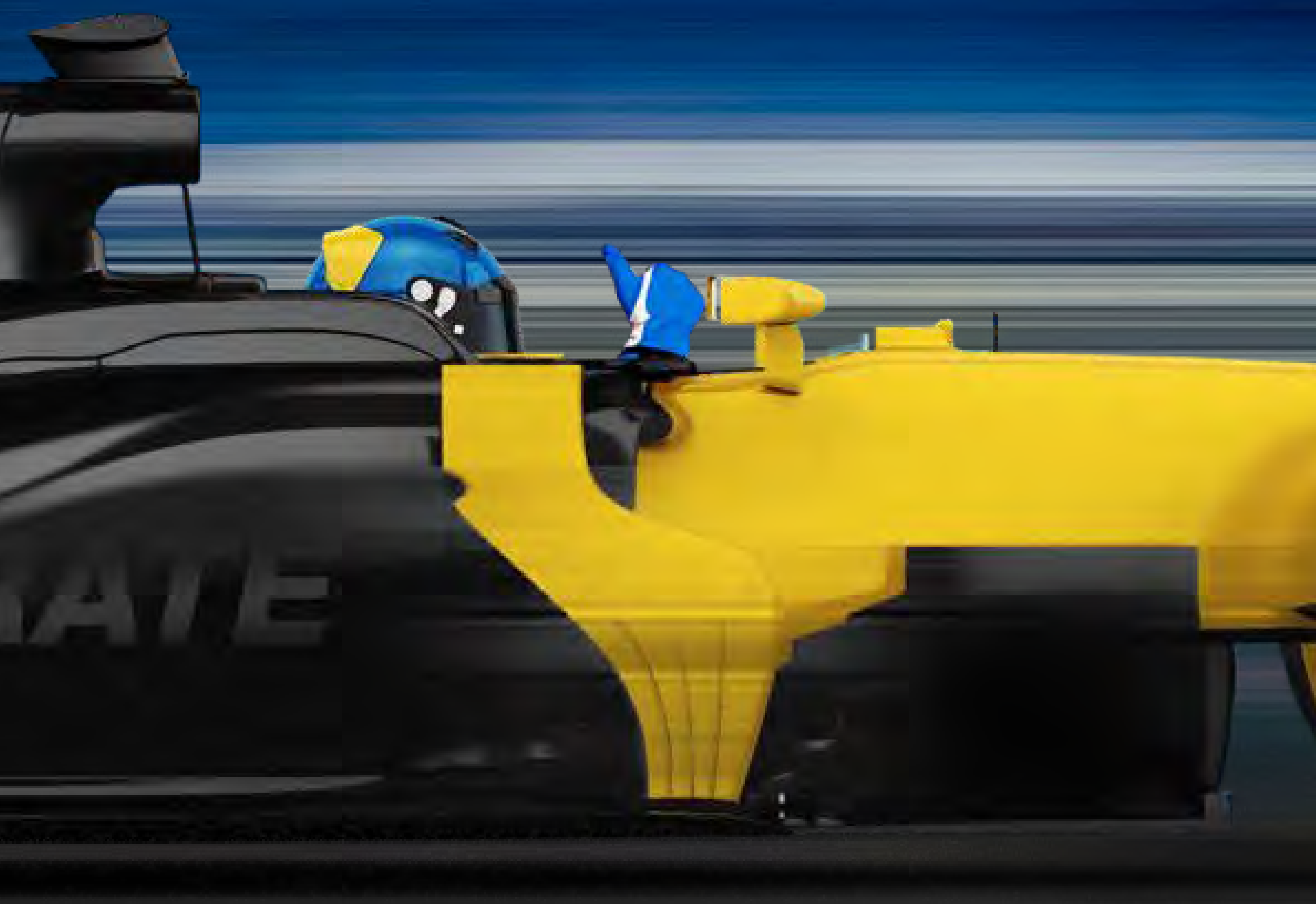
STRATEGIC PRIORITY

03

ACCELERATE

Delighted Customers

We are going full-speed ahead on this journey to help our customers succeed in everything they do. We are there to help them stay on track every step of the race, from the starting line, through every detour, and even on the victory laps.



Our Business Operations

COMMERCIAL BANKING

Done through NCBJ and Clarien Bank, the Banking operations for the NCB Financial Group underwent a number of significant changes, especially in the light of the COVID-19 restrictions that were imposed by governments in Jamaica and Bermuda.

NCB FINANCIAL GROUP

Operating Groups	**Banking & Investment Activities**					**Insurance Activities**	
Operating Segments	**Consumer & SME Banking**	**Corporate & Commercial Banking**	**Payment Services**	**Treasury & Correspondent Banking**	**Wealth, Asset Management & Investment Banking**	**Life & Health Insurance and Pension Fund Management**	**General Insurance**
Lines of Business	PERSONAL BANKING PRIVATE BANKING COMMERCIAL BANKING LENDING/CREDIT DEPOSITS		CREDIT CARD ISSUING CARD ACQUIRING	LIQUIDITY MANAGEMENT CORRESPONDENT BANKING WHOLESALE FUNDING FOREIGN EXCHANGE MANAGEMENT	REGIONAL ASSET MANAGEMENT INVESTMENTS CORPORATE FINANCING INVESTMENT BANKING BROKERAGE SERVICES	INDIVIDUAL AND GROUP LIFE INSURANCE HEALTH INSURANCE ANNUITY PRODUCTS PENSION FUND MANAGEMENT	PROPERTY INSURANCE CASUALTY INSURANCE

Through these segments, NCBFG is able to serve its customers with a wide range of specialised and customised financial products and services.

CUSTOMER ONBOARDING NOW ONLINE

A huge thrust for the banking segment in both territories was the introduction of online account-opening. Although this feature, along with customer onboarding, had already been in the pipeline for the business, both were certainly fast-tracked by the ongoing pandemic. Both NCBJ and Clarien Bank Limited successfully introduced digital account-opening and customer onboarding solutions, which enabled customers to open an account without visiting a physical location.

In keeping with global industry standards, digital identity verification tools such as video calls and digital signatures have been engaged to ensure compliance with regulatory standards in Bermuda and Jamaica. NCBJ customers who take advantage of online account-opening are also simultaneously given access to Quisk, the Bank's mobile money solution.

INTRODUCING THE UPGRADED 'DIGITAL BRANCH'

This was undoubtedly a year of big changes for the Consumer Banking segment in Jamaica too, as the business began to make its shift from its traditional operating model, to a digital-first banking environment. This led to the closure of five physical locations in Jamaica, as well as the transformation of 14 other locations into 'digital branches'.

At the digital branches, cash transactions are now only facilitated at the intelligent ABMs in the Bank on the Go facilities. This move decreases the need for customers to go in-person to a branch to conduct their business. It also decreases waiting time for customers, and helps with the maintenance of physical distancing requirements.

Our Business Operations CONTINUED

MAKING BANKING MORE ACCESSIBLE

In pursuit of its goal to improve financial inclusion in Jamaica, NCBJ introduced its Quick Save account, with relaxed opening requirements for low-risk customers. The Quick Save account caters specifically to persons who can declare a specific source of consistent income such as retirees who receive pensions, and beneficiaries of government subsistence payments. Quick Save account-holders are only required to present a Government of Jamaica-issued ID and a Taxpayer Registration Number (TRN) to initiate onboarding. This account also offers additional benefits for senior citizens, such as fee waivers for select transactions.

DIGITAL LENDING

Another area of the business in which both NCBJ and Clarien Bank have made significant strides is digital lending, and the enhancement of digital end-to-end journeys for customers. Pre-approved customers are able to access financing online, with disbursement to their accounts on the same day the application is completed and approved. Similarly, NCBJ customers applying for home and auto loans have access to improved digital portals, which also provide assistance in all areas of their journey. Home-buyers, for example, have access to a checklist which walks them through all stages of the home-buying process, along with databases of NCBJ-approved surveyors and valuators.

Access to short-term Fast Cash or Pay Advance loans from NCBJ is also much simpler, now just requiring pre-approved customers to accept a digital offer via email, online banking or the mobile app, with immediate disbursement to their accounts. Customers who are not pre-approved can also submit an application online to access other types of personal loans.

EASIER FINANCING FOR MSMES

Even before the emergence of quite a number of new micro, small and medium enterprises (MSMEs) during the pandemic, NCBJ had pledged to increase its support for the segment. To this end, NCBJ has not only reserved a $20 billion pool of funds to finance the segment, but also offered competitive borrowing rates as low as 6.5% for qualified borrowers for terms of up to six years. NCBJ also committed to making it easier for MSMEs to access funding by relaxing the collateral requirements, and partnering with organisations such as the Development Bank of Jamaica (DBJ), and the United States Agency for International Development (USAID).

NCBJ's $3 billion partnership with the DBJ is the largest of any commercial bank in Jamaica, and allows MSMEs facing collateral constraints to take advantage of the DBJ's credit enhancement facility, which guarantees 80-90% of their loan amount. Likewise, USAID provides guarantees for as much as half of the loan amount for renewable energy enterprises, up to a total of US$25 million.

IMPROVING CUSTOMER EXPERIENCE THROUGH SEGMENTATION

To ensure that there was clarity and focus on delivering prime value for all customers, the Retail and Corporate Banking Divisions of NCBJ were further segmented into Consumer, Corporate and Commercial, and MSME Banking, which allows the business to hone in on the specific and unique needs of each segment, and work closely with them to design and deliver the right solutions to fit their needs.

OUTLOOK AND PLANNED INITIATIVES FOR FY21

The core banking business offered through NCBJ and Clarien Bank continues to undergo substantial improvements in the areas of digitisation and modernisation. Both subsidiaries continue to drive the migration of transactions to their respective digital channels with incentives such as fee waivers, convenience and ease-of-use.

An instrumental part of this process is customer education. To achieve this, NCBJ has embarked on a comprehensive customer education campaign – Easy | Safe | Free – designed to deliver financial literacy education, promote the migration of transactions to digital channels, and remind customers of all the ways they can benefit from the Bank's digital offerings. This campaign was launched in September 2020, and will continue throughout FY21.

NCBJ also continues to explore ways of streamlining its lending processes and requirements in order to significantly enhance ease of access to financing for MSMEs.

In Jamaica, the ongoing branch modernisation and optimisation exercise continues, and will see physical facilities being upgraded to facilitate more access to the Bank's digital solutions. While the pivot to digital banking has been met with apprehension by some customer segments, the mandatory experience of adopting technology for preservation of health and safety creates more openness for transformational digital initiatives by the business. NCB Financial Group has every intention of riding this wave towards the achievement of its 2024 'digital to the core' strategic aspiration.

Our Business Operations CONTINUED

PAYMENT SERVICES

Amidst a series of unprecedented challenges, including considerably reduced consumer spending, declining international trade, and physical lockdowns, the Payment Services operations had to be agile and responsive in providing a number of innovative solutions for both merchants and customers to navigate the new commercial environment.

While exploring ways of mitigating significant reductions in net profit due to the decline in spending volumes, NCBFG's Payment Services operations responded by launching an enhanced suite of e-commerce solutions and digital capabilities into the market.

E-COMMERCE

To support MSMEs and corporates seeking to get online and engage customers via e-commerce, the business introduced a number of solutions, including convenient payment buttons for merchant websites and social media, as well as easy-to-use website templates.

So far, the platform has seen significant increases in transaction volumes – which are expected to grow tremendously with the ongoing transformation of consumer shopping behaviour, and increasing preference for online transactions. Prolonged curfews, lockdowns and restriction of physical movement have led to an increased surge of interest in online shopping, and increased MSME adoption of e-commerce solutions.

CONTACTLESS SHOPPING

While cash continues to be one of the primary payment methods used in Jamaica because of widespread acceptance, customers have now become more conscious of the health, safety and convenience benefits associated with contactless and mobile payment options, especially since the outbreak of COVID-19.

Customers now benefit from an increased layer of security with chip and PIN features and tap-and-go functionality rather than traditional swipe cards. All the latest payment card releases in NCBJ's Payment Services portfolio include this feature – including the Visa Debit and Visa Signature cashback products. The business will continue the roll-out of this feature on all other Visa and MasterCard products in FY21, in addition to further upgrading of its fleet of point-of-sale (POS) terminals.

QUISK MOBILE MONEY

Another digital payment solution that has seen tremendous growth since the pandemic is Quisk, NCBJ's mobile money solution. This convenient mobile payment option, which enables customers to access some financial services via their smartphones, saw an increase of 69% in customer transaction volumes and value, when compared to the last financial year.

LAUNCH OF NEW PAYMENT SOLUTIONS

With the demand for digital payment solutions on the rise, Payment Services also introduced a new range of cards to meet the demands of the Jamaican market. This has included the long-awaited Visa Debit Platinum and Visa Debit Classic cards. Another key payment card launch this year was the Visa Signature cashback credit card, for customers who prefer cashback instead of travel rewards.

REWARDS

Cardholders are now offered a wide range of rewards, including cashback, travel rewards, shopping discounts, and more. To give customers in Jamaica more reward options and an automated rewards platform, the business launched the pilot phase of the migration of customers from the legacy My Rewards platform to NCB Miles. This enhanced portal not only allows customers to redeem points for travel, but it also enables them to make payments in-store and online with their points. Best of all, it can be accessed online, or via the mobile app.

ONLINE CREDIT CARD APPLICATION

Following the successful launch of an online credit card application for pre-approved NCBJ customers in 2019, the business has now made it possible for non-NCB customers to apply online. The fully digital end-to-end platform allows customers to view NCBJ's suite of products, apply for the card of their choice, upload supporting documents and then track their application. Once approved, customers can also activate their new card online.

MANAGE MY CARD PORTAL

Along with the capabilities to block or unblock cards, update contact information to receive transaction alerts, request the replacement of damaged, lost or stolen cards using NCBJ's Manage My Card portal online, work has also begun on improving the fraud alert capabilities of the platform.

OUTLOOK AND PLANNED INITIATIVES FOR FY21

NCBFG's Payment Services segment continues to pursue a trajectory of maximum digitisation, with key focus on optimising current solutions, and delivering fully-digital onboarding of merchants and cardholders. By 2024, this segment aims to shift its end-to-end digital capabilities from 15% to at least 80%. This shift will see:

- Optimisation of all online channels to eliminate manual processes for the customers
- Expansion of digital onboarding at each customer touchpoint (iABMs and Kiosks)
- Enhanced regulatory framework to remove the manual verification process of customer authentication
- Seamless omni-channel card activation, to include POS, iABM, VoIP, mobile app, SMS and more.

Payment Services continues to enhance the security capabilities of its platforms with the necessary updates and certifications to ensure compliance with the international payments industry requirements and standards.

Our Business Operations CONTINUED

TREASURY & CORRESPONDENT BANKING

Although its primary focus continues to be on delivering strong financial performance, **NCB Financial Group's treasury operations had to pivot quickly to business continuity mode – managing and mitigating the liquidity risks emerging from the COVID-19 pandemic**.

ENSURING BUSINESS CONTINUITY

In an environment that is still reeling from substantial economic contraction and a general decline in asset prices, the Group's treasury operations - between NCBJ and Clarien Bank - undertook a number of crucial initiatives to ensure that its ability to meet its regulatory and commercial obligations would not be negatively impacted, in spite of the exceptional circumstances. These measures included:

- Raising US$250 million in funding by means of a Diversified Payments Rights Securitisation, in order to shore up US dollar liquidity for NCBJ
- Ensuring that core liquid assets were strong, and could provide sufficient and sustainable buffers against common liquidity shocks coming out of the pandemic – such as possible loss of deposits, and decreasing cash-flows due to late or non-payment of loans
- Providing liquidity to ensure that Jamaican customers had continuous access to foreign currency, despite the significant decline in flows resulting from the pandemic.

INTRODUCTION OF THE PRODUCT FACTORY

Another major initiative undertaken during the period was the continued development of NCBJ's Treasury & Correspondent Banking's Product Factory. Focussed on developing world-class banking solutions for customers in the corporate and commercial sectors, as well as financial institutions, the Product Factory is driven by researching and understanding the needs of the customer, and responding with the most effective cash management and foreign exchange hedging solutions. These products are set for release and customer adoption in FY21, and are expected to give customers access to alternative deposit products, and help them to manage their foreign exchange exposure.

OUTLOOK AND PLANNED INITIATIVES FOR FY21

NCBFG remains optimistic about its treasury business' ability to withstand any future economic shocks that may emerge from the pandemic, and continues to monitor and adjust its operations to bolster resilience. FY21 will also see the release of a number of solutions from the Product Factory, while development and customer adoption will be ongoing. Although the team has become fully remote, the business has also ensured that customers continue to have seamless access to its services via secure digital platforms.

WEALTH, ASSET MANAGEMENT & INVESTMENT BANKING

The impact of the ongoing COVID-19 pandemic on the global and local Wealth, Asset Management and Investment Banking industry was immediate. As asset prices dropped, and market activity slowed, the business was forced to enter problem-solving mode and quickly pivot. NCBFG sought to ease its clients' concerns around their investment portfolios, by discussing and implementing strategies to mitigate the impact.

Importantly, the investment banking team was also able to shift focus to more corporate bonds and structured product transactions, accomplishing several landmark transactions across the region. This process also allowed clients to participate in new investment opportunities to boost their portfolio yields. Additionally, the Group continued to focus on improving customers' experience through investments in and innovation of its electronic channels.

These early investments proved timely as they allowed the Group to continue to serve clients in the new norm created by the pandemic. Furthermore, although asset prices have recovered some ground, they remain depressed, when compared to their end-of-2019 levels.

Given the impact of this on the investment portfolios of clients, NCB Capital Markets Limited (NCBCM) spent much of the year developing strong-performing investment solutions in the form of Stratus Alternative Funds. The Stratus suite, recently launched in Q1 FY21, will deliver more attractive and stable returns and allow for better portfolio diversification for clients, while allowing NCBCM to maintain its competitive edge over other industry players.

Despite the challenges in the operating environment, NCBCM's investment banking team was undeterred in its commitment to provide financing solutions to its corporate and institutional clients. Consequently, NCBCM accomplished several landmark transactions across the region, including:

Our Business Operations CONTINUED

- Leading the financing for the award-winning US$225 million international bond raise of TransJamaican Highway Limited (TJH) in Jamaica and the Cayman Islands. The TJH financing is the largest infrastructural project undertaken in the English-speaking Caribbean to date. NCBCM was lead arranger for the highly-subscribed and successful initial public offer (IPO) as well as being the co-manager with UBS (a global firm providing financial services) for the international capital market raise. Moreover, this project created the largest single investment opportunity for Jamaican investors, with the issuance of 10 billion ordinary shares – raising close to $14.1 billion, which is also a record-breaking equity raise for Jamaica, and a significant regional achievement

- Brokering a BDS$100 million bond for Barbados Port Inc. through NCB Capital Markets (Barbados) Limited, which was designed to provide working capital for the transformation of the Port of Bridgetown in Barbados

- Arranging a bond issue for Guardian Holdings Limited for TT$650 million, and securitisation deals totaling TT$150 million

- Coordinating participation for Guardian Life in a Government of Trinidad and Tobago (GOTT) primary issue, and brokering secondary bond trades for approximately TT$1.2 billion.

In addition to completing almost one significant transaction per month, the business increased its junior market offerings, incentivising participants with free (no-fee) listings. In Jamaica, Tropical Battery Company Limited was one company that was able to take advantage of these offerings – partnering with NCBCM to jumpstart the 'post-COVID-19' IPO market with an offer that was quickly oversubscribed.

Given the impact the pandemic had on investment portfolios, the business has changed course in order to continue delivering strong-performing solutions to investors and maintain its competitive edge over other industry players. This new focus rests on developing and delivering strong alternative investment offerings, providing flexible funding solutions to sovereign and commercial entities, and ultimately transforming the customer experience through the optimisation of the business' digital capabilities and offerings.

ALTERNATIVE INVESTMENTS

Recognising the emergent need for flexible funding solutions for business and government projects - especially those coming out of the pandemic - the business began to set the foundation for the launch of the Stratus suite of funds, which will include an Infrastructure Fund, a Mezzanine Fund (Caribbean Mezzanine Fund II) and an Opportunistic Fund. This suite of alternative investment products offer investors diversification and access to asset classes with good rates of return.

DIGITAL TRANSFORMATION OF THE CUSTOMER EXPERIENCE

Continuing on the momentum of the ground-breaking GoIPO launch in the previous year, the Wealth, Asset Management and Investment Banking arm of the business has made significant strides in the improvement of the overall customer experience using technology. Customers are encouraged to take advantage of the wide range of digital offerings, a process which has also been accelerated by COVID-19.

NCBCM, for instance, has overhauled its online platforms – enabling customers to open equity accounts online, trade equities and unit trusts online and seamlessly subscribe to IPOs from anywhere in the world using GoIPO. The company has also introduced a Wealth Hub, a full-service remote customer support centre designed to facilitate the maintenance of client relationships remotely, along with service delivery.

In the same way, Clarien has invested heavily in the development and ongoing improvement of two of its growing investment products – iPortfolio, a personal investment portfolio which allows self-management by clients using a desktop, tablet or mobile phone; and iInvest, an easy-to-use digital tool designed to help clients build a low-cost, individualised investment portfolio.

Guardian Asset Management has also seen a climb in adoption of its digital solutions, with over 100 customers opting for electronic statements between January 2020 and September 2020. Additionally, the company has implemented a telemarketing team focussed on providing remote service delivery to both new and existing clients.

OUTLOOK AND PLANNED INITIATIVES FOR FY21

- NCBCM and Clarien both continue to focus on enhancing the client experience, with the support of world-class digital solutions. This effort is ongoing, and the business aims to simplify the complete user experience. Our clients can also look forward to additional functionalities on our online platforms and the launch of our mobile app.
- NCBCM is currently undertaking an upgrade which will enable both NCB and non-NCB customers to apply for, and maintain an account online. With increased reliance on remote support as well, the business strives to improve its customer support and the quality of its service delivery to customers through dedicated advisory and service support. The business is also actively pursuing the development of its own integrated mobile application.
- Official launch of the Stratus Infrastructure Fund across the Caribbean.

A successful wealth management business is built on its people; recognising this, NCBFG continued its talent-building Analyst Initiative and invested heavily in leadership and technical training of our people during the financial year. NCBCM onboarded its second cohort under its Analyst Initiative, with analysts from the first cohort taking up roles in Investment Banking, Alternative Investment and Fund Management and Research. NCBCM remains committed to this initiative and expects that the third cohort will join the team in FY21.

The team continues to invest heavily in leadership training, portfolio management, and other technical training to ensure that the team is competent and equipped with all the tools needed to deliver superior products and services to clients, and increased value to our stakeholders.

Our Business Operations CONTINUED

LIFE, HEALTH INSURANCE & PENSION FUND MANAGEMENT

In order to maintain viability and stakeholder value in the current economic climate, transformation of the Life and Health Insurance segment has been paramount. The key drivers of this transformation include streamlining the Group's insurance business, focus on digital expansion of services, introduction of new and enhanced products, sales effectiveness, growth of the pension fund management business, and strengthening of the support offered to customers.

The pension aspiration continues to be propelled by the Group's track record and expertise in managing pension fund portfolios over the last 60 years. The focus for the year was on portfolio growth, as well as strengthening client relationships.

STREAMLINING AND GROWTH OF THE INSURANCE BUSINESS

In order to benefit from economies of scale and experience, while continuing to optimise product and service offerings for our customers, the offerings in NCBFG's insurance portfolio (spread between NCB Insurance Company Limited (NCBIC) and Guardian Life Limited (GLL)) were fully transferred to GLL. In this regard, the Group received approval from the authorities, and successfully

transferred 100 percent of NCBIC's portfolio of insurance and annuities business to GLL.

NCBIC was also registered as an insurance agent under the Insurance Act under a new company name, NCB Insurance Agency & Fund Managers Limited. This new entity sells insurance products as an exclusive agent of GLL, while continuing the provision of pension fund administration and investment management services.

TRANSFORMATION AND SALES EFFECTIVENESS

During the financial year, Guardian Life of the Caribbean Limited (GLOC), embarked on a transformation process. In this process, the most critical initiative was a cross-sales initiative aimed at increasing the number of policies owned by existing clients. To support this initiative, work commenced on key enablers surrounding support of the sales process, inclusive of a needs analysis, client segmentation, and predictive analytics tools to determine product recommendations for clients.

Along with the cross sales initiative, there were several other sales force effectiveness initiatives including streamlining and enhancing the sales process, sales training, and the introducing of new incentives to reward both staff and clients for providing referrals.

Additionally, NCBIC launched a multi-channel team to support their individual business line and proactively penetrate the Group's customer portfolio. This team is responsible for supporting the sales and communication efforts of the business through multiple channels including email and SMS.

DIGITAL ENHANCEMENTS

Focus was placed on digital enhancements of the Group's insurance operations, with a range of initiatives geared towards improving efficiencies and driving improvements in customer experience. GLOC implemented several digital solutions as part of the support mechanism for its sales efforts, inclusive of a Needs Analysis tool, which assesses clients, and provides recommendations on the product categories most suited to their needs.

This was supported by the analytical tools implemented to support segmentation of the Group's client base, and predictive analytics tools which categorise clients, and then use this information to guide the recommendations for the client's product choices.

For GLL, close to 85% of customers have been transitioned to digital methods for both premium payments, and receipt of claims.

GROWTH IN THE PENSION BUSINESS

During FY20 NCBIC focussed on growth in the pension portfolio, as well as strengthening client relationships. A key initiative in this segment was the launch of pooled pension-managed funds which make available pension funds for persons desirous of enjoying significant yield without having to expend significant effort in managing the types of underlying investments.

OUTLOOK AND PLANNED INITIATIVES FOR FY21

The Group's main aspiration is to completely digitally evolve its internal processes. This is expected to help transform customer and agent experiences, and improve all key productivity measures. For the upcoming financial year, focus will be placed on implementing products and process improvements that drive improved profitability and significantly increase customer experience.

Our Business Operations CONTINUED

GENERAL INSURANCE

Improving broker relations, customer retention and digitisation of operations were major areas of focus to drive the success of the general insurance portfolio. **With a wide regional footprint, Guardian General Insurance remains one of the largest property and casualty insurers in the Caribbean, which bolsters our general insurance segment.**

During FY20, Guardian General Insurance launched a digital customer portal, geared towards building world-class capabilities in underwriting and pricing, claims and customer experience, all of which are powered by data, analytics and artificial intelligence. This portal enabled streamlining of these processes and capabilities, thereby enhancing customer experiences.

The portal also enabled customers to renew and pay for their motor and home policies online, as well as obtain motor quotations and information on all their policies and claims. There was a seamless transition to transacting online, which included the processing of payments for both payables and receivables, as well as issuing certificates and cover notes.

In addition, Guardian General Insurance Company Limited acquired 100% of GG (OECS) Limited in Grenada, which paves the way for strategic development of the Group's business in the Eastern Caribbean.

OUTLOOK AND PLANNED INITIATIVES FOR FY21

For the upcoming financial year, focus will be placed on improving process efficiency and improving customer experience. In this regard, the following initiatives will be undertaken:

- Customer Digital Portal – to provide enhanced customer user interface and offer additional functionalities to drive customer delight.
- Underwriting Process Optimisation to modernise – optimise and transform the underwriting process across GGIL and GGIJL.
- Claims Process Optimisation – to re-design the claims process flow, optimise claims process efficiency, and enhance the customer experience by implementing relevant technological solutions.

NCBFG'S COVID-19 SUPPORT

PAYMENT SERVICES

Similar to the global payments industry, Payment Services has seen a sharp decline in revenue due to the radical shift in consumer behaviour world-wide since the start of the pandemic.

Nevertheless, Payment Services showed unrivalled loyalty to both its merchants and cardholders alike. Some of the efforts to relieve customers and businesses affected by the pandemic included:

- Temporary waiver of POS rental fees for some merchants in the severely-impacted Travel and Entertainment sectors
- Waiver of subscription fees for new e-commerce merchants applying for NCB payment buttons or website templates for two months
- Payment holidays of up to three months, and waiver of late-payment fees for qualifying customers
- Ongoing 0% minimum payment plan for customers negatively impacted financially by COVID-19
- Portfolio-wide reduced interest rates and minimum monthly payments up to September 2020.

BANKING

When close to 140,000 tourism sector employees in Jamaica lost their jobs due to the closure of hotels and related enterprises, and the BPO sector reported losses of close to $6 billion due to COVID-19 restrictions, NCBJ stepped up to offer its support to help all those affected to weather the storm. In Jamaica, corporate and commercial entities were also able to take advantage of significant moratoriums on principal repayment, and gain access to extensive working capital.

Clarien Bank partnered with the Government of Bermuda to finance a number of community aid programmes, designed to help ease the national financial burden caused by the pandemic.

Consumer and commercial customers of both NCBJ and Clarien Bank also benefitted from other far-reaching COVID-19 relief measures, which included loan repayment deferrals, fee waivers, and decreased interest rates.

TREASURY OPERATIONS

Like the rest of the organisation, the COVID-19 pandemic has helped to catalyse the adoption of more digital banking capabilities by customers and employees. While the organisation continues to operate in respect of physical distancing requirements and reduced face-to-face interactions, various technological aids have been engaged by TCBD to maintain and grow customer relationships in the interim. Since the onset of the COVID-19 pandemic, the organisation has seen a noteworthy increase in the number of digital transactions conducted by customers, and recognises a growing appetite for digital solutions.

STRATEGIC PRIORITY

04

ACCELERATE

Digital to the Core

The preparation before the big push is a key component in the journey towards our goals. This is why we are investing in, and carefully building a well-oiled machine with the capabilities to wrangle any terrain.

Our Business Enablers

TECHNOLOGY AND DIGITISATION

Caught in the midst of its ongoing digitisation journey, NCB Financial Group was already ahead of the curve by the time the COVID-19 outbreak was declared to be a pandemic. Tremendous strides had been made in increasing the organisation's digital capabilities and advancing its digital agenda, and efforts to simplify customer experiences and provide seamless omnichannel delivery of financial services to its customer base were already underway.

Leading up to the pandemic, for instance, the organisation had also made significant progress with end-to-end digitisation of a number of other traditionally face-to-face services, while making provisions to mitigate against any possible safety and regulatory risks. Increased reliance on customer data to define customer journeys and improve decision-making has also risen to the top of the organisation's priorities, having been identified as a key driver of customer experience.

COVID-19 ACCELERATING DIGITAL TRANSFORMATION

In contrast to the disruptively slowing effect of COVID-19 on business revenues and the global economy, the ongoing pandemic has proven to be a propellant for digitisation of the banking and financial services sector – driven by consumer demand for safe, world-class digital services, ease-of-use and convenience. This acceleration of the digitisation process is industry-wide and is fast levelling the customer experience playing field for those in the industry. Nevertheless, the Group continues to actively maintain its competitive edge with an agile response to customer needs, and creation of more intelligent systems powered by data.

Since the beginning of FY2020, a number of initiatives across the organisation have benefitted from digitisation. Some of the major developments for the period include:

- Streamlined support for the Jamaican ABM network to improve uptime and service delivery
- Implementation of a system to support Anti-Money Laundering (AML) efforts across the Group, while bolstering the AML monitoring system. This has also helped the Group to remain compliant with regulatory requirements
- Deployment of a Customer Relationship Management (CRM) module to facilitate:
  - Cross-selling and upselling of products
  - Enterprise-wide tracking of service requests and complaints
  - Real-time reporting on service requests
  - Support for automated work flows, case management and knowledge-sharing
- Banking and eBanking core applications and infrastructure were upgraded to include implementation of Finacle archiving and fraud monitoring solutions. This upgrade also enabled centralised customer onboarding, as well as regulatory and management reporting facilities
- Continued improvements to the GoIPO online portal, which facilitates paperless subscriptions to IPOs, and removes the need to manage time-consuming, manual operational components
- Delivery of optimised self-service channels for customers, empowering them with more freedom to do their banking on their own time, wherever they are. This has been key in supporting the transaction migration efforts especially for NCBJ's Corporate, Commercial and Consumer Banking customers
- Introduction of remote onboarding for customers, enabling the organisation to fully onboard customers remotely, with the support of other digital aids such as videos, electronic document uploads and digital signatures
- Successful introduction of NCB Capital Markets online, which enables customers to buy, sell and trade equities, and monitor the performance of their investment portfolios online
- Completion of the majority of the system modifications needed to enable the transition to EMV debit, which NCB cardholders will be able to use for both local and international transactions
- Provisioning of e-statements for credit card customers, further reducing the organisation's environmental footprint.

SALES-SUPPORTING TECHNOLOGY

- Implementation of several digital solutions to support the sales efforts of the Guardian Life of the Caribbean team. This includes a needs analysis tool, which automatically assesses the client's needs and makes recommendations on the most fitting product or solution categories. Additional tools implemented to support the sales process include:
  - Digital workbenches to process applications
  - Remote scanning tools for agents to scan application supporting documents while in the field
  - Policy projection tools that enable agents to access information wherever they are, whenever they need it

Our Business Enablers CONTINUED

- Guardian General Insurance Limited (GGIL) also implemented a digital portal for customers to renew and pay for their home and motor vehicle policies online. Customers are also able to access quotes for motor vehicle insurance via the portal, as well as other information on all their policies and claims. On the flipside, GGIL's sales team can also view their portfolios online, and request quotations for their clients.
- Additionally, Guardian Shared Services Limited transitioned from an outsourced data analytics service, to an in-house team. This move has also proven to be more beneficial to the organisation, as they have more involvement with the analytical process supporting the sales team, and can tailor it to their specifications.

REMOTE WORK

One of the biggest demands on the technology team of any company this year has had to be support for remote working. This is especially true for the NCB Financial Group, the size of which alone made this a daunting consideration. Like the digitisation of many other services in the organisation, however, making the transition to remote work was not as difficult as one would expect, given that a lot of the fundamental infrastructure had already been put in place. For example, a significant percentage of teams were already equipped with laptops and mobile phones, and were already familiar with the process of establishing secure connections to the network using a Virtual Private Network (VPN).

With remote work becoming the primary modus operandi for everyone, the Technology teams had to quickly source additional equipment, bolster the capacity and resilience of the network to handle the increased traffic, and implement additional safeguards against the associated risks.

The organisation has also empowered its people with more digital solutions and tools for collaboration to support their remote work efforts. These include Cisco Webex, Trello, Asana, Jira, Zoom, Git, Slack, Microsoft Teams and more.

OUTLOOK AND PLANNED INITIATIVES FOR FY21

As a Group, we will continue on our journey to digitally transform our operating model to create experiences for our customers that are simple, safe and secure, reliable, and delightful.

- NCBJ has embarked on a major IT transformation, which focuses on modernising the architecture and infrastructure, improving uptime and technology resiliency, and refining the operating model to build a solid foundation for the acceleration of its digital aspirations.
- Continued efforts will be made to achieve at least 90% migration of transactions to digital channels in the short-term. This will include an effort to create a centralised onboarding platform for NCBJ and its subsidiaries, which will allow customers to easily open new deposit and investment accounts online, without the need to update customer data each time. The digital migration will be supported by ongoing expansion of services available on our digital channels and provide support to help customers as they adopt the new solutions.
- With the goal of digitising between 70-80% of processes, the Fraud Prevention Unit seeks to enable customers to report and track their disputes digitally, without the need to visit a physical location to file a report or complete paperwork.
- Creation of an online sales process for individual health and immediate annuities, enabling agents to sell any line of product using GLOC's SalesPal online service.


"Some persons were ready to work remotely and others are still adjusting. Missing face-to-face interactions and also enjoying not having to deal with traffic. The pros outweigh the cons."
Jacqueline Gordon
"Remote work has prompted us to fight stagnancy and adapt to a new normal. It has spawned new ways of communication within the workplace, ones that will endure long past COVID-19."
Nicole Chin Loy
"Remote work is a new way of life that requires a new mindset that will help us adjust to a future filled with new and improved possibilities"
Monika Harty
"The flexibility in adjusting to remote work has demonstrated NCB's resilience. The planned continuation of remote work after the pandemic highlights NCB's willingness to embrace change and modernize."
Miguel Williams
RWB
Nicole Downie is sharing her screen
This Week's Remote Work Tip
While navigating this new environment, one of the first things you'll notice is that this is not business as usual!
For most of us, there is no shortage of shifts and distractions that can easily throw us off our A-Game, negatively impacting our confidence and performance. So, we've compiled some Remote Work Boss (RWB) tips to help you and your team show up all day, every day, wherever your office is!!!
"The reality is, Remote Work is a game changer, as I now have the flexibility to work from anywhere that has a reliable internet connection. I now truly appreciate work life balance."
Javier Burke
Technology, the pandemic and the changing nature of work have provided us this opportunity and there is no going back. I love working remotely and the benefits that it has afforded me far outweigh the drawbacks.
Julia Wong-Brooks
"Working remotely has been really a great experience. I am able to focus better on my tasks as my environment is quieter. Work From Home (WFH) encourages team cohesion—I call my team members countless times per day, whether it is for a personal check-in or work-related conversation or tasks. WFH definitely builds camaraderie."
Kishauna Livingstone
"I get more work done at home as I'm more comfortable, when you're in your own space, you feel less pressure, even when executing at higher speeds."
Toni Campbell
"Remote work has allowed me to create my own schedule, thereby giving me more flexibility and allowing me to work from just about anywhere."
Tiwana Terelong
"Remote work, a change welcomed by some however others struggle to manage same with home-schooling, having no clear separation of work from home and missing the in-office coffee breaks / camaraderie among staff. The struggle is real but we shall overcome!"
Juliet McLean
"Adopting to remote work hasn't been easy for many but the benefits outweigh any negatives."
Dominic Duval

Our Business Enablers CONTINUED

DIGITAL CHANNELS

The COVID-19 pandemic precipitated a global shift to digital channels in order to protect lives and livelihoods. **Efforts to contain the spread of the virus resulted in the implementation of varying health and safety measures across the territories in which the organisation operates, including curfews, lockdowns, and physical distancing measures.**

Across the NCB Financial Group, significant efforts were made to accelerate the migration of customers to digital channels and help them to safely manage their financial affairs. Other key functionalities were also fast-tracked in order to digitally enable a greater percentage of services, improve accessibility, enhance the customer experience and reinforce the security of the organisation's digital channels.

NCBJ experienced significant growth in the adoption of its digital channels during the 2019/2020 financial year. This resulted in a 48% reduction in branch transactions, coupled with a 5% reduction in ABM transactions due to COVID-19 restrictions. The capacity of the Customer Care Centre was significantly impacted as physical distancing protocols and curfews resulted in a reduction of agent capacity, while call volumes increased by 30%. To improve the service experience, proactive curfew exemptions were sought; staff members were trained to increase their scope of knowledge, and increased flexibility in scheduling and re-assignment of additional resources was done to support in-branch and online banking queries.

The reduction in transactions across physical channels impacted by safety measures stimulated an approximately 100% increase in mobile banking transactions and an increase of approximately 19% in business online banking transactions. Notwithstanding the industry-wide reduction in ABM transactions, the business processed over 30 million transactions, and maintained its leadership position both in ABM locations (37% market share), and in multilink transactions, with 36% of market share. NCBJ's ABM fleet continues to be the most heavily utilised by Jamaicans, irrespective of their primary banking relationship. The business also experienced over 100% growth in unique users on the NCB mobile app platform, and realised significant improvements in user ratings, from 3.5/5 to 4.3/5 in the Google Play Store and from 3.0/5 to 4.6/5 in the Apple App store.

INITIATIVES EXECUTED FOR THE 2020 FINANCIAL YEAR:

1 ENHANCE ACCESSIBILITY AND CUSTOMER EXPERIENCE:

- Installed braille kits on over 80% of the Jamaican ABM fleet to improve accessibility for visually-impaired customers
- Removed the binding ID and PIN requirements for the RSA security token to enhance the customer registration and transaction experience, without compromising on security
- Partnered with Jamaican telecom providers to enable customers utilsing their mobile phones to access the organisation's websites, online portals and mobile app without data charges
- Implemented customer education and awareness campaigns, and updated demos and service guides to improve customer ability to utilise the organisation's digital channels
- Upgraded ABM monitoring tool to enable faster detection and resolution of ABM issues, in order to increase availability of the fleet to customers

2 ENABLE NEW FUNCTIONALITIES:

- Enabled the following features on the mobile app:
    - End-to-end sign-up for mobile app, including token registration
    - RTGS transfers to other banks
    - Add other bank beneficiaries and edit payees
    - Update email address and telephone number
- Self-service portal for customers to manage their credit cards

- Enabled debit card pinning at the ABM and online
- Created remote onboarding portal to allow customers to update contact information without visiting a branch

3 REINFORCE SECURITY OF DIGITAL CHANNELS:

The business continues to invest in world-class security technologies for its digital platforms in order to protect customers. On our Jamaican ABM fleet, operating software has been upgraded from WIN-7 to WIN-10, and implementation of a Payment Card Industry (PCI) security patch to improve security and reliability and to reduce fraud exposure for our customers was completed.

4 DIGITAL ENABLEMENT:

At Clarien Bank Limited, clients relied on the iBank electronic platform, which was redesigned and relaunched, to access their accounts safely and easily. Customers were able to pay bills, make local and international transfers, and open savings, current and CD accounts real-time. These transactions were all safeguarded by hard and soft security tokens. The Clarien team also doubled down on its efforts to educate customers on how to utilise iBank in order to accelerate the migration of transactions.

Clarien Investments Limited's clients were able to remotely build and manage their investment portfolios through the iPortfolio and iInvest platforms. iPortfolio is a personal financial portal that gives clients the freedom to fully manage their investment portfolio from their desktop, tablet or mobile device. Customers can also customise content and market information specific to their financial interests, and connect with a network of wealth management experts. iInvest helps clients build low-cost, individualised investment portfolios and offers clients a real time view of all their investments. It aims to make investing accessible and simple. Throughout the pandemic, the Clarien Investment team kept its clients abreast of market trends and value-added insights through regular audio updates.

Across the Guardian Group, customers were able to leverage digital portals to renew and pay insurance premiums online. The MyGuardianLife customer portal allowed Guardian Life of the Caribbean customers to pay insurance premiums online. Adobe Sign allowed secure digital signatures to replace a physical 'wet' signature. This reduced the need to physically transport paper-based forms and the time taken to gather approvals.

GGIL Trinidad implemented a digital portal for customers to renew and pay for their Motor and Home policies online. Customers were also able to obtain quotations for motor policies and information on all their policies. New features such as quotations for home insurance and claim registrations were enabled. The digital portals were supported by call centre teams dedicated to responding to customer queries and completing new sales and policy renewals.

In August 2020, a Live Chat feature was enabled on the Guardian Web Portal, which allows customers to communicate with agents and receive real time responses. Customers visiting the offices were able to utilise kiosks to access the digital portal; however, this access was limited by some of the health and safety measures. At Guardian Group Fatum, the MiSalu app allowed health insurance customers to submit their invoices online and receive payment directly to their bank accounts. Its Pension Portal enabled employees to view their current pensions and relevant documents online, while employers were able to review their plans and submit changes.

OUTLOOK AND PLANNED INITIATIVES FOR FY21

NCBJ will continue to make improvements designed to enhance the digital experience, improve access, expand functionalities, and reinforce security. These include the introduction of an omnichannel platform, which will allow customers to interact with agents via platforms such as Chat, WhatsApp, Facebook, and Twitter. Audio guidance software will also be introduced on the ABMs, mobile and online platforms to assist visually impaired customers. In addition, new functionalities including loan acceptance at ABMs, and expansion of digital wealth management advisory and trading services, foreign currency, complaints and service request functionalities via the online and mobile banking platforms can be expected.

Building on its strong foundation of innovative and first-to-market platforms, Clarien Bank Limited will focus on its aspiration to become the digital bank of choice in Bermuda by continuing to expand capabilities, products and services available through these platforms.

Similarly, Guardian Group will focus on streamlining and extending the capabilities of its digital portals across its subsidiaries and territories.

Our Business Enablers CONTINUED

PEOPLE, FACILITIES & SERVICES

People and facilities were two of the most impacted variables this year. The onset of the pandemic, and mandates from governing bodies such as the World Health Organisation and local authorities in the Group's operating territories required the Group to reimagine quite a number of its processes, and implement several measures to maintain health and safety of the organisation's staff, customers and other stakeholders.

To this end, COVID-19 Taskforces were established to manage the organisation's response to the pandemic. These taskforces were responsible for meeting regularly with stakeholders to ensure and optimise business continuity, while protecting the health and safety of customers and employees.

KEEPING OUR FACILITIES SAFE

Entry protocols right across the enterprise were changed, with mandatory mask-wearing being enforced to prevent the local spread of the virus, in addition to mandatory temperature checks. In instances where exposure is identified, the organisation follows strict sanitisation protocols for physical facilities, and around-the-clock cleaning is conducted for all high-traffic areas and shared spaces.

Physical distancing is observed in all instances, and education is ongoing for both staff and customers to ensure that everyone participates in the efforts to curb the spread of the virus. To support these efforts in the Group's physical locations, employees have also been provided with masks and gloves, and plexi-glass screens have been installed in some high-traffic locations. These measures have been undertaken in all physical facilities for the Group – including NCBJ, Clarien and Guardian.

This year also saw the successful rationalisation of physical space within the organisation, which resulted in increased efficiencies and cost-savings. Previously, the Corporate Learning Campus (CLC) and Group Human Resources and Facilities Division (GHRFD) in Jamaica existed across two separate locations. These have since been relocated to The Atrium in Kingston – at the Group's headquarters. With the transition of most of CLC's offerings to a digital space, the space requirements have significantly diminished; therefore, the organisation was able to re-purpose the expansive space that it previously occupied.

SAFEGUARDING BUSINESS CONTINUITY

These efforts to protect persons using the organisation's physical facilities have been complemented by ongoing customer and staff education about COVID-19 safety measures, transaction migration, and remote work. To date, a majority of employees have fully transitioned to remote working arrangements, while efforts are sustained to ensure maximum reduction of exposure for customer-facing employees, and those whose job functions require them to work from shared physical spaces.

To support these efforts, GHRFD, in collaboration with the technology and digitisation units, ensured that employees have been provided with the necessary tools for remote work – including laptops, VPN connections, and back-up internet connections.

BRANCH MODERNISATION AND EXPANSION OF BANK ON THE GO FACILITIES IN JAMAICA

To support the business' ongoing transaction migration efforts, the Facilities team has executed a number of initiatives in conjunction with the Digital Channels and Group Information Technology teams. These have included:

- Deployment of over 30 new ABMs across Jamaica, and creation of a dozen new Bank on the Go facilities islandwide
- Modernisation of NCBJ's Christiana, Washington Boulevard and Lucea branches in Jamaica.

DIGITISATION OF HR PROCESSES

The Human Resources arm of the organisation also benefitted tremendously from the digitisation of some key processes. Most noteworthy among these for NCBJ and its subsidiaries were:

- Consolidation of electronic security infrastructure to provide a central platform for monitoring and investigating electronic fraud, thereby reducing the time taken to investigate disputes
- Digitisation of the manual employee filing system (containing over 2,000 employee files) removed the need for physical files – thereby freeing valuable floor space which was repurposed as the CLC's digital learning labs.

Our Business Enablers CONTINUED

IMPROVED PEOPLE PROCESSES AND TALENT MANAGEMENT

While the onset of the COVID-19 pandemic brought face-to-face learning to an abrupt halt, courses were quickly moved into the virtual space to ensure that the organisation's learning objectives were not disrupted. This has allowed for greater flexibility and convenience for employees – as they are able to access courses and resources offered by CLC remotely.

One of the organisation's key training programmes - The Institute of Leadership and Organisational Development (ILOD) Leadership and Management Development programme - has again been accredited by the University Council of Jamaica. Since CLC has already been accredited as a corporate university, signature programmes administered under the ILOD umbrella are accredited as Post-Graduate Diplomas.

Focus was placed on enhancing leadership by equipping employees targeted as successors with critical competencies to drive business growth. In 2020, the organisation introduced the Modern Leader programme, developed by the Arbinger Institute and facilitated by its regional partners. This sought to drive mindset change and leadership development.

Clarien is also committed to increasing the number of development opportunities available to its people, with significant training, enhanced performance management and recognition programmes for staff. Other top priorities for Clarien include enhancing its diversity, equity and inclusion efforts.

Right across the enterprise, efforts are ongoing to maintain open lines of communication between employees and the organisation. These efforts are facilitated in virtual town hall meetings, regular email updates, and around-the-clock support for remote workers.

The drive to improve talent management through the overhaul of the employee on-boarding experience continued throughout FY20. Through this initiative, a step-by-step guide for new recruits was introduced, as well as a new managers' toolkit to provide abbreviated information on topical Human Resource matters. Similarly, a peer coach kit was provided for persons assigned as mentors to support the on-boarding process.

CREATING EFFICIENCIES AND SAVINGS IN THE SUPPLY CHAIN

Another important focus for the Group was strengthening cost discipline and efficiency across the enterprise. To achieve this, examination of the operations across the Group and its subsidiaries is ongoing, and several areas have started to undergo streamlining for efficiency. Additionally, the Group has identified several areas in which the organisation could benefit from economies of scale, and are already achieving significant cost savings.

DIAGNOSING AND TREATING ORGANISATIONAL HEALTH

Organisational health had been identified as a key driver of the Group's strategic aspirations. In partnership with a leading global consulting firm, the NCB Group embarked on efforts to diagnose and treat organisational health through the implementation of several programmes, as well as periodic checks and balances. Through this initiative, the organisation identified a number of health practices on which to focus, including:

- Employee involvement
- Employee innovation
- Being open and trusting
- Being customer-focussed
- Demonstrating consultative leadership
- Demonstrating supportive leadership.

Risk Management and Governance

Before the global outbreak of the COVID-19 pandemic, financial organisations like the NCB Financial Group concentrated on reducing complications and expenses that arose from increasing regulations and emerging risks. **This was done using a robust framework of policies, processes and people to execute risk and compliance functions**. However, the COVID-19 pandemic challenged the established infrastructure, processes and protocols of the organisation's risk management norms due to its fast-evolving and unpredictable nature.

Pivoting quickly to accommodate the new stipulations implemented for the health and safety of frontline employees, while ensuring through-the-line integration of the personal and business environment to facilitate remote working was a true test of the agility of the organisation's Risk Management and Governance framework. This was also compounded by the need to comply with ever-growing customer and regulatory demands emerging from the pandemic, along with the organisation's ongoing digital transformation initiatives.

RISK MANAGEMENT PRINCIPLES

Risk management is now, more than ever, an organisation-wide responsibility – everyone has a part to play. The Group employs the Three Lines of Defence Enterprise Risk Management Framework to manage potential risks:

- **Business lines -** the responsibility for identifying and managing inherent risks first lies within each business unit, where employees are accountable for identifying, assessing and managing potential exposures or threats within the scope of their assigned responsibilities.
- **Risk and compliance -** existing at the subsidiary and Group levels, these functions provide oversight for the effective operation of risk management by the business lines. Risk and compliance are also responsible for developing policies, and monitoring compliance with them.
- **Internal audit -** provides independent assurance and monitoring of the efficiency of the risk management performance executed by the business lines, as well as the risk and compliance functions executed across the organisation.

Risk Management and Governance CONTINUED

THE RISK GOVERNANCE FRAMEWORK

The Group's risk governance framework is intended to provide a comprehensive set of controls and ongoing management of the major risks assumed in the Group's business activities. This function covers the Corporate Governance and Nomination Committee of the board, legal, risk management and compliance. The NCBFG Board of Directors assumes ultimate responsibility for oversight of the Group's risk-taking activities, and delegates that responsibility to the Group Risk Committee and the Group's Audit Committee. These committees are supported, where necessary, by the Board committees, Board Risk committees, and the Audit committees of the subsidiaries.

There are also a number of management committees across the group which support risk management oversight with respect to strategic risk, operational risk, IT security and fraud risks, capital adequacy, market and liquidity risk and legal and regulatory risk.

GOVERNANCE FRAMEWORK

TYPE OF RISK	SUPPORT PROVIDED BY THE MANAGEMENT COMMITTEES
Capital Adequacy	The relevant committees are responsible for setting and monitoring overall capital management principles in line with the Group's enterprise-wide risk framework and appetite.
Legal and Regulatory Risks	The relevant committees are responsible for monitoring the status of legal and regulatory compliance within the Group.
Operational risks	The relevant committees are accountable for the provision of oversight to the strategies, policies and procedures in place to manage such risks as information technology and information security risk exposure, fraud risks and others. Their responsibilities also include managing an effective risk organisation structure, and implementing effective governance processes.
Strategic Risk	The committees with oversight for strategic risk are responsible for the execution of the Group's 2024 strategy, and are held accountable for the effective and timely execution of activities, delivery of the expected benefits and performance monitoring. These committees oversee the assessment of feasibility, achievement of business objectives, and mitigation of risks.
Market and Liquidity Risk	The relevant committees monitor and ensure the effective and efficient management of market risks relating to the mix of assets and liabilities, as well as the holding and trading of foreign currencies and designated investment securities.

SIGNIFICANT RISKS

CREDIT RISK

Credit risk for the organisation includes the possibility of a customer/borrower defaulting on promised payments (e.g. principal, interest, margin, etc.), or that a trading partner may fail to fulfil its obligations on a transaction or portfolio of transactions, thereby forcing NCBFG to terminate the trade, or replace the counter-party at a loss. Due to the resultant economic impact of the pandemic on a number of the sectors to which the organisation lends, credit risk is in significant focus. As a regional group, oversight for risk must extend to the economic environment of all the territories in which we operate. The economic impact of the pandemic has certainly affected the countries in which the Group operates.

The heightened threat to business profitability has also been brought into sharp focus, due to the increased exposure of the organisation to the aftershocks of the pandemic's economic impact on a number of sectors to which it lends. A customer-centered approach was taken to help manage credit risk, and included:

- Discussions with large corporate and commercial customers to understand the impact of COVID-19 on their businesses, and their unique economic challenges
- Extension of relief initiatives, including customer payment deferrals, principal moratoriums, debt restructuring and consolidation to various consumer and commercial segments
- Ongoing close monitoring of borrower performance to identify any deterioration in circumstances, and determine other strategies for managing credit portfolio quality
- The adjustment of Expected Credit Losses (ECLs)[1] to recognise the deteriorating economic outlook, and weaker probabilities of default.

Notably, the assessment which was instituted in response to the COVID-19 pandemic could delay the recognition of net charge-offs, delinquencies, and non-accrual status for those customers who would have otherwise moved into past due or non-accrual status. These initiatives remain under constant review, as the various governance teams such as Risk Management, Collections and Finance continue to monitor the potential range of future economic outcomes.

LIQUIDITY RISK

Defined as the potential for loss in the event that the Group is unable to meet its payment obligations when they fall due, the organisation has taken steps to safeguard itself against liquidity risk, and ensure its ability to honour its obligations and liabilities to depositors and suppliers, while taking advantage of any profitable opportunities that may arise. Given the current economic climate, the Group is also exposed to Market Liquidity risk, which refers to the inability to unwind a position in the face of inadequate market activities, or unavailable market prices.

The Group's Enterprise Risk Management Policy requires that liquidity is managed within established policy guidelines, limits and/or benchmarks. One of the principal liquidity strategies pursued by the Group is the maintenance of diverse and stable sources of funding. Accordingly, the Group's liquidity funding providers include NCBJ's diversified retail customers and corporate customers, as well as repurchase agreements and long-term secured funding sources, which include Diversified Payment Rights securitisation. The credit rating of the Group is also continuously monitored to ensure that the organisation is positioned favourably to access credit at a good price.

The Group Risk Committee also closely monitors the Group's liquidity risk positions, and review all the relevant information including:

- Factors affecting liquidity in the respective domestic markets
- Key liquidity metrics, trends and comparisons with established limits and benchmarks
- Liquidity scenarios and strategies to manage the various scenarios.

1: ECL is an accounting approach introduced under IFRS 9 - 'Financial Instruments' for the recognition of projected credit impairment losses. The methodology involves a forward-looking assessment of macro-economic conditions with a computation using the probability of default, loss given default and exposure at default.

Risk Management and Governance CONTINUED

MARKET RISK

The Group addresses its exposure to market risk, which is the possibility that movements in certain market variables such as interest rates, foreign exchange rates, equity prices, market liquidity and credit spreads may adversely affect its income and/ or the value of its portfolios. The infrastructure designed to manage market risk by the Group incorporates the definition, approval and monitoring of limits, as well as the performance of stress testing, and qualitative risk assessments.

OPERATIONAL RISK

The escalation of the COVID-19 outbreak to a pandemic by the World Health Organisation triggered the activation of the organisation's business continuity programme. This continues to be led for NCBJ and its subsidiaries by a COVID-19 Taskforce, a working committee established to oversee the effective execution of the activities recommended by the Group's Crisis Management Committee. This Task Force is charged with:

- Monitoring the environment and disseminating the outputs from Jamaica's Ministry of Health, and the National Disaster Preparedness Committee
- Ensuring the safety of the organisation's key stakeholders (employees and customers), and addressing their concerns
- Ensuring the sustenance of key supply chains
- Protecting the organisation's infrastructure
- Safeguarding the sustainability of the business
- Assessing the impact of the pandemic on the Caribbean and each country's economy
- Developing an appropriate action plan for each entity.

Following temporary closure of branches and corporate offices during the pandemic, the business was mandated to alter the way we facilitated customer interactions, and how employees functioned. While the widespread adoption of remote working has significantly reduced potential exposure of employees to the virus in the shared working spaces of the business, it has also amplified the operational risks.

To manage this, a Remote Work Committee was established to review and manage the process, refine the remote work framework, define norms and practices, tools, resources and standards. The increased potential for cybersecurity risks was also examined by the first and second lines of defence.

Cybersecurity risks arise from the increased reliance on multiple information technology systems and networks. Our risk management framework examines and frequently tests how information is processed, accessed, transmitted and stored in the wide array of business processes and activities. The actions taken to reduce these risks are continually updated to ensure world-class defence mechanisms to proactively respond to any potential exposures. in addition to having a robust cybersecurity policy, we also have protocols in place to assess, prevent and effectively respond to certain cyber events. Given the importance of cybersecurity, the Group also maintains cybersecurity insurance coverage.

INSURANCE RISK

With significant changes and streamlining undertaken in this arm of the business during the year, there was increased potential for insurance risk. This has been coupled with any potential fall-out from the business being able to maintain customer policies even with the likelihood of decreased policy payments and COVID-19 relief initiatives being offered to customers.

BANCASSURANCE - The organisation operates an integrated bancassurance model, which provides wealth and protection insurance products, as well as issuing of contracts that transfer insurance risk, financial risk or both, primarily through bancassurance arrangements. Insurance contracts transfer material insurance risk and may also transfer financial risk. As a general guideline, the organisation defines material insurance risk as the possibility of having to pay benefits on the occurrence of insured events which are at least ten percent more than the benefits payable if the insured event did not occur.

LIFE INSURANCE - The Group is also exposed to life insurance risk, where there is a possibility of having to pay benefits on the occurrence of an insured event. The Group has to assess the risks undertaken in issuing insurance contracts, such as frequency and severity of claims. The potential for loss is inherent due to the predictability that can arise from assuming long-term policy liabilities or from the uncertainty of future events.

GENERAL INSURANCE - The business operates general insurance subsidiaries which underwrite the following general insurance business – Motor, Property, Pecuniary Loss, Liability and Accident. One of the principal risks associated with general insurance is pricing risk. Inadequate pricing of insurance contracts could result in claims honoured exceeding premium income. Over-pricing of the business could also diminish the Group's competitiveness, thereby destroying value.

This segment also faces the risk of inappropriate reserving around over-adequacy of the reserving level, which would negatively affect the Group's strength, or the inadequacy of the reserving level, which would necessitate a large injection of capital when the inadequacy is discovered.

LEGAL AND REGULATORY RISK

The Group is also subject to regulatory risk and legal risk, which could have an adverse impact on its business. Regulatory risk arises from a failure to comply with regulatory and comparable requirements. Legal risk manifests itself through failure to comply with legal requirements, including ineffectiveness in the management of litigation proceedings. As part of one of the most closely-regulated industries, the Group is expected to meet and maintain high standards in all business dealings and transactions. Failure to adequately address conflicts of interest, regulatory requirements, financial crime regulations, privacy laws, information security policies, ethical practices and other legal requirements not only pose a risk of censure or penalty after litigation, but also reputational risk. Business units are the first lines of defence and are responsible for managing day-to-day regulatory and legal risk, while the Group's Legal and Compliance functions act as the second line of defence, providing advice, monitoring and oversight.

REPUTATIONAL RISK

Reputational risk is the potential that negative publicity, whether true or not, regarding an institution's business practices, actions or inactions, may cause a decline in the institution's value, liquidity, or customer base. All risks may have an impact on reputation, which in turn may negatively affect the brand, earnings, and capital. Therefore, credit, market, operational, insurance, regulatory and legal risks must be managed effectively in order to safeguard the reputation of the organisation.

ACCELERATE

Strategic Outlook

At the beginning of the 2020 financial year, the Group launched its new aspiration to become a world-class Caribbean financial ecosystem by FY2024.

NCBFG is pursuing a bold set of goals and aspirations. Determined to stay on track, the organisation embarked on a transformative journey to meet the milestones set out for the period, by converting these goals and aspirations into the business-specific actions and results, the Group remains agile in pursuing and executing them.

FOUR THRUSTS OF OUR 2024 ASPIRATION

01

We will deliver world class growth, efficiency, return on assets and equity

02

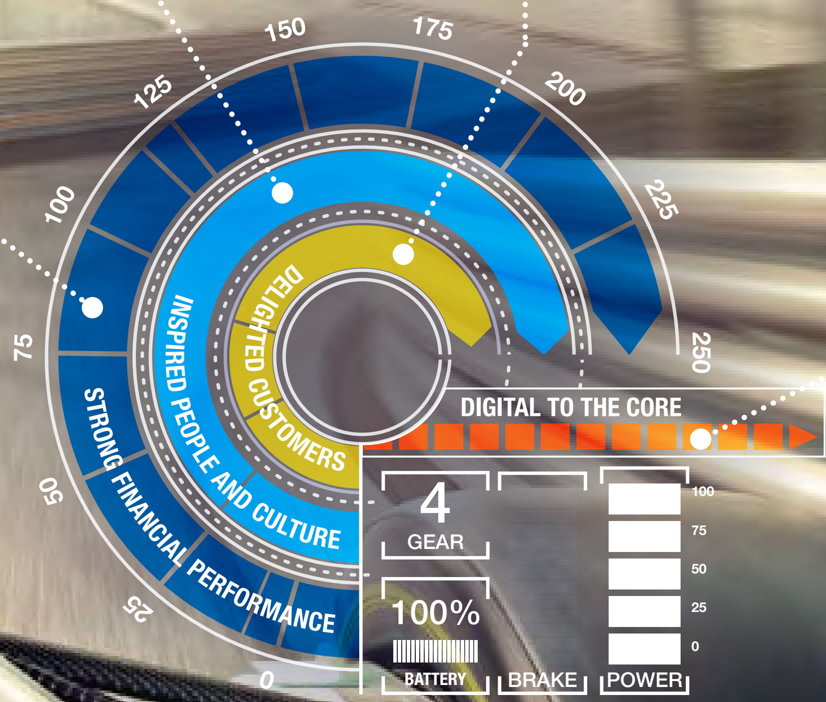
We will become the employer of choice, with strong organisational health, and a place where each employee is proud to be a part of the team and committed to our success as an organisation

03

We will be the preferred and most trusted financial partner for customers across segments

04

We will operate a world-class technology and analytics platform that enables fast, simple, intuitive, secure, stable, and delightful digital-first experiences for customers and employees



Strategic Outlook CONTINUED

SOME OF OUR WINS FOR THE 2020 FINANCIAL YEAR

The streamlining of our Jamaican insurance business through the transfer of the insurance and annuities portfolio of NCBIC to GLL.

Continued expansion of our asset management business to better serve wealth and asset mangement customers

Acceleration of migration of services to digital channels to enable customers to conduct more of their transactions from the safety and convenience of their home or office.

Increased sales force effectiveness through improved productivity in consumer loans, insurance and business deposits. We also equipped our insurance sales agent field force with AI-powered digital tools, which enable agents to perform data-driven assessments of customer needs, and recommend holistic insurance and asset management solutions.

Launch of iInvest —Bermuda's first and only robo-advisory wealth solution.

Launch of Quick Save deposit product which enables customers to open a deposit account with NCBJ with just a taxpayer registration number (TRN) and government-issued ID.

Roll-out of Fast Cash and Pay Advance pre-approved loan facilities, which allow approved customers to access loans within minutes, by accepting an offer online.

>50%

Staff members across the Group shifted to a remote-work model, while maintaining our robust cyber-security protocols.

SIGNIFICANT INVESTMENT IN CAPABILITY BUILDING

65 managers participated in the **Ability to Execute (A2E) Business Fundamentals (mini-MBA) programme.**

450 leaders enrolled in The Arbinger Institute's globally renowned **Outward Mindset Leadership Training programme.**

> The success indicators of our bold goal to become a world-class Caribbean financial ecosystem by 2024 include delivering world-class growth, efficiency and returns; fostering a healthy, commited team of people; becoming the first-choice financial solutions provider for customers in the region; and underlining all of these with a robust technology and analytics platform which enables the organisation to deliver outstanding customer experiences.

Notwithstanding the challenges brought on by the global pandemic, we remain committed to this aspiration. Supported by our strategic consulting partner, we have established a robust execution framework that enabled us to develop a strong pipeline of initiatives, a monitoring mechanism for milestones and value, and a methodology for pivoting quickly once assumptions change. The rigour and inclusiveness of the programme has elevated the capabilities, capacity and commitment of our team members to achieve our aspiration.

While most of this financial year presented several unprecedented challenges, it also elicited high levels of innovation and agility, and created an incomparable openness to change for both the organisation, its employees and its customers. These changes have not only forced the re-imagination of the industry, products and offerings in significantly less time, but it has also made transformation a necessity instead of a mere choice. While a major transformation was already in progress for the organisation, the emergent lessons from the COVID-19 pandemic unearthed new opportunities and have helped to re-shape the business model, requiring an adjustment to the organisation's mindset.

Consequently, the organisation began the process of redefining its purpose, vision, mission and core values to ensure that these are aligned with the new business aspirations and ways of working. Collectively referred to as the new 'NCB Mindset', these elements of the organisation's corporate identity have been redesigned to reflect the organisation's renewed purpose—

Empowering people

Unlocking dreams

Building communities

—which represents a renewed focus on customer-obsession, performance goals and people development. The new vision, mission and core values will be officially launched in the second quarter of the 2021 financial year.

NCB Financial Group recognises the crucial role that it plays in the lives of our employees and customers, and the responsibility it has to help stabilise and stimulate the economies in the markets served, and mitigate the negative impacts of the crisis. This understanding is coupled with an appreciation for the fact that the organisation is operating in entirely different norms from the pre-COVID-19 environment – and it must:

- Deepen the relationship with customers significantly, with the goal of understanding their needs, and using that as the starting point for product and service innovation;
- Deliver safe, dependable, easy-to-use digital-first, customer-oriented financial solutions, driven by leading digital analytics and technology;
- Facilitate delightful and intelligent customer experiences powered by data to differentiate itself in a more competitive landscape;
- Lead the transformation of the regional financial services sector by example – by becoming a world-class Caribbean financial services ecosystem.

As an organisation, we will not rest until we are world-class in terms of our customer experiences, our culture, technology systems, and financial performance. This is what our stakeholders deserve. For the upcoming financial year, customers can expect an enhanced focus on our customer experience and digital transformation agendas.

Corporate Social Responsibility

The NCB Financial Group remains committed to serving its stakeholders and is steadfast in building the communities in which we live and work. This permeates everything we do and continues to drive our commitment to creating value through innovation, continuous learning and purpose driven execution. As a Group, we continuously engage in activities that will balance the long-term viability of our business with social and environmental accountability, while recognising our role as a corporate leader in the region.

Nichole Brackett Walters (2nd right), Group Marketing and Communications Manager at NCBJ gets a hug from Jeanette Rose-Bryan (centre), Manager of the Pringle Children's Home when she presented a donation of $1M to the facility, as part of N.C.B. Foundation's 2019 Grant a Wish initiative.

NCB Financial Group supports an inclusive workplace reflective of the wide range of socioeconomic, religious and ethnic backgrounds of all our stakeholders, including customers and the public at large. Our focus is on achieving the right mix among economic growth, digital transformation and social well-being. The Group's CSR activities seek therefore to ensure:

- our mission is realised;
- our core values are reinforced;
- the group will enjoy long-term success while providing appropriate benefits for our key stakeholders: our employees, customers, suppliers, shareholders, and our communities;
- we perform competitively and profitably through responsible business practices; and
- we remain committed to the principles of sustainable development, which emphasise the integration of economic, social, environmental and ethical goals in our business activities.

Our Corporate Social Responsibility ("CSR") policy covers four main areas: ethics, employment practices, stakeholder engagement and community outreach; our commitment to delivering on the mandates of each is unwavering.

FOCUS ON ETHICS

Our performance is underpinned by our strong ethical standards and practices and they continue to be a critical part of business operations. These standards are supported by our policies and procedures, employment practices and disciplinary procedures, such as the Code of Business Conduct for employees.

Employees are trained in ethics and financial crimes compliance at onboarding and refresher programmes are provided to keep employees up-to-date. Additionally, employees are required to undergo ongoing training on customer service and information security. For most employees, information security and financial crimes compliance is administered through online, while for the senior team and Board, the training is done by invited trainers based on themes considered relevant at the time and based on their functions. The Corporate Governance Statement in this Annual Report (page 38), outlines the courses provided to the Board during the year.

FOCUS ON EMPLOYEES

This period of unprecedented change has left no life untouched. We successfully transitioned the majority of our staff members to a remote working model to protect stakeholders, while maintaining our productivity and cyber security protocols. At the end of the 2020 financial year, 62% of our workforce were working remotely.

For employees who were unable to work remotely due to the nature of their roles, protocols were implemented to create a safe working environment, including ongoing sanitisation of work surfaces, implementation of sanitisation dispensers and no-touch bathrooms and enforcement of physical distancing standards. In addition, customer-facing employees were provided with face shields, masks and latex gloves; plexi glass was installed in some locations. Employees were kept abreast of important updates and educated on how to keep safe during the pandemic.

Learning and Development

The onset of the COVID-19 pandemic brought face-to-face learning to an abrupt halt. However, with learning and development being a critical enabler of our strategic objectives, we quickly pivoted and transitioned our learning and development programmes online, which in many instances resulted in greater flexibility and convenience for employees. In Jamaica, our Corporate Learning Campus offers a number of accredited signature programmes where participants who successfully complete the programme qualify for post-graduate diplomas.

Leadership Development

Special focus was placed on enhancing the leadership capabilities of a wide spectrum of team members including supervisors, managers, and senior executives. Our signature leadership programmes offered through the Institute of Leadership and Organisational Development (ILOD), were reaccredited by the University Council of Jamaica. In addition, across the NCB Financial Group, over 450 leaders were enrolled in The Arbinger Institute's globally renown Outward Mindset Leadership Training programme and 65 managers participated in Ability to Execute (A2E) Business Fundamentals (mini-MBA) programme.

Talent Development

In the 2020 financial year, we continued our drive to improve talent management through the overhaul of the employee on-boarding, which is expected to enhance the employee experience. Through this initiative, we implemented a step by step guide for new recruits, introduced a leadership onboarding session, a new manager's toolkit to provide abbreviated information on topical HR matters as well as a "Peer Coach" Kit for mentors assigned to provide on-boarding support for new employees.

FOCUS ON OUR CUSTOMERS

In keeping with the key pillar of our aspiration to delight our customers, we are focussed on becoming the preferred and most trusted financial partner for customers across all segments. A key part of our focus for this year was on improving the experience of our customers with emphasis placed on deeply understanding the root causes of our primary customer pain points, in order to determine the most convenient ways for customers to be served. As a Group, we continue to enhance our complaints management system,

Corporate Social Responsibility CONTINUED

Laurent Hamil (right), Head of the Haven Nursing Home could not be more grateful to unwrap a $1M donation from the N.C.B. Foundation. Haven Nursing Home received top votes in its category in N.C.B. Foundation's 2019 Grant a Wish initiative. With Hamil is Dave Wilson, branch manager of NCBJ's Matilda's Corner Branch. The N.C.B. Foundation also helped bring cheer to the home with a Christmas tree and tokens.

expand digital channel options and functionalities, and strengthen our core IT infrastructure, in order to deliver a customer experience that is simple, secure, reliable and delightful.

Enhancing Customer Awareness

Customer education is a priority and we remain committed to keeping customers abreast of changes in our operations and educated about how they can effectively use our products and services as well as to improve financial literacy.

We do this by improving employee education, driving increased understanding of our products and services so employees are able to consistently provide accurate information to customers thus enabling a consistent service experience for customers regardless of where they are served.

Digitising the way we serve our customers

The onset of the COVID-19 pandemic led governments to implement varying safety measures including but not limited to curfews, capacity restrictions and physical distancing protocols in order to reduce the risk of infection among their populations. As a result, business as usual was disrupted and we had to accelerate the migration of customers across the Group to digital channels so they could continue to manage their financial affairs.

NCBJ was able to facilitate the majority of day-to-day transactions and applications for new deposit, loan, credit card and investment accounts online. Through partnerships with local telecommunication providers, customers were able to access these online services via their mobile phones without incurring data charges.

Guardian Group customers were able to renew home and motor vehicle polices online and were provided with a range of online options for making insurance premium payments online. In Bermuda, Clarien launched iInvest, the country's first and only robo-advisory wealth solution, which facilitated remote access to wealth advisory services.

FOCUS ON OUR COMMUNITIES

NCB Financial Group has been committed to improving the lives of people and building the communities we serve. With the impact of the COVID-19 pandemic on the world and in particular, the territories in which we operate, we have been assiduously working to support our communities and have invested heavily to build and develop them given the increased need. We are thankful for the loyalty and patronage of our customers, which enabled us to be able to support these philanthropic efforts. We are also grateful to our shareholders for their support and to our employees for their continued commitment and team spirit.

A myriad of philanthropic initiatives were undertaken by the charitable foundations across the NCB Financial Group valued at over $294M.

N.C.B. Foundation
serves as the leading philanthropic arm of NCB. It is funded by a contribution of 1% of the prior year's profit for the NCB Financial Group. For the 2020 fiscal year, a total of $380M million was committed to support initiatives aligned with the Foundation's three main areas of focus:

1. Education
2. Community Development & Sports
3. Youth Leadership & Entrepreneurship.

Education continues to be our primary area of focus, with over 60% of contributions since inception allocated to this area.

Guardian Group
does philanthropic activities directly and also through the Guardian Group Foundation, which serves as the philanthropic arm of Guardian Life. The pillars supported are Health and Wellness, Sport and Youth Development and Social/National Citizenship. Through these entities we continue to expand our social community outreach programmes throughout the English and Dutch Caribbean, with a primary objective to turn our efforts into tangible benefits for our societies.

Clarien Foundation
serves as the philanthropic arm of Clarien. Through the Clarien Foundation and Clarien Trust Limited, we have facilitated a structured charitable giving programme that aligns with our stakeholders' unique desires and values. Clarien has maintained its long-standing support of youth development and education-based charities in Bermuda. The foundation's main objective is to provide financial and in-kind support for charities and their fundraising events, helping to improve the lives of Bermudians and ultimately strengthening our community.

Some of the key projects undertaken during the financial year by the foundations were:

N.C.B. FOUNDATION

Scholarship & Grant Programme
For the Annual Scholarships and Grants programme $60M in scholarships and grants were awarded, impacting over 500 students island wide. This year, beneficiaries included Wards of the State and teenaged mothers via support to the Hear the Children's Cry and EVE for Life charitable organisations.

Level-up Grants
For this year, the traditional scholarship programme, was supplemented by the "Level-up Grant programme", which was introduced in response to the increase in unemployment precipitated by the pandemic. A total of $25M in grants was provided to unemployed persons to pursue short online courses that would enable them to upskill and gain new employment during or post the pandemic.

N.C.B. Foundation partnered with Internet Income Jamaica, iCreate Limited and Northern Caribbean University (NCU) to offer short online courses in areas such as hotel operations management, social media management, transcription, virtual assistant and remote call centre support, digital marketing, graphic design, grant writing, business communications, crisis/trauma/ grief counselling and small business management.

N.C.B. Foundation Gratitude Fund
As part of our celebration of our 16th anniversary and a token of appreciation to the University of West Indies for conferring honorary doctorate degrees on Hon. Patrick Hylton, OJ, CD (President and Group CEO – NCB Financial Group) and Thalia Lyn, OD, JP (Director – NCB Financial Group and Chair - N.C.B. Foundation); the 'N.C.B. Foundation Gratitude Fund' was announced on November 2, 2019 at the University's graduation ceremony. The donation of $25M to this fund assisted over 220 2019 graduates with clearing their outstanding tuition and fees.

NCB National CSEC Bursary Programme
Since 2003, the N.C.B. Foundation has been supporting students at the secondary level through sponsorship of the Caribbean Secondary Examination Council (CSEC) examinations for select subjects for qualified Jamaican students in both public and private institutions across the island. To date, the Foundation has awarded $164M and supported 106,000 students in attaining the minimum subject requirements for admission into tertiary level institutions or to advance in the world of work.

COVID-19 Relief
To support the fight against COVID-19, to date, N.C.B. Foundation donated nearly $50M to support the Government of Jamaica Private Sector Organisation of Jamaica Ventilator Initiative and to procure equipment for the University Hospital of the West Indies Intensive Care Unit. The Foundation also supported the Ministry of Labour and Social Security, Island Grill, Food for the Poor and other entities to provide food and supplies for persons residing in quarantined areas.

Grant-A-Wish Programme
This financial year's Grant-A-Wish programme helped Jamaicans fulfil wishes and express gratitude to people or organisations that have impacted their lives, their communities and the nation. A total of $12M was donated to support Children's Homes, Golden Age Homes and Disability Organisations across Jamaica.

Corporate Social Responsibility CONTINUED

Several students at the Excelsior Primary School in Kingston, Jamaica pose with the new water tanks donated to the school by the Guardian Group Foundation. At left is Annette Atkinson, Guardian Life, Senior Manager, Corporate Affairs & Communications.

GUARDIAN GROUP

▸ SHINE 2019

In Trinidad and Tobago, SHINE 2019 (Securing Hope for those in Need) was one of the major philanthropic activities undertaken. Guardian Group Trinidad and Tobago celebrated the 5th anniversary of the SHINE 5k and 10K Charity Walk and Run on Saturday 30th November, 2019 at the Nelson Mandela Park, St. Clair. This charity event is Guardian Group's flagship charity fundraiser in Trinidad and Tobago and attracted over 5,000 participants. The dual distances within one event sought to engage both the serious athletes and leisure walkers/runners. This satisfied participants' personal desire to give back to the less fortunate, and Guardian Group's objective of making a meaningful contribution to children's charities. The event also raised public awareness and engagement in a family and fun-based Health and Wellness event, which is central to Guardian Group's Corporate Social Responsibility. To commemorate its 5th anniversary and to increase the impact this race has on both the participants as well as the recipient charities, 100% of race proceeds, totalling over TT500,000 was distributed to 50 children's homes across Trinidad and Tobago. The money received by these charities makes a significant difference in the lives of thousands of children and we are thankful to all our staff members, partners, sponsors, the media and most importantly the participants for their support.

▸ Cancer Awareness Month Activities

Breast Cancer Awareness Month Activities

In October 2019, the Guardian Group Jamaica Foundation partnered with the Jamaica Cancer Society and Reach to Recovery to host 'Pink Day' at all Guardian Life branches island-wide. The objective was to increase awareness about breast cancer among staff and the public. Activities included encouraging staff members to wear pink, the distribution of cupcakes to staff and clients and addresses by Ms. Yulit Gordon, Executive Director of the Jamaica Cancer Society and Dr Hugh Anthony Roberts, Consultant General Surgeon at the University Hospital of the West Indies.

► NSSEC

In October 2019, Guardian Group, for the second year, sponsored the National Secondary School Entrepreneurship Competition (NSSEC) which boasted a participation of 110 teams nationwide. The NSSEC programme, a business education simulation platform, uses the Market Place Live software, an online environment for business simulation. The competition specifically targets the youth of Trinidad and Tobago through the secondary school system. The competition was held over a six-week period where students from participating schools were challenged to manufacture and sell a product in a virtual environment that has all the same challenges as the real-world marketplace.

► ShoeBox 2019

The Shoebox Project continues to be one of the Group's major staff volunteer programmes across all our territories. For 2019, Guardian Group partnered with the NCB Global Finance family to help bring the joy of the Christmas season to as many children as possible within the territories we operate. Shoebox is Guardian Group's toy collection drive for the benefit of the less fortunate children in various communities. Shoebox is one of our core CSR initiatives to engage staff in an activity that epitomises one of the Group's core values, namely, serving people. The Shoebox project occurs during the months of November and December annually in keeping with the sentiment of giving during the Christmas season. Since 2012, the charity project has received full support from staff members who are willing to go above and beyond to be champions of the cause. Friendly competition is encouraged among staff/departments to collect the most gifts.

The Guardian Group Foundation gave a much-needed injection to the Jamaican health sector with the donation of a ventilator valued at J$3.9M to the Victoria Jubilee Neo-Natal Ward, and by extension the Kingston Public Hospital. Eric Hosin, President, Guardian Life appears in this photo.

Desiree Tulloch-Reid (left), President of the Lupus Foundation of Jamaica, accepts a donation of $250,000 from Guardian Life's Eli Ferguson, Branch Manager at the Trafalgar Financial Centre. The donation provided by the Guardian Group Foundation is expected to provide assistance to persons needing support with treatment for Lupus.

Corporate Social Responsibility CONTINUED

Clarien invited the general public to an Exclusive Iron Kids Card Signing and Photo Session with world triathlon champion Flora Duffy (centre) at the BTA Visitor Service Centre. Attendees received a signature Flora Duffy signing card, developed exclusively for this session, which included a brief message from the world champion.

CLARIEN FOUNDATION

Clarien Cares Programme

The programme allows staff the opportunity to participate in one of three community outreach projects that we coordinate throughout the year. Additionally, we encourage employee involvement in charitable events, allowing staff who volunteer outside of normal business hours in support of one of our partner charities to get paid vacation time in return.

13th Annual Holiday GiveBack Campaign and Church Feeding Programme

In December 2019, Clarien launched its 13th Annual Holiday GiveBack Campaign, which raised BMD$15,000 for Meals on Wheels, a not-for-profit organisation that prepares freshly cooked meals for those unable to cook for themselves, such as the sick, elderly and disabled. Since 2010, Clarien Bank's Holiday GiveBack campaign has raised more than BMD$100,000 for the charity. Each December, the bank encourages its clients, employees and the general public to celebrate the season of giving by making donations in honour of Meals on Wheels. This number (up to a capped amount) is proudly matched by the Clarien Foundation.

In an effort to give back to those who had been hardest hit by the COVID-19 pandemic, Clarien employees volunteered their time in September 2020 to supporting a community feeding program at Christ Church in Warwick, Bermuda. Staff from various teams at the Bank, including IT, Private Banking and Internal Audit, devoted their afternoon to prepping a delicious meal for individuals and families in need. Volunteers said it was a "humbling and eye-opening experience" to give back in this way. Launched in April 2020, the church feeding program has provided more than 20,000 meals to needy Bermuda residents impacted by the crisis, including those out of work. As the need for this important service continues to grow, so does the need for volunteers in the kitchen to help with food preparation and serving meals.

Notwithstanding this unprecedented period of ongoing global uncertainty, the NCB Financial Group stands by its commitment to corporate social responsibility in service to our employees, customers, suppliers, shareholders, and the communities we serve.

CLARIEN PHOTO HIGHLIGHTS

Michael De Couto, Chief Digital & Marketing Officer (far right) and other Clarien Bank team members participated in the 32nd Annual P.A.L.S. Walk to help raise money for cancer care in Bermuda.

Over 20 Clarien Bank employees volunteered their time to doing light landscaping work at WindReach Bermuda, to help with necessary cleanup efforts following Hurricane Humberto.

Corporate Social Responsibility

CONTINUED

1. This NCBJ customer could not keep the surprise and delight from showing on her face when she received a free tank of fuel during NCBJ's pop-up Moment of Gratitude in December 2019. This initiative was part of NCBJ's give-back efforts in the 2019 Christmas campaign – The Gratitude Project. **2.** Chairman of NCB Financial Group – Michael Lee-Chin—spends some time with a select group of Jamaican MSMEs and entrepreneurs, offering mentorship and business tips. **3.** A beneficiary of the N.C.B. Foundation's USD academic grant gets a hug from NCB Financial Group Chairman, Michael Lee-Chin (right), while the Hon. Audley Shaw, Minister of Industry, Investment and Commerce (left), N.C.B. Foundation chairperson, Thalia Lyn (2nd left) and another beneficiary look on. **4.** Programmes Administrator at the N.C.B. Foundation, Jamilia Crooks-Brown bumps elbows with the team from the iBelieve initiative, one of their repeat beneficiaries. **5.** CEO of NCBJ, Septimus 'Bob' Blake (left), affixes his signature to a cheque for $3M towards the restoration of the Jamaica National Children's Home, which was razed by a fire. Along with Thalia Lyn (2nd right) and Nadeen Matthews Blair (right), Blake presented the cheque to Marcia Forbes, chairperson of United Way of Jamaica – the organisation which spearheaded fundraising efforts for the children's home. **6.** Ivalnie Nickie, Founder and Executive Director of the Annie Dawson Home in Jamaica, receives a $150,000 donation from Jamilia Crooks-Brown, Programmes Administrator at the N.C.B. Foundation, and Victoria Rowell, an Emmy-nominated actress who was also in Jamaica doing fundraising for the facility. **7.** Chairperson of the N.C.B. Foundation, Thalia Lyn (centre) chats with the team from the Mico University at the signing of the MOU for the NCB Icon Lab. With her are Jamilia Crooks-Brown, Programmes Administrator at the N.C.B. Foundation, and Nadeen Matthews Blair, CEO of the N.C.B. Foundation.








8. Jahmario Simpson, a student at Denbigh High School in Jamaica, receives a brand new laptop computer from the N.C.B. Foundation. Members of Simpson's school, family, and the NCBJ team are also present for the handover. **9.** Winston Smith (centre), Principal of the Golden Spring Primary School, gets some help from students (L-R) Minnell Nagent, Arianna Jones, Kadija Worghs and Celina Brignhy—to unwrap the new multipurpose projector donated by the N.C.B Foundation to support the IT improvements at their school. **10.** NCBJ's Sandra Fuller (centre) assists Andrea Hayles of Island Grill to sort lunches for health care workers at the Sir John Golden Rehabilitation Centre in Kingston, Jamaica. This was part of an N.C.B. Foundation initiative geared at supporting the team on Mother's Day. **11.** Deaf Can!, the first company to be listed on the Jamaica Social Stock Exchange (JSSE), are supported by members of the N.C.B. Foundation (NCBF) Board, government officials and representatives from the Jamaica Stock Exchange. The listing was made possible through a combined donation of $7.5M from NCBF and NCBCM. **12.** Chairman of the NCB Financial Group, Michael Lee-Chin, gets illustrative in a mentorship session with a group of Jamaican MSMEs and entrepreneurs. **13.** Members of the N.C.B. Foundation team, along with a group of individual donors deliver care packages, masks, and laptops to support the Oracabessa Primary and High Schools under the COVID-19 Education Support Initiative, as well as the fisherfolk in the parish. **14.** Some of the beneficiaries of the 2019 N.C.B. Foundation Grant a Wish initiative celebrate with Michael Lee-Chin, chairman of the NCB Financial Group, during the presentation ceremony. **15.** Patrice Smith (left), helps to hand out tokens to children who attended the Family Day held at the Tower Street Correctional Facility in December 2019. In partnership with the Lay Magistrates of Jamaica, Kingston Chapter, this initiative sought to reunite families, and by extension promote inmate rehabilitation by keeping them connected to their loved ones.

Corporate Social Responsibility CONTINUED

1. Director of the Guardian Group Foundation, Fitzroy Brown, (right) cordially bumps elbows with Michael Leslie, Acting Executive Director, Jamaica Cancer Society, after handing over $100,000 on behalf of the Guardian Group Foundation. This donation was directed towards the administrative expenses of the organisation whose fundraising activities were curtailed due to the COVID-19 pandemic. **2.** To support the sanitisation needs of several facilities for seniors, Guardian Life Limited donated over twenty gallons of hand sanitiser and rubbing alcohol to the Horizon Home for the Aged, Harrison Memorial Home for the Aged and the Golden Age Home. **3.** To help address the issue of food security in St. James, the Guardian Group Foundation supported a key COVID-19 response project in St. James, spearheaded by Bishop the Honorable Conrad H. Pitkin, Custos Rotulorum for the parish. Through a generous donation of $250,000, 500 households will be supplied with seedlings and cash crops to start their own backyard or containerised gardens that will serve as alternative sources of food and income. **4.** The Charlie Smith High School computer lab benefitted from a donation of desktop computers, surge protectors and workstations worth $1M, from Guardian Life Limited. **5.** To help combat the spread of the COVID-19 virus at the Department of Correctional Services, Guardian Life Limited donated two 1,200-gallon water tanks and pumps to help provide water for sanitisation and hygiene purposes.
6. Amado Marcano, Branch Manager at Guardian Life, presented one of the football division prizes to a team at the Barbados Football Association's youth football tournament.

7. In November, Clarien hosted an intimate fireside chat called 'Journey of a Champion' with Flora Duffy. The Bermudian world triathlon champion spoke to girls and women of all ages about the challenges she had to overcome to achieve her personal goals. The exclusive event was open to Clarien Bank private banking clients. 8. Seven members of Clarien's Marketing and Product Management team generously gave their time to volunteer at Meals on Wheels, helping to prepare meals for those who are unable. 9. In December 2019, Clarien proudly hosted its 13th Annual Holiday GiveBack Campaign, which raised BMD$15,000 for Meals on Wheels, a not-for-profit organisation that prepares freshly-cooked meals for those unable to cook for themselves, such as the sick, elderly and disabled. 10. Clarien Bank customer Francine Hodgson was announced the winner of the iBank Real-Time Account-Opening Campaign, taking home a brand new Pedego Electric Bike.

Financial Statements

NCB FINANCIAL GROUP LIMITED

SEPTEMBER 30, 2020

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NOTES TO THE FINANCIAL STATEMENTS

Directors' Report

The directors submit herewith the Consolidated Income Statement of NCB Financial Group Limited and its subsidiaries for the year ended September 30, 2020, together with the Consolidated Statement of Financial Position as at that date:

Operating Results

	$'000
Gross operating revenue	256,816,559
Profit before taxation	27,573,476
Taxation	(690,064)
Net profit	26,883,412

Dividends

The following dividends were paid during the year:

- $0.90 per ordinary stock unit was paid in December 2019
- 1.00 per ordinary stock unit was paid in March 2020

The directors recommend that the Company's final dividend be $1.90 representing the aggregate of the interim dividends declared in 2020.

Directors

During the financial year, the Board of Directors comprised:

- Hon. Michael A. Lee-Chin, OJ – Chairman
- Hon. Patrick A.A. Hylton, OJ, CD – President & Group Chief Executive Officer
- Mr Dennis G. Cohen – Group Chief Financial Officer & Deputy Chief Executive Officer
- Mr Robert W. Almeida
- Mrs Sandra A.C. Glasgow
- Mrs Sanya M. Goffe
- Mrs Thalia G. Lyn, OD
- Professor Alvin G. Wint, CD - Lead Independent Director
- Mr Adrian C. Lee-Chin (appointed July 29, 2020)

Company Secretary

The Company Secretary is Mr Dave L. Garcia.

Pursuant to Article 94-96 of the Company's Articles of Incorporation, one third of the Directors (or the number nearest to one third) other than the Managing Director (that is, our President and Group Chief Executive Officer) and Deputy Managing Director (that is, our Group Chief Financial Officer and Deputy Chief Executive Officer) will retire at the Annual General Meeting and shall then be eligible for re-election. The Directors retiring are Prof. Alvin Wint, CD and Mr Robert Almeida.

MR ADRIAN LEE-CHIN was appointed Director of the Company July 29, 2020. **Under Article 103** of the Company's Articles of Incorporation his appointment expires on the date of this Meeting and being eligible he offers himself for re-election.

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office and offer themselves for re-appointment.

On behalf of the Board

Dave L. Garcia
Company Secretary

Independent auditor's report

To the Members of NCB Financial Group Limited

Report on the audit of the consolidated and stand-alone financial statements

Our opinion

In our opinion, the consolidated financial statements and the stand-alone financial statements give a true and fair view of the consolidated financial position of NCB Financial Group Limited (the Company) and its subsidiaries (together 'the Group') and the stand-alone financial position of the Company as at September 30, 2020, and of their consolidated and stand-alone financial performance and their consolidated and stand-alone cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and with the requirements of the Jamaican Companies Act.

What we have audited

The Group's consolidated and stand-alone financial statements comprise:

- the consolidated statement of financial position as at September 30, 2020;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the statement of financial position as at September 30, 2020;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and stand-alone financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Independence
We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Our audit approach

Audit scope
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and stand-alone financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

How we tailored our group audit scope
We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

We determined the scope of our audit by first considering the internal organisation of the Group and then identifying the components of the audit that have the most significant impact on the consolidated financial statements. The Group comprised 50 reporting components of which, we selected 23, which represents the principal business units within the Group and are located in Jamaica, Bermuda, Trinidad and Tobago and the Dutch Antilles. Full scope audits were performed for 14 components, while audits of one or more financial statements line items were performed for 9 components. The audit work performed covered 97% of the Group's total assets and 99% of total revenue. For business units located in the Dutch Antilles, we used component auditors from a non-PwC firm that is familiar with the local laws and regulations to perform this audit work.

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and stand-alone financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and stand-alone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters, as it pertains to the stand-alone financial statements, in our report.

FINANCIAL STATEMENTS - INDEPENDENT AUDITOR'S REPORT

Key audit matter	How our audit addressed the key audit matter
IFRS 9 'Financial Instruments' – Probabilities of Default, Forward Looking Information and Significant Increase in Credit Risk (Group) *See notes 2(i), 21 and 22 to the financial statements for disclosures of related accounting policies, judgements, estimates and balances.* As at September 30, 2020, the Group's loans and advances totalled $471.5 billion. The Group's investment securities measured at amortised cost and fair valued through other comprehensive income (FVOCI) totalled $659.9 billion. In aggregate, the above exposures represent 63% of total assets at the reporting date. The resultant impairment recorded under the expected credit loss (ECL) impairment model amounted to $18.6 billion for loans and advances and $1 billion for debt securities. In assessing impairment, IFRS 9 prescribes a forward looking ECL impairment model which takes into account reasonable and supportable forward looking information as well as probabilities of default (PD). Probabilities of default represent the likelihood of a borrower defaulting on its obligation over the next twelve months or over the remaining lifetime of the obligation. The twelve month and lifetime PDs are determined differently for loans and investments. For loans and advances, management developed PDs based on the Group's specific historical default rates for each industry classification. In performing historical analyses, management identified economic variables impacting credit risk and ECLs for each portfolio. For debt securities, comprising sovereign and corporate securities, PDs are developed by reference to external data collated by Standard & Poor's (S&P) with adjustments for industry and country specific risks, where appropriate.	Our approach to addressing the matter, with the assistance of our valuation specialist, involved the following procedures, amongst others: • Updated our understanding of management's ECL model including any changes to source data and assumptions. • Tested the completeness of all loans and advances and debt securities to determine whether all items were included in the ECL models by agreeing the models to detailed loans and securities listings. • Evaluated the reasonableness of management's judgements pertaining to PD, SICR and forward looking information, including macroeconomic factors, impacting the weighting of the scenarios due to the negative impact of COVID-19 as follows: **Debt securities** PD: • Tested the critical data fields used in the ECL model, such as the maturity date, amortised cost, accrued interest, credit rating and interest rate by tracing data back to relevant source documents. • Agreed the inputs used to calculate the PDs to external sources such as external rating agencies.

Key audit matter	How our audit addressed the key audit matter
The unprecedented economic impact of COVID-19 resulted in a significant increase in credit risk (SICR) for a number of borrowers who migrated from Stage 1 to Stage 2 based on an assessment of the industry in which the borrower operates and other relevant factors. In the event of a SICR, an allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL'). The estimation and application of forward looking information requires significant judgement. Stage 1 and Stage 2 credit loss allowances are modelled based on the macroeconomic variables (or changes in macroeconomic variables) which most closely correlate with credit losses in the relevant portfolio. Each macroeconomic scenario used in the ECL calculation incorporates forecasts of the relevant macroeconomic variables. The estimation of ECL in Stage 1 and Stage 2 is a discounted, probability-weighted estimate that considers a minimum of three future macroeconomic scenarios. The base case scenario is based on macroeconomic forecasts which are publicly available. Upside and downside scenarios are set relative to the base case scenario based on reasonably possible alternative macroeconomic conditions. Additional adjustments to the base, best case and worst case scenario weightings were required as a result of the COVID-19 pandemic. We focused on this area due to the impact of COVID-19 on credit risk, the complexity of the techniques used to determine PDs and identify SICR, and the number of significant judgements made by management regarding possible future economic scenarios.	SICR: • Tested, on a sample basis, the accuracy of the initial credit risk and the credit risk at the reporting date using rating agency definitions of 'investment grade' and evaluated the appropriateness of the group classification of debt securities as Stage 2. • Performed an independent qualitative assessment for a sample of borrowers to determine whether there was any adverse public information affecting the criteria used to perform the staging. • Inspected the financial statements of a sample of borrowers to determine whether there was any significant downturn in financial performance before and during the pandemic. This aided in assessing management's staging for borrowers, particularly for those who requested forbearance as a result of COVID-19. Forward Looking Information: • Assessed the reasonableness of the Group's methodology for determining economic scenarios and the probability weightings applied. • Evaluated the reasonableness of the increase in the weighting used for the worst case scenario by agreeing the forward looking economic information to external sources published or pronounced by reputable third parties. • Sensitized the probability weightings used in the ECL calculation.

Key audit matter	How our audit addressed the key audit matter
	Loans and advances PD: • Tested the critical data fields used in the ECL model for the PD determination, such as default date, effective interest rate, write-off data, and loan type by tracing data back to source documents. • Reperformed the calculation of days past due, a key data input into the PD parameter, in the Group's banking system on a sample basis. SICR: • Evaluated staging of loans and advances by identifying the industries severely impacted by the pandemic. These were identified based on restrictions imposed by governments across the Group's operations. • Tested whether the loans of borrowers from these industries migrated to Stage 2. Forward Looking Information: • Assessed the reasonableness of the Group's methodology for determining economic scenarios. • Evaluated the reasonableness of the increase in the weighting used for the worst case scenario by agreeing the forward looking economic information to external sources published or pronounced by reputable third parties. • Sensitized the probability weightings used in the ECL calculation. The results of our procedures indicated that the assumptions used by management for determining the probabilities of default, significant increase in credit risk and forward looking information were not unreasonable.

Key audit matter	How our audit addressed the key audit matter
Methodologies and assumptions used for determining insurance contract liabilities for life insurance and annuity contracts (Group) *See notes 2(w) and 39 to the financial statements for disclosures of related accounting policies, judgements, estimates and balances.* As at September 30, 2020, reserves for life insurance and annuity contracts account for \$359.3 billion or 22.5% of the total liabilities of the Group. Economic assumptions, such as investment return, associated discount rates and borrowing rates, policy expenses and assumptions including mortality and persistency are key inputs used to estimate these long term liabilities. Management used internal and external actuarial experts to assist in determining these assumptions and in valuing these actuarial liabilities. Based on management's assessment, COVID-19 did not have a significant impact on the liabilities for life insurance and annuity insurance contracts. We focused on this area because the valuation of the provisions for the settlement of future claims involves complex and subjective judgements about future events, both internal and external to the business, for which small changes in assumptions may result in significant impacts to the valuation of these liabilities.	Our approach to addressing the matter, with the assistance of our actuarial specialists, involved the following procedures, amongst others: • Tested the completeness, accuracy and reliability of the underlying data utilised by management to support the actuarial valuation. We tested a sample of contracts to assess whether contract features and demographic data corresponded to the data file given by management to its actuary. • Evaluated the methodologies and assumptions utilized by management's actuarial experts considering industry and component specific facts and circumstances. Specific areas of focus were mortality assumptions, contract lapses, investment return and associated discount rate, and policy expenses, all of which are based on entity experience or publicly available information. The results of our procedures indicated that the assumptions used by management for determining insurance contract liabilities for life insurance and annuity insurance contracts were not unreasonable and that the methodologies used were actuarially established and accepted and appropriate in the circumstances.

Key audit matter	How our audit addressed the key audit matter
Goodwill *impairment (Group)*	
See notes 2(o)(i), 3(a), 28 and 43 to the financial statements for disclosures of related accounting policies, judgements, estimates and balances.	
The total carrying value of goodwill is $20.4 billion or 1.1% of total assets as at September 30, 2020. In accordance with IAS 36, 'Impairment of Assets', management performed an annual goodwill impairment assessment to determine whether the carrying value exceeded the recoverable amount of the cash generating unit (CGU) to which the goodwill is allocated and is therefore impaired at the reporting date. Goodwill relating to the recoverable amount of a CGU is calculated as the higher of the value-in-use and fair value less costs of disposal. Management determined the recoverable amount by reference to value-in-use which is based on discounted cash flow projections over which management makes significant judgements on key inputs. As a result of the assessment, management determined there was no impairment as at September 30, 2020. We focused on this area as the goodwill impairment assessment requires significant management judgement and estimation, is sensitive to changes in key assumptions and due to the challenges involved in determining the impact of COVID-19 on those key assumptions. The key assumptions were assessed by management as being: ● revenue growth rate; ● projected reinsurance; ● claims ratio; ● projected expenses; ● terminal growth rate projections; and ● discount rate.	Our approach to addressing the matter, with the assistance of our valuation specialist, involved the following procedures, amongst others: ● Updated our understanding of management's approach to performing their annual impairment assessment. This included updating our understanding of the process by which management's key assumptions and methodologies were developed and assessing their appropriateness. ● Compared previous forecasts to actual results in order to assess the performance of the business and the extent to which reliance could be placed on management's ability to forecast. ● Confirmed that the three-year forecast used in the valuation model was consistent with the Board approved business plan, and that the key assumptions were subject to oversight from the Board of Directors. ● Tested the key assumptions, including the impact of COVID-19 on those key assumptions as follows: • Evaluated the revenue growth rate and the discount rate against valuations of similar companies with the assistance of our valuation specialist. • Compared the key assumptions to externally derived data where available, including market expectations of investment return, projected economic growth, terminal growth rate and interest rates.

Key audit matter	How our audit addressed the key audit matter
	• Agreed the projected claims and expense ratios and reinsurance to audited financial information and assessed for reasonableness in light of the current economic climate and market outlook. • Tested the calculations for mathematical accuracy and assessed the sensitivity of the calculations by varying the key assumptions and adjustments within management's cash flow forecast. The results of our procedures indicated management's determination that goodwill was not impaired at the reporting date was not unreasonable.
Business combination (Group) - finalisation of purchase price allocation (PPA) of liabilities under annuity and insurance contracts *See notes 3(a), 54 and 61 to the financial statements for disclosures of related accounting policies, judgements, estimates and balances.* The Group acquired a controlling interest in Guardian Holdings Limited (GHL) in the prior financial year for a total consideration of $28.1 billion and consequently, GHL became a subsidiary of the Group. The purchase price allocation accounting for the acquisition was recorded on a provisional basis in 2019, as allowed under IFRS 3 'Business Combinations', and finalised during the current financial year. We focused on this area due to the judgements and assumptions applied by management in finalising the fair value of select balances with the most significant being liabilities under annuity and insurance contracts, which resulted in a $9.2 billion adjustment. The main component of the adjustment related to the determination of the present value of the in-force business acquired (PVIF), which was actuarially determined and was subject to complex calculations. The Group was assisted by an external actuarial expert in this process.	Our approach to addressing the matter, with the assistance of our actuarial specialist, involved the following procedures, amongst others: • Evaluated the qualifications, competence, independence and objectivity of management's actuarial expert who performed the valuation. • Assessed the methodology used for consistency with actuarial standards and established best practice. • Evaluated the assumptions used by management and the actuarial expert over the present value of the in-force business by comparing to approaches taken by comparable insurers and evaluating relevant experience data. The results of our procedures indicated that the methodology and assumptions used by management for assessing the fair value of liabilities under annuity and insurance contracts were not unreasonable.

Key audit matter	How our audit addressed the key audit matter
Valuation of unquoted corporate debt and government securities classified as fair value through profit or loss, fair value through other comprehensive income and pledged assets (Group). *See notes 3(d), 23 and 51 to the financial statements for disclosures of related accounting policies, judgements, estimates and balances.* As at September 30, 2020, unquoted corporate debt and government securities classified as investment securities at fair value through profit or loss, fair value through other comprehensive income, and pledged assets together account for $76 billion or 4% of total assets of the Group. These securities are classified and disclosed as Level 3 within the fair value hierarchy as one or more of the significant inputs is not based on observable market data. For unquoted corporate debt and government securities, management uses valuation techniques which utilise the application of a market yield curve adjusted by a risk premium to discount the contractual cash flows of the instruments. We focused on this area as the yield curve is an unobservable input requiring management's judgement and estimation, which is subject to high estimation uncertainty.	Our approach to addressing the matter, with the assistance of our valuation expert, involved the following procedures, amongst others: • Updated our understanding of management's approach to performing the fair value assessment. This included updating our understanding of the process by which management's key assumptions and methodologies were developed and assessing their appropriateness. • Tested key data inputs used in the valuation model, including: issuance date, maturity date, coupon rate and risk premium at issuance, by performing confirmation procedures and comparison to source documentation on a sample basis. • Independently developed territory specific yield curves and compared them to management's yield curves. • Tested, on a sample basis, the contractual cash flows of the underlying securities by comparing to source documentation and evaluated the impact of any variations. The results of our procedures indicated that the assumptions used by management for determining the fair value of unquoted corporate debt and government securities were not unreasonable.

Other information

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the consolidated and stand-alone financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated and stand-alone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and stand-alone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and stand-alone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated and stand-alone financial statements

Management is responsible for the preparation of the consolidated and stand-alone financial statements that give a true and fair view in accordance with IFRS and with the requirements of the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of consolidated and stand-alone financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and stand-alone financial statements, management is responsible for assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group and Company's financial reporting process.

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Auditor's responsibilities for the audit of the consolidated and stand-alone financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and stand-alone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and stand-alone financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and stand-alone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group or Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and stand-alone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and stand-alone financial statements, including the disclosures, and whether the consolidated and stand-alone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and stand-alone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

As required by the Jamaican Companies Act, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the accompanying consolidated and stand-alone financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.

The engagement partner on the audit resulting in this independent auditor's report is Paul Williams.

PricewaterhouseCoopers

Chartered Accountants
November 29, 2020
Kingston, Jamaica

Consolidated Income Statement

September 30, 2020
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $'000	Restated 2019 $'000
Operating Income			
Banking and investment activities			
Interest income		74,421,878	65,068,228
Interest expense		(21,932,169)	(20,473,144)
Net interest income	6	52,489,709	44,595,084
Fee and commission income		25,925,325	24,172,608
Fee and commission expense		(4,555,918)	(4,992,775)
Net fee and commission income	7	21,369,407	19,179,833
Gain on foreign currency and investment activities	8	8,793,286	15,412,082
Credit impairment losses	13	(10,284,994)	(4,824,734)
Dividend income	11	1,901,300	1,274,735
Other operating income		2,102,190	1,112,460
		2,511,782	12,974,543
Net result from banking and investment activities		76,370,898	76,749,460
Insurance activities			
Premium income	9	135,202,001	60,618,692
Insurance premium ceded to reinsurers	9	(42,003,606)	(16,057,907)
Reinsurance commission income		8,470,579	3,594,053
Net underwriting income		101,668,974	48,154,838
Gross policyholders' and annuitants' benefits and reserves	10	(63,223,937)	(35,682,380)
Reinsurance on policyholders' and annuitants' benefits and reserves	10	7,016,737	8,376,399
Commission and other selling expenses		(13,005,783)	(6,417,342)
Net result from insurance activities		32,455,991	14,431,515
Net operating income		108,826,889	91,180,975
Operating Expenses			
Staff costs	12	40,526,668	32,120,544
Depreciation and amortisation		8,529,471	6,941,434
Finance cost		1,411,727	-
Other operating expenses	14	31,097,938	25,674,925
		81,565,804	64,736,903
Operating Profit		27,261,085	26,444,072
Share of profit of associates	24	312,391	2,897,176
Gain on disposal of associate	24	-	3,291,544
Gain on disposal of subsidiary		-	2,626,425
Gain on revaluation of associate		-	2,329,179
Profit before Taxation		27,573,476	37,588,396
Taxation	15	(690,064)	(6,423,458)
NET PROFIT		26,883,412	31,164,938
Attributable to:			
Stockholders of the parent		19,090,378	29,869,398
Non-controlling interest	55	7,793,034	1,295,540
		26,883,412	31,164,938
Earnings per stock unit			
Basic and diluted (expressed in $)	16	8.01	12.30

NCB Financial Group Limited

Consolidated Statement of Comprehensive Income

September 30, 2020
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $'000	Restated 2019 $'000
Net Profit		26,883,412	31,164,938
Other Comprehensive Income, net of tax -			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations		418,946	(487,254)
Share of other comprehensive income of associated companies		-	10,198
		418,946	(477,056)
Items that may be reclassified subsequently to profit or loss			
Currency translation gains/(losses)		5,409,780	(21,059)
Share of other comprehensive income of associated companies		-	(169,019)
Expected credit losses on debt instruments at fair value through other comprehensive income (FVOCI)		(38,349)	(350,671)
Unrealised (losses)/gains on securities designated as FVOCI		(4,510,060)	14,150,375
Realised fair value gains on sale and maturity of securities designated as FVOCI		(1,803,657)	(4,012,903)
Realised currency translation and other gains, of a former associated company		-	(1,426,598)
		(942,286)	8,170,125
Total other comprehensive income		(523,340)	7,693,069
TOTAL COMPREHENSIVE INCOME		26,360,072	38,858,007
Total comprehensive income attributable to:			
Stockholders of parent		18,550,266	37,101,679
Non-controlling interest	55	7,809,806	1,756,328
		26,360,072	38,858,007

FINANCIAL STATEMENTS - CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Consolidated Statement of Financial Position

September 30, 2020
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020	Restated 2019
		$'000	$'000
ASSETS			
Cash in hand and balances at Central Banks	17	74,039,589	62,535,389
Due from banks	18	178,898,210	141,357,186
Derivative financial instruments	19	653,735	239,279
Reverse repurchase agreements	20	9,518,854	7,837,898
Loans and advances, net of provision for credit losses	21	452,954,936	423,102,600
Investment securities	22	456,802,747	386,185,620
Pledged assets	23	401,757,217	378,988,276
Investment in associates	24	6,955,109	5,545,451
Investment properties	25	33,751,227	31,385,216
Intangible assets	28	53,018,480	49,557,677
Property, plant and equipment	29	27,530,567	26,166,973
Right-of-use assets	57	4,543,678	-
Properties for development and sale	26	2,759,044	2,368,042
Reinsurance assets	27	26,532,008	33,779,448
Deferred income tax assets	30	14,634,857	8,141,066
Income tax recoverable		2,323,139	5,174,472
Letters of credit and undertaking		3,618,540	2,051,519
Other assets	31	49,968,338	51,883,490
Total Assets		1,800,260,275	1,616,299,602

NCB Financial Group Limited

Consolidated Statement of Financial Position (Continued)

September 30, 2020
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020	Restated 2019
		$'000	$'000
LIABILITIES			
Due to banks	32	30,134,601	22,776,255
Customer deposits		573,968,886	504,678,536
Repurchase agreements		211,436,379	174,619,976
Obligations under securitisation arrangements	33	71,083,957	48,305,823
Derivative financial instruments	19	-	239,279
Other borrowed funds	34	125,066,336	124,953,101
Deferred income tax liabilities	30	11,244,924	18,265,560
Third party interest in mutual funds	36	27,572,914	22,138,490
Segregated fund liabilities	38	14,255,178	16,549,531
Investment contract liabilities	37	41,682,306	39,257,656
Liabilities under annuity and insurance contracts	39	405,014,541	394,615,307
Post-employment benefit obligations	40	9,731,059	9,400,738
Letters of credit and undertaking		3,618,540	2,051,519
Lease Liabilities	57	4,597,994	-
Other liabilities	41	70,647,737	54,577,213
Total Liabilities		1,600,055,352	1,432,428,984
STOCKHOLDERS' EQUITY			
Share capital	42	153,827,330	153,827,330
Treasury shares	42	(15,150,201)	(10,756,253)
Reserves from scheme of arrangement	44	(147,034,858)	(147,034,858)
Fair value and capital reserves	44	12,216,660	13,158,946
Loan loss reserve	45	-	2,947,624
Banking reserve fund	46	6,735,063	6,625,209
Retained earnings reserve	47	58,580,000	43,820,000
Retained earnings		86,940,684	85,002,181
Equity attributable to stockholders of the parent		156,114,678	147,590,179
Non-controlling interest	55	44,090,245	36,280,439
Total stockholders' equity		200,204,923	183,870,618
Total stockholders' equity and liabilities		1,800,260,275	1,616,299,602

Approved for issue by the Board of Directors on November 24, 2020 and signed on its behalf by:

Patrick Hylton OJ, CD — President and Group Chief Executive Officer

Dennis Cohen — Group Chief Financial Officer and Deputy Chief Executive Officer

Professor Alvin Wint — Lead Independent Director

Dave Garcia — Corporate Secretary

FINANCIAL STATEMENTS - CONSOLIDATED STATEMENT OF FINANCIAL POSITION

NCB Financial Group Limited

Consolidated Statement of Changes in Equity

September 30, 2020
(expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital	Treasury Shares	Reserves from the Scheme of Arrangement	Fair Value and Capital Reserves	Loan Loss Reserve	Banking Reserve Fund	Retained Earnings Reserve	Retained Earnings	Non-controlling interest	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 October 2018		153,827,330	(1,050,785)	(147,034,858)	5,449,609	3,224,798	6,598,442	39,250,000	67,987,338	9,506,204	137,758,078
Total comprehensive income as previously presented		-	-	-	7,709,337	-	-	-	29,099,367	1,576,390	38,385,094
Transfer from Loan Loss Reserve		-	-	-	-	(277,174)	-	-	277,174	-	-
Transfer to Banking Reserve Fund		-	-	-	-	-	26,767	-	(26,767)	-	-
Transfer to Retained Earnings Reserve		-	-	-	-	-	-	4,570,000	(4,570,000)	-	-
Purchase of treasury shares	42	-	(956,788)	-	-	-	-	-	-	-	(956,788)
Disposal of treasury shares	42	-	1,591,840	-	-	-	-	-	239,246	-	1,831,086
Non-controlling interest on acquisition of subsidiary	54	-	-	-	-	-	-	-	-	29,069,702	29,069,702
Recognition of treasury shares on acquisition of subsidiary		-	(10,340,520)	-	-	-	-	-	-	-	(10,340,520)
Dividends paid to non-controlling interest		-	-	-	-	-	-	-	-	(415,704)	(415,704)
Transaction with owners of the Company											
Dividends paid	53	-	-	-	-	-	-	-	(8,297,152)	-	(8,297,152)
Balance at September 30, 2019 as previously presented		153,827,330	(10,756,253)	(147,034,858)	13,158,946	2,947,624	6,625,209	43,820,000	84,709,206	39,736,592	187,033,796
Impact of revised Purchase Price Allocation on acquisition of majority stake in Guardian Holding Limited		-	-	-	-	-	-	-	292,975	(3,456,153)	(3,163,178)
Balance at October 1, 2019 - Restated		153,827,330	(10,756,253)	(147,034,858)	13,158,946	2,947,624	6,625,209	43,820,000	85,002,181	36,280,439	183,870,618
Total comprehensive income		-	-	-	(942,286)	-	-	-	19,492,552	7,809,806	26,360,072
Transfer from Loan Loss Reserve		-	-	-	-	(2,947,624)	-	-	2,947,624	-	-
Transfer to Banking Reserve Fund		-	-	-	-	-	109,854	-	(109,854)	-	-
Transfer to Retained Earnings Reserve		-	-	-	-	-	-	14,760,000	(14,760,000)	-	-
Purchase of treasury shares	42	-	(4,443,775)	-	-	-	-	-	-	-	(4,443,775)
Disposal of treasury shares	42	-	49,827	-	-	-	-	-	(49,827)	-	-
Dividends paid to non-controlling interest		-	-	-	-	-	-	-	(166,953)	-	(166,953)
Transaction with owners of the Company											-
Dividends paid		-	-	-	-	-	-	-	(5,415,039)	-	(5,415,039)
Balance at September 30, 2020		153,827,330	(15,150,201)	(147,034,858)	12,216,660	-	6,735,063	58,580,000	86,940,684	44,090,245	200,204,923

NCB Financial Group Limited

Consolidated Statement of Cash Flows

September 30, 2020
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $'000	2019 $'000
Cash Flows from Operating Activities			
Net profit		26,883,412	31,164,938
Adjustments to reconcile net profit to net cash provided by/(used in) operating activities		143,508,764	(20,428,353)
Net cash provided by operating activities	48	170,392,176	10,736,585
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment	29	(4,531,453)	(4,170,072)
Acquisition of intangible assets – computer software	28	(9,640,375)	(4,789,731)
Net cash acquired on purchase of subsidiary	54	-	16,645,363
Proceeds from disposal of property, plant and equipment		82,671	217,403
Proceeds from disposal of subsidiary, net	54	-	6,465,579
Purchase of investment property	25	(4,150,516)	(1,197,161)
Proceeds from disposal of investment property		1,118,391	-
Dividends received from associates	24	-	731,336
Purchases of investment securities		(705,712,209)	(302,853,958)
Sales/maturities of investment securities		581,889,676	370,971,091
Net cash (used in)/provided by investing activities		(140,943,815)	82,019,850
Cash Flows from Financing Activities			
Proceeds from securitisation arrangements		35,392,925	-
Repayment of securitisation arrangements		(12,077,688)	(8,798,148)
Proceeds from other borrowed funds		24,192,548	47,136,182
Repayments of other borrowed funds		(27,547,524)	(40,093,210)
Due to banks		4,055,319	(5,629,837)
Purchase of treasury shares	42	(4,443,775)	(956,788)
Proceeds from disposal of treasury shares	42	49,827	1,831,086
Dividends paid		(5,415,039)	(8,297,152)
Net cash provided by/(used in) financing activities		14,206,593	(14,807,867)
Effect of exchange rate changes on cash and cash equivalents		651,908	3,739,331
Net increase in cash and cash equivalents		44,306,862	81,687,899
Cash and cash equivalents at beginning of period		156,858,541	75,170,642
Cash and Cash Equivalents at End of Period		201,165,403	156,858,541
Comprising:			
Cash in hand and balances at Central Banks	17	38,487,461	25,218,426
Due from banks	18	175,089,394	133,792,014
Reverse repurchase agreements	20	5,814,046	2,198,982
Investment securities	22	230,004	10,806,108
Due to banks	32	(18,455,502)	(15,156,989)
		201,165,403	156,858,541

Statement of Comprehensive Income

September 30, 2020
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $'000	2019 $'000
Income			
Management fees	7	3,193,467	7,226,241
Dividend income	11	14,652,184	9,720,304
Credit impairment losses	13	(263)	(1,408)
Losses on foreign currency activities	8	(4,919,960)	(1,460,519)
		12,925,428	15,484,618
Expenses			
Staff costs	12	4,337,964	3,551,637
Finance cost		33,611	-
Other operating expenses	14	624,312	2,054,781
		4,995,887	5,606,418
Operating profit		7,929,541	9,878,200
Interest income	6	507,458	717,380
Interest expense	6	(5,805,066)	(4,604,443)
Profit before Taxation		2,631,933	5,991,137
Taxation	15	2,726,972	1,144,567
NET PROFIT		5,358,905	7,135,704
Other comprehensive income			
Changes in unrealised gains on securities designated as FVOCI		304	1,331
TOTAL COMPREHENSIVE INCOME		5,359,209	7,137,035

FINANCIAL STATEMENTS - STATEMENT OF COMPREHENSIVE INCOME

NCB Financial Group Limited

Statement of Financial Position

September 30, 2020
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020	2019
		$'000	**$'000**
ASSETS			
Due from banks	18	2,760,873	3,844,168
Loan to related party	21	251,893	251,852
Investment securities	22	7,114,685	7,115,932
Investment in subsidiaries		214,033,422	214,033,422
Right-of-use asset		97,098	-
Deferred income tax assets	30	5,366,278	2,639,306
Income tax recoverable		407,135	195,993
Other assets	31	13,707,011	15,023,698
Total Assets		243,738,395	243,104,371
LIABILITIES			
Due to banks	32	13,359,063	12,612,020
Other borrowed funds	34	75,562,050	76,227,470
Lease liabilities		98,361	-
Other liabilities	41	623,151	847,855
Total Liabilities		89,642,625	89,687,345
EQUITY			
Share capital	42	153,827,330	153,827,330
Treasury shares		(561,635)	(561,635)
Fair value reserves		1,635	1,331
Retained earnings		828,440	150,000
Total Equity		154,095,770	153,417,026
Total Equity and Liabilities		243,738,395	243,104,371

Approved for issue by the Board of Directors on November 24, 2020 and signed on its behalf by:

Patrick Hylton, OJ, CD — President and Group Chief Executive Officer

Dennis Cohen — Group Chief Financial Officer and Deputy Chief Executive Officer

Professor Alvin Wint — Lead Independent Director

Dave Garcia — Corporate Secretary

NCB Financial Group Limited

Statement of Changes in Equity

September 30, 2020
(expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital	Treasury Shares	Fair Value Reserves	Retained Earnings	Total
		$'000	**$'000**	**$'000**	**$'000**	**$'000**
Balance at September 30, 2018		153,827,330	(720,656)	-	916,119	154,022,793
Total comprehensive income		-	-	1,331	7,135,704	7,137,035
Purchase of treasury shares	42	-	(1,551,736)	-	-	(1,551,736)
Disposal of treasury shares	42	-	1,710,757	-	466,907	2,177,664
Transaction with owners of the Company -						
Dividends paid	53	-	-	-	(8,368,730)	(8,368,730)
Balance at September 30, 2019		153,827,330	(561,635)	1,331	150,000	153,417,026
Total comprehensive income		-	-	304	5,358,905	5,359,209
Transaction with owners of the Company -						
Dividends paid	53	-	-	-	(4,680,465)	(4,680,465)
Balance at September 30, 2020		153,827,330	(561,635)	1,635	828,440	154,095,770

NCB Financial Group Limited

Statement of Cash Flows

September 30, 2020
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2020 $'000	2019 $'000
Cash Flows from Operating Activities			
Net profit		5,358,905	7,135,704
Adjustments to reconcile net profit to net cash provided by/(used in) operating activities:			
Finance cost		33,611	-
Interest income	6	(507,458)	(717,380)
Interest expense	6	5,805,066	4,604,443
Income tax expense	15	(2,726,972)	(1,144,567)
Foreign exchange losses	8	4,919,960	1,460,519
Amortisation of upfront borrowing fees		108,237	63,587
Changes in operating assets and liabilities:			
Loans and advances		-	(250,000)
Other		453,893	(12,084,841)
		8,086,337	(8,068,239)
Interest received		392,773	715,450
Interest paid		(5,778,104)	(3,505,914)
Income tax paid		(211,142)	(129,763)
		2,489,864	(10,988,466)
Net cash provided by/(used in) operating activities		7,848,769	(3,852,762)
Cash Flows from Investing Activities			
Outflow of cash to acquire subsidiary	54	-	(28,100,754)
Net cash used in investing activities		-	(28,100,754)
Cash Flows from Financing Activities			
Purchase of treasury shares		-	(1,551,756)
Proceeds from disposal of treasury shares		-	1,710,757
Proceeds from other borrowed funds		1,905,587	52,971,267
Repayment of other borrowed funds		(5,529,231)	(37,020,669)
Due to banks		629,509	12,612,020
Dividends paid		(4,680,465)	(8,368,730)
Net cash (used in)/provided by financing activities		(7,674,600)	20,352,889
Effect of exchange rate changes on cash and cash equivalents		(1,257,464)	(1,086,094)
Net decrease in cash and cash equivalents		(1,083,295)	(12,686,721)
Cash and cash equivalents at beginning of period		3,844,168	16,530,889
Cash and Cash Equivalents at End of Period	18	2,760,873	3,844,168

Notes to the Financial Statements

September 30, 2020
(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities

NCB Financial Group Limited ("the Company") is a financial holding company, incorporated and domiciled in Jamaica. The Company is 52.10% (2019 – 53.08%) owned by AIC (Barbados) Limited. The ultimate parent company is Portland Holdings Inc., incorporated in Canada. Portland Holdings Inc. is controlled by Hon. Michael A. Lee-Chin, OJ, Chairman of the Company.

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

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

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities (Continued)

The Company's subsidiaries and other consolidated entities, listed below, which together with the Company are referred to as "the Group", engage in the following principal activities:

	Country of Incorporation	Principal Activities	Percentage Ownership by the Company and its Subsidiaries	
			Company	Subsidiary
National Commercial Bank Jamaica Limited	Jamaica	Commercial Banking	100	
Data-Cap Processing Limited	Jamaica	Security Services		100
MSIB Limited (formerly Mutual Security Insurance Brokers Limited)	Jamaica	Dormant		100
NCB Capital Markets Limited	Jamaica	Securities Dealing and Stock Brokerage Services		100
NCB Capital Markets (Cayman) Limited	Cayman	Securities Dealing		100
NCB Global Finance Limited	Trinidad	Merchant Banking		100
NCB Capital Markets (Barbados) Limited	Barbados	Brokerage Services		100
NCB Capital Markets SA	Dominican Republic	Inactive		100
NCB (Cayman) Limited	Cayman	Commercial Banking		100
NCB Trust Company (Cayman) Limited*	Cayman	-		100
NCB Employee Share Scheme	Jamaica	Dormant		100
NCB Insurance Company Limited	Jamaica	Life Insurance, Investment and Pension Fund Management Services		100
N.C.B. (Investments) Limited	Jamaica	Dormant		100
N.C.B. Jamaica (Nominees) Limited	Jamaica	Dormant		100
NCB Remittance Services (Jamaica) Limited	Jamaica	Dormant		100
NCB Financial Services UK Limited*	United Kingdom	-		100
West Indies Trust Company Limited	Jamaica	Trust and Estate Management Services		100
NCB Global Holdings Limited	Trinidad	Holding Company	100	
Guardian Holdings Limited	Trinidad	Holding Company		61.97
Guardian Life of the Caribbean Limited	Trinidad	Life and Health Insurance and Pensions Services		100
Guardian Life Limited	Jamaica	Life and Health Insurance and Pensions Services		100
Fatum Life Insurance N.V.	Curacao	Life and Health Insurance and Pensions Services		100
Fatum Life Aruba N.V.	Aruba	Life and Health Insurance and Pensions Services		100
Fatum Health N.V.	Curacao	Life and Health Insurance and Pensions Services		100
Guardian Life (OECS) Limited	Grenada	Life and Health Insurance and Pensions Services		100
Guardian General Insurance Limited	Trinidad	Property and Casualty Insurance Services		100

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities (Continued)

	Country of Incorporation	Principal Activities	Percentage Ownership by the Company and its Subsidiaries	
			Company	Subsidiary
Guardian Holdings Limited (Continued)				
Guardian General Insurance Jamaica Limited	Jamaica	Property and Casualty Insurance Services		100
Fatum General Insurance N.V.	Curacao	Property and Casualty Insurance Services		100
Fatum General Insurance Aruba N.V.	Aruba	Property and Casualty Insurance Services		100
Fatum Brokers Holding B.V.	Curacao	Property and Casualty Insurance Services		100
Thoma Exploitatie B.V.	Netherlands	Property and Casualty Insurance Services		100
Guardian Re (S.A.C) Limited	Bermuda	Property and Casualty Insurance Services		100
Guardian General (OECS) Limited	Grenada	Property and Casualty Insurance Services		100
Guardian Group Trust Limited	Trinidad	Asset Management		100
Guardian Asset Management and Investment Services Limited	Trinidad	Asset Management		100
Laevulose Inc Limited	Trinidad	Strategic Alternative Investments		100
Clarien Group Limited	Bermuda	Holding Company	50.10	
Clarien Bank Limited	Bermuda	Commercial Banking		100
First Bermuda Group Limited	Bermuda	Holding Company		100
Onshore Nominees Limited	Bermuda	Nominee Entity of First Bermuda Group Limited		100
Offshore Nominees Limited	Bermuda	Nominee Entity of First Bermuda Group Limited		100
Clarien Investments Limited (“CIL”)	Bermuda	Investment Management		100
Clarien Brokerage Limited	Bermuda	Brokerage Services		100
Clarien Nominees Limited	Bermuda	Nominee Entity of CIL		100
Clarien Trust Limited	Bermuda	Trust administration		100
Clarien UK Limited	Bermuda	Inactive		100
Clarien BSX Services Limited	Bermuda	Trading member of Bermuda Stock Exchange		100

*No significant activities at this time

1. Identification and Principal Activities (Continued)

The shareholdings for all subsidiaries are the same as they were in the prior year.

In 2019 the financial position and performance of the Group was affected by the acquisition of a majority stake in Guardian Holdings Limited (GHL) and the disposal of the entire shareholding in Advantage General Insurance Company. The recognition of a majority stake in GHL resulted in an increase in assets and liabilities and the recognition of goodwill and other intangible assets. The details of the transaction are disclosed in Note 54.

The Group's associates are as follows:

	Principal Activities	Percentage ownership
RGM Limited	Property investment	33.33
Royal Star Holdings	Insurance	26.32
Dyoll Group Limited	In Liquidation	44.47
Elite Diagnostic Limited	Medical Imaging Services	18.69
Mundo Finance Limited	Micro Financing	50.00

All of the Group's associates are incorporated in Jamaica or Trinidad & Tobago.

2. Significant Accounting Policies

(a) Basis of preparation

These financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS and have been prepared under the historical cost convention as modified by the revaluation of FVOCI securities, derivatives, investment property, certain property, plant and equipment, defined benefit pension plans where plan assets are measured at fair value and financial assets and liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its Judgment in the process of applying the Group's accounting policies. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from these estimates. The areas involving a higher degree of Judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Standards, interpretations and amendments to existing standards effective during the current year

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The Group has assessed the relevance of all such new interpretations and amendments, and has adopted the following, which are relevant to its operations:

Amendment to IFRS 9, 'Financial Instruments', on prepayment features with negative compensation and modification of financial liabilities (effective for annual periods beginning on or after January 1, 2019 (October 1, 2019 for the Group)).This amendment confirmed two points: i.) that reasonable compensation for prepayments can be both negative or positive cash flows when considering whether a financial asset solely has cash flows that are principal and interest and ii.) that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from IAS 39. There was no significant impact from the adoption of these amendments during the year.

IFRS 16, 'Leases', (effective for annual periods beginning on or after January 1, 2019) was issued in January 2017 and replaces IAS 17, 'Leases'. The standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. IFRS16 also requires enhanced disclosures to be provided by lessors and lessees that will improve information provided to users of the financial statements. The impact on the Group of implementing IFRS 16 is discussed in Notes 57 and 59 to the financial statements.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to existing standards effective during the current year (continued)

Annual improvements to IFRS 2015-2017 Cycle – Amendments to IFRS 3, (effective for annual periods beginning on or after January 1, 2019, (October 1, 2019 for the Group)). The amendment to IAS 12, 'Income taxes' clarifies that a group accounts for all income tax consequences of dividend payments in the same way. The amendment to IAS 23, 'Borrowing costs' clarifies that a group treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale. There was no significant impact from the adoption of these amendments during the year.

Amendments to IAS 19, 'Employee benefits' on plan amendment, curtailment or settlement', (effective for annual periods beginning on or after January 1, 2019, (October 1, 2019 for the Group)). These amendments require an entity to use updated assumptions to determine current service cost and net interest for the reminder of the period after a plan amendment, curtailment or settlement. The amendment is recognised in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. There was no significant impact from the adoption of these amendments during the year.

IFRIC 23, 'Uncertainty over income tax treatments', (effective for annual periods beginning on or after January 1, 2019, (October 1, 2019 for the Group)). This Interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. There was no significant impact from the adoption of this interpretation during the year.

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

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which are not effective at the date of the statement of financial position, and which the Group has not early adopted.

Amendments to IFRS 3 – definition of a business, (effective for annual periods beginning on or after January 1, 2020, (October 1, 2020 for the Group)). This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.

Amendments to IAS 1 and IAS 8 on the definition of material, (effective for annual periods beginning on or after 1 January 2020, (1 October 2020 for the Group)). These amendments to IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs: i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the definition of material; and iii) incorporate some of the guidance in IAS 1 about material information.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

Amendments to IFRS 9, IAS 39 and IFRS 7 – interest rate benchmark reform, (effective for annual periods beginning on or after January 1, 2020, (October 1, 2020 for the Group)). These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that inter-bank offered rate (IBOR) reform should not generally cause hedge accounting to terminate. However, any hedge effectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR based contracts, the reliefs will affect all companies.

Amendments to IFRS 16, 'Leases' – COVID-19 related rent recession, (effective for annual periods beginning on or after June 1, 2020). As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On May 28, 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event of condition that triggers the reduced payment occurs.

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

Amendments to IAS 1, Presentation of financial statements on classification of liabilities, (effective for annual periods beginning on or after January 1, 2022). The narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means where it refers to the 'settlement' of a liability.

Amendments to IFRS 3, IAS 16, IAS 17 and some annual improvements on IFRS 1, IFRS 9, and IFRS 16, (effective for annual periods beginning on or after January 1, 2022). Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related costs in profit or loss. Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making. Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', and the illustrative examples accompanying IFRS 16, 'Leases'.

2. Significant Accounting Policies (Continued)

(b) Basis of consolidation

Subsidiaries
Subsidiaries are those entities which the Group controls because the Group (i) has power to direct relevant activities of the entities that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the entities, and (iii) has the ability to use its power over the entities to affect the amount of the entities' returns. The existence and effect of substantive rights, including substantive potential voting rights, are considered when assessing whether the Group has power over another entity. For a right to be substantive the holder must have practical ability to exercise that right when decisions about the direction of the relevant activities of the entities need to be made. The Group may have power over an entity even when it holds no ownership interests in the entity, or when it holds less than a majority of voting power in an entity. In such cases, the Group exercises Judgment and assesses its power to direct the relevant activities of the entity, as well as its voting rights relative to the size and dispersion of holdings of the other vote holders to determine if it has de-facto power over the entity. Protective rights of other investors, such as those that relate to fundamental changes in the entity's activities or apply only in exceptional circumstances, do not prevent the Group from controlling an entity. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets and liabilities acquired and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the cost of the acquisition, the non-controlling interest recognised and the fair value of any previously held equity interest in the acquiree, over the fair value of the net identifiable assets acquired is recorded as goodwill. If there is no excess and there is a shortfall, the Group reassesses the net identifiable assets acquired. If after reassessment, a shortfall remains, the acquisition is deemed to be a bargain purchase and the shortfall is recognised in income as a gain on acquisition. Any non- controlling interest balances represent the equity in a subsidiary not attributable to NCBFG's stockholders.

Intercompany transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed, where necessary, to ensure consistency with the policies adopted by the Group. In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment.

Associates
Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. The Group's investments in associates include goodwill identified on acquisition.

2. Significant Accounting Policies (Continued)

(b) Basis of consolidation (continued)

Associates (continued)

The Group's share of its associates' post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The Group determines at each reporting date whether there is any objective evidence that investments in associates are impaired. If this is the case, the Group recognises an impairment charge in the income statement for the difference between the recoverable amount of the associate and its carrying value.

The results of associates with financial reporting year-ends that are different from the Group are determined by using the results for the most recent audited period as well as the period covered by management accounts to ensure that a year's result is accounted for where applicable.

Investments in associates are accounted for using the equity method of accounting (as described above), and are initially recognised at cost.

In the Company's separate financial statements, investments in associates are accounted for at cost less impairment.

(c) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it earns revenues and incurs expenses and whose operating results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment. Operating segments are reported in a manner consistent with the internal reporting to the chief operating decision maker. The chief operating decision maker is the President and Group Chief Executive Officer.

2. Significant Accounting Policies (Continued)

(d) Foreign currency translation

Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Jamaican dollars ("the presentation currency"), which is the Company's functional currency.

Transactions and balances
Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. At the date of the statement of financial position, monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rate.

Exchange differences resulting from the settlement of transactions at rates different from those at the dates of the transactions, and unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognised in the income statement.

Exchange differences on non-monetary financial assets are a component of the change in their fair value. Depending on the classification of a non-monetary financial asset, exchange differences are either recognised in the income statement (applicable for trading securities), or within other comprehensive income if non-monetary financial assets are classified as FVOCI. In the case of changes in the fair value of monetary assets denominated in foreign currency classified as FVOCI, a distinction is made between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in the income statement, and other changes in the carrying amount, except impairment, are recognised in other comprehensive income.

Group companies
The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement;
- Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income and accumulated as a separate component of equity.

2. Significant Accounting Policies (Continued)

(e) Revenue recognition

Interest income and expense
Interest income and expense are recognised in the income statement for all interest-bearing instruments on an accrual basis using the effective interest method based on the actual purchase price. Interest income includes coupons earned on fixed income investments and accrued discounts on treasury bills and other discounted instruments.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expenses over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering the contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

The Group accounts for interest income on loans in accordance with Jamaican banking regulations. These regulations stipulate that, where collection of interest is considered doubtful or where the loan is in non-performing status (payment of principal or interest is outstanding for 90 days or more), interest should be taken into account on the cash basis and all previously accrued but uncollected interest be reversed in the period that collection is doubtful or the loan becomes non-performing. IFRS require that when loans are impaired, they are written down to their recoverable amounts and interest income is thereafter recognised by applying the original effective interest rate to the recoverable amount. The difference between the regulatory and IFRS bases of interest recognition was assessed to be immaterial.

Fee and commission income
Fee and commission income is generally recognised on an accrual basis when the service has been provided. Fees and commissions arising from negotiating or participating in the negotiation of a transaction for a third party are recognised on completion of the underlying transaction.

Premium income
Premium income is recognised on the accrual basis in accordance with the terms of the underlying contracts as outlined in Note 2(w).

Dividend income
Dividend income is recognised when the right to receive payment is established.

Rental Income
Rental income is recognised on an accrual basis.

Realised and unrealised investment gains and losses
Realised and unrealised gains and losses on investments measured at amortised cost or fair value through profit or loss are recognised in the consolidated income statement in the period in which they arise.

Dividend distributions
Dividend distributions to the company’s shareholders are recognised as an appropriation in the Group’s consolidated financial statements in the period in which the dividends are approved by the Group’s Board of Directors.

2. Significant Accounting Policies (Continued)

(f) Assets under management
The Group provides custody and trustee discretionary investment management services to third parties. Such assets under management represent the managed funds administered by the Trust company.

Subscriptions, distributions and redemptions on mutual funds portfolio

Subscriptions - Units relating to the various pools of mutual funds consolidated in the Group's financial statements could be subscribed based on the net asset value per unit of the underlying funds determined on each business day.

Distributions - The net income and net realised capital gains of the various pools of mutual funds are calculated and accrued to the investor daily and distributed monthly. Investors have the option either to receive a cash distribution or to reinvest income distributions into units at the prevailing subscription price as at the date of distribution.

Redemptions - Units relating to the various pools of mutual funds consolidated in the Group's financial statements are redeemed at a price per unit based on the net asset value of the underlying funds published on the date that the request is made.

(g) Income taxes
Taxation expense in the income statement comprises current and deferred income tax charges.

Current income tax charges are based on taxable profits for the year, which differ from the profit before tax reported because it excludes items that are taxable or deductible in other years, and items that are never taxable or deductible. The Group’s liability for current tax is calculated at tax rates that have been enacted or substantively enacted at the date of the statement of financial position.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted or substantively enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is charged or credited in the income statement, except where it relates to items charged or credited to other comprehensive income or equity, in which case, deferred tax is also dealt with in other comprehensive income or equity.

(h) Cash and cash equivalents
For the purpose of the statement of cash flows, cash and cash equivalents comprise balances with less than 90 days maturity from the date of acquisition including cash and balances at Central Banks (excluding statutory reserves), due from banks, investment securities, reverse repurchase agreements and due to banks.

2. Significant Accounting Policies (Continued)

(i) Financial assets

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

Business model assessment

The business models are determined at the level which best reflects how the Group manages portfolios of assets to achieve business objectives. Judgment is used in determining business models, supported by relevant and objective evidence including:

- How the performance and risks of a portfolio of assets are managed, evaluated and reported to key management and how the managers of the portfolio are compensated;
- How the Group intends to generate profits from holding the portfolio of assets;
- The past experience on how the cash flows of the portfolio of assets were collected; and
- The historical and future expectations of asset sales within a portfolio.

The Group reclassifies debt instruments only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be infrequent.

Solely payments of principal and interest ("SPPI")

Where the business model is to collect or, to collect and sell a financial instrument's contractual cash flows, the Group assesses whether those cash flows represent SPPI. In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVPL. The cash flows of financial assets which contain an embedded derivative are not disaggregated when determining whether their cash flows are solely payments of principal and interest but are considered in their entirety. Principal amounts include par repayments from lending and financing arrangements, and interest primarily relates to basic lending returns, including compensation for credit risk and the time value of money associated with the principal amount outstanding over a period of time. Interest can also include other basic lending risks and costs (for example, liquidity risk, servicing or administrative costs) associated with holding the financial asset for a period of time, and a profit margin.

Equity instruments

The Group has elected to measure equity holdings that fall under IFRS 9 at FVPL, unless they form part of a strategic acquisition that is not held for trading purposes.

Debt instruments

The Group classifies portfolios of debt instruments, including hybrid contracts, based on:

(i) the Group's business model for managing the asset; and
(ii) the cash flow characteristics of the asset.

2. Significant Accounting Policies (Continued)

(i) Financial assets (continued)

Initial recognition
Financial assets and liabilities are recognised when the Group becomes party to a contractual provision of the instrument. At initial recognition, regular way purchase of financial assets are recorded at fair value. The carrying value of financial assets at initial recognition includes any directly attributable transaction costs. Purchases of financial assets are recognised on the date on which the Group becomes the beneficial owner of the security.

De-recognition
The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or in which the Group neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in transferred financial assets that qualify for de-recognition that is created or retained by the Group is recognised as a separate asset or liability in the consolidated statement of financial position. On de-recognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income ("OCI") is recognised in profit or loss.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Classification of financial assets
Financial assets are measured based on the business model and the resulting classification. As required by IFRS 9, the Group applies a principles-based approach to the classification of financial assets on its business model and the nature of the cash flows of the asset. Financial instruments are classified as either:

- FVPL
- FVOCI or
- amortised cost

Financial assets measured at fair value through profit and loss (FVPL)
Financial instruments are classified in this category if they meet one of the criteria set out below and are so designated irrevocably at inception:
- this designation removes or significantly reduces an accounting mismatch; or
- when a group of financial assets and liabilities or a group of financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, or
- the financial instrument is held for trading purposes.
- The financial instrument is a derivative that is not designated as a hedge.

2. Significant Accounting Policies (Continued)

(i) Financial assets (continued)

Financial assets measured at fair value through other comprehensive income (FVOCI)
Financial assets held for a business model that is achieved by both collecting and selling contractual cash flows and that contain contractual terms that give rise on specified dates to cash flows that SPPI are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in net gains / (losses) on investment securities. Foreign exchange gains or losses are presented in gain on foreign currency and investment activities and impairment losses are presented as a separate line item in the income statement, as credit impairment losses.

Financial assets measured at amortised cost
Financial assets that are held to collect the contractual cash flows and that contain contractual terms that give rise on specified dates to cash flows that are SPPI are measured at amortised cost. Any gain or loss arising on derecognition is recognised directly in profit or loss together with foreign exchange gains or losses in gain on foreign currency and investment activities. Impairment losses are presented as a separate line item in the income statement, as credit impairment losses.

Impairment of financial assets
Under IFRS 9 the Group applies an impairment model that recognises expected credit losses (“ECL”) on financial assets measured at amortised cost and FVOCI and off balance sheet loan commitments and financial guarantees which were previously provided for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

An allowance (or provision in the case of some loan commitments and financial guarantees) is required for ECL resulting from default events that are possible within the next 12 months (or less, where the remaining life is less than 12 months) (‘12-month ECL’).

In the event of a significant increase in credit risk (SICR) an allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument (‘lifetime ECL’). Financial assets where 12-month ECL is recognised are considered to be ‘stage 1’; financial assets which are considered to have experienced a significant increase in credit risk are in ‘stage 2’; and financial assets for which there is objective evidence of impairment and are therefore considered to be in default or otherwise credit-impaired are in ‘stage 3’.

To determine whether the life-time credit risk has increased significantly since initial recognition, the Group considers reasonable and supportable information that is available, including information from the past as well as forward-looking information. Factors such as whether payments of principal and interest are in delinquency, an adverse change in credit rating of the borrower and adverse changes in the borrower’s industry and economic environment are considered in determining whether there has been a significant increase in the credit risk of the borrower.

Purchased or originated credit-impaired assets (POCI)
Financial assets that are purchased or originated at a deep discount that reflects their incurred credit losses, are considered to be already credit-impaired on initial recognition. The Group calculates the credit adjusted effective interest rate, which is based on the originated fair value instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows. The ECL of these financial assets is always measured on a life time basis and changes in the ECL are recorded in the Income Statement.

2. Significant Accounting Policies (Continued)

(i) Financial assets (continued)

Definition of default
The Group determines that a financial instrument is in default, credit-impaired and in stage 3 by considering relevant objective evidence, primarily whether:
- contractual payments of either principal or interest are past due for 90 days or more;
- there are other indications that the borrower is unlikely to pay such as that a concession has been granted to the borrower for economic or legal reasons relating to the borrower's financial condition; and
- the financial asset is otherwise considered to be in default.

If such unlikeliness to pay is not identified at an earlier stage, it is deemed to occur when an exposure is greater than 90 days past due.

Write-offs
Financial assets (and the related impairment allowances) are normally written off, either partially or in full, when there is no realistic prospect of recovery. Where loans are secured, write offs generally occur after receipt of any proceeds from the realisation of security. In circumstances where the net realisable value of any collateral has been determined and there is no reasonable expectation of further recovery, write-off may be earlier.

Recognition and Measurement of ECL
The general approach to recognising and measuring ECL reflects:
- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Expected credit losses are calculated by multiplying the following three main components:
- The probability of default ("PD")
- The loss given default ("LGD") and
- The exposure at default ("EAD"), discounted at the original effective interest rate.

Management has calculated these inputs based on the estimated forward looking economic and historical experience of the portfolios adjusted for the current point in time. A simplified approach to calculating the ECL is applied to other receivables which do not contain a significant financing component. Generally, these receivables are due within 12 months unless there are extenuating circumstances. Under this approach, an estimate is made of the life-time ECL on initial recognition. For ECL provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

The PD, LGD and EAD models which support these determinations are reviewed periodically. Therefore, the underlying models and their calibration, including how they react to forward-looking economic conditions remain subject to review and refinement. This is particularly relevant for lifetime PDs, and for the incorporation of scenarios which have not generally been subject to experience gained through stress testing. The exercise of Judgment in making estimations requires the use of assumptions which are subjective and sensitive to risk factors, in particular to changes in economic and credit conditions across geographical areas. Many of the risk factors have a high degree of interdependency and there is no single factor to which impairment allowances as a whole are sensitive. Therefore, sensitivities are considered in relation to key portfolios which are particularly sensitive to a few factors and these results are not extrapolated to the wider population of financial assets.

2. Significant Accounting Policies (Continued)

(i) Financial assets (continued)

The measurement of ECL for each stage and the assessment of significant increases in credit risk consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions.

For a revolving commitment, the Group includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.

For credit impaired financial assets, based on management's assessment of the borrower, a specific provision of expected life-time losses which incorporates collateral and recoveries from other credit-enhancements recoveries is calculated and recorded as the ECL. The resulting ECL is the difference between the carrying amount and the present value of expected cash flows discounted at the original effective interest rate.

Forward looking information

The estimation and application of forward-looking information requires significant judgment. PD, LGD and EAD inputs used to estimate Stage 1 and Stage 2 credit loss allowances are modelled based on the macroeconomic variables (or changes in macroeconomic variables) that are most closely correlated with credit losses in the relevant portfolio. Each macroeconomic scenario used in the ECL calculation has forecasts of the relevant macroeconomic variables. The estimation of ECL in Stage 1 and Stage 2 is a discounted probability-weighted estimate that considers a minimum of three future macroeconomic scenarios. The base case scenario is based on macroeconomic forecasts that are publicly available. Upside and downside scenarios are set relative to the base case scenario based on reasonably possible alternative macroeconomic conditions.

Scenario design, including the identification of additional downside scenarios occurs on at least an annual basis and more frequently if conditions warrant. Scenarios are probability-weighted according to the best estimate of their relative likelihood based on historical frequency and current trends and conditions. Probability weights are updated on an annual basis or more frequently as warranted. The base scenario reflects the most likely outcome and is assigned the highest weighting.

The weightings assigned to each economic scenario as at October 1, 2019 and September 30, 2020 vary by jurisdiction and were as follows:

	Base	Best Case	Worst Case
Scenarios	85%	5%	10%

ECL on financial assets measured at amortised cost and FVOCI, are recognised in the income statement. For FVOCI financial assets, there is a corresponding adjustment to OCI, while for financial assets measured at amortised cost, the ECL is adjusted against the carrying amount of the asset. Unrealised gains and losses arising from changes in fair value on FVOCI assets are measured in other comprehensive income. For FVOCI assets, when the asset is sold, the cumulative gain or loss in OCI (including ECL there recognised) is reclassified to investment income in determining the gain or loss on disposal.

2. Significant Accounting Policies (Continued)

(i) Financial assets (continued)

Modification of loans

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers and debt instruments. When this happens, the Group assesses whether or not the new terms are substantially different to the original terms. The Group does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flow to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Change in the currency the loan is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Group derecognises the original financial asset and recognises a new asset at fair value and recalculates the new effective interest rate for the asset. The date of negotiation is consequently considered to be the date of initial recognition for impairment calculation purposes and the purpose of determining if there has been a significant increase in credit risk. At this point the Group will assess if the asset is POCI.

Acceptance, guarantees, indemnities, letters of credit and undertakings

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The amount of the loss allowance; and
- The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15

Loan commitments provided by the Group are measured as the amount net of loss allowance for the portfolio. The Group has not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Group cannot separately identify the excepted credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the ECL is recognised as a provision.

2. Significant Accounting Policies (Continued)

(j) Derivative financial instruments

Derivatives are financial instruments that derive their value from the price of underlying items such as equities, bonds, interest rates, foreign exchange, credit spreads, commodities or other indices. Derivatives enable users to increase, reduce or alter exposure to credit or market risk. The Group transacts derivatives to manage its own exposure to interest rate and foreign exchange risk.

Derivative instruments are initially recognised at fair value on the date a derivative contract is entered into, and subsequently are re-measured at their fair value at the date of each statement of financial position. Fair values are obtained from quoted market prices and discounted cash flow models as appropriate. Derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Assets and liabilities are set off where the contracts are with the same counterparty, a legal right of set off exists and the cash flows are intended to be settled on a net basis.

Gains and losses from changes in the fair value of derivatives are included in the income statement.

(k) Repurchase and reverse repurchase transactions

Securities sold under agreements to repurchase (repurchase agreements) and securities purchased under agreements to resell (reverse repurchase agreements) are treated as collateralised financing transactions. The difference between the sale/purchase and repurchase/resale price is treated as interest and accrued over the life of the agreements using the effective yield method.

2. Significant Accounting Policies (Continued)

(l) Loans and advances and provisions for credit losses

Loans and advances are recognised when cash is advanced to borrowers. They are initially recorded at fair value and subsequently measured at amortised cost using the effective interest rate method.

Provision for credit losses determined under the Bank of Jamaica (BOJ) regulatory requirements

The effect of the provision for credit losses determined under the BOJ regulatory requirements is to preserve capital. No amounts are booked to the income statement in respect of regulatory provisions. Provisions calculated based on regulatory requirements that exceed the amounts required under IFRS are transferred from retained earnings to a non-distributable loan loss reserve in stockholders' equity.

The provision for credit losses determined under the BOJ regulatory requirements comprises a "specific provision" and a "general provision". The specific is determined based on each specific loan for which problems have been identified. The general provision is considered to be prudential in nature and is established to absorb portfolio losses.

2. Significant Accounting Policies (Continued)

(l) Loans and advances and provisions for credit losses (continued)

Provision for credit losses determined under the Bank of Jamaica (BOJ) regulatory requirements (continued)

The specific provision is established for the estimated net loss for all non-performing loans and performing loans that meet specified criteria. Loans are considered to be non-performing where a principal or interest payment is contractually 90 days or more in arrears. At the time of classification as non-performing, any interest that is contractually due but in arrears is reversed from the income statement and interest is thereafter recognised in the income statement on the cash basis only. The estimated net loss is defined as the net exposure remaining after deducting the estimated net realisable value of the collateral (as defined by and determined by the regulations) from the outstanding principal balance of the loan. The regulations quantify the specific provision at ranges from 20% to 100% of each non-performing loan depending on the length of time the loan has been in arrears. In addition, where a non-performing loan is fully secured but the collateral is unrealised for a period of 12 months, a provision of 50% of the amounts outstanding should be made. Where the collateral is unrealised for a further 6 months (with limited exceptions which allow for up to a further 15 months) a full provision is made. The regulations further require that the specific provision for each loan should not be less than 1% of the amounts outstanding.

A general provision is established for all loans (other than loans for which specific provisions were established) at 1% of the amounts outstanding.

(m) Investment securities

All purchases and sales of investment securities are recognised at settlement date.

Investment securities are classified into the following categories: investment securities at FVPL, AFS securities and loans and receivables (LAR). Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Investment securities at FVPL are those which were either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or are securities included in a portfolio in which a pattern of short-term profit-taking exists or those financial assets that the entity upon initial recognition, designates as FVPL. They are initially recognised at fair value and transaction costs are expensed in the income statement. They are subsequently carried at fair value. Interest income on investment securities at FVPL is recognised as part of interest income in the income statement. All other realised and unrealised gains and losses are included in gain on foreign currency and investment activities in the income statement.

AFS securities are those intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity, changes in interest rates, foreign exchange rates or market prices. They are initially recognised at fair value (including transaction costs), and subsequently remeasured at fair value. Unrealised gains and losses arising from changes in fair value of AFS securities are recognised in OCI. When the securities are disposed of or impaired, the related accumulated unrealised gains or losses included in OCI are transferred to the income statement.

2. Significant Accounting Policies (Continued)

(m) Investment securities (continued)

LAR are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than: (i) those financial assets that the Group intends to sell immediately or in the short term, which are classified as FVPL, or (ii) those financial assets that the entity upon initial recognition, designates as at FVPL or has designated as AFS. LAR are initially measured at fair value which is the consideration to originate the loan and are subsequently carried at amortised cost using the effective interest method.

The fair values of quoted investments in active markets are based on current bid prices. If there is no active market for a financial asset, the Group establishes fair value using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis and other valuation techniques commonly used by market participants.

Financial assets are assessed at each date of the statement of financial position for objective evidence of impairment. A financial asset is considered impaired if its carrying amount exceeds its estimated recoverable amount. The amount of the impairment loss for assets carried at amortised cost is calculated as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the original effective interest rate. The recoverable amount of a financial asset carried at fair value is the present value of expected future cash flows discounted at the current market interest rate for a similar financial asset.

In the case of equity securities classified as AFS, a significant or prolonged decline in the fair value below cost is considered an indicator of impairment. Significant or prolonged are assessed based on market conditions and other indicators. If any such evidence exists for AFS financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment losses previously recognised in the income statement, is removed from other comprehensive income and recognised in the income statement.

Investment securities are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred (if substantially all the risks and rewards have not been transferred, the Group tests control to ensure that continuing involvement on the basis of any retained powers of control does not prevent derecognition).

(n) Investment properties

Investment property is held for long-term rental yields and is, therefore, treated as a long-term investment.

Investment property is measured initially at cost, including transaction costs, and is subsequently carried at fair value, representing open market value determined annually by the directors or by independent valuators. Changes in fair values are recorded in the income statement.

2. Significant Accounting Policies (Continued)

(o) Intangible assets

(i) Goodwill
Goodwill arises on the acquisition of subsidiaries or associates and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, negative goodwill, in the case of a bargain purchase, the difference is recognised directly in the income statement.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Cash Generating Unit (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(ii) Contractual customer and distribution relationships, trade name, mutual fund and renewal rights
These assets are associated with the acquisition of a subsidiary and are measured at fair value as at the date of acquisition. These assets are amortised using the straight line method over their useful lives, not exceeding a period of twenty years.

(iii) Computer software
Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their expected useful life of three years.

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development team's employee costs and an appropriate portion of relevant overheads. All other costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred.

Intangible assets with indefinite useful lives are assessed for impairment annually, or more frequently if events changed in circumstances indicate a potential impairment.

2. Significant Accounting Policies (Continued)

(p) Property, plant and equipment

Land and buildings are shown at deemed cost less impairment losses, and less subsequent depreciation for buildings. All other property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to other operating expenses during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated on the straight-line basis, unless otherwise stated, at annual rates that will write off the carrying value of each asset over the period of its expected useful life. Annual depreciation rates or periods over which depreciation is charged are as follows:

Freehold Buildings & Leasehold improvements	2% & Period of lease
Motor Vehicles, Furniture & Equipment	5% - 33 1/3%
Leased assets	Shorter of period of lease or useful life of asset

Gains or losses on disposals are determined by comparing proceeds with carrying amount. These are included in other operating income in the income statement.

(q) Properties for development and re-sale

Properties for sale or under construction that are intended for sale, are classified as properties for development and sale. These balances are carried at the lower of cost and net realisable values. These properties include offices, retail shops and residential units. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated selling expenses. An external valuation specialist was engaged in determining the net realisable value for the office and retail shops, and a discounted cash flow model was used as there is a lack of comparable data because of the nature of the properties. For the residential units, data from binding sales transactions are used to assess the net realisable value. Impairment losses on properties for development and sale are recognised in the consolidated statement of income when the net realisable value is lower than cost. Subsequently, where cost is less than the net realisable value, a reversal of any prior impairment losses is recognised in the consolidated statement of income.

(r) Impairment of long lived assets

Property, plant and equipment and intangibles are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

2. Significant Accounting Policies (Continued)

(s) Financial liabilities
The Group's financial liabilities comprise primarily amounts due to banks, customer deposits, repurchase agreements, obligations under securitisation arrangements, other borrowed funds, liabilities under annuity and insurance contracts, liabilities under letters of credit and undertaking and other liabilities.

The recognition and measurement of liabilities under annuity and insurance contracts is detailed in Note 2(t); short term liabilities FVTPL are measured at fair value and other financial liabilities are measured at amortised cost.

Offsetting financial instruments
Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

(t) Borrowings
Borrowings, including those arising under securitisation arrangements, are recognised initially at fair value, being their issue proceeds, net of transaction costs incurred. Subsequently, borrowings are stated at amortised cost and any difference between net proceeds and the redemption value is recognised in the income statement over the period of the borrowings using the effective yield method.

(u) Structured products
Structured products are recognised initially at the nominal amount when funds are received. Derivatives are separately accounted for at FVPL (Note 19). The non-derivative elements are stated at amortised cost using the effective interest method.

2. Significant Accounting Policies (Continued)

(v) Leases

The Group has changed its accounting policy for leases where the Group is the lessee. The new policy, and the impact of the change are described in Note 57.

Accounting policies applied from October 1, 2019
As lessee

The Group leases various buildings and equipment. Rental contracts are typically made for fixed periods of 1-10 years but may have extension options as described below.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Until the 2019 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases. From 1 October 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

The right-of-use assets is presented within property, plant and equipment. Right-of-use assets are measured initially at cost comprising the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date less any lease incentive received;
- any initial direct costs; and
- restoration costs.

Subsequently the right-of-use assets are measured at cost less accumulated depreciation and any accumulated impairment losses are adjusted for remeasurement of the lease liability due to reassessment or lease modifications.

The right of use assets is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The amortisation period for the right-of-use assets is 1 to 10 years.

2. Significant Accounting Policies (Continued)

(v) Leases (continued)

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the lessee's incremental borrowing rates, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Short-term leases are leases with a lease term of 12 months or less.

Low-value assets comprise computers, tablets, mobile phones and small items of office furniture.

Accounting policies applied until September 30, 2019

As lessee

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are recognised at the inception of the leases at the lower of the fair value of the leased asset or the present value of minimum lease payments. Each lease payment is allocated between the liability and interest charges so as to produce a constant rate of charge on the lease obligation. The interest element of the lease payments is charged to the income statement over the lease period.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments under operating leases are charged in the income statement on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

As lessor

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease in a manner which reflects a constant periodic rate of return on the net investment in the lease.

Assets leased out under operating leases are included in property, plant and equipment in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with similar owned assets. Rental income is recognised on a straight-line basis over the lease term.

2. Significant Accounting Policies (Continued)

(w) Insurance and investment contracts – classification, recognition and measurement

Classification
The Group issues contracts that transfer insurance risk or financial risk or both. Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. As a general guideline, the Group defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur.

Investment contracts are those contracts that transfer financial risk with no significant insurance risk.

Recognition and measurement
Insurance contracts are classified depending on the duration of risk and whether or not the terms and conditions are fixed.

Short duration insurance contracts
These contracts are principally property, motor, casualty (employers' liability, public liability), and group life and health insurance contracts.

Property insurance contracts indemnify the Group's customers in the event of a loss from a specified insured peril such as fire, windstorm or earthquake (not limited to these perils) up to the insured amount and within the terms of the policy conditions. These contracts are issued for both private and commercial risks. Customers who undertake commercial activities on their premises could also receive compensation for consequential loss/business interruption caused by the insured perils.

Motor insurance contracts indemnify the Group's customers for their legal requirement under the road traffic legislation in the countries where the Group has issued these contracts. These contracts may be extended for additional coverage such as physical damage, theft and personal accident.

Casualty insurance contracts provide coverage for liability exposures that indemnify the Group's customers against actions from third parties which are subject to the policy limits and conditions. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employers' liability) and employers who become liable to pay compensation to third parties for bodily harm or property damage (public liability).

Marine insurance contracts indemnify the Group's customers for loss or damage to their insured cargo, commercial hull and pleasure craft vessels. Third party coverage is also provided.

Group life contracts protect the Group's customers from the consequences of events (such as death or critical illness) that would affect the ability of the customer or his/her dependants to maintain his/her current level of income.

Health insurance contracts provide for both unexpected and preventative medical treatment and drugs. On these contracts, the benefits paid on occurrence of the specified insurance event are either fixed or linked to the extent of the economic loss suffered by the policyholder. There are no maturity or surrender benefits.

For all these contracts, premiums are recognised as revenue (earned premiums) proportionally over the period of coverage. The portion of premiums received on inforce contracts that relate to unexpired risks at the date of the statement of financial position is reported as an unearned premium liability. Premiums are shown before deduction of commissions payable to agents and brokers and exclude any taxes or duties levied on such premiums. Premium income includes premiums collected by agents and brokers not yet received by the Group.

2. Significant Accounting Policies (Continued)

(w) Insurance and investment contracts – classification, recognition and measurement (continued)

Recognition and measurement (continued)

Short duration insurance contracts (continued)
Unearned premiums represent the portion of premiums written in the current year which relate to periods of insurance subsequent to the date of the statement of financial position calculated principally using the twenty-fourths method. Unearned premiums relating to marine cargo are calculated using 180 days after the first date of sailing. Unearned premiums relating to group life are calculated based on 25% of net premiums written.

Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to contract holders. They arise from events that have occurred up to the date of the statement of financial position even if they have not yet been reported to the Group. The Group does not discount its liabilities for unpaid claims. Liabilities for unpaid claims are estimated using techniques such as the input of assessments for individual cases reported to the Group and statistical analyses for the claims incurred but not reported (IBNR), and to estimate the expected ultimate cost of more complex claims that may be affected by external factors such as court decisions. Estimates are continually revised as more information becomes available and for the effects of anticipated inflation. Adjustments arising from these revisions are recognised within claims expense in the current year.

Long-term duration insurance contracts
These contracts are traditional participating and non-participating policies that insure events associated with human life (death, longevity, critical illnesses etc.) over a long duration and include annuity contracts. The contracts issued by the Group are organised by broad categories according to the features they contain. There are three main categories:

(1) Long-term insurance contracts with fixed and guaranteed terms and with discretionary participation features (DPF),
(2) Long-term insurance contracts with fixed and guaranteed terms and without DPF and
(3) Long-term insurance contracts without fixed terms.

These categories can be further segregated into “Unit-linked contracts” and “Interest-sensitive contracts”. The premiums paid for long duration insurance contracts either cover only the insured event, or they may comprise a portion that covers the insured event, and another portion to accumulate cash values available for withdrawal at the option of the policyholder. These cash values are increased by credited interest and decreased by policy administration fees, surrender charges and any withdrawals.

Revenue consists of fees deducted for policy administration, mortality and surrenders and interest credited is treated as an expense. Some of these contracts contain guarantees that entitle the holders to a minimum guaranteed crediting rate over the life of the policy. These guarantees are allowed for in the liability calculations. The interest credited to Unit-linked contracts are determined by reference to specific and separately identifiable pools of assets.

2. Significant Accounting Policies (Continued)

(w) Insurance and investment contracts – classification, recognition and measurement (continued)

Recognition and measurement (continued)

Long-term duration insurance contracts (continued)

Long-term insurance contracts with fixed and guaranteed terms and with DPF
Insurance contracts may or may not contain DPF, which entitles the policyholder to receive, as a supplement to guaranteed benefits, additional benefits or bonuses:
a) That are likely to be a significant portion of the total contractual benefits;
b) Whose amount or timing is contractually at the discretion of the Group; and
c) That are contractually based on:
  (i) The performance of a specified pool of contracts or a specified type of contract;
  (ii) realised and/or unrealised investment returns on a specified pool of assets held by the Group; or
  (iii) the profit or loss of the Group, fund or other entity that issues the contract.

The terms and conditions of these contracts set out the basis for the determination of discretionary benefits and within which the Group may exercise its discretion as to the quantum and timing of their payments to contract holders, which will be subject to actuarial advice.

Long-term insurance contracts with fixed and guaranteed terms and without DPF
These contracts do not contain features that provide additional benefits outside of those guaranteed at inception.

Long-term insurance contracts without fixed terms
These contracts prescribe no fixed terms or contain variable terms that have a material effect on the amount, timing, and uncertainty of the insurer's future cash flows.

Insurance liabilities
A liability for policyholders' benefits that is expected to be incurred in the future is recorded when the premiums are recognised. Typically, the liability is determined as the sum of the expected discounted value of the benefit payments less the expected discounted value of the theoretical premiums that would be required to meet the benefits based on the valuation assumptions used (the valuation premiums). In particular, the liability is based on assumptions as to mortality and investment income. A margin for adverse deviations is included in the assumptions.

2. Significant Accounting Policies (Continued)

(w) Insurance and investment contracts – classification, recognition and measurement (continued)

Recognition and measurement (continued)

Long-term duration insurance contracts (continued)

Insurance liabilities (continued)
Long duration insurance contract liabilities are calculated by independent actuaries at each statement of financial position date using the varying methods, each prescribed by the regulators in the respective jurisdictions. The change in these liabilities are recognised in the income statement.

For the Trinidad and Tobago life insurance subsidiaries, actuarial liabilities are calculated using the Caribbean Policyholder Premium Method (CPPM) outlined in draft regulations issued by the Central Bank of Trinidad and Tobago. The Jamaican life insurance subsidiaries use a very similar Policyholder Premium Method (PPM) as required under the Insurance Act 2001 of Jamaica. For the Dutch Caribbean life insurance subsidiaries, reserves are calculated on a Modified Net Premium Method in accordance with the requirements of the Central Bank of Curacao and St. Maarten and the Central Bank of Aruba.

Premiums
Premiums are shown before deduction of commission and are recognised as revenue when they become payable by the policyholder except for the following:
(a) A Jamaican life insurance subsidiary issues policies classified as Unit-linked long-term contracts with fixed and guaranteed terms without DPF, for which the investment component of the premiums is recognised as liabilities. The insurance component of the premiums is recognised as income.
(b) A Jamaican life insurance subsidiary issues policies classified as Interest sensitive long-term contracts without fixed terms, for which the investment component of premiums is recognised as liabilities. The insurance component of the premiums is recognised as income.

Investment contracts
The Group issues investment contracts including deposit administration contracts. Premiums under these contracts are recognised directly as liabilities. These liabilities are increased by credited interest or change in the unit prices and are decreased by policy administration fees, mortality and surrender charges and any withdrawals. Revenue consists of investment income and interest credited is treated as an expense.

Unit Linked Contracts
Unit-Linked funds represent funds maintained to meet specific investment objectives of policyholders who bear investment risk. The returns earned by investment of the funds, inclusive of realised and unrealised gains and losses accrue directly to the policyholders.

For the unit-linked contracts, the portion of the premium covering the insured risk is recorded as premium income. The portion of the premium which accumulates to cash value for the policyholder is unbundled and recorded as a liability and credited to the account of the policyholder in the respective unit-linked fund to which the contract is linked.

The liabilities arising from the unit-linked contracts comprise the liability for the insured risk and the accumulated cash value. The liability for the insurance risk is determined in a manner identical to the liability for contracts with fixed and guaranteed terms and is included in the policyholders' liability balance while the liability for the accumulated cash value is carried at fair value and is determined by reference to the fair value of the assets which fund the liabilities.

2. Significant Accounting Policies (Continued)

(w) Insurance and investment contracts – classification, recognition and measurement (continued)

Recognition and measurement (continued

Unit Linked Contracts (Continued)
The assets and liabilities of the segregated funds are carried at fair values. Deposits and withdrawals are charged or are credited to the segregated fund liabilities. Unit values are determined by dividing the value of the assets in the funds on a valuation date by the number of units in the funds on the valuation date. The Group earns fees for the management of the funds assets, policy administration, as well as for effecting the encashment of units.

Outstanding claims
Provision for outstanding claims and the related costs of settlement are based on incidents reported before the end of the financial year and include appropriate provisions for claims incurred but not yet reported. Estimates are continually revised as more information becomes available and for the effects of anticipated inflation. Adjustments arising on these revisions are included with claims expense in the current year. Benefits and claims payable represent the gross cost of all claims notified but not settled on the date of the statement of financial position. Any reinsurance recoverable is shown separately as a receivable.

Policyholders' benefits
Maturities and annuities are accounted for when due. Death and disability claims and surrenders are recognised in the financial statements in the year in which they have been notified. Differences between the estimated claims and subsequent settlements are recognised in the income statement in the year of settlement.

Liability adequacy test
At the date of the statement of financial position, the Group assesses whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities is inadequate, the deficiency is recognised in the income statement and the amount of the relevant insurance liabilities is increased.

Reinsurance contracts held
Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets.

The benefits to which the Group is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers, as well as longer term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

The Group periodically assesses its reinsurance assets for impairment. If there is objective evidence that a reinsurance asset is impaired, the Group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the consolidated income statement.

2. Significant Accounting Policies (Continued)

(w) Insurance and investment contracts – classification, recognition and measurement (continued)

Receivables and payables related to insurance contracts and investment contracts
Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders. If there is objective evidence that the insurance receivable is impaired, the Group reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the consolidated income statement.

Salvage and subrogation reimbursements
Some insurance contracts permit the Group to sell (usually damaged) property acquired in settling a claim (salvage). The Group may also have the right to pursue third parties for payment of some or all costs (subrogation). The estimated cost of claims includes a deduction for the expected value of salvage and other recoveries.

(x) Provisions
Provisions are recognised when there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

(y) Post-employment benefits

Pension benefits
The Group and its subsidiaries operate a number of retirement plans, the assets of which are generally held in separate trustee administered funds. The pension plans are funded by payments from employees and by the relevant companies, taking into account the recommendations of independent qualified actuaries. The Group has both defined benefit and defined contribution plans.

Defined benefit pension plans
A defined benefit pension plan is a plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation.

The amount recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the statement of financial position date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates on sovereign and corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension obligation.

The current service cost of the defined benefit plan, included in staff costs in the income statement, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. The cost is included in staff costs in the income statement.

Past-service costs are recognised immediately in expenses.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

2. Significant Accounting Policies (Continued)

(y) Post-employment benefits (continued)

Pension benefits (continued)

Defined contribution pension plans
A defined contribution pension plan is a plan under which the Group pays fixed contributions into a separate fund. The Group has no legal or constructive obligations to pay further contributions. The contributions are charged to the income statement in the period to which they relate.

Other post-employment benefit obligations
The Group provides post-employment health care benefits to its retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using an accounting methodology similar to that for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited in other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

Termination benefits
Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the statement of financial position date are discounted to present value.

(z) Acceptances, guarantees, indemnities, letters of credit and undertakings
Acceptances, guarantees, indemnities and letters of credit and undertakings are various forms of contractual commitments to advance funds to or on behalf of customers and include:

(i) Obligations on the part of the Group to make payments (directly or indirectly) to a designated third party contingent upon a default by the Group's customer in the performance of an obligation under the terms of that customer's contract with the third party; and
(ii) Obligations to guarantee or stand as surety for the benefit of a third party.

Where obligations under acceptances, guarantees, indemnities and letters of credit and undertakings are not considered to be contingent, the amounts are reported as a liability in the statement of financial position. There are equal and offsetting claims against customers in the event of a call on these commitments, which are reported as an asset.

Where obligations are considered to be contingent, the amounts are disclosed in Note 58.

2. Significant Accounting Policies (Continued)

(aa) Share capital

Share issue costs
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, for the proceeds.

Dividends on ordinary shares
Dividends on ordinary shares are recognised in equity in the period in which they are declared.

Treasury shares
Subject to the applicable laws of the relevant jurisdictions in which the Company, its subsidiaries or consolidated entities operate, where the Company, its subsidiaries or consolidated entities acquire the shares of the Company, the consideration paid, including any directly attributable incremental costs (net of taxes) is deducted from equity attributable to the Company's stockholders until the shares are cancelled, reissued or disposed. Where the shares are subsequently sold or reissued, any consideration received, net of directly attributable incremental transaction costs and the related income tax effects, are included in equity attributable to the Company's stockholders.

(ab) Fiduciary activities

The Group acts as trustee and in other fiduciary capacities that result in holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other third parties. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Group.

3. Critical Accounting Estimates and Judgments in Applying Accounting Policies

The Group's financial statements and its financial results are influenced by accounting policies, assumptions, estimates and management judgment, which necessarily have to be made in the course of preparation of the financial statements.

The Group makes estimates and assumptions that may affect the reported amounts of assets and liabilities within the next financial year. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard.

Estimates and judgments are continuously evaluated and are based on past experience and other factors, including expectations with regard to future events. Accounting policies and management's judgments for certain items are especially critical for the Group's results and financial position due to their materiality.

(a) ***Business combinations***

Business combinations are accounted for using the acquisition method. The Group determines the identifiable assets and liabilities using the purchase price allocation method. Under this method, the Group makes estimates about future cash flows which are derived based on factors such as revenue growth, margins and expense ratios, working capital requirements, attrition rates and discount rates in determining the fair values of the identifiable intangible assets. Where a business combination results in the identification of goodwill, goodwill impairment assessments are done annually. The performance of the goodwill impairment assessments also requires estimating future cash flows which are derived using factors similar to those used in determining the fair values of the other intangibles discussed above. These estimates are particularly sensitive to the determined cash flows and the discount rates.

In performing step acquisitions (moving from an investment in associated company to a subsidiary and obtaining control), the Group is required to premeasure previously held equity interests (PHEI) to fair value as part of determining the purchase consideration in doing the purchase price accounting for the entire controlling stake. For the GHL step acquisition, in determining fair value of its PHEI, the Group determined that neither the share price listed on the Trinidad and Tobago Stock Exchange (TTSE) nor the transaction price for the recently acquired stake were reflective of fair value. The Group considered GHL's share price traded on the TTSE on or prior to the transaction date. Based on the Group's analysis, GHL's shares are thinly traded and therefore do not reflect the fair value. GHL's share price was also influenced by investor's knowledge of the potential take-over. The Group also considered the transaction price for the additional shares to achieve control. The purchase price per share was based on a lock-up agreement entered in 2016 and was not reflective of the fair value as at the purchase date. Management therefore commissioned an independent valuation of the PHEI, which valuation used estimates about future cash flows, derived based on factors identical to those described above. These estimates are also particularly sensitive to the determined cash flows and the discount rates.

3. Critical Accounting Estimates and Judgments in Applying Accounting Policies (Continued)

(b) *Income taxes*

There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for actual and anticipated tax audit issues based on estimates of whether additional taxes will be due. In determining these estimates, management considers the merit of any tax audit issues raised, based on their interpretation of the taxation laws, and their knowledge of any precedents established by the taxation authorities. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences could materially impact the current tax and deferred tax provisions in the period in which such determination is made.

(c) *Impairment of financial assets*

In determining ECL, management is required to exercise Judgment in defining what is considered a significant increase in credit risk and in making assumptions and estimates to incorporate relevant information about past events, current conditions and forecasts of economic conditions. Further information about the Judgments involved is included in the sections 'Measurement of ECL' and 'Forward-looking information'.

Establishing staging

The Group establishes staging for different categories of financial assets according to the following criteria:

Debt securities and Deposits.

The Group uses its internal credit rating model to determine which of the three stages an asset is to be categorized for the purposes of ECL. The Group's internal credit rating model is a scale which allows for distinctions in risk characteristics and is referenced to the rating scale of international credit rating agencies. The scale is summarised in the following table:

Internal Rating	Classification	External rating – S&P or equivalent
Low Risk	Investment Grade	AAA – BBB
Medium Risk	Non-Investment Grade	BB – B
High Risk	Non-Investment Grade	CCC - C
Default	Default	D

For investment securities, once the asset has experienced a significant increase in credit risk the investment will move from Stage 1 to Stage 2. The Group has assumed that the credit risk of a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial asset that is investment grade is considered low credit risk. Stage 1 instruments are classified as follows:

- investment grade, or
- below investment grade at origination, and have not been downgraded more than 2 notches since origination.

Stage 2 instruments are assets which:

- have been downgraded from investment grade to below investment grade, or
- are rated below investment grade at origination and have been downgraded more than 2 notches since origination.

3. Critical Accounting Estimates and Judgments in Applying Accounting Policies (Continued)

(c) Impairment of financial assets (continued)

Debt securities and Deposits. (continued)

Stage 3 instruments are assets in default where estimated future cash flows have been impacted negatively.

Other assets measured at amortised cost include, lease receivables, loan commitments and financial guarantee contracts. The assessment of significant increase in credit risk for these assets requires significant judgment. Movements between Stage 1 and Stage 2 are based on whether an instrument's credit risk at the reporting date has increased significantly relative to the date it was initially recognised. For the purposes of this assessment, credit risk is based on an instrument's lifetime PD, not the losses the Bank expects to incur.

All loans receive an initial risk rating at origination. The Group has established a credit quality review process involving analysis of the ability of borrowers and other counterparties to meet interest and capital repayment obligations based on factors that include days past due ("DPD"), performance and other known material changes. Ratings of individual loans are based on the following criteria:

- Credit structure and cash flow stability;
- Specific loan and collateral characteristics;
- Guarantees and other credit support;
- Macro-economic factors; and
- Financial and management information for commercial loans.

This assessment results in each facility being classified as "low risk", "medium risk" or "high risk". The Group considers loans that have missed a full payment cycle, to have experienced a significant increase in credit risk. The Bank assesses loans as having experienced a significant increase in credit risk if any other qualitative indicator is triggered such as, known financial difficulty, credit issue with another account, expected forbearance or restructuring. If any of these factors indicates that a significant increase in credit risk has occurred, the instrument is moved from Stage 1 to Stage 2.

The thresholds for movement between Stage 1 and Stage 2 are symmetrical. After a financial asset has migrated to Stage 2, if its credit risk is no longer considered to have significantly increased relative to its initial recognition, the financial asset will move back to Stage 1.

Forward looking information
When management determines the macro-economic factors that impact the portfolios of financial assets, they first determine all readily available information within the relevant market. Portfolios of financial assets are segregated based on product type, historical performance and homogenous country exposures. There is often limited timely macro-economic data for Caribbean markets. Management assesses data sources from local governments, International Monetary Fund and other reliable data sources. A regression analysis is performed to determine which factors are most closely correlated with the credit losses for each portfolio. Where projections are available, these are used to forecast up to three years and subsequently the long term average performance is then used for the remaining life of the product. These projections are reassessed on an annual basis.

(d) Fair value of investment securities
Management uses its judgment in selecting appropriate valuation techniques to determine fair value of investment securities. These techniques are described in Note 51.

3. Critical Accounting Estimates and Judgments in Applying Accounting Policies (Continued)

(e) COVID-19

The onslaught of the coronavirus pandemic (COVID 19) caused a contraction in all the economies in which the Group operates. The spread of the virus and stringent exit and entry protocols weighed on global travel and limited tourism demand. In addition, the downturn in global demand has also resulted in depressed oil and gas prices, negatively impacting government revenues for one of the major territories in which we operate.

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

Our investment portfolios were impacted by the widening of credit spreads and foreign exchange changes which resulted in significant fall-off in asset prices.

Our Income would have been negatively impacted by waiver or reduction of fees associated with certain loan facilities and reduction in loan volumes due to contraction in economic activity.

(f) *Estimates of future benefit payments and premiums arising from long duration insurance contracts*

The determination of the liabilities under insurance contracts represents the liability for future benefits payable by the Group based on contracts for the life assurance business in force at the date of the statement of financial position. These liabilities represent the amount which, together with future premiums and investment returns will, in the opinion of the actuary, be sufficient to pay future benefits relating to contracts of insurance in force, as well as meet the expenses incurred in connection with such contracts. For the Trinidad and Tobago life insurance subsidiaries, actuarial liabilities are calculated using the CPPM. The Jamaican life insurance subsidiaries use PPM. Both the CPPM and PPM valuations are based on assumptions of mortality, persistency, investment income, renewal expenses and other assumptions considered appropriate to be included in the basis for the determination of the liabilities of the Group under the terms of its life insurance policy contracts in force. A margin for risk or uncertainty (adverse deviations) in these assumptions is added to the liability. The assumptions are examined each year in order to determine their validity in light of current best estimates or to reflect emerging trends in the Group's experience.

For the Dutch Caribbean life insurance subsidiaries, reserves are calculated on a Modified Net Premium Method. The Net Premium Method values liabilities as the present value of future benefits minus the present value of future net premiums.

The main source of uncertainty is that epidemics and wide-ranging lifestyle changes, such as in eating, smoking and exercise habits, could result in future mortality being significantly worse than in the past for the age groups in which the Group has significant exposure to mortality risk. However, continuing improvements in medical care and social conditions could result in improvements in longevity in excess of those allowed for in the estimates used to determine the liability for contracts where the Group is exposed for longevity risk.

Sensitivity analyses for key estimates used in determining the actuarial liabilities are included in Note 50.

3. Critical Accounting Estimates and Judgments in Applying Accounting Policies (Continued)

(g) *The ultimate liability arising from claims made under short duration insurance contracts*

For the property and casualty insurance business, outstanding claims comprise estimates of the amount of reported losses and loss expenses and a provision for losses incurred but not reported (IBNR) based on the historical experience of the Group and industry data. These claims are analysed separately between those arising from damage to insured property and consequential losses. Claims arising from damage to insured property can be estimated with greater reliability, and the Group's estimation processes reflect all the factors that influence the amount and timing of cash flows from these contracts. The shorter settlement period for these claims allow the Group to achieve a higher degree of certainty about the estimated cost of claims, and relatively little IBNR is held at year-end. However, the longer time needed to assess the emergence of claims arising from consequential losses makes the estimation process more uncertain for these claims. Significant delays may occur in the notification of claims and a substantial measure of experience and judgment is involved in assessing outstanding liabilities, the ultimate cost of which cannot be known with certainty as at the reporting date. The reserve for claims outstanding is determined on the basis of information currently available; however, it is inherent in the nature of the business written that the ultimate liabilities may vary as a result of subsequent developments.

Sensitivity analyses for key estimates used in determining the actuarial liabilities are included in Note 50

(h) *Future obligations for post-employment benefits*

The cost of these benefits and the present value of the future obligations depend on a number of factors that are determined by actuaries using a number of assumptions. The assumptions used in determining the net periodic cost or income for retirement benefits include the expected long-term rate of return on the relevant plan assets, the discount rate and, in the case of health benefits, the expected rate of increase in health costs. Any changes in these assumptions will impact the net periodic cost or income recorded for retirement benefits and may affect planned funding of the pension plans. The expected return on plan assets assumption is determined on a uniform basis, considering long-term historical returns, asset allocation and future estimates of long-term investment returns. The Group determines the appropriate discount rate at the end of each year, which represents the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement benefit obligations. In determining the appropriate discount rate, the Group considered interest rate on government bonds that are denominated in the currency in which the benefits will be paid, and have terms to maturity approximating the terms of the related obligations. The expected rate of increase of health costs has been determined by comparing the historical relationship of the actual health cost increases with the rate of inflation. Other key assumptions for the retirement benefits are based on current market conditions.

(i) Interests in structured entities

Unit Trust Scheme

A subsidiary of the Group manages a Unit Trust Scheme comprising seven portfolios – the JMD Money Market Portfolio, the JMD High Yield Portfolio, the High Yield Asset and Loans Portfolio, the Caribbean Equity Portfolio, the USD Money Market Portfolio, the USD Indexed Bond Portfolio and the USD Bond Portfolio. The Unit Trust has an independent trustee. A subsidiary of the Group is the investment manager of the Unit Trust. Determining whether the Group controls the Unit Trust requires Judgment. This would include a consideration of the investors' rights to remove the investment manager and an assessment of the exposure to variability arising from the aggregate economic interests of the Group in the Trust.

One of the Group's subsidiaries, as investment manager, earns income from preliminary charges ranging from 0-4% and management fees ranging from 1.5-1.75% on these Unit Trust portfolios. The Group owns 43% (2019 - 0.40%) of the units in the Unit Trust at September 30, 2020.

3. Critical Accounting Estimates and Judgments in Applying Accounting Policies (Continued)

(i) Interests in structured entities (continued)

Unit Trust Scheme (continued)

In addition, pending the availability of investments consistent with the investment objective of each portfolio, a significant portion of the Unit Trust funds are invested in cash equivalent instruments issued by the Group. These are short-term fixed rate instruments with maturities of 90 days or less, collateralised by Government of Jamaica securities, that face an insignificant risk of changes in fair value. The interest margin earned by the Group on these instruments is immaterial to the results of its operations.

Management has concluded that, although the contractual terms provide the Group with power over the Unit Trust, the Group is acting as an agent for the investors in the Unit Trust as management does not consider the Group's aggregate economic exposure and interest in the Unit Trust to be significant. Management does not believe that the investment of Unit Trust funds in cash equivalent instruments issued by the Group changes this conclusion as (i) this investment is intended to be temporary and not representative of the Unit Trust's purpose or investment objective (ii) the investment is in cash equivalent instruments subject to an insignificant risk of changes in fair value that bear interest at market rates and (iii) the investment does not expose the Group to any additional variability of returns from the Unit Trust beyond its insignificant aggregate interest through fees and unit holdings. The Unit Trust has therefore not been consolidated.

Mutual Funds

The Group manages a series of mutual funds through its trust and asset management subsidiaries, Guardian Group Trust Limited and Guardian Asset Management and Investment Services Limited. These funds invest mainly in equity securities, debt securities and cash and cash equivalents. As at the consolidated statement of financial position date, the Group has determined that it controls specific funds by virtue of an entrenched management contract. Similar to the Group's consolidation of its subsidiaries, the assets and liabilities of these funds have been consolidated in the financial statements on a line-by-line basis. The carrying value of the total investments and cash held by the funds are recorded as investment securities of mutual fund unit holders and cash and cash equivalents of mutual fund unit holders respectively on the consolidated statement of financial position. Interests held by external parties in the funds that are consolidated are recorded as third party interest in mutual funds measured at net assets value on the consolidated statement of financial position.

4. Responsibilities of the Appointed Actuaries and External Auditors

The Boards of Directors of the insurance subsidiaries, pursuant to the legislation in the various jurisdictions where the Group operates, appoint the Actuaries. Their responsibility is to carry out an annual valuation of the Group's policyholders' liabilities in accordance with accepted actuarial practice and regulatory requirements and report thereon to the policyholders and shareholders. In performing the valuations for life insurance policies and annuities, the Actuaries make assumptions as to the future rates of interest, asset defaults, mortality, morbidity, claims experience, policy termination, inflation, reinsurance recoveries, expenses and other contingencies, taking into consideration the circumstances of the Group and the insurance policies in force. In performing valuations for the general insurance companies assumptions are also made in relation to loss ratios, earned income ratios, loss development factors etc.

The shareholders pursuant to the legislation in the various jurisdictions where the Group operates appoint the external auditors. Their responsibility is to conduct an independent and objective audit of the financial statements in accordance with International Standards on Auditing and report thereon to the shareholders. In carrying out their audit, the auditors also make use of the work of the Appointed Actuaries and their reports on the policyholders' liabilities.

5. Segment Reporting

The Group is organised into the following business segments:

(a) Consumer & SME banking – This incorporates the provision of banking services to individual and small and medium business clients.

(b) Payment services – This incorporates the provision of card related services.

(c) Corporate & commercial banking – This incorporates the provision of banking services to large corporate clients.

(d) Treasury & correspondent banking – This incorporates the Group's liquidity and investment management function, management of correspondent bank relationships, and relationships with other financial institutions as well as foreign currency dealing activities.

(e) Wealth, asset management & investment banking – This incorporates stock brokerage, securities trading, investment management and other financial services provided by certain overseas subsidiaries.

(f) Life and health insurance & pension fund management – This incorporates life insurance, health insurance, pension and investment management services.

(g) General insurance – This incorporates property and casualty insurance services.

The Group's trustee services and the outstanding transactions and balances of certain inactive subsidiaries are classified as unallocated for segment reporting.

Unallocated assets and liabilities
Unallocated assets and liabilities comprise current income tax payable and recoverable, deferred income tax assets and liabilities and assets and liabilities of support units of the Group that are not allocated to the banking segments.

Direct allocated costs and unallocated corporate expenses
Costs incurred by the support units of National Commercial Bank Jamaica Limited ("NCBJ") are allocated to the business segments based on certain criteria determined by management. These criteria include staff complement, square footage and time spent providing the service to the business segment. The expenses that are allocated are mainly staff costs, depreciation and amortisation and other operating expenses and are treated as direct allocated costs.

Costs allocated to the banking segments are reported directly by those segments to the President & Group Chief Executive Officer and Board of Directors. Costs allocated to the non-banking segments are not included in the individual internal reports presented by those segments and are treated as unallocated corporate expenses.

Eliminations
Eliminations comprise inter-segment transactions.

Notes to the Financial Statements

September 30, 2020
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5. Segment Reporting (Continued)

Year ended September 30, 2020	Consumer & SME Banking $'000	Payment Services $'000	Corporate & Commercial Banking $'000	Treasury & Correspondent Banking $'000	Wealth, Asset Management & Investment Banking $'000	Life &Health Insurance & Pension Fund Management $'000	General Insurance $'000	Other $'000	Eliminations $'000	Total $'000
External revenue	29,361,427	17,343,238	11,952,596	13,461,902	14,393,206	103,675,982	65,505,763	1,122,445	-	256,816,559
Revenue from other segments	2,454,279	2,141	201,970	4,136,991	3,959,457	531,614	455,967	20,671,821	(32,414,240)	-
Total revenue	31,815,706	17,345,379	12,154,566	17,598,893	18,352,663	104,207,596	65,961,730	21,794,266	(32,414,240)	256,816,559
Net interest income	23,164,265	6,313,275	7,257,443	3,200,585	5,667,085	14,530,207	894,235	(3,104,573)	(5,297,607)	52,624,915
Net fee and commission income	4,218,382	5,326,452	1,191,418	436,650	4,022,325	2,482,394	1,424,104	2,071,857	(1,389,785)	19,783,797
Gain on foreign currency and investment activities	191,362	(1,836)	166,153	5,592,506	714,036	4,665,539	(156,101)	(615,219)	(1,764,124)	8,792,316
Net result from insurance activities	-	-	-	-	-	17,606,502	12,794,953	36,494	2,018,042	32,455,991
Credit impairment (losses)/reversals	(5,074,667)	(2,296,979)	(1,892,194)	(275,011)	312,423	(1,339,741)	(93,775)	375,837	-	(10,285,107)
Other operating income and dividend income	200,217	2,401	646	12,975	463,065	1,274,517	75,134	2,259,390	(3,642,058)	646,287
Total operating income	22,699,559	9,343,313	6,722,466	8,967,705	11,178,934	39,219,418	14,938,550	1,023,786	(10,075,532)	104,018,199
Staff costs	9,584,149	923,085	243,588	188,694	2,401,393	8,150,773	4,939,174	2,491,215	3,747,374	32,669,445
Depreciation and amortisation	2,278,513	526,722	9,818	10,610	159,547	752,516	458,166	2,205,150	-	6,401,042
Finance cost	679,434	-	-	-	42,623	686,552	-	3,117	-	1,411,726
Other operating expenses	5,309,676	3,259,728	1,113,647	1,343,291	2,443,195	5,911,356	3,323,105	4,325,346	(6,629,005)	20,400,339
Total operating expenses	17,851,772	4,709,535	1,367,053	1,542,595	5,046,758	15,501,197	8,720,445	9,024,828	(2,881,631)	60,882,552
Operating profit before allocated costs	4,847,787	4,633,778	5,355,413	7,425,110	6,132,176	23,718,221	6,218,105	(8,001,042)	(7,193,901)	43,135,647
Allocated costs	(5,902,616)	(2,193,446)	(2,643,040)	(533,262)	-	-	-	-	-	(11,272,364)
Operating (loss)/profit c/fwd	(1,054,829)	2,440,332	2,712,373	6,891,848	6,132,176	23,718,221	6,218,105	(8,001,042)	(7,193,901)	31,863,283

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September 30, 2020
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5. Segment Reporting (Continued)

Year ended September 30, 2020	Consumer & SME Banking	Payment Services	Corporate & Commercial Banking	Treasury & Correspondent Banking	Wealth, Asset Management & Investment Banking	Life & Health Insurance & Pension Fund Management	General Insurance	Other	Eliminations	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Operating (loss)/profit b/fwd	(1,054,829)	2,440,332	2,712,373	6,891,848	6,132,176	23,718,221	6,218,105	(8,001,042)	(7,193,901)	31,863,283
Unallocated corporate expenses										(4,602,198)
Share of profit of associates										312,391
Profit before Taxation										27,573,476
Taxation										(690,064)
Net Profit										26,883,412
Segment assets	439,335,132	27,251,600	156,880,584	366,204,287	346,603,496	563,591,085	99,683,481	70,681,171	(293,883,666)	1,776,347,170
Associates										6,955,109
Unallocated assets										16,957,996
Total assets										1,800,260,275
Segment liabilities	382,908,884	8,274,345	126,645,928	388,005,295	299,625,401	431,194,623	66,227,885	105,439,443	(219,511,376)	1,588,810,428
Unallocated liabilities										11,244,924
Total liabilities										1,600,055,352
Capital expenditure	3,860,713	896,208	333,221	123,260	688,512	6,858,058	182,065	1,229,791	-	14,171,828

5. Segment Reporting (Continued)

Year ended September 30, 2020	Total per segment report $'000	Allocated expenses $'000	Unallocated corporate expenses $'000	Total per income statement $'000
Reconciliation to income statement				
Net interest income	52,624,914	(104,326)	(30,879)	52,489,709
Net fee and commission income	19,783,797	177,103	1,408,507	21,369,407
Gain on foreign currency and investment activities	8,792,316	749	221	8,793,286
Net result from insurance activities	32,455,991	-	-	32,455,991
Other operating income and dividend income	646,287	133,177	3,224,026	4,003,490
Credit impairment losses	(10,285,107)	87	26	(10,284,994)
Staff costs	(32,669,445)	(6,062,633)	(1,794,590)	(40,526,668)
Depreciation and amortisation	(6,401,040)	(1,421,700)	(706,731)	(8,529,471)
Finance cost	(1,411,727)	-	-	(1,411,727)
Other operating expenses	(20,400,339)	(3,994,821)	(6,702,778)	(31,097,938)
Operating profit	43,135,647	(11,272,364)	(4,602,198)	27,261,085

NCB Financial Group Limited

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5. Segment Reporting (Continued)

Year ended September 30, 2019	Consumer & SME Banking $'000	Payment Services $'000	Corporate & Commercial Banking $'000	Treasury & Correspondent Banking $'000	Wealth, Asset Management & Investment Banking $'000	Life & Health Insurance & Pension Fund Management $'000	General Insurance $'000	Other $'000	Eliminations $'000	Total $'000
External revenue	30,269,607	16,731,518	10,575,574	15,592,674	15,709,862	52,778,722	27,402,192	2,192,709	-	171,252,858
Revenue from other segments	2,036,630	-	317,584	5,445,625	11,311,914	72,303	250,242	17,672,530	(37,106,828)	-
Total revenue	32,306,237	16,731,518	10,893,158	21,038,299	27,021,776	52,851,025	27,652,434	19,865,239	(37,106,828)	171,252,858
Net interest income	23,102,162	5,418,956	5,595,928	4,194,553	4,784,874	8,302,089	816,623	(2,334,507)	(3,048,955)	46,831,723
Net fee and commission income	4,860,085	5,754,119	961,680	402,971	3,901,888	2,457,320	1,322,139	1,796,946	(5,287,038)	16,170,110
Gain on foreign currency and investment activities	241,041	(1,533)	208,791	6,584,043	4,598,896	4,438,842	405,013	(125,853)	(3,049,096)	13,300,144
Net result from insurance activities	-	-	-	-	-	9,597,806	5,239,425	-	(405,716)	14,431,515
Credit impairment (losses)/reversals	(4,173,251)	(977,370)	(59,362)	538,456	329,664	(357,014)	(85,656)	(41,033)	814	(4,824,752)
Other operating income and dividend income	238,420	3,550	1,161	89,320	463,937	1,438,500	100,640	3,158,495	(3,266,052)	2,227,971
Total operating income	24,268,457	10,197,722	6,708,198	11,809,343	14,079,259	25,877,543	7,798,184	2,454,048	(15,056,043)	88,136,711
Staff costs	9,777,214	1,042,758	349,166	268,586	2,028,194	3,308,616	2,645,522	1,136,439	3,340,185	23,896,680
Depreciation and amortisation	1,137,272	551,667	9,003	13,379	135,306	435,464	405,385	2,057,839	(137,248)	4,608,067
Other operating expenses	4,749,504	2,852,730	495,276	1,106,209	2,022,364	3,393,890	2,413,878	1,086,924	(5,769,632)	12,351,143
Total operating expenses	15,663,990	4,447,155	853,445	1,388,174	4,185,864	7,137,970	5,464,785	4,281,202	(2,566,695)	40,855,890
Operating profit before allocated costs	8,604,467	5,750,567	5,854,753	10,421,169	9,893,395	18,739,573	2,333,399	(1,827,154)	(12,489,348)	47,280,821
Allocated costs	(9,018,055)	(2,113,845)	(644,550)	(523,680)	-	-	-	-	-	(12,300,130)
Operating (loss)/profit c/fwd	(413,588)	3,636,722	5,210,203	9,897,489	9,893,395	18,739,573	2,333,399	(1,827,154)	(12,489,348)	34,980,691

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5. Segment Reporting (Continued)

Year ended September 30, 2019	Consumer & SME Banking $'000	Payment Services $'000	Corporate & Commercial Banking $'000	Treasury & Correspondent Banking $'000	Wealth, Asset Management & Investment Banking $'000	Life & Health Insurance & Pension Fund Management $'000	General Insurance $'000	Other $'000	Eliminations $'000	Total $'000
Operating (loss)/profit b/fwd	(413,588)	3,636,722	5,210,203	9,897,489	9,893,395	18,739,573	2,333,399	(1,827,154)	(12,489,348)	34,980,691
Unallocated corporate expenses										(8,536,619)
Gain on disposal of subsidiary										2,626,425
Share of profit of associates										2,897,176
Gain on disposal of associate										3,291,544
Gain on revaluation on investment in associate										2,329,179
Profit before Taxation										37,588,396
Taxation										(6,423,458)
Net Profit										31,164,938
Segment assets	420,800,189	28,996,202	126,194,622	329,569,352	269,046,779	450,901,821	104,247,538	54,561,377	(186,879,267)	1,597,438,613
Associates										5,545,451
Unallocated assets										13,315,538
Total assets										1,616,299,602
Segment liabilities	369,547,583	17,462,507	92,741,678	327,937,875	223,599,296	344,878,799	75,253,247	83,248,946	(120,363,743)	1,414,306,188
Unallocated liabilities										18,122,796
Total liabilities										1,432,428,984
Capital expenditure	3,640,303	987,573	333,064	142,982	1,121,849	1,411,388	914,695	407,949	-	8,959,803

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5. Segment Reporting (Continued)

Year ended September 30, 2019	**Total per segment report $'000**	**Allocated expenses $'000**	**Unallocated corporate expenses $'000**	**Total per income statement $'000**
Reconciliation to income statement				
Net interest income	44,722,235	(98,111)	(29,040)	44,595,084
Net fee and commission income	16,170,110	150,252	2,859,471	19,179,833
Gain on foreign currency and investment activities	15,409,632	1,886	564	15,412,082
Net result from insurance activities	14,431,515	-	-	14,431,515
Other operating income and dividend income	2,227,971	122,856	36,368	2,387,195
Staff costs	(4,824,752)	17	2	(4,824,733)
Provision for credit losses	(23,896,680)	(6,345,531)	(1,878,333)	(32,120,544)
Depreciation and amortisation	(4,608,067)	(1,800,426)	(532,941)	(6,941,434)
Other operating expenses	(12,351,143)	(4,331,073)	(8,992,709)	(25,674,925)
Operating profit	47,280,821	(12,300,130)	(8,536,619)	26,444,072

Geographical
The Group operates mainly via four geographical segments; Jamaica, Trinidad & Tobago, Dutch Antilles & Bermuda. It operates in life and health insurance & pension fund management and general insurance segments within all four geographical segments and primarily in Jamaica within the commercial & consumer, payment services, corporate banking, treasury & correspondent banking and wealth, asset management & investment banking segments. Jamaica represents 38.7% (2019 – 71.4%), Trinidad & Tobago represents 26.1% (2019 – 10.9%), Bermuda represents 4.8% (2019 – 7.5%) and Dutch Antilles represents 17.0% (2019 – 2.3%) of total operating income.

The Group's geographic information:

	Jamaica	**Trinidad &Tobago**	**Dutch Antilles**	**Bermuda**	**Other**	**Total**
			2020			
	$'000	**$'000**	**$'000**	**$'000**	**$000**	**$'000**
Revenue	99,302,517	67,076,013	43,709,211	12,273,816	34,455,001	256,816,558
Total assets	955,745,445	246,646,840	170,406,680	202,747,511	224,713,799	1,800,260,275
			2019			
Revenue	100,712,272	24,537,361	17,549,107	11,520,916	16,933,202	171,252,858
Total assets	932,272,816	214,920,543	147,181,693	169,378,499	152,546,051	1,616,299,602

Segment assets consist of investments that match insurance and banking liabilities, intangible assets and other operating assets such as receivables and cash. They exclude deferred income taxes, retirement benefit assets, investment in associates and investment in subsidiaries.

Segment liabilities comprise insurance liabilities, financial liabilities arising mainly from investment contracts and borrowing arrangements. They exclude items such as taxation, retirement benefit liabilities and business development loans.

6. Net Interest Income

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Interest income				
Loans and advances	43,504,530	42,265,996	-	1,930
Investment securities –				
Fair value through other comprehensive income	20,140,573	18,382,376	486,455	551,064
Amortised cost	9,063,253	3,495,283	-	-
Reverse repurchase agreements	176,586	91,042	-	-
Deposits and other	1,536,936	833,531	21,003	164,386
	74,421,878	65,068,228	507,458	717,380
Interest expense				
Customer deposits	3,841,456	4,034,586	-	-
Repurchase agreements	6,641,151	5,193,791	-	-
Policyholders' benefits	396,343	1,499,512	-	-
Securitisation arrangements	2,799,544	3,473,877	-	-
Other borrowed funds and amounts due to banks	8,253,675	6,271,378	5,805,066	4,604,443
	21,932,169	20,473,144	5,805,066	4,604,443
Net interest income/(expense)	52,489,709	44,595,084	(5,297,608)	(3,887,063)

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7. Net Fee and Commission Income

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Fee and commission income				
Consumer & SME Banking	4,335,074	4,959,084	-	-
Payment services	9,908,668	10,180,991	-	-
Corporate & commercial banking	1,209,183	957,043	-	
Management fees	-	-	3,193,467	7,226,241
Treasury and correspondent banking	428,296	342,784	-	-
Wealth, asset management & investment banking	4,022,325	4,169,481	-	-
Life and health insurance & pension fund management	2,482,394	2,280,984	-	-
Brokerage fees	1,934,131	988,213	-	-
General insurance	1,424,104	93,282	-	-
Other	181,150	200,746	-	-
	25,925,325	24,172,608	3,193,467	7,226,241
Fee and commission expense				
Payment services	4,555,918	4,992,775	-	-
	21,369,407	19,179,833	3,193,467	7,226,241

8. Gain on Foreign Currency and Investment Activities

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Net foreign exchange (losses)/gains	(989,157)	2,991,415	(4,919,960)	(1,460,519)
Loss on sale of debt securities held for trading	(23,713)	(25,673)	-	-
Gain on sale of debt securities at FVOCI	6,147,844	8,390,934	-	-
Unrealised losses on FVPL instruments	(1,231,579)	-	-	-
Interest income on FVPL instruments	5,553,622	2,109,488	-	-
Gain on sale of equity securities	1,039,970	881,676	-	-
Gain on sale of investment properties	38,171	-	-	-
Fair value (losses)/gain on revaluation of investment property (Note 25)	(961,463)	448,565	-	-
Other	(780,409)	615,677	-	-
	8,793,286	15,412,082	(4,919,960)	(1,460,519)

Net foreign exchange (losses)/gains include gains and losses arising from translation of assets and liabilities denominated in foreign currencies as well as those arising from foreign currency dealing activities.

9. Premium Income

	The Group	
	2020	**2019**
	$'000	**$'000**
Annuity contracts	28,947,389	12,541,598
Life and Health insurance contracts	86,469,448	21,566,816
General insurance contracts	19,785,164	26,510,278
	135,202,001	60,618,692

	The Group	
	2020	**2019**
	$'000	**$'000**
Insurance premium income		
Short term insurance contracts	77,491,817	35,764,043
Long term insurance contracts	57,710,184	24,854,649
	135,202,001	60,618,692
Insurance premium ceded to reinsurers		
Short term insurance contracts	39,962,983	15,157,286
Long term insurance contracts	2,040,623	900,621
	42,003,606	16,057,907
Net insurance premium	93,198,395	44,560,785

10. Net Policyholders' and Annuitants' Benefits and Reserves

	The Group	
	2020	**2019**
	$'000	**$'000**
Annuity contracts	30,435,951	7,748,809
Life and Health insurance contracts	19,778,474	11,991,655
General insurance contracts	5,992,775	7,565,517
	56,207,200	27,305,981

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

	The Group	
	2020 $'000	2019 $'000
Benefits and reserves under Life and Health insurance and Annuity contracts:		
Gross	52,352,864	19,806,741
Recovered from reinsurers	(2,138,439)	(66,277)
	50,214,425	19,740,464
Claims and loss adjustment reserves under General insurance contracts:		
Gross	10,871,073	15,875,639
Recovered from reinsurers	(4,878,298)	(8,310,122)
	5,992,775	7,565,517
	56,207,200	27,305,981

	The Group		
	2020		
	Gross	Reinsurance	Net
Benefits and reserves for life and annuity contracts	**$'000**	**$'000**	**$'000**
Long-term insurance contracts with fixed and guaranteed terms and without DPF:			
Death, maturity and surrender benefits	17,734,174	(159,371)	17,574,803
Increase in liabilities	(2,616,898)	22,267	(2,594,631)
Long-term insurance contracts without fixed terms:			
Death, maturity and surrender benefits	18,264,330	(881,012)	17,383,318
Decrease in liabilities	3,560,972	-	3,560,972
Long-term insurance contracts with fixed and guaranteed terms and with DPF:			
Death, maturity and surrender benefits	23,573	-	23,573
Increase in liabilities	622	-	622
Short-term insurance contracts - life	15,386,091	(1,120,323)	14,265,768
	52,352,864	(2,138,439)	50,214,425

	2019		
	Gross	Reinsurance	Net
Benefits and reserves for life and annuity contracts	**$'000**	**$'000**	**$'000**
Long-term insurance contracts with fixed and guaranteed terms and without DPF:			
Death, maturity and surrender benefits	5,811,939	(383)	5,811,556
Increase in liabilities	2,024,277	(527)	2,023,750
Long-term insurance contracts without fixed terms:			
Death, maturity and surrender benefits	8,804,659	(17,308)	8,787,351
Decrease in liabilities	(2,962,347)	-	(2,962,347)
Long-term insurance contracts with fixed and guaranteed terms and with DPF:			
Death, maturity and surrender benefits	(238)	-	(238)
Increase in liabilities	(20)	-	(20)
Short-term insurance contracts - life	6,128,471	(48,059)	6,080,412
	19,806,741	(66,277)	19,740,464

11. Dividend Income

	The Group		The Company	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Subsidiaries	-	-	14,652,184	9,720,304
Other equity securities	1,901,300	1,274,735	-	-
	1,901,300	1,274,735	14,652,184	9,720,304

12. Staff Costs

	The Group		The Company	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Wages, salaries, allowances and benefits	34,464,868	25,043,717	3,907,044	3,212,636
Payroll taxes	3,158,057	2,511,745	426,839	330,195
Pension costs – defined contribution plans (Note 40)	442,846	645,398	4,081	8,806
Pension costs – defined benefit plans (Note 40)	511,179	219,388	-	-
Staff profit share	444,186	2,659,810	-	-
Termination benefits	816,159	232,397		-
Other post-employment benefits (Note 40)	689,373	808,089	-	-
	40,526,668	32,120,544	4,337,964	3,551,637

Wages, salaries, allowances and benefits
Included in wages, salaries, allowances and benefits are base salaries for employees. Amounts also include annual incentive and merit awards based on performance, annual and non-annual lump-sum fringe benefits, including those that have been agreed based on collective bargaining with the trade unions representing staff.

Employees are categorised as permanent pensionable, contract, part-time and temporary.

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13. Credit Impairment Losses

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Investment securities	(738,383)	(135,670)	263	1,408
Loans and advances (Note 21)	11,023,377	4,960,404	-	-
	10,284,994	4,824,734	263	1,408

14. Other Operating Expenses

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Auditors' remuneration - current year	536,849	666,024	58,653	302,735
Auditors' remuneration - prior year	23,037	-	23,037	-
Credit card rebates	1,102,989	1,128,137	-	-
Insurance and premiums	1,320,463	796,114	12,286	-
Irrecoverable general consumption tax and asset tax	4,659,989	3,891,154	119,725	200
License and transaction processing fees	1,758,412	1,463,531	53,946	205,947
Marketing, customer care, advertising and donations	4,200,678	3,002,992	7,916	5,057
Operating lease rentals	181,015	523,495	-	-
Property, vehicle and ABM maintenance and utilities	6,922,194	5,401,688	96,606	18,073
Stationery	511,919	280,125	370	4
Technical, consultancy and professional fees	3,577,974	2,623,195	(57,465)	1,296,684
Travelling, courier and telecommunication	3,100,591	1,942,610	67,208	1,428
Management and royalty fees	507,960	419,241	241,364	223,447
Operational losses	990,694	427,223	-	-
Other	1,703,174	3,109,396	666	1,206
	31,097,938	25,674,925	624,312	2,054,781

15. Taxation

	The Group		The Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Current:				
Income tax	8,571,498	7,984,763	-	-
Prior year over provision	(440,187)	(63,171)	-	-
Business levy and green funds levy	134,024	117,870	-	-
Deferred income tax (Note 30)	(7,575,271)	(1,616,004)	(2,726,972)	(1,144,567)
	690,064	6,423,458	(2,726,972)	(1,144,567)

Income tax is calculated at rates of 25% for the Jamaican life insurance subsidiaries, 33⅓% for the Company and other Jamaican "regulated companies". Taxation for subsidiaries in other jurisdictions is calculated at the rates prevailing in the relevant jurisdiction. Business and Green Fund levies are in relation to our Trinidad subsidiaries and are taxed at a rate of 0.6% and 0.3% of gross sales. The theoretical charge for the year can be reconciled as follows:

	The Group		The Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Profit before tax	27,573,476	37,588,396	2,631,933	5,991,137
Tax calculated at actual tax rates	6,123,519	10,589,720	877,223	1,996,845
Income not subject to tax	(14,826,650)	(7,697,999)	-	-
Expenses not deductible for tax purposes	11,067,989	3,688,120	1,367,505	96,156
Effect of share of profit of associates included net of tax	(133,584)	(655,570)	-	-
Effect of change in tax rate applicable to life insurance subsidiary	(19,393)	(1,235)	-	-
Effect of different tax rates applicable to dividend income	(711,475)	(198,911)	(4,966,042)	(3,237,568)
Deferred tax not recognised	122,895	44,160	-	-
Prior year over provision	(440,187)	(63,171)	-	-
Business Levy	123,418	117,870	-	-
Other	(616,468)	600,474	(5,658)	-
Taxation expense	690,064	6,423,458	(2,726,972)	(1,144,567)

15. Taxation (Continued)

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

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

	The Group		
	2019		
At the year end	**Before Tax $'000**	**Tax $'000**	**After Tax $'000**
Currency translation gains	(21,059)	-	(21,059)
Fair value gains on available-for-sale investments, net of gains recycled to profit or loss	12,971,666	(3,184,865)	9,786,801
Share of other comprehensive income of associated companies, net of tax	(1,585,419)	-	(1,585,419)
Remeasurement of post-employment benefit obligation	(593,571)	106,317	(487,254)
Other comprehensive income	10,771,617	(3,078,548)	7,693,069
Recyclable			(3,184,865)
Non-recyclable			106,317
Deferred income tax (Note 30)		(3,078,548)	

16. Earnings per Stock Unit

Basic earnings per stock unit is calculated by dividing the net profit attributable to stockholders of the parent by the weighted average number of ordinary stock units in issue during the year. Diluted earnings per stock unit equals basic earnings per stock unit as there are no potential dilutive ordinary stock units.

		Restated
	2020	**2019**
Net profit attributable to stockholders of the parent ($'000)	19,090,378	29,869,398
Weighted average number of ordinary stock units in issue ('000)	2,384,100	2,429,180
Basic and diluted earnings per stock unit ($)	8.01	12.30

17. Cash in Hand and Balances at Central Banks

	The Group	
	2020	**2019**
	$'000	**$'000**
Cash in hand	19,399,647	14,827,733
Balances with central banks other than statutory reserves	19,087,814	10,390,693
Included in cash and cash equivalents	38,487,461	25,218,426
Statutory reserves with central banks – non-interest-bearing	35,552,128	37,316,963
	74,039,589	62,535,389

Statutory reserves with central banks represent the required ratio of prescribed functional and foreign currency liabilities. They are not available for investment, lending or other use by the Group.

18. Due from Banks

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Placements with NCBJ	-	-	2,760,873	3,844,168
Items in course of collection from banks	-	917,269	-	-
Placements with banks	181,707,912	142,397,657	-	-
	181,707,912	143,314,926	2,760,873	3,844,168
Expected credit losses	(705,115)	(398,595)	-	-
Interest receivable	3,369,405	4,118,745	-	-
	184,372,202	147,035,076	2,760,873	3,844,168
Less: Placements pledged as collateral for letters of credit (Note 23)	(5,473,992)	(5,677,890)	-	-
	178,898,210	141,357,186	2,760,873	3,844,168

Placements with banks include short term fixed deposits and other balances held with correspondent banks. These bank balances are held to facilitate the payment of wire transfers, bank drafts, treasury related activities and to satisfy liquidity requirements.

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

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Placements with NCBJ	-	-	2,760,873	3,844,168
Placements with other banks	165,050,827	137,238,441	-	-
Less: amounts restricted to the settlement of obligations under securitisation arrangements	(3,622,144)	(3,446,427)	-	-
	161,428,683	133,792,014	2,760,873	3,844,168

19. Derivative Financial Instruments

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

	The Group	
	2020	2019
Assets	$'000	$'000
Forward contracts	287,758	-
Equity indexed options	365,977	239,279
	635,735	239,279
Liabilities		
Equity indexed options	-	239,279
	-	239,279

19. Derivative Financial Instruments (Continued)

Derivatives are carried at fair value and carried in the statement of financial position as separate assets and liabilities. Asset values represent the cost to the Group of replacing all transactions with a fair value in the Group's favour assuming that all relevant counterparties default at the same time, and that transactions can be replaced instantaneously. Liability values represent the cost to the Group counterparties of replacing all their transactions with the Group with a fair value in their favour if the Group was to default. Derivative assets and liabilities on different transactions are only set off if the transactions are with the same counterparty, a legal right of set-off exists and the cash flows are intended to be settled on a net basis.

Equity indexed options

The derivative liability represents the equity index option element of principal protected notes issued by the Group (Note 3(d)) and is carried at fair value.

The embedded derivative asset represents equity index options purchased by the Group to match the liability. The terms of the purchased options are identical to those included in the principal protected notes issued by the Group. The Group is exposed to credit risk on purchased options to the extent of the carrying amount, which is their fair value.

20. Reverse Repurchase Agreements

The Group entered into collateralised reverse repurchase agreements which may result in credit exposure in the event that the counterparty to the transaction is unable to fulfill its contractual obligations. Included within reverse repurchase agreements is related accrued interest receivable of $26,258,000 (2019 – $2,331,000) for the Group.

At September 30, 2020, the Group held $10,650,395,000 (2019 – $8,352,184,000) of securities, mainly representing Government of Jamaica debt securities, as collateral for reverse repurchase agreements. Of amounts received as collateral for reverse repurchase agreements, the Group has pledged $3,952,778,000 (2019 – $1,754,351,000) as collateral for some of their own repurchase agreements.

Included in reverse repurchase agreements for the Group are securities with an original maturity of less than 90 days amounting to $5,814,046,000 (2019 – $2,198,982,000) which are regarded as cash equivalents for purposes of the statement of cash flows.

21. Loans and Advances

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Gross loans and advances, includes mortgage loans	467,383,856	432,621,499	250,000	250,000
Provision for credit losses	(18,587,894)	(13,157,620)	(37)	-
	448,795,962	419,463,879	249,963	250,000
Interest receivable	4,158,974	3,638,721	1,930	1,852
	452,954,936	423,102,600	251,893	251,852

The current portion of loans and advances amounted to $40,383,748,000 (2019 – $47,204,344,000) for the Group.

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

	The Group	
	2020	2019
	$'000	$'000
Balance at beginning of year	13,157,620	8,260,943
On acquisition of subsidiary	-	1,904,905
	13,157,620	10,165,848
Provided during the year	11,965,418	5,945,612
Recoveries	(942,041)	(985,208)
Net charge to the income statement (Note 13)	11,023,377	4,960,404
Write-offs	(5,593,103)	(1,968,632)
Balance at end of year	18,587,894	13,157,620

The provision for credit losses at the end of the year includes $5,611,863,000 (2019 - $6,534,923,000) relating to non-BOJ regulated entities within the Group, which are not considered in calculating the excess reserves required to meet the BOJ's loan loss provision.

The aggregate amount of non-performing loans on which interest was not being accrued (consistent with the requirements of the BOJ) as at September 30, 2020 was $24,742,459,000 (2019 – $22,826,699,000).

21. Loans and Advances (Continued)

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

	The Group	
	2020	2019
	$'000	$'000
Specific provision	8,667,804	6,589,045
General provision	3,188,908	2,981,276
	11,856,712	9,570,321
Excess of regulatory provision over IFRS provision recognised in NCBJ reflected in non-distributable loan loss reserve (Note 45)	-	2,947,624

22. Investment Securities

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Investment Securities Classified as FVPL:				
Government of Jamaica debt securities	17,042,357	18,086,395	-	-
Other Government securities	79,215,400	64,261,102	-	-
Corporate debt securities	24,158,097	24,373,928	-	-
Quoted and unquoted equities	70,880,420	61,647,571	-	-
Collective Investment Schemes	1,582,176	746,075	-	-
Interest receivable	1,357,874	1,324,347	-	-
	194,236,324	170,439,418	-	-
Investment Securities Classified as FVOCI (available-for-sale) and Amortised Costs (Loans and Receivables):				
Investment securities at FVOCI (available-for-sale):				
Government of Jamaica debt securities	274,808,022	216,977,389	-	-
Other Government securities	52,587,986	48,079,962	-	-
Corporate debt securities	113,988,697	115,138,911	7,000,000	7,000,000
Quoted and unquoted equities	-	-	-	-
Collective Investment Schemes	-	-	-	-
Interest receivable	5,389,128	5,060,659	114,685	115,932
	446,773,833	385,256,921	7,114,685	7,115,932

22. Investment Securities (Continued)

Investment securities at Amortised Costs (loans and receivables):

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Government of Jamaica debt securities	31,522,954	51,229,281	-	-
Other Government Securities	152,259,596	132,239,015	-	-
Corporate Debt Securities	26,420,045	18,981,377	-	-
Interest receivable	2,881,982	2,743,652	-	-
	213,084,577	205,193,325	-	-
Expected credit losses	(1,008,762)	(1,393,658)	-	-
	853,085,972	759,496,006	7,114,685	7,115,932
Total investment securities, as above	853,085,972	759,496,006	7,114,685	7,115,932
Less: Pledged securities (Note 23)	(396,283,225)	(373,310,386)	-	-
Amount reported on the statement of financial position	456,802,747	386,185,620	7,114,685	7,115,932

The current portion of total investment securities amounted to $151,817,664,000 (2019 - $48,735,324,000) for the Group.

Included in investment securities are debt securities with an original maturity of less than 90 days amounting to $230,004,000 (2019 - $10,806,108,000) for the Group which are regarded as cash equivalents for purposes of the statement of cash flows.

23. Pledged Assets

	The Group	
	2020	2019
	$'000	$'000
Investment securities classified as FVOCI and amortised cost pledged as collateral for:		
Repurchase agreements	210,914,030	201,039,607
Clearing services	743,651	878,461
Investment securities held as security in respect of life insurance subsidiaries	184,625,544	171,392,318
	396,283,225	373,310,386
Placements with banks pledged as collateral for letters of credit (Note 18)	5,473,992	5,677,890
	401,757,217	378,988,276

The regulators hold investment assets for certain insurance subsidiaries in accordance with the legal requirements of the respective countries or territories.

24. Investment in Associates

	The Group	
		Restated
	2020	**2019**
	$'000	**$'000**
At the beginning of the year	5,545,451	35,125,894
On acquisition of subsidiary	-	4,998,314
Disposal	-	(37,249,427)
Share of profits	312,391	2,897,176
Dividends received:		
Guardian Holdings Limited	-	(612,351)
JMMB Group Limited	-	(68,518)
Other	(78,491)	(69,325)
Movement in other reserves and exchange rate adjustments	1,175,758	523,688
At end of year	6,955,109	5,545,451

In the previous period, the Group increased its shareholdings in GHL to 61.97%, by acquiring an additional 31.99% of its issued share capital. GHL is now classified as a subsidiary, as, through this transaction the Group has obtained control. The carrying value of GHL of $31,682,419,000 at April 30, 2019 was derecognised and a gain of $2,329,179,000 recognised. Included in the gain were amounts previously recognised in OCI of $1,426,598,000 which were recycled to profit and loss. The effect of the adoption of IFRS 9 is included in the disposal amount.

In the previous period, the Group disposed of its 20.01% shareholdings in JMMB Group Limited. Consideration for the disposal was $9,182,882,000, (settled with debt instruments) and a gain of $3,291,544,000 was recognised. Included in the gain were amounts previously recognised in OCI of $324,329,000 which were recycled to profit and loss. In 2018, the Group disposed of a percentage ownership in JMMB. The proceeds from the sale amounted to $2,709,769,000 and a gain of $824,784,000 was recognised.

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24. Investment in Associates (Continued)

The following tables present summarised financial information in respect of the Group's associates.

	RGM Limited $'000	Royal Star Holdings $'000	Other individually immaterial associates $'000	Total $'000
2020				
Current assets	1,611,622	8,022,414	185,400	9,819,436
Non-current assets	17,172,675	6,596,168	1,021,238	24,790,081
Current liabilities	636,493	3,796,848	41,263	4,474,604
Non-current liabilities	6,785,688	2,924,319	637,700	10,347,707
Revenue	3,412,051	5,055,075	670,734	9,137,860
Profit from continuing operations	494,557	537,786	14,779	1,047,122
Other comprehensive income	6,155	-	-	6,155
Total comprehensive income	500,711	537,786	14,779	1,053,277
Percentage ownership	33.33%	26.32%		
Net assets of the associate - 100%	11,362,116	6,480,254		
Group share of net assets	3,787,365	1,705,324		

24. Investment in Associates (Continued)

	RGM Limited	Royal Star Holdings	Other individually immaterial associates	Total
	$'000	$'000	$'000	$'000
2019				
Current assets	1,037,054	6,593,204	247,812	7,878,070
Non-current assets	16,589,990	5,409,889	967,763	22,967,643
Current liabilities	657,565	4,007,354	56,399	4,721,318
Non-current liabilities	6,572,782	2,165,956	689,402	9,428,140
Revenue	1,540,568	1,759,451	361,944	3,661,963
Profit from continuing operations	617,658	387,578	23,654	1,028,889
Other comprehensive income	(14,046)	-	-	(14,046)
Total comprehensive income	12,026,034	7,722,020	-	19,748,054
Percentage ownership	33.33%	26.32%		
Net assets of the associate - 100%	10,396,697	5,829,783		
Group share of net assets	3,465,566	1,534,152		

25. Investment Properties

	The Group	
	2020	2019
	$'000	$'000
Balance at beginning of year	31,385,216	1,366,950
Acquisition of subsidiary (Note 54)	-	29,201,380
Disposal of subsidiary	-	(734,797)
Additions	4,150,516	1,197,161
Disposals	(1,080,220)	-
Fair value (losses)/gains (Note 8)	(961,463)	448,565
Foreign exchange adjustments	1,375,750	(92,867)
Re-classification to property, plant and equipment	(217,405)	(1,176)
Unit-linked adjustments	(901,167)	-
Balance at end of year	33,751,227	31,385,216
-Income earned from the properties	944,879	655,890
Expenses incurred by the properties	(959,386)	(148,771)

The Group did not classify any properties held under operating leases as investment properties. The properties held are stated at fair market value, as appraised by professional, independent valuators. The value for the property was determined using the direct capitalisation approach, comparable sales approach and income and sales comparison approach.

The valuations of investment property have been classified as Level 3 of the fair value hierarchy under IFRS 13, ‘Fair Value Measurement’.

Several valuations have been performed using a comparable sales approach but, as there have been a limited number of similar sales in the respective markets, these valuations incorporate unobservable inputs determined based on the valuators’ Judgment regarding size, age, condition and state of the local economy. Similarly, the valuations that are performed using the direct capitalisation and income approaches rely on unobservable inputs based on the valuator’s Judgment given the varying levels of income between properties within a relatively small geographic area as well as the unavailability of risk-adjusted discount rates for properties. A key estimate used by these valuators is one for vacancy. These valuations are sensitive to the aforementioned adjustments for the unobservable inputs, which inputs may result in the values realised, either through use or sale, being different from the amounts recognised in these financial statements.

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26. Properties for Development and Sale

	The Group	
	2020	**2019**
	$'000	**$'000**
Properties for development and sale	2,759,044	2,368,042

27. Reinsurance Assets

	The Group	
	2020	**2019**
	$'000	**$'000**
This represents the Group's net contractual rights under reinsurance contracts:		
Long-term insurance contracts:		
With fixed and guaranteed terms	541,010	533,280
Short-term insurance contracts:		
Claims reported and loss adjustment expenses (Note 39)	9,706,489	19,269,124
Claims incurred but not reported (Note 39)	3,889,819	3,339,986
Unearned premiums (Note 39)	12,394,690	10,637,058
	25,990,998	33,246,168
Total reinsurers' share of insurance liabilities	26,532,008	33,779,448
Current	22,120,124	25,777,539
Non-current	4,411,884	8,001,909
Total reinsurers' share of insurance liabilities	26,532,008	33,779,448

28. Intangible Assets

	The Group					
	Trade name $'000	Core deposit & other customer relationships $'000	Computer software $'000	Goodwill $'000	Other $'000	Total $'000
			2020			
Net book value, at beginning of year	3,533,314	14,231,558	11,225,161	20,400,618	167,026	49,557,677
Additions	-	-	9,597,948	-	42,427	9,640,375
Translation adjustments	-	(2,408)	(856,892)	-	33	(859,268)
Amortisation charge	(52,248)	(1,764,369)	(3,477,318)	-	(196,085)	(5,490,020)
Reclassifications and adjustments	-	(230,386)	-	-	230,386	-
Exchange rate adjustments	-	31,611	(4,124)	141,809	419	169,715
Net book value, at end of year	3,481,066	12,266,006	16,484,775	20,542,427	244,206	53,018,480
Cost	3,627,504	18,697,811	32,625,102	20,542,427	546,572	76,039,416
Accumulated amortisation	146,438	6,431,805	16,140,326	-	302,367	23,020,936
Closing net book value	3,481,066	12,266,006	18,434,657	20,542,427	244,205	53,018,480

	The Group - Restated					
	Trade name $'000	Core deposit & other customer relationships $'000	Computer software $'000	Goodwill $'000	Other $'000	Total $'000
			2019			
Net book value, at beginning of year	233,283	3,376,739	8,788,569	-	-	12,398,591
On acquisition of subsidiary (Note 54)	3,554,532	12,671,085	82,671	20,350,795	177,474	36,836,557
Disposal of subsidiary	(160,311)	-	(121,204)	-	-	(281,515)
Additions	-	-	4,789,731	-	-	4,789,731
Translation adjustments	-	(6,555)	(109)	49,823	(40)	43,119
Amortisation charge	(94,190)	(1,809,711)	(2,314,497)	-	(10,408)	(4,228,806)
Net book value, at end of year	3,533,314	14,231,558	11,225,161	20,400,618	167,026	49,557,677
Cost	3,627,504	18,896,546	22,913,568	20,400,618	273,340	66,111,576
Accumulated amortisation	(94,190)	(4,664,988)	(11,688,407)	-	(106,314)	(16,553,899)
Closing net book value	3,533,314	14,231,558	11,225,161	20,400,618	167,026	49,557,677

Computer software for the Group at year end include items with a cost of $637,532,000 (2019 - $3,095,735,000) on which no amortisation has yet been charged as these software applications are in the process of implementation.

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29. Property, Plant and Equipment

	The Group				
	Freehold Land and Buildings and Leasehold Improvements	Motor Vehicles, Furniture & Equipment	Assets Capitalised Under Finance Leases	Work-in-Progress	Total
	$'000	$'000	$'000	$'000	$'000
Cost -					
At September 30, 2018	10,605,197	11,599,981	939,578	289,179	23,433,935
On acquisition of subsidiary	8,931,059	2,767,771	-	217,798	11,916,628
Disposal of subsidiary	(889,242)	(149,394)	(1,286)	(5,954)	(1,045,876)
Translation adjustments	-	253,215	-	-	253,215
Additions	244,509	2,328,907	406,481	1,190,175	4,170,072
Disposals	(118,187)	(208,086)	(191,676)	19	(517,930)
Transfers	619,850	32,144	-	(651,994)	-
Reclassifications and adjustments	533,457	(42,026)	-	(6,306)	485,125
At September 30, 2019	19,926,643	16,582,512	1,153,097	1,032,917	38,695,169
Translation adjustments	(29,748)	478,740	-	-	448,992
Additions	911,521	2,118,285	-	1,501,647	4,531,453
Disposals	(105,338)	(337,831)	-	523	(442,646)
Transfers	137,574	454,592	-	(592,166)	-
Reclassifications and adjustments	(312,154)	624,567	174,295	-	486,708
Exchange rate adjustments	(141,936)	(83,068)	-	(8,897)	(233,901)
Transfer to Right-of-use asset	(597,435)	-	(1,327,392)	-	(1,924,827)
At September 30, 2020	19,789,127	19,837,797	-	1,934,024	41,560,948
Accumulated Depreciation -					
At September 30, 2018	1,826,653	7,831,777	495,445	-	10,153,875
Charge for the year	840,517	1,593,824	278,284	-	2,712,625
Disposals	(18,983)	(177,998)	(182,735)	-	(379,716)
Reclassifications and adjustments	(252)	41,665	(1)	-	41,412
At September 30, 2019	2,647,935	9,289,268	590,993	-	12,528,196
Charge for the year	666,732	2,360,716	-	-	3,027,448
Disposals	(45,728)	(232,721)	-	-	278,449
Reclassifications and adjustments	1,002,049	(936,513)	(80,737)	-	(15,201)
Transfer to Right-of-use asset	(669,712)	-	(510,256)	-	(1,179,968)
Exchange rate adjustments	2,324	(53,969)	-	-	(51,645)
At September 30, 2020	3,603,600	10,426,781	-	-	14,030,381
Net Book Value -					
September 30, 2020	16,185,527	9,412,016	-	1,934,024	27,530,567
September 30, 2019	17,278,708	7,293,244	562,104	1,032,917	26,166,973

30. Deferred Income Taxes

Deferred income taxes are calculated on all temporary differences under the liability method using a tax rate of 25% for the Jamaican life insurance subsidiaries, 33⅓% for the Company and other Jamaican "regulated companies", 21% for the subsidiary incorporated in the United Kingdom, 30% for subsidiaries incorporated in Montserrat, St Lucia and Trinidad (non-life), 22% for subsidiaries incorporated in Curacao, 32.5% for the subsidiary incorporated in St Vincent, 28% for the subsidiary incorporated in Grenada, and 25%, for all other subsidiaries with the exception of the subsidiaries incorporated in Cayman Islands and Bermuda and the NCB Employee Share Scheme which are not subject to income tax.

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

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Deferred tax assets	(14,634,857)	(8,141,066)	(5,366,278)	(2,639,306)
Deferred tax liabilities	11,244,924	18,265,560	-	-
Net (asset)/liability at end of year	(3,389,933)	10,124,494	(5,366,278)	(2,639,306)

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

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Net liability/(asset) at beginning of year	10,124,494	(3,728,772)	(2,639,306)	(1,494,739)
Acquisition of subsidiary (Note 54)	-	12,357,232	-	-
Disposal of subsidiary	-	33,490	-	-
Deferred tax credited in the income statement (Note 15)	(7,575,721)	(1,616,004)	(2,726,972)	(1,144,567)
Deferred tax credited to other comprehensive income (Note 15)	(5,938,706)	3,078,548	-	-
Net (asset)/liability at end of year	(3,389,933)	10,124,494	(5,366,278)	(2,639,306)

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

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Deferred tax assets to be recovered after more than 12 months	(5,729,551)	(1,683,962)	-	-
Deferred tax liabilities to be settled after more than 12 months	7,656,625	8,607,057	-	-

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30. Deferred Income Taxes (Continued)

Deferred income tax assets and liabilities, prior to offsetting of balances, are due to the following items:

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Deferred income tax assets:				
Property, plant and equipment	2,567,264	1,016,812	-	-
Investment securities classified as FVOCI	871,653	-	-	-
Credit Impairment Losses	1,691,833	198,696	-	-
Pensions and other post-retirement benefits	2,081,968	2,072,823	-	-
Interest payable	611,904	284,459	335,986	39,287
Unrealised foreign exchange losses	206,636	1,565,228	-	1,264,661
Unutilised tax losses	5,800,453	2,780,366	5,027,017	2,111,743
Other temporary differences	803,146	471,225	3,275	1,324
	14,634,857	8,389,609	5,366,278	3,417,015
Deferred income tax liabilities:				
Future distribution	3,802,249	3,711,547	-	-
Property, plant and equipment	899,087	724,910	-	-
Intangible assets	218,452	3,901,967	-	-
Investment securities at FVPL	1,426,617	3,048,968	-	-
Investment securities classified as FVOCI	992,833	5,395,152	-	-
Interest receivable	265,065	428,557	-	-
Unrealised foreign exchange gains	13,528	777,711	-	777,709
Credit Impairment Losses	59,248	-	-	-
Other temporary differences	3,567,845	525,291	-	-
	11,244,924	18,514,103	-	777,709
Net deferred tax (asset)/liability	(3,389,933)	10,124,494	(5,366,278)	(2,639,306)

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30. Deferred Income Taxes (Continued)

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

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Property, plant and equipment	(409,374)	(260,065)	-	-
Intangible assets	(52,022)	(170,666)	-	-
Investment securities	(1,056,185)	364,656	-	-
Credit Impairment Losses	(1,959,483)	(312,938)	-	-
Pensions and other post-retirement benefits	(278,052)	(248,916)	-	-
Future distributions	(94,205)	709,606	-	-
Interest receivable	(264,780)	17,296	-	-
Interest payable	(327,410)	94,115	(296,698)	179,042
Accrued profit share	43,250	7,961	-	-
Accrued vacation leave	(22,504)	-	-	-
Unrealised foreign exchange gains and losses	189,492	(378,634)	486,952	150,288
Unutilised tax losses	(2,853,181)	(1,498,258)	(2,915,273)	(1,498,257)
Other temporary differences	(491,267)	59,841	(1,953)	24,360
	(7,575,271)	(1,616,002)	(2,726,972)	(1,144,567)

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

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Unrealised gains on FVOCI	(7,223,490)	5,190,110	-	-
Realised fair value gains on sale and maturity of investments	1,060,555	(2,005,245)	-	-
Remeasurement of the post-employment benefit obligation	224,229	(106,317)	-	-
	(5,938,706)	3,078,548	-	-

31. Other Assets

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Due from merchants, financial institutions, clients and payment systems providers	3,206,368	5,289,174	-	-
Prepayments	2,339,176	2,898,791	26	33,532
Receivable from executives	12,464,486	11,823,310	12,464,486	11,823,310
Due from policyholders	21,336,311	22,912,707	-	-
Due from banks	-	-	-	-
Management fees & royalties	-	-	875,000	2,806,533
Repossessed assets	1,994,658	-	-	-
Other	8,627,337	8,959,508	367,499	360,323
	49,968,337	51,883,490	13,707,011	15,023,698

The fair values of other assets approximate carrying values. The current portion of other assets is $36,826,805,000 (2019 - $40,060,180,000)

32. Due to Banks

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Items in course of payment	3,356,657	3,216,262	-	-
Borrowings from other banks	26,511,050	19,364,501	13,117,877	12,560,650
Deposits from banks	57,017	53,605	-	-
Other	1,469	1,863	-	-
	29,926,193	22,636,231	13,117,877	12,560,650
Interest payable	208,408	140,024	241,186	51,370
	30,134,601	22,776,255	13,359,063	12,612,020

The current portion of due to banks is $10,741,529,000 (2019 - $15,695,841,000)

Items in the course of payment primarily represent cheques drawn by the Group which have been accounted for as a deduction from its bank balances but which have not been presented on its bank accounts. These relate to accounts held with banks outside of Jamaica and at central banks. Borrowings from banks are denominated in United States dollars and have various maturity dates. These attract interest at 3.77 - 11.63% per annum.

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

	The Group	
	2020	2019
	$'000	$'000
Total due to banks	30,134,599	22,776,255
Less: amounts with original maturities of greater than 90 days	(11,679,099)	(7,619,266)
	18,455,500	15,156,989

33. Obligations Under Securitisation Arrangements

	The Group	
	2020	2019
	$'000	$'000
Diversified payment rights		
Principal outstanding – US$250,000,000 (2019 – US$50,000,000)	35,392,925	6,707,100
Merchant voucher receivables		
Principal outstanding – US$254,212,000 (2019 – US$308,649,000)	35,989,286	41,402,758
	71,382,211	48,109,858
Unamortised transaction fees	(775,084)	(369,758)
	70,607,127	47,740,100
Interest payable	476,830	565,723
Net liability	71,083,957	48,305,823

The current portion of obligations under securitisation arrangements amounted to $10,656,363,000 (2019 – $13,772,240,000).

Diversified Payment Rights

NCBJ has entered into a number of structured financing transactions involving securitisation of its Diversified Payment Rights. A Diversified Payment Right ("DPR") is a right of NCBJ to receive payments from correspondent banks based overseas whenever a payment order is initiated by a person or entity situated overseas in favour of a person or entity situated in Jamaica. Under these securitisation transactions, NCBJ assigns its rights to all present and future DPRs to an offshore special purpose vehicle, Jamaica Diversified Payment Rights Company Limited ("JDPR") (Note 35), which then issues notes which are secured by DPR flows. The cash flows generated by the DPRs are used by JDPR to make scheduled principal and interest payments to the note holders and any excess cash is transferred to NCBJ, provided no early amortisation event or default has occurred under the terms of the notes.

On May 30, 2013, NCBJ raised US$100 million through the DPR Securitisation (Series 2013-1 Notes). The transaction was structured with an interest-only period of eighteen months and thereafter quarterly principal amortisation on a straight line basis, beginning September 15, 2014 to final maturity on March 15, 2020. Interest is due and payable on a quarterly basis calculated at three month US dollar LIBOR plus 675 basis points beginning September 15, 2015.

On February 21, 2014, NCBJ increased the existing Series 2013-1 Notes by US$25 million on the same terms as the existing Notes.

On April 25, 2014, the holders of the Series 2013-1 Notes exercised their option to extend the maturity of the Notes by 12 months, adjusting the principal amortisation to commence on September 15, 2015 and final maturity to March 15, 2020.

On April 27, 2015, the holders of the Series 2013-1 Notes exercised their option to extend the maturity of the Notes by 12 months, adjusting the principal amortisation to commence on September 15, 2016 and final maturity to March 16, 2020.

33. Obligations Under Securitisation Arrangements (Continued)

Diversified Payment Rights (continued)

On March 28, 2016, the holders of the Series 2013-1 Notes exercised their third and final option to extend the maturity of the Notes by 12 months, adjusting the principal amortisation to commence on September 15, 2019 and final maturity to March 15, 2021.

On September 30, 2020, NCBJ raised US$250 million through the DPR Securitisation (Series 2020-1 Notes). The transaction was structured with an interest-only period of 3.25-year (13 quarters) and thereafter quarterly principal amortisation on a straight line basis, beginning March 15, 2024 to final maturity on September 15, 2030. Interest is due and payable on a quarterly basis calculated at a rate of 5.25% beginning December 15, 2020. Part proceeds were used to retire the Series 2013-1 Notes.

Merchant Voucher Receivables

NCBJ has entered into a structured financing transaction involving securitisation of its Merchant Voucher Receivables (MVR). This arrangement involves the sale of future flows due from Visa International Service Association (Visa) and MasterCard International Incorporated (MasterCard) related to international merchant vouchers acquired by NCBJ in Jamaica.

A merchant voucher is created when an international Visa or MasterCard cardholder pays for goods or services at a NCB merchant. NCB approves the charge, pays the merchant under contractual terms, and submits the merchant voucher information to Visa or MasterCard for settlement. Upon approval and receipt of the charge information, Visa or MasterCard is obligated to pay the amounts due, and this represents a receivable under the transaction.

Arising from this arrangement, NCBJ transferred its rights to all future receivables to an off-shore special purpose company (SPC), Jamaica Merchant Voucher Receivables Limited (“JMVR”), which then issues notes which are secured by the MVR flows. The cash flows generated by the MVR are used by JMVR to make scheduled principal and interest payments to the note holders and any excess cash is transferred to NCBJ, provided no early amortisation event or default has occurred under the terms of the notes.

On May 18, 2015, NCBJ raised US$250 million through the MVR securitisation transaction. The transaction was structured on a mortgage-style amortisation basis with an interest-only period of twenty-eight months and thereafter quarterly principal amortisation, beginning October 6, 2019 to final maturity on July 8, 2022. Interest is due and payable on a quarterly basis calculated at a rate of 5.875% beginning July 7, 2015.

On November 21, 2016, NCBJ raised an additional US$150 million through the MVR securitisation transaction. The transaction was structured on a mortgage-style amortisation basis with an interest-only period of forty-one months and thereafter quarterly principal amortisation, beginning July 7, 2020 to final maturity on January 8, 2027. Interest is due and payable on a quarterly basis calculated at a rate of 5.625% beginning January 9, 2019.

34. Other Borrowed Funds

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
(a) Development Bank of Jamaica	4,479,957	4,529,782	-	-
(b) Corporate notes	109,626,283	110,547,093	68,485,344	69,373,113
(c) Principal protected notes	-	173,527	-	-
(d) National Housing Trust	3,202,888	1,604,295	-	-
(e) Other	6,517,876	6,871,058	6,370,726	6,036,391
(f) Finance lease obligations	-	558,866	-	-
	123,827,004	124,284,621	74,856,070	75,409,504
Unamortised transaction fees	(183,866)	(302,207)	(178,327)	(280,563)
Interest payable	1,423,198	970,687	884,307	1,098,529
	125,066,336	124,953,101	75,562,050	76,227,470

The current portion of other borrowed funds amounted to $32,427,928,000 (2019 – $26,501,308,000) for the Group and nil for the Company.

(a) The loans from Development Bank of Jamaica are granted in both Jamaican and US dollars and are utilised by the Group to finance customers with viable ventures in agricultural, agro-industrial, construction, manufacturing, mining and tourism sectors of the economy. These loans are for terms up to 12 years and at rates ranging from 3.5% - 7%.

(b) Corporate notes are both unsecured and secured variable and fixed rate notes issued in a combination of Jamaican dollars and United States dollars. The notes are repayable between 2020 and 2023. The fixed rate notes attract interest between 4.25% and 9.75% and the variable rate notes attract interest based on weighted average treasury bill yield plus 2.25% - 2.5% per annum.

(c) The Group has issued principal protected notes which entitle the holders to participate in positive returns on the Euro Stoxx 50 or S&P 500 indices while providing a principal protection feature with or without an annual coupon interest payment. If the return on the index is negative, the holder will obtain the principal invested for the notes. Both the principal and interest payments are indexed to the US dollar. These notes are structured products and comprise a fixed income element accounted for at amortised cost (disclosed above) and a derivative (equity indexed option) element disclosed in Note 19.

(d) The loans from National Housing Trust (NHT) are granted as part of the Joint Financing Mortgage Programme. Under the partnership agreement, NHT contributors are able to access their NHT loans directly from NCBJ at the prevailing interest rate offered by NHT. These loans are for the terms up to 40 years at rates ranging from 0% - 6%.

(e) On May 17, 2019, NCB Global Holdings Limited extended a loan of US$45 million to NCB Financial Group Limited. The loan is secured by a pledge of Guardian Holdings Limited shares. Interest is due and payable on a quarterly basis calculated at rate of 7.65% per annum beginning August 17, 2019. Principal is due and payable at maturity on May 17, 2022.

NCB Financial Group Limited

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34. Other Borrowed Funds (Continued)

(f) The finance lease obligations are as follows:

	The Group	
	2020	**2019**
	$'000	**$'000**
Minimum lease payments under finance leases:		
Not later than 1 year	-	321,090
Later than 1 year and not later than 5 years	-	279,897
	-	600,987
Future finance charges	-	(42,121)
Present value of finance lease obligations	-	558,866

The present value of finance lease obligations is as follows:

	The Group	
	2020	**2019**
	$'000	**$'000**
Not later than 1 year	-	292,368
Later than 1 year and not later than 5 years	-	266,498
	-	558,866

35. Interests in Structured Entities

A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control. Structured entities are generally created to achieve a narrow and well defined objective with restrictions around their on-going activities. An interest in a structured entity is any form of contractual or non-contractual involvement which creates variability in returns arising from the performance of the entity for the Group. Such interests include holdings of debt or equity securities and investment management agreements. Structured entities are assessed for consolidation in accordance with the accounting policy set out in Note 2(f).

Consolidated Structured Entities

Securitisation Vehicles
NCBJ uses securitisation as a source of financing and a means of risk transfer. Securitisation of its DPR and MVR (Note 33) is conducted through structured entities, JDPR and JMVR, exempted limited liability companies incorporated under the laws of the Cayman Islands. The relationship between the transferred rights and the associated liabilities is that holders of Notes may only look to cash flows from the securitised assets for payments of principal and interest due to them under the terms of their Notes.

Mutual Funds
The Group manages a series of mutual funds through its trust and asset management subsidiaries, Guardian Group Trust Limited and Guardian Asset Management and Investment Services Limited. The funds comprise four Caribbean investment based funds and six International investment based funds. These funds invest mainly in equity securities, debt securities and cash and cash equivalents. Guardian Asset Management is the Trustee, Income and Paying Agent, Registrar and Fund Administrator of these Mutual Funds. Guardian Life of the Caribbean acts in the capacity of Portfolio Manager.

As at the consolidated statement of financial position date, the Group has determined that it controls these mutual funds, as defined in note 3, specific funds. Management has concluded that the contractual terms provide the Group with power over the Mutual Funds and the Group's aggregate interest in the Mutual Funds is significant.

Unconsolidated Structured Entity

The Group manages a Unit Trust Scheme comprising seven portfolios – the JMD Money Market Portfolio, the JMD High Yield Portfolio, the High Yield Asset and Loans Portfolio, the Caribbean Equity Portfolio, the USD Money Market Portfolio, the USD Indexed Bond Portfolio and the USD Bond Portfolio.

The Unit Trust has an independent trustee. The Group is the investment manager of the Unit Trust and is entitled to receive management fees based on the assets under management. The Group also holds units in the Unit Trust.

35. Interests in Structured Entities (Continued)

***Unconsolidated Structured Entity* (continued)**

The table below shows the total assets of the Unit Trust, the Group's interest in and income arising from involvement with the Unit Trust as well as the maximum exposure to loss. The maximum exposure to loss from the Group's interests represents the maximum loss that the Group could incur as a result of its involvement with the Unit Trust regardless of the probability of the loss being incurred. The income from the Group's interest includes recurring and non-recurring fees and any mark-to-market gains/losses on a net basis.

	The Group	
	2020	2019
	$'000	$'000
Total assets of the Unit Trust	34,667,207	35,664,095
The Group's interest – Carrying value of units held	142,516	186,545
Maximum exposure to loss	142,516	186,545
Liability to the Unit Trust in relation to investment in repurchase obligations (included in repurchase obligations on the consolidated statement of financial position)	1,710,794	2,090,433
Total income from the Group's interests	765,306	720,448

The Group has not provided any non-contractual financial support during the period and does not anticipate providing non-contractual support to the Unit Trust in the future.

36. Third Party Interests in Mutual Funds

	The Group	
	2020	2019
	$'000	$'000
Opening balance	22,138,490	-
Arising on acquisition of subsidiary	-	21,379,700
Share of net income	473,852	76,667
Unrealised losses	(553,341)	(108,366)
Net change in mutual fund holder balances	4,761,426	745,628
Distributions	(370,562)	(146,120)
Exchange rate adjustment	1,123,049	190,981
Balance at end of year	27,572,914	22,138,490

37. Investment Contract Liabilities

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

	The Group	
	2020	2019
	$'000	$'000
The movements in the liabilities arising from investment contracts are summarized below:		
Opening balance	39,257,656	-
Arising on acquisition on subsidiary (Note 54)	-	39,395,293
Premiums received	4,330,908	1,319,633
Fees deducted from account balances	(275,310)	(179,095)
Account balances paid on surrender and other terminations in the year	(4,212,105)	(1,935,936)
Interest credited through income	1,232,184	511,225
Other movements	(44,821)	8,986
Exchange rate adjustments	1,393,794	137,550
Balance at end of year	41,682,306	39,257,656

38. Segregated Fund Liabilities

The assets listed below, included in the financial statements in aggregate, are managed by a subsidiary of the Group on behalf of certain life insurance policyholders under the Blue Chip Fund, the MChip Fund, Eagle Growth Fund, Mutual Growth Fund, Shelter Plus Fund, Guardian Universal Life Fund, Horizon Equity Fund, Guardian Equity Fund, Guardian Money Market Fund, Guardian Long-term Growth Fund, Guardian Stabilisation Fund and Guardian Foreign Currency Indexed Fund. The policyholders share all the rewards and risks of the performance of the funds and the assets have been segregated for determining the policyholders' interest in the funds.

	The Group	
	2020	**2019**
	$'000	**$'000**
Instruments:		
Government of Jamaica securities	7,186,290	6,900,856
Equity securities and unit trust	5,504,224	7,588,444
Short term securities	991,018	792,444
Investment property	153,764	67,211
	13,835,296	15,348,955
Other assets	419,882	1,200,576
Balance at end of year	14,255,178	16,549,531

39. Liabilities under Annuity and Insurance Contracts

The Group's liabilities under annuity and insurance contracts arise from the operations of its life insurance subsidiaries and its general insurance subsidiaries.

The life insurance subsidiaries issue life and health insurance and annuity contracts. These contracts insure human life events (for example, death or survival) over a long duration.

The general insurance subsidiaries issue property and casualty insurance contracts. Casualty insurance contracts protect the Group's customers against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employers' liability) and for individual and business customers who become liable to pay compensation to third parties for bodily harm or property damage (public liability). Property insurance contracts mainly compensate the Group's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities (business interruption cover).

39. Liabilities under Annuity and Insurance Contracts (Continued)

Liabilities under Annuity and Insurance Contracts comprise the following:

	The Group	
		Restated
	2020	2019
	$'000	$'000
Liabilities under life and health insurance and annuity contracts	359,256,727	336,677,196
Liabilities under general insurance contracts	45,757,814	57,938,111
	405,014,541	394,615,307

Liabilities under Life Insurance and Annuity Contracts (continued)

Insurance Contracts
Liabilities under insurance contracts comprise the following:

	The Group	
	2020	2019
	$'000	$'000
Long-term insurance contracts:		
With fixed and guaranteed terms and without DPF	201,753,905	195,114,628
With fixed and guaranteed terms and with DPF	1,702,519	1,957,155
Without fixed terms	140,170,082	129,210,475
	343,626,506	326,282,258
Participating policyholders' share of the surplus from long-term insurance business	10,182,436	9,565,636
	353,808,942	335,847,894
Short-term insurance contracts:		
Property and casualty claims reported and loss adjustment expenses	18,310,360	22,857,819
Property and casualty claims incurred but not reported	6,825,966	13,046,204
Property and casualty unearned premiums	24,921,601	22,034,089
Group life	1,147,672	829,301
	51,205,599	58,767,413
Total insurance liabilities	405,014,541	394,615,307

39. Liabilities under Annuity and Insurance Contracts (Continued)

	The Group	
	2020	**2019**
	$'000	**$'000**
Current	43,913,039	48,583,143
Non-current	361,101,502	346,032,164
Total gross insurance liabilities	405,014,541	394,615,307

Movements in long term insurance contracts

	The Group	
	2020	**2019**
	$'000	**$'000**
Long-term insurance contracts with fixed and guaranteed terms and without DPF		
At beginning of year	195,114,628	9,096,092
Arising on acquisition of subsidiary	-	183,463,502
Exchange rate adjustments	7,660,345	1,401,270
Premiums received (net)	9,396,024	3,071,809
Claims and benefits settled in the year	(21,824,922)	(7,371,848)
Accretion of interest	5,164,520	1,962,873
Increase in liabilities	14,774,393	3,623,362
Changes in assumptions	(6,138,115)	(952,968)
Normal changes	(2,392,968)	820,536
At end of year	201,753,905	195,114,628

39. Liabilities under Annuity and Insurance Contracts (Continued)

Liabilities under Life Insurance and Annuity Contracts (continued)

Insurance Contracts

	The Group	
	2020	2019
	$'000	$'000
Long-term insurance contracts with fixed and guaranteed terms and with DPF		
At beginning of year	1,957,155	-
Arising on acquisition of subsidiary	-	1,975,174
Exchange rate adjustments	87,455	9,953
Changes in assumptions	(248,744)	(2,590)
Normal changes	(93,347)	(25,382)
At end of year	1,702,519	1,957,155

	The Group	
	2020	2019
	$'000	$'000
Long-term insurance contracts without fixed terms		
At beginning of year	129,210,475	22,167,141
Arising on acquisition of subsidiary	-	106,914,813
Exchange rate adjustments	5,545,880	943,096
Premiums received (net)	3,846,094	3,603,877
Claims and benefits settled in the year	(14,487,891)	(7,448,757)
Increase in liabilities	11,866,656	5,399,611
Changes in assumptions	1,494,283	(4,279,360)
Normal changes	2,694,585	1,910,054
At end of year	140,170,082	129,210,475

	The Group	
	2020	2019
	$'000	$'000
Participating policyholders' share of the surplus from long-term insurance business		
At beginning of year	9,565,636	-
Arising on acquisition of subsidiary	-	9,512,026
Exchange rate adjustments	485,248	84,970
Surplus/Deficit arising from operations	(280,459)	57,679
Other movements	412,011	(89,039)
At end of year	10,182,436	9,565,636

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39. Liabilities under Annuity and Insurance Contracts (Continued)

Liabilities under Life Insurance and Annuity Contracts (continued)
Policy assumptions
For insurance contracts, the assumptions used to determine the liabilities are updated at each reporting date to reflect the latest best estimates. The assumptions used for valuing the insurance contracts disclosed in this note are as follows:

Mortality and morbidity
Mortality estimates are made as to the expected number of deaths for each of the years in which the Group's life insurance subsidiaries are exposed to risk. These assumptions are based on North American standard industry mortality tables adjusted to reflect recent local historical experience. Assumptions vary by sex, underwriting class and type of insurance contract. The main source of uncertainty is that epidemics and wide ranging lifestyle changes, such as eating, smoking and exercise habits could result in future mortality being significantly worse than in the past for age groups in which the Group's life insurance subsidiaries have significant exposure to mortality risk. Conversely, improvements in longevity in excess of those allowed for in determining the liabilities, could result in a lessening of future liabilities.

Morbidity relates to the frequency of illness, sickness and diseases contracted. The rate of recovery from such afflictions is derived from industry experience studies, adjusted where appropriate from the Group's life insurance subsidiaries own experience.

Investment yields
The Group's life insurance subsidiaries match assets and liabilities. The projected cash flows from these assets are combined with future reinvestment rates derived from the current economic outlook and the Group's life insurance subsidiaries' investment practices and policies to determine expected rates of return on these assets for all future years and will vary by region, portfolio and currency. For the current valuation these rates of return are broadly summarised as follows:

	Jamaica	**Trinidad & Tobago**	**Dutch Caribbean**
Short term	3.00%-13.05%	4.51%- 5.70%	4.69%-5.12%
Medium term	3.07%-11.61%	4.34%-5.66%	4.98%-5.32%
Long term	2.93%-10.56%	4.81%-5.77%	5.45%-5.78%

The main source of uncertainty is the fluctuation in the economy. Lower yields would result in higher reserves and reduced income.

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39. Liabilities under Annuity and Insurance Contracts (Continued)

Liabilities under Life Insurance and Annuity Contracts (continued)
Policy assumptions (continued)
Voluntary terminations and persistency
Persistency assumptions are made in relation to the time since inception that a policy exists before it lapses or is surrendered. Lapses relate to termination of policies due to non-payment of premiums. Surrenders relate to voluntary termination of policies by the policyholders. Policy terminations are based on the Group's life insurance subsidiaries own experience adjusted for expected future conditions. Statistical studies are performed in order to determine an appropriate persistency rate and best estimates of future rates are determined by examining any trends in the data. The main source of uncertainty derives from changes in policyholder behaviour as these relate to changes in economic conditions.

Renewal expenses and inflation
Policy maintenance expenses are derived from the Group's life insurance subsidiaries own internal cost studies projected into the future with an allowance for inflation. The cost studies vary by subsidiary and are affected by the economic conditions prevalent in each jurisdiction. The inflation rates assumed are summarised below:

	Jamaica	Trinidad & Tobago	Dutch Caribbean
Short term	3.00%-7.00%	3.50%	(3.72%)
Medium term	4.11%-3.55%	3.50%	0.00%
Long term	3.00%	3.50%	0.00%

Taxation
It is assumed that current tax legislation and rates continue unaltered.

Provisions for adverse deviations
The basic assumptions made in establishing policy liabilities are best estimates for a range of possible outcomes. To recognise the uncertainty in establishing these best estimates, to allow for possible deterioration in experience and to provide greater comfort that the reserves are adequate to pay future benefits, the appointed actuaries include a margin in each assumption.

The impact of these margins is to increase reserves and so decrease the income that would be recognised on inception of the policy. The Appointed Actuaries use assumptions which are considered conservative, taking into account the risk profiles of the policies written.

39. Liabilities under Annuity and Insurance Contracts (Continued)

Changes in assumptions
Changes have been made to the assumptions used to determine the value of long term insurance liabilities of the life insurance subsidiaries. The following tables present the effect of these changes:

	The Group	
	2020	2019
	$'000	$'000
For the Trinidadian life insurance subsidiaries:		
Changes in expense assumptions	1,338,280	-
Changes in lapse assumptions	436,359	-
Changes in investment returns	1,882,723	(697,313)
Other assumptions	(3,323,729)	-
Decrease in liabilities	333,633	(697,313)
For the Jamaican life insurance subsidiaries:		
Changes in expense assumptions	(1,338,112)	(812,264)
Changes in lapse assumptions	(71,554)	(26,399)
Changes in investment returns	(3,337,190)	(3,039,847)
Other assumptions	(2,410,838)	(659,095)
Decrease in liabilities	(7,157,694)	(4,537,605)

39. Liabilities under Annuity and Insurance Contracts (Continued)

Liabilities under Life Insurance and Annuity Contracts (continued)

Sensitivity analysis
The following tables present the sensitivity of the value of insurance liabilities disclosed in this note to movements in the assumptions used in the estimation of insurance liabilities. The sensitivities have been performed on the assumption that all assumptions remain constant.

	The Group			
	Change in variable	**Change in liability**	**Change in variable**	**Change in liability**
	2020		**2019**	
	%	**$'000**	**%**	**$'000**
Long-term insurance contracts with fixed and guaranteed terms and without DPF:				
For the Trinidadian life insurance subsidiaries:				
Worsening of mortality	+10.0% +	655,529	+ 10.0%	586,039
Improvement of annuitant mortality	+0.5%	908,767	+0.5%	768,541
Lowering of investment returns	-1.0%	4,730,653	-1.0%	4,288,359
Worsening of base renewal expense level	+5.0%	320,675	+5.0%	169,213
Worsening of expense inflation rate	+1.0%	676,122	+1.0%	415,511
For the Jamaican life insurance subsidiaries:				
Worsening of mortality	+10.0%	1,318,162	+10.0%	1,112,282
Lowering of investment returns	-2.0%	9,647,664	-2.0%	12,769,866
Worsening of base renewal expense level	+5.0%	552,943	+5.0%	712,739
For the Dutch Caribbean life insurance subsidiaries:				
Worsening of mortality	+10.0%	310,647	+10.0%	307,922
Improvement of annuitant mortality	+10.0%	424,824	+10.0%	374,029
Lowering of investment returns	-10.0%	22,881	-10.0%	22,394
Worsening of base renewal expense level	+10.0%		+10.0%	64,095

39. Liabilities under Annuity and Insurance Contracts (Continued)

Liabilities under Life Insurance and Annuity Contracts (continued)

Sensitivity analysis (continued)

	The Group			
	Change in variable	Change in liability	Change in variable	Change in liability
	2020		2019	
	%	$'000	%	$'000
Long-term insurance contracts with fixed and guaranteed terms and with DPF:				
For the Trinidadian life insurance subsidiaries:				
Worsening of mortality	+10.0%	6,197	+ 10.0%	6,176
Lowering of investment returns	-1.0%	157,679	-1.0%	167,161
Worsening of base renewal expense level	+5.0%	3,056	+5.0%	2,969
Worsening of expense inflation rate	+1.0%	6,280	+1.0%	6,316
For the Jamaican life insurance subsidiaries:				
Worsening of mortality	+10.0%	2,680	+10.0%	2,670
Lowering of investment returns	-2.0%	128,370	-2.0%	168,854
Worsening of base renewal expense level	+5.0%	13,000	+5.0%	12,970
Worsening of expense inflation rate	+1.0%	29,936	+1.0%	29,667
For the Dutch Caribbean life insurance subsidiaries:				
Worsening of mortality	+10.0%	862,878	+10.0%	660,773
Improvement of annuitant mortality	+10.0%	764,863	+10.0%	812,094
Lowering of investment returns	-10.0%	5,883,034	-10.0%	4,737,621
Worsening of base renewal expense level	+10.0%		+10.0%	802,929

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39. Liabilities under Annuity and Insurance Contracts (Continued)

Liabilities under Life Insurance and Annuity Contracts (continued)

Sensitivity analysis (continued)

	The Group			
	Change in variable	Change in liability	Change in variable	Change in liability
	2020		2019	
	%	$'000	%	$'000
Long-term insurance contracts without fixed terms:				
For the Trinidadian life insurance subsidiaries:				
Worsening of mortality	+ 10.0%	1,426,896	+ 10.0%	1,258,029
Improvement of annuitant mortality	+5.0%	1,362,145	+5.0%	1,203,646
Lowering of investment returns	-1.0%	9,615,027	-1.0%	10,171,498
Worsening of base renewal expense level	+5.0%	739,197	+5.0%	594,785
Worsening of expense inflation rate	+1.0%	1,680,035	+1.0%	1,277,335
For the Jamaican life insurance subsidiaries:				
Worsening of mortality	+10.0%	-	+10.0%	81,059
Improvement of annuitant mortality	+5.0%	-	+5.0%	56,989
Lowering of investment returns	-1.0%	-	-1.0%	1,287,693
Worsening of base renewal expense level	+5.0%	-	+5.0%	62,949

39. Liabilities under Annuity and Insurance Contracts (Continued)

Liabilities under Short Term Contracts

	The Group	
	2020	**2019**
	$'000	**$'000**
Gross:		
Claims outstanding	25,136,326	35,904,022
Unearned premiums	24,921,601	22,034,089
	50,057,927	57,938,111
Reinsurance ceded		
Claims outstanding (Note 27)	(13,596,288)	(22,609,110)
Unearned premiums (Note 27)	(12,394,689)	(10,637,058)
	(25,990,977)	(33,246,168)
Net:		
Claims outstanding	11,540,038	13,294,912
Unearned premiums	12,526,912	11,397,031
	24,066,950	24,691,943

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39. Liabilities under Annuity and Insurance Contracts (Continued)

Liabilities under Short term contracts (continued)

The movement in and composition of claims outstanding are as follows:

	The Group			The Group		
	2020			2019		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	$'000	$'000	$'000	$'000	$'000	$'000
Notified claims	22,857,818	(19,269,214)	3,588,604	2,071,886	(8,526)	2,063,360
Claims incurred but not reported	13,046,204	(3,339,896)	9,706,218	2,011,466	(2,129)	2,009,337
Balance at beginning of year	35,904,022	(22,609,110)	13,294,912	4,083,352	(10,655)	4,072,697
Disposal of subsidiary	-	-	-	(3,599,568)	36,239	(3,563,329)
Acquisition of subsidiary	-	-	-	28,655,551	(17,258,576)	11,396,975
Exchange rate adjustment	1,987,778	(1,439,523)	548,255	(24,153)	18,572	(5,581)
Claims incurred	(38,119,610)	16,470,972	(21,648,638)	15,875,639	(8,310,122)	7,565,517
Claims paid	25,364,136	(6,018,627)	19,345,509	(9,086,799)	2,915,432	(6,171,367)
Balance at end of year	25,136,326	(13,596,288)	11,540,038	35,904,022	(22,609,110)	13,294,912
Comprising:						
Notified claims	18,310,360	(9,706,469)	8,603,891	22,857,818	(19,269,124)	3,588,694
Claims incurred but not reported	6,825,966	(3,889,819)	2,936,147	13,046,204	(3,339,986)	9,706,218
	25,136,326	(13,596,288)	11,540,038	35,904,022	(22,609,110)	13,294,912

39. Liabilities under Insurance and Annuity Contracts (Continued)

Liabilities under Short Term Contracts (continued)

The policy and claims liabilities were determined in accordance with accepted actuarial principles and as directed by the respective regulator.

In determining the valuation, the actuary employed the Paid Loss Development method, the Incurred Loss Development method, the Bornhuetter-Ferguson Paid Loss method, the Bornhuetter-Ferguson Incurred Loss method and the Frequency-Severity method. In using the Paid/Incurred Loss Development method, ultimate losses are estimated by calculating past paid/incurred loss development factors and applying them to exposure periods with further expected paid/incurred loss development. The Bornhuetter-Ferguson Paid/Incurred Loss method is a combination of the Paid/Incurred Loss Development method and a loss ratio method; however, these expected losses are modified to the extent paid/incurred losses to date differ from what would have been expected based on the selected paid/incurred loss development pattern. Finally, the Frequency-Severity method is calculated by multiplying an estimate of ultimate claims with an estimate of the ultimate severity per reported claim.

The movement in and composition of unearned premiums are as follows:

	The Group			The Group		
	2020			2019		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at beginning of year	22,034,089	(10,637,058)	11,397,031	2,724,427	(399,701)	2,324,726
Disposal of subsidiary	-	-	-	(2,960,189)	999,208	(1,960,981)
Acquisition of subsidiary	-	-	-	23,453,888	(11,103,430)	12,350,458
Exchange rate adjustments	1,174,630	(396,679)	777,951	87,117	(255,627)	(168,510)
Net increase/(release) in the period	1,712,882	(1,360,952)	351,930	(1,271,154)	122,492	(1,148,662)
Balance at end of year	24,921,601	(12,394,689)	12,526,912	22,034,089	(10,637,058)	11,397,031
Comprising, by type of business:						
Liability insurance contracts	1,549,760	(671,286)	878,474	1,868,055	(863,597)	1,004,458
Motor insurance contracts	4,533,031	(404,434)	4,128,597	4,074,856	(136,837)	3,938,019
Pecuniary loss insurance contracts	106,054	(61,129)	44,925	349,962	(139,427)	210,535
Property insurance contracts	15,448,656	(10,625,012)	4,823,644	12,908,491	(8,864,776)	4,043,715
Health insurance contracts	1,916,933	(164,357)	1,752,636	2,063,708	(128,827)	1,934,881
Marine insurance contracts	1,185,898	(437,657)	748,241	769,017	(503,594)	265,423
Personal accident insurance contracts	181,269	(30,814)	150,455	-	-	-
	24,921,601	(12,394,689)	12,526,912	22,034,089	(10,637,058)	11,397,031

39. Liabilities under Insurance and Annuity Contracts (Continued)

Liabilities under Short Term Contracts (continued)

The movement in and composition of Group Life contracts are as follows:

	The Group			The Group		
	2020			2019		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at beginning of year	829,301	-	829,301	37,504	(15,509)	21,995
Acquisition of subsidiary	-	-	-	694,694	6,192	700,886
Claims settled during the year	(836,564)	41,241	(795,323)	(334,908)	61,387	(273,521)
Exchange rate adjustment	69,417	-	69,417	32,764	(39,379)	(6,615)
Increase in liabilities	1,085,517	(41,241)	1,044,276	399,247	(12,691)	386,556
Balance at end of year	1,147,671	-	1,147,671	829,301	-	829,301

40. Post-employment Benefits

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

	The Group	
	2020	2019
	$'000	$'000
Pension schemes	476,825	1,156,955
Other post-employment benefits	9,254,234	8,243,783
	9,731,059	9,400,738

The amounts recognised in the income statement are as follows:

	The Group	
	2020	2019
	$'000	$'000
Pension schemes (Note 12)	511,179	219,388
Other post-employment benefits (Note 12)	689,373	808,089
	1,200,552	1,027,477

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

	The Group	
	2020	2019
	$'000	$'000
Pension schemes	679,031	442,073
Other post-employment benefits	(35,856)	151,498
	643,175	593,571

40. Post-employment Benefits (Continued)

(a) Pension schemes

The Group's subsidiaries have established the following pension schemes covering all permanent employees. The assets of funded plans are held independently of the Group's assets in separate trustee administered funds. The Group's pension schemes are regulated by the respective regulators in the jurisdictions where they operate.

National Commercial Bank Staff Pension Fund 1986

This is a defined benefit scheme, which comprises the following pension funds which were merged on September 30, 1999:

- National Commercial Bank Staff Pension Fund 1975 (NCB 1975 Fund)
- National Commercial Bank Staff Pension Fund 1986 (NCB 1986 Fund)
- Mutual Security Bank Superannuation Scheme (MSB Fund)
- Computer Service and Programming Limited Pension Fund (CSP Fund).

Members' rights under each of the funds as at the date of merger were fully preserved in the NCB 1986 Fund and members of the merged funds receive pension benefits from the NCB 1986 Fund in respect of service up to the date of merger. The scheme was closed to new members effective October 1, 1999.

No asset has been recognised in relation to the Bank's defined benefit scheme as, under the rules of the scheme, the employer would not benefit from any surplus on the winding up of the scheme. No additional current service cost has been incurred since closure of the scheme and the employer only makes a nominal contribution.

National Commercial Bank Staff Pension Fund 1999

This is a defined contribution scheme which is funded by payments from employees and by the employers of the relevant companies. Participating Group companies contribute an amount equivalent to 5% of employees' salary to the scheme each pay cycle and employees must contribute at least 5% and up to a maximum of 15%. Contribution to the scheme for the year was $438,765,000 (2019 – $452,137,000).

GHL

GHL operates a number of defined benefit and defined contribution plans, the assets of which are held in separate trustee-administered funds. The plans are generally funded by payments from employees and by the relevant Group companies after taking account of the recommendations of the external qualified actuaries. The plans are governed by trust and/or fund deeds and rules and are administered in accordance with the laws of the jurisdiction in which the plan resides. Responsibility for the governance of the plans, including investment strategies, lies with the Board of Trustees/Foundation. Contribution to the scheme for the year was $193,261,000.

40. Post-employment Benefits (Continued)

(a) Pension schemes (continued)

The amounts recognised in the statement of financial position in respect of defined benefit pension schemes are as follows:

	2020		2019		
	NCBJ $'000	**GHL $'000**	**NCBJ $'000**	**GHL $'000**	**AGIC $'000**
Present value of funded obligations	31,243,758	20,556,590	32,911,272	19,463,022	1,317,726
Fair value of plan assets	(33,706,365)	(20,079,765)	(41,291,898)	(18,306,067)	(1,413,234)
(Over)/under – funded obligations	(2,462,607)	476,825	(8,380,626)	1,156,955	(95,508)
Disposal of subsidiary			-	-	95,508
Limitation on pension assets	2,462,607	-	8,380,626	-	-
	-	476,825	-	1,156,955	-

The schemes are valued by independent actuaries annually using the projected unit credit method; the latest such valuation being carried out as at September 30, 2020 for the Bank and GHL schemes.

The movement in the defined benefit obligation is as follows:

	2020		2019		
	NCBJ $'000	**GHL $'000**	**NCBJ $'000**	**GHL $'000**	**AGIC $'000**
At beginning of year	32,911,272	19,463,022	27,481,763	-	1,195,080
Acquisition of subsidiary	-	-	-	18,492,275	-
Exchange	-	1,002,378	-	163,435	-
Employee's contributions	-	26,189	-	18,350	40,778
Service cost	-	466,797	-	159,928	46,020
Interest cost	2,075,679	958,130	1,999,509	489,508	89,485
Remeasurements:					
Experience losses/(gains)	128,954	(819,188)	2,791,549	212,965	(48,768)
(Gains)/losses from changes in financial assumptions	(1,916,652)	301,101	1,831,742	482,216	106,228
Demographic assumptions	-	(21)	449,990	-	(69,156)
Benefits paid	(1,955,495)	(841,817)	(1,643,281)	(555,655)	(41,941)
Disposal of subsidiary	-	-	-	-	(1,317,726)
At end of year	31,243,758	20,556,591	32,911,272	19,463,022	-

40. Post-employment Benefits (Continued)

(a) Pension schemes (continued)

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

	2020		2019		
	NCBJ	GHL	NCBJ	GHL	AGIC
	$'000	$'000	$'000	$'000	$'000
At beginning of year	41,291,898	18,306,067	32,837,947	-	1,148,632
Acquisition of subsidiary	-	-	-	17,865,374	-
Exchange	-	935,648	-	152,117	-
Interest on plan assets	2,620,420	923,337	2,401,223	363,430	87,032
Remeasurement - return on plan assets, excluding amounts included in interest on plan assets	(8,250,458)	160,924	7,696,009	90,056	151,355
Contributions	-	606,326	-	266,720	77,229
Administration fees	-	(9,588)	-	124,026	(9,073)
Benefits paid	(1,955,495)	(842,949)	(1,643,281)	(555,656)	(41,941)
Disposal of subsidiary	-	-	-	-	(1,413,234)
At end of year	33,706,365	20,079,765	41,291,898	18,306,067	-

The amounts recognised in the income statement are as follows:

	2020		2019		
	NCBJ	GHL	NCBJ	GHL	AGIC
	$'000	$'000	$'000	$'000	$'000
Current service cost	-	466,797	-	159,928	46,020
Administration fees	-	9,588	-	-	9,073
Net interest expense	-	34,794	-	1,913	2,454
Total, included in staff costs	-	511,179	-	161,841	57,547

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40. Post-employment Benefits (Continued)

(a) Pension schemes (continued)

The amounts recognised in other comprehensive income are as follows:

	2020		2019		
	NCBJ	GHL	NCBJ	GHL	AGIC
	$'000	$'000	$'000	$'000	$'000
Loss/(gain) on present value of funded obligations	(1,787,698)	518,108	5,073,281	695,181	(11,696)
Gain on fair value of plan assets	8,250,458	160,923	(7,696,009)	(90,056)	(151,355)
Change in effect of asset ceiling	(6,462,760)	-	2,622,728	-	-
Net loss/(gain)	-	679,031	-	605,125	(163,051)

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

	2020		2019	
	$'000	%	$'000	%
Debt securities	19,188,075	56.93	25,973,657	62.90
Equity securities	11,415,498	33.87	12,532,930	30.35
Real estate and other	3,102,792	9.20	2,785,311	6.75
	33,706,365	100.00	41,291,898	100.00

These plan assets included:
- Ordinary stock units of the Company with a fair value of $9,851,894,000 (2019 – $13,859,766,000).
- Repurchase obligations, promissory notes and lease obligations of the Group aggregating $455,000,000 (2019 –$489,149,000)
- Properties occupied by the Group with a fair value of $639,750,000 (2019 - $695,800,000).

40. Post-employment Benefits (Continued)

(a) Pension schemes (continued)

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

	2020		2019	
	$'000	**%**	**$'000**	**%**
Debt securities	11,006,167	54.81%	9,772,584	53.38%
Equity securities	3,069,312	15.29%	2,878,411	15.72%
Real estate and other	6,004,287	29.90%	5,655,072	30.89%
	20,079,766	100.00%	18,306,067	100.00%

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

The principal actuarial assumptions used are as follows:

	2020		2019	
	NCBJ	**GHL**	**NCBJ**	**AGIC**
Discount rate	9.00%	-	6.50%	3.38%- 6.33%
Future salary increases	6.00%	-	5.00%	0% - 3.6%
Future pension increases	5.00%	-	3.00%	3.5%

Post-employment mortality for active members and mortality for pensioners is based on the 1994 Group Annuity Mortality tables (GAM (94) (U.S. mortality tables) with no age setback.

The average duration of the defined benefit pension obligation at September 30, 2020 is 11.1 years (2019 – 11.7 years) for NCBJ's defined benefit scheme and 15 years for the GHL scheme.

40. Post-employment Benefits (Continued)

(a) Pension schemes (continued)
The sensitivity of the defined benefit pension obligation to changes in the principal assumptions is as follows:

NCBJ

	Increase/(decrease) in defined benefit obligation		
	Change in Assumption	**Increase in Assumption**	**Decrease in Assumption**
		$'000	**$'000**
Discount rate	1%	(3,022,859)	3,622,439
Future salary increases	1%	84,490	(81,263)
Future pension increases	1%	3,428,820	(2,916,323)
Life expectancy	1 year	923,000	(970,000)

GHL

	Increase/(decrease) in defined benefit obligation		
	Change in Assumption	**Increase in Assumption**	**Decrease in Assumption**
		$'000	**$'000**
Discount rate	1%	(2,462,756)	3,106,052
Future salary increases	1%	500,774	(439,771)
Life expectancy	1 year	529,789	(902,444)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

40. Post-employment Benefits (Continued)

(b) Other post-employment benefits

In addition to pension benefits, the Group offers medical and life insurance benefits that contribute to the health care and life insurance coverage of employees and beneficiaries after retirement. The method of accounting and frequency of valuations are similar to those used for defined benefit pension schemes.

In addition to the assumptions used for pension schemes, the main actuarial assumption is a long-term increase in health costs of 2.0 percentage points above CPI per year (2019 – 1.5 percentage points above CPI).

The average duration of the other post-employment benefits obligation at September 30, 2020 is 18.6 years for the Bank, and between 14.8 & 22.7 years for GHL.

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

	The Group	
	2020	**2019**
	$'000	**$'000**
Present value of unfunded obligations	9,254,324	8,243,783

The movement in the defined benefit obligation is as follows:

	The Group	
	2020	**2019**
	$'000	**$'000**
At beginning of the year	8,243,783	5,456,525
Acquisition of subsidiary	-	2,488,666
Disposal of subsidiary	-	(268,520)
Curtailment	84,191	-
Employer contributions	(89,537)	-
Service costs	187,114	367,570
Interest cost	515,957	440,519
Remeasurements:		
Experience losses	(4,278)	71,128
Demographic assumptions	837,546	152,703
Gains from changes in financial assumptions	(561,221)	(72,333)
Exchange movement	138,657	21,094
Benefits paid	(97,888)	(413,569)
At end of year	9,254,324	8,243,783

The amounts recognised in the income statement are as follows:

	The Group	
	2020	**2019**
	$'000	**$'000**
Service cost	173,416	367,570
Net interest expense	515,957	440,519
Total, included in staff costs (Note 12)	689,373	808,089

40. Post-employment Benefits (Continued)

(b) Other post-employment benefits (continued)

The sensitivity of the other post-employment benefit obligation to changes in the principal assumptions is as follows:

NCBJ

	Increase/(decrease) in obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
		$'000	$'000
Discount rate	1%	(964,587)	1,252,714
Medical cost inflation	1%	1,248,952	(977,524)
Life expectancy	1 year	191,690	(191,690)

GHL

	Increase/(decrease) in obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
		$'000	$'000
Discount rate	1%	(429,890)	552,964
Medical cost inflation	1%	539,984	(427,608)
Life expectancy	1 year	115,588	(116,835)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

(c) Risks associated with pension plans and post-employment schemes

Through its defined benefit pension and other post-employment benefit schemes, the Group is exposed to a number of risks, the most significant of which are detailed below. The Group does not use derivatives to manage its plan risk. Investments are well diversified, such that failure of any single investment would not have a material impact on the overall level of assets.

Asset volatility risk

The schemes' liabilities are calculated using a discount rate set with reference to sovereign bond yields; if the schemes' assets underperform this yield, this will create a deficit.

Interest rate risk

The schemes' liabilities are calculated using a discount rate set with reference to sovereign bond yields. A decrease in sovereign bond yields will increase the schemes' liabilities, although this will be partially offset by an increase in the value of the schemes' fixed-rate bond holdings.

Salary risk

The present values of the defined benefit schemes' liabilities are calculated by reference to the future salaries of participants. As such, an increase in the salaries of participants will increase the schemes' liabilities.

Longevity risk

The majority of the schemes' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the schemes' liabilities.

41. Other Liabilities

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Accrued staff benefits	4,554,391	6,851,340	283,070	273,787
Due to customers, merchants and clients	17,601,580	15,748,814	-	-
Accrued other operating expenses	33,816,674	16,895,473	340,081	574,068
Due to reinsurers	10,989,045	13,607,006	-	-
Due to Government	288,976	684,193	-	-
Other	3,397,071	790,387	-	-
	70,647,737	54,577,213	623,151	847,855

42. Share Capital

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Authorised – unlimited				
Issued and fully paid up – 2,466,762,828 ordinary stock units of no par value	153,827,330	153,827,330	153,827,330	153,827,330
Treasury shares	(15,150,201)	(10,756,253)	(561,635)	(561,635)
	138,677,129	143,071,077	153,265,695	153,265,695

As at September 30, 2020 entities within the Group held NCBFG ordinary stock units totalling 95,015,105 (2019: 70,676,888) and 3,359,929 (2019: 3,359,929), respectively. These shares are held by the NCB Employee Share Scheme, a custodian appointed by NCB Financial Group Limited and entities controlled by Guardian Holdings Limited and the Company reports them as Treasury Shares.

The NCB Employee Share Scheme was established in 1986 to acquire certain shares of NCB Group Limited, the then holding company for the Group, for the beneficial interest of eligible employees. As at September 30, 2020, the scheme held 1,255,751 (2019: 1,543,478) stock units of the Company's ordinary stock.

As at September 30, 2020 a total of 29,926,644 (2019: 3,359,929) stock units of the Company's ordinary stock were held by a custodian on behalf of the Company and one of its subsidiaries. The stock units are held for distribution as incentives. During the year the custodian acquired an additional 26,566,735 units.

43. Impairment Tests for Goodwill

The Group determines whether goodwill is impaired at least on an annual basis or, or sooner when events or changes in circumstances indicate that the carrying value may be impaired. This requires an estimation of the recoverable amount of the cash generating unit (CGU) to which the goodwill is allocated. Goodwill relating to the acquisition of GHL has been provisionally allocated to the entire GHL Group, as mentioned in Note 54.

The recoverable amount is usually determined by reference to the value in use. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose an appropriate discount rate in order to calculate the present value of those future cash flows. These calculations use pre-tax cash flow projections based on financial budgets approved by management.

Key assumptions used by management include:

- Revenue growth of 6%, 16% and 11% in 2019, 2020 and 2021.
- A decrease in reinsurance levels from historical levels of 28% to 23% by 2021. Management's expert has sensitised this to 26.5%.
- A claims ratio of 70%, which has been normalised to 72% by management's experts.
- Projected declines in expenses between 15% and 1%, adjusted by management's experts to between 5% and 0%.
- Terminal growth rate of 2.5%.
- Pre-tax discount rate of 15.7%.

Based on the results of the test performed, there was no evidence of impairment.

44. Fair Value and Capital Reserves

	The Group	
	2020	**2019**
	$'000	**$'000**
Fair value reserve	1,796,959	10,284,721
Capital reserve (excluding scheme of arrangement)	10,419,701	2,874,225
	12,216,660	13,158,946
Reserves from the scheme of arrangement	(147,034,858)	(147,034,858)
	(134,818,198)	(133,875,912)
Capital reserve comprises:		
Realised –		
Surplus on revaluation of property, plant and equipment	92,991	92,991
Retained earnings capitalised	98,167	98,167
Share redemption reserve	1,077,382	1,077,382
Unrealised –		
Translation reserve	9,261,931	3,819,552
Surplus on revaluation of property, plant and equipment	153,022	153,022
Share of movement in reserves of associate	(1,170,274)	(2,464,914)
Other	906,482	98,025
	10,419,701	2,874,225
Reserve from the scheme of arrangement	(147,034,858)	(147,034,858)
	(136,615,157)	(144,160,633)

45. Loan Loss Reserve

This is a non-distributable reserve for NCBJ representing the excess of the provision for credit losses determined using the Bank of Jamaica's regulatory requirements over the amount determined under IFRS (Note 21).

46. Banking Reserve Fund

This fund is maintained in accordance with the Banking Services Act, 2014, enacted in Jamaica, which requires that a minimum of 15% of the net profits, as defined by the Act, of NCBJ be transferred to the reserve fund until the amount of the fund is equal to 50% of the paid-up capital of the Bank and thereafter 10% of the net profits until the amount of the fund is equal to the paid-up capital of the Bank. The amount of the fund has surpassed the paid-up capital of the Bank and therefore no further mandatory transfers were required.

The Financial Institutions Act, 2008, enacted in Trinidad and Tobago, which is applicable for the Group's regulated subsidiary in that country, requires that a minimum of 10% of the profit for the year in each period be transferred to a statutory reserve account until the balance on this reserve is not less than the paid-up capital.

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47. Retained Earnings Reserve

The Banking Services Act 2014 permits the transfer of any portion of the Bank's net profit to a retained earnings reserve. This reserve constitutes a part of the capital base and regulatory capital of the Bank.

48. Cash Flows from Operating Activities

	Note	The Group	
		2020	2019
		$'000	$'000
Net profit		26,883,412	31,164,938
Adjustments to reconcile net profit to net cash flow provided by operating activities:			
Depreciation	29	3,039,450	2,712,625
Amortisation of intangible assets	28	5,490,021	4,228,806
Credit impairment losses	13	10,284,994	4,824,734
Gain on disposal of subsidiary	54	-	(2,626,425)
Gains on remeasurement and disposal of associate	24	-	(5,620,723)
Share of after tax profits of associates	24	(312,391)	(2,897,176)
Interest income	6/8	(74,421,878)	(67,177,716)
Interest expense	6	21,932,169	20,473,144
Income tax expense	15	690,064	6,423,458
Unrealised exchange gains on securitisation arrangements		(42,883)	(1,940,791)
Amortisation of upfront fees on securitisation arrangements		(405,327)	157,227
Amortisation of upfront fees on other borrowed funds		118,340	-
Unrealised exchange losses on other borrowed funds		2,784,722	100,482
Change in post-employment benefit obligations	40	1,240,881	1,027,278
Foreign exchange gains	8	989,158	(2,991,415)
Gain on disposal of property, plant and equipment and intangible assets		(81,526)	(66,708)
Fair value losses/(gains) on investment property	25	923,292	(448,565)
Fair value losses on derivative financial instruments	8	(653,735)	(25,673)
Changes in operating assets and liabilities:			
Statutory reserves at Central Bank		1,764,835	2,825,135
Pledged assets included in due from banks		923,105	(3,814,523)
Restricted cash included in due from banks		(175,717)	171,375
Reverse repurchase agreements		1,965,463	(2,071,307)
Loans and advances		(63,781,719)	(103,450,934)
Customer deposits		67,564,018	19,944,325
Repurchase agreements		36,398,779	22,257,586
Liabilities under annuity and insurance contracts		10,399,234	7,918,636
Other		28,616,376	(17,388,022)
		55,249,725	(117,457,167)
Interest received		112,196,486	123,126,137
Interest paid		(18,401,243)	(20,430,049)
Income tax paid		(5,536,204)	(5,669,274)
		143,508,764	(20,428,353)
Net cash provided by operating activities		170,392,176	10,736,585

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49. Related Party Transactions and Balances

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operational decisions. Related party transactions are in the ordinary course of business. The volumes of related party transactions, outstanding balances at the year end and related expenses and income for the year are as follows:

	The Group							
	Parent and companies controlled by major shareholder		Associated companies of the Group		Directors and key management personnel (and their families)		Companies controlled by directors and related by virtue of common directorship	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Loans and advances								
Balance at September 30	17,624	27,725	1,804,931	1,556,222	1,748,241	1,785,805	3,004,476	1,268,390
Interest income earned	1,847	2,669	25,965	1,761	105,037	80,712	86,919	56,802
Investment securities								
Balance at September 30	-	-	7,341,170	6,763,211	-	-	4,045,592	1,820,362
Interest income earned	-	-	289,060	209,749	-	-	24,781	7,063
Reverse repurchase agreements								
Balance at September 30	-	-	-	-	-	-	-	-
Interest income earned	-	-	-	36,364	-	-	-	-
Other assets								
Balance at September 30	-	-	-	-	12,430,707	11,826,016	371,720	804,321
Fee and commission income	35,409	63,012	116	1,978	10,082	73,963	600,636	557,435
Other operating income	-	-	-	-	4,001	270	960,345	1,055,270
Dividend income	-	-	20,772	731,336	-	-	115,160	34,161

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49. Related Party Transactions and Balances (Continued)

	The Group (Continued)							
	Parent and companies controlled by major shareholder		Associated companies of the Group		Directors and key management personnel (and their families)		Companies controlled by directors and related by virtue of common directorship	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Customer deposits								
Balance at September 30	221,614	874,950	136,341	53,383	3,516,602	1,765,463	14,191,114	10,900,947
Interest expense	1,291	2,918	68	2,250	15,926	8,866	62,903	70,129
Repurchase agreements								
Balance at September 30	705,706	514,258	-	-	595,838	717,991	471,048	1,017,497
Interest expense	19,641	10,267	-	125,630	7,659	8,983	14,603	23,828
Borrowed Funds								
Balance at September 30	-	-	-	-	414,858	404,876	3,127	45,689
Interest expense	-	-	-	-	19,948	21,062	148	2,354
Other liabilities								
Balance at September 30	-	-	-	-	102,490	100,961	7,503	2,706
Operating expenses	51,895	194,305	-	5,592	533,398	756,869	1,757,998	1,472,660

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49. Related Party Transactions and Balances (Continued)

	The Company					
	Parent, subsidiaries and companies controlled by major shareholder		Directors and key management personnel (and their families)		Companies controlled by directors and related by virtue of common directorship	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Loans and advances						
Balance at September 30	251,930	251,852	-	-	-	-
Interest income earned	14,414	1,930	-	-	-	-
Investment securities						
Balance at September 30	7,114,685	7,115,932	-	-	-	-
Interest income earned	456,247	455,683	-	-	-	-
Deposits with related party						
Balance at September 30	2,709,773	3,795,678	-	-	-	-
Interest income earned	172,784	255,640	-	-	-	-
Other assets						
Balance at September 30	2,338,473	2,833,413	12,464,486	11,823,310	-	-
Fee and commission income	4,393,467	7,226,241	-	-	-	-
Dividend income	14,652,184	9,720,304	-	-	-	-
Borrowed funds						
Balance at September 30	34,168,434	37,450,244	414,858	404,876	3,127	45,689
Interest expense	2,303,351	2,063,823	19,948	21,062	148	2,354
Other liabilities						
Balance at September 30	1,544,540	9,361	-	-	-	-
Operating Expenses	303,597	335,393	17,772	15,972	10,374	6,990

49. Related Party Transactions and Balances (Continued)

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Key management compensation:				
Salaries and other short-term benefits	7,713,878	5,666,931	4,333,624	3,533,729
Post-employment benefits	586,190	206,777	4,340	17,908
	8,300,068	5,873,708	4,337,964	3,551,637
Directors' emoluments:				
Fees	24,336	24,555	12,241	12,139
Management remuneration:				
Share benefits	1,266,006	1,965,733	1,266,006	1,965,733
Salaries and other benefits	1,858,815	1,089,945	1,858,815	1,089,945
	3,124,821	3,055,678	3,124,821	3,055,678

The compensation of executive directors is partially settled through shares of the Group, rights to which accrue immediately to the directors. Additionally, amounts have been advanced to executive directors for the purpose of acquisition of shares in the Group. The balance outstanding in relation to these advances as at September 30, 2020 is $12,464,486,000 (Note 31). These amounts are being amortised for periods of up to 9 years. The unamortised portion on these advances is repayable once the respective executive leaves the Group prior to the end of the 9-year period. The total amortised for the current year is $980,437,000, which is included in share benefits.

50. Financial Risk Management

The Group takes an enterprise-wide approach to the identification, measurement, monitoring, reporting and management of all its risks. The principal financial risks faced by the organisation are identified as: credit, market, interest rate and liquidity risks.

The Group's risk management framework guides its risk-taking activity and ensures that it is in conformity with regulatory requirements, applicable laws, the Group's risk appetite, shareholder expectations and standards of best practice. The framework incorporates a comprehensive risk governance structure and appropriate policies and procedures.

Risk Governance Structure

The Group's risk governance structure seeks to manage risk/reward by ensuring that revenue-generation activities are compliant with the Group's standards and risk tolerance, while maximising long term shareholder value. The Group's comprehensive risk governance structure incorporates: (a) oversight effected through the Board, Board committees and relevant management committees, (b) administrative controls effected through the establishment of policies, and (c) organisational controls effected through segregation of duties. These controls are reviewed on an ongoing basis to ensure that they provide effective governance of the Group's risk-taking activities.

50. Financial Risk Management (Continued)

Risk limits and benchmarks are integral to the risk management process, as they characterise the Group's risk tolerance and conform to regulatory requirements. Limits are established for:

(i) Credit and Counterparty risk - exposures to individuals, groups, counterparty, country;
(ii) Market risk - rate gap exposure, currency exposure, market value exposure; and
(iii) Liquidity risk - liquidity gaps, funding exposures/liability diversification and liquid assets levels.

Limits and benchmarks are monitored on an ongoing basis and reported to the relevant governance committees.

Policies & Procedures
Rigorous policies and operational procedures are established throughout the organisation and are approved by the relevant management personnel and/or governance committees.

These policies and procedures incorporate requirements for compliance monitoring, maintenance of contingency plans and the provision of reports to management and the relevant governance committees and/ or the Board of Directors.

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

(a) Credit risk

This is defined as potential for loss to the organisation arising from failure of a borrower, guarantor or counterparty to honour their contractual obligations to the Group.

The Group incurs credit and counterparty risk primarily in its loan business, reverse repurchase arrangements, and certain investment activities. There is also credit risk in off-statement of financial position financial instruments, such as loan commitments. Credit risk management is facilitated by a cadre of loans officers and credit risk personnel, who together operate within a control framework which employs a hierarchical level of authorisations for transactions that expose the organisation to credit risk. Operating practices include the establishment of limits, ongoing monitoring of credit risk exposures, a disciplined approach to provisioning and loan loss evaluation in addition to ongoing reporting of portfolio exposures to the relevant governance committees and the regulators.

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded in the statement of financial position.

50. Financial Risk Management (Continued)

(a) Credit risk (continued)

Credit-related commitment risks arise from guarantees which may require payment on behalf of customers. Such payments are collected from customers based on the terms of the letters of credit. They expose the Group to risks similar to loans and these are mitigated by the same control policies and processes.

Covid-19
Arising from our surveillance, we recognised that our borrowing customers would have experienced significant fallout which could result in increased credit losses for the Group. To assist our customers, there were extensions of moratoriums, payment deferrals and other accommodative activities which impacted approximately twenty-five percent of the Group's loan portfolio and this had a positive impact on the delinquency levels of our credit portfolios. Despite the positive trends observed, we did make significant adjustments to our ECLs to recognise the increased credit risk associated with the environments. Increased ECLS were also effected for our investment portfolios, which are heavily comprised of sovereign debt.

Credit review process
The Group has established a credit quality review process involving regular analysis of the ability of borrowers and other counterparties to meet interest and capital repayment obligations.

The Group employs the following classifications in assessing its exposures to its borrowing customers. The classifications are in line with the Jamaican Central Bank regulations.

Standard
Special Mention
Sub-Standard
Doubtful
Loss

Exposure to credit risk is mitigated by the taking of financial or physical assets.

Collateral and other credit enhancements
The amount and type of collateral required depend on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of different types of collateral.

The main types of collateral obtained are as follows:

(i) Loans - mortgages over residential properties, charges over business assets such as premises, inventory and accounts receivable and charges over financial instruments such as debt securities.

(ii) Securities lending and reverse repurchase transactions – cash or securities.

The Group may also obtain guarantees from parent companies for loans to their subsidiaries.

Collateral values are monitored with a view to requesting additional collateral where market values are compromised or the terms in the loan agreements dictate.

The Group closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Group will take possession of collateral to mitigate potential credit losses. Financial assets that are credit-impaired and related collateral held in order to mitigate potential losses are shown below.

50. Financial Risk Management (Continued)

(a) Credit risk (continued)

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

	The Group			
	2019			
	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held
Credit-impaired assets	**$000**	**$000**	**$000**	**$000**
Loans and advances	22,393,907	(9,526,730)	12,867,177	30,661,904
Debt securities	4,685,760	(363,215)	4,322,545	-
Total credit-impaired assets	27,079,667	(9,889,945)	17,189,722	30,661,904

50. Financial Risk Management (Continued)

(a) Credit risk (continued)

Impairment loss provision methodology
Provisions for impairment losses are assessed under three categories as described below:

Sub-standard, Doubtful or Loss rated loans
The Group identifies substandard, doubtful or loss rated loans as determined by Bank of Jamaica Regulations. The calculated provision is adjusted by the future cash flow from the realisation of the related collateral.

Individually Significant, Standard and Special Mention loans
Individually significant loans are reviewed to determine whether the loans show objective evidence of impairment and to determine the extent of provision required. Impairment may be determined through assessment of a number of factors, which include:

(i) Any significant financial difficulty being experienced by the borrower.
(ii) Breach of contract, such as default term, delinquency in principal and interest.
(iii) High probability of bankruptcy or other financial reorganisation by the borrower.

Collectively assessed provisions
All loans, excluding those that are impaired, are assessed on a portfolio basis where possible, in order to reflect the homogenous nature of the loans. The provision is determined by a quantitative review of the respective portfolios.

The tables below show the loans and the associated impairment provision for each internal rating class:

	The Group			
	2020		2019	
	Loans $'000	Impairment provision $'000	Loans $'000	Impairment provision $'000
Standard	430,460,508	6,957,494	387,577,599	474,879
Special Mention	13,137,707	325,344	14,688,170	98,652
Sub-Standard	5,564,899	1,118,571	9,385,854	2,143,658
Doubtful	10,869,493	4,633,356	15,185,815	5,188,666
Loss	7,351,249	5,553,129	5,784,061	5,251,765
	467,383,856	18,587,894	432,621,499	13,157,620

50. Financial Risk Management (Continued)

(a) Credit risk (continued)

The credit quality of loans is summarised as follows:

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Unimpaired	442,670,598	410,227,592	-	-
Impaired	24,713,258	22,393,907	-	-
Gross	467,383,856	432,621,499	-	-
Less: provision for credit losses	(18,587,894)	(13,157,620)	-	-
Net	448,795,962	419,463,879	-	-

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

	The Group		The Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Less than 30 days	76,348,094	85,101,945	-	-
31 to 60 days	14,280,307	8,977,458	-	-
61 to 90 days	8,798,714	4,834,422	-	-
Greater than 90 days	1,414,630	2,166,657	-	-
	100,841,745	101,080,482	-	-

Of the aggregate amount of gross past due but not impaired loans, $19,756,243,000 was secured as at September 30, 2020 (2019 – $83,060,512,000).

Restructured loans
Restructuring activities include extended payment arrangements, approved external management plans, and modification and deferral of payments. Following restructuring, a previously overdue customer account is reset to a normal status and managed together with other similar accounts. Restructuring policies and practices are based on indicators or criteria which, in the judgment of management, indicate that payment will most likely continue. These policies are kept under continuous review. Restructuring is most commonly applied to term loans.

50. Financial Risk Management (Continued)

(a) Credit risk (continued)

Restructured loans (continued)

The determination of whether a loan would qualify for renegotiation is made only if all factors indicate that the borrower is able to repay in full (including interest). In making this assessment, the Group takes its historic experience with the borrowers, their expected future cash flows, collateral valuations and any guarantees into consideration. Therefore, at the time of modification, all renegotiated loans are interest bearing with interest being calculated using the terms of the modified loan.

All renegotiated loans are individually assessed for impairment as the active renegotiation of a loan as a result of borrower difficulty, is considered a trigger for determining whether the loan should be tested for impairment. In carrying out its assessment, the Group uses the same methodology as with any other loan in the portfolio that exhibits other objective evidence of impairment. These loans are, however, actively monitored for at least 12 months from the time of renegotiation to determine whether circumstances have changed that would result in the loan being impaired or whether there should be an increase in the current level of impairment.

Credit risk exposure

The table below represents a worst case scenario of credit risk exposure of the Group and the Company at the date of the statement of financial position, without taking account of any collateral held or other credit enhancements. For on-statement of financial position assets, the exposures set out below are based on net carrying amounts as reported in the statement of financial position.

	The Group		The Company	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Credit risk exposures relating to on-statement of financial position assets:				
Balances with Central Banks	74,039,589	62,535,389	-	-
Due from banks	169,992,284	147,035,076	2,760,873	3,844,168
Derivative financial instruments	653,735	239,279	-	-
Reverse repurchase agreements	9,518,854	7,837,898	251,893	251,852
Loans and advances, net of credit impairment losses	452,954,936	423,102,600	-	-
Investment securities	780,623,376	697,102,360	7,114,685	7,115,932
Customers' liability – letters of credit and undertaking	3,618,540	2,051,519	-	-
Reinsurance assets	26,532,008	33,779,448	-	-
Other assets	32,271,051	40,732,005	13,707,012	14,841,143
	1,550,204,373	1,414,415,574	23,834,463	26,053,095
Credit risk exposures relating to off-statement of financial position items:				
Credit commitments	65,777,352	61,386,535	-	-
Acceptances, guarantees and indemnities	13,152,553	8,869,830	-	-
	78,929,925	70,256,365	-	-

50. Financial Risk Management (Continued)

(a) Credit risk (continued)

Credit exposures

(i) Loans

The majority of loans are made to customers in Jamaica and Bermuda. The following table summarises the credit exposure for loans at their carrying amounts, as categorised by the industry sectors:

	The Group		The Company	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Agriculture	9,205,419	8,761,071	-	-
Public Sector	9,021,595	6,697,400	-	-
Construction and land development	19,621,656	23,753,824	-	-
Other financial institutions	8,079,934	4,773,893	250,000	250,000
Distribution	44,839,821	45,316,532	-	-
Electricity, water & gas	12,057,964	13,061,527	-	-
Entertainment	1,117,331	1,342,061	-	-
Manufacturing	8,105,729	7,036,936	-	-
Mining and processing	173,704	4,585,903	-	-
Personal	250,692,640	250,585,021	-	-
Professional and other services	27,235,685	19,303,058	-	-
Tourism	42,825,463	37,066,090	-	-
Transportation storage and communication	2,490,606	7,797,313	-	-
Overseas residents	31,916,309	2,540,870	-	-
Total	467,383,856	432,621,499	250,000	250,000
Expected credit losses	(18,587,894)	(13,157,620)	(37)	-
	448,795,962	419,463,879	249,963	250,000
Interest receivable	4,158,974	3,638,721	1,930	1,852
Net	452,954,936	423,102,600	251,893	251,852

(ii) Debt securities

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

	The Group	
	2020 $'000	**2019 $'000**
Government of Jamaica and Bank of Jamaica	323,373,333	286,293,065
Other corporate bonds	164,566,839	158,494,216
Foreign governments	284,062,982	244,580,079
	772,003,154	689,367,360
Expected credit losses	(1,008,762)	(1,393,658)
Interest receivable	9,628,984	9,128,658
	780,623,376	697,102,360

50. Financial Risk Management (Continued)

(a) Credit risk (continued)

Maximum exposure to credit risk

The following tables contain an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised at September 30, 2020.

	The Group				
	ECL staging				
	2020				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
DEBT SECURITIES	$000	$000	$000	$000	$000
Risk rating					
Low	268,016,627	-	-	-	268,016,627
Medium	377,243,878	3,788,577	-	1,388,405	382,420,860
High	4,456,284	637,937	-	-	5,094,221
Default	-	-	73,271	3,534,874	3,608,145
Gross carrying amount	649,716,789	4,426,514	73,271	4,923,279	659,139,853
Loss allowance on amortised cost	(710,722)	(265,701)	(32,339)	-	(1,008,762)
Carrying amount	649,006,067	4,160,813	40,932	4,923,279	658,131,092

	The Group				
	ECL staging				
	2019				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
DEBT SECURITIES	$000	$000	$000	$000	$000
Risk rating					
Low	247,531,073	1,470,018	-	-	249,001,091
Medium	328,637,712	3,094,611	-	4,168,039	335,900,362
High	3,985,850	922,133	-	-	4,907,983
Default	-	123,089	517,721	-	640,810
Gross carrying amount	580,154,635	5,609,851	517,721	4,168,039	590,450,246
Loss allowance on amortised cost	(1,393,658)	-	-	-	(1,393,658)
Carrying amount	578,760,977	5,609,851	517,721	4,168,039	589,056,588

50. Financial Risk Management (Continued)

(a) Credit risk (continued)

Maximum exposure to credit risk(continued)

	The Group				
	ECL staging				
	2020				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
LOANS AND ADVANCES	$000	$000	$000	$000	$000
Risk rating					
Low	211,348,611	91,352,844	212,294	-	302,913,749
Medium	84,844,710	46,354,111	454,014	-	131,652,835
High	1,472,219	4,951,385	14,993,312	-	21,416,916
Default	-	157,009	11,243,347	-	11,400,356
Gross carrying amount	297,665,540	142,815,348	26,902,967	-	467,383,856
Loss allowance	(1,888,748)	(4,968,915)	(11,730,230)	-	(18,587,894)
Carrying amount	295,776,792	137,846,433	15,172,737	-	448,795,962

	The Group				
	ECL staging				
	2019				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
LOANS AND ADVANCES	$000	$000	$000	$000	$000
Risk rating					
Low	278,058,237	8,422,494	24,606	-	286,505,337
Medium	110,651,378	6,835,092	-	-	117,486,470
High	3,348,586	4,244,019	12,453,968	-	20,046,573
Default	-	149,429	8,433,690	-	8,583,119
Gross carrying amount	392,058,201	19,651,034	20,912,264	-	432,621,499
Loss allowance	(1,594,326)	(2,036,563)	(9,526,731)	-	(13,157,620)
Carrying amount	390,463,875	17,614,471	11,385,533	-	419,463,879

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50. Financial Risk Management (Continued)

(a) Credit risk (continued)

Maximum exposure to credit risk(continued)

	The Group				
	ECL staging				
	2020				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
DUE FROM BANKS, REINSURANCE and OTHER ASSETS	**\$000**	**\$000**	**\$000**	**\$000**	**\$000**
Risk rating					
Low	228,795,343	-	-	-	228,795,343
Gross carrying amount	228,795,343	-	-	-	228,795,343
Loss allowance	(705,116)	-	-	-	(705,116)
Carrying amount	228,090,227	-	-	-	228,090,227

	The Group				
	ECL staging				
	2019				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
DUE FROM BANKS, REINSURANCE and OTHER ASSETS	**\$000**	**\$000**	**\$000**	**\$000**	**\$000**
Risk rating					
Low	221,546,529	-	-	-	221,546,529
Gross carrying amount	221,546,529	-	-	-	221,546,529
Loss allowance	(398,585)	-	-	-	(398,585)
Carrying amount	221,147,944	-	-	-	221,147,944

50. Financial Risk Management (Continued)

(a) Credit risk (continued)

Maximum exposure to credit risk(continued)

	The Company				
	ECL staging				
	2020				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
DEBT SECURITIES	$000	$000	$000	$000	$000
Risk rating					
Low	7,114,685	-	-	-	7,114,685
Gross carrying amount	7,114,685	-	-	-	7,114,685

	The Company				
	ECL staging				
	2019				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
DEBT SECURITIES	$000	$000	$000	$000	$000
Risk rating					
Low	7,115,932	-	-	-	7,115,932
Gross carrying amount	7,115,932	-	-	-	7,115,932

50. Financial Risk Management (Continued)

(a) Credit risk (continued)

Maximum exposure to credit risk(continued)

	The Company				
	ECL staging				
	2020				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
LOANS AND ADVANCES	$000	$000	$000	$000	$000
Risk rating					
Low	251,930	-	-	-	251,930
Gross carrying amount	251,930	-	-	-	251,930
Loss allowance	(37)	-	-	-	(37)
Carrying amount	251,893	-	-	-	251,893

	The Company				
	ECL staging				
	2019				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
LOANS AND ADVANCES	$000	$000	$000	$000	$000
Risk rating					
Low	251,899	-	-	-	251,899
Gross carrying amount	251,899	-	-	-	251,899
Loss allowance	(47)	-	-	-	(47)
Carrying amount	251,852	-	-	-	251,852

50. Financial Risk Management (Continued)

(a) Credit risk (continued)

Maximum exposure to credit risk(continued)

	The Company				
	ECL staging				
	2020				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
DUE FROM BANKS, REINSURANCE and OTHER ASSETS	$000	$000	$000	$000	$000
Risk rating					
Low	16,467,884	-	-	-	16,467,884
Gross carrying amount	16,467,884	-	-	-	16,467,884
Loss allowance	-	-	-	-	-
Carrying amount	16,467,884	-	-	-	16,467,884

	The Company				
	ECL staging				
	2019				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
DUE FROM BANKS, REINSURANCE and OTHER ASSETS	$000	$000	$000	$000	$000
Risk rating					
Low	18,685,340	-	-	-	18,685,340
Gross carrying amount	18,685,340	-	-	-	18,685,340
Loss allowance	(29)	-	-	-	(29)
Carrying amount	18,685,311	-	-	-	18,685,311

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50. Financial Risk Management (Continued)

(a) Credit risk (continued)

The following tables contain an analysis of the expected credit losses. For debt securities, the amounts disclosed include instruments at amortised cost (ECL disclosed in maximum exposure to credit risk) and FVOCI:

	The Group				
	ECL staging				
	2020				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
DEBT SECURITIES	**$000**	**$000**	**$000**	**$000**	**$000**
Risk rating					
Low	211,057	-	-	-	211,057
Medium	1,815,582	245,295	-	-	2,060,877
High	656,758	82,482	-	-	739,240
Default	-	-	32,448	-	32,448
Loss allowance	2,683,397	327,777	32,448	-	3,043,622

	The Group				
	ECL staging				
	2019				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
DEBT SECURITIES	**$000**	**$000**	**$000**	**$000**	**$000**
Risk rating					
Low	289,494	21,737	-	-	311,231
Medium	1,948,894	212,961	-	-	2,161,855
High	628,598	128,927	-	-	757,525
Default	-	-	363,215	-	363,215
Loss allowance	2,866,986	363,625	363,215	-	3,593,826

50. Financial Risk Management (Continued)

(a) Credit risk (continued)

	The Group				
	ECL staging				
	2020				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
LOANS AND ADVANCES	$000	$000	$000	$000	$000
Risk rating					
Low	1,076,042	2,743,968	5,398	-	3,825,408
Medium	781,546	1,961,975	17,340	-	2,760,861
High	31,137	105,964	3,908,511	-	4,045,612
Default	-	157,009	7,799,004	-	7,956,013
Loss allowance	1,888,725	4,968,916	11,730,253	-	18,587,894

	The Group				
	ECL staging				
	2019				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
LOANS AND ADVANCES	$000	$000	$000	$000	$000
Risk rating					
Low	880,421	105,735	558	-	986,714
Medium	651,499	1,762,297	-	-	2,413,796
High	62,406	168,531	23,350	-	254,287
Default	-	-	9,502,823	-	9,502,823
Loss allowance	1,594,326	2,036,563	9,526,731	-	13,157,620

50. Financial Risk Management (Continued)

(a) Credit risk (continued)

	The Group				
	ECL staging				
	2020				
	Stage 1	Stage 2	Stage 3	Purchased credit-	
	12-month ECL	Lifetime ECL	Lifetime ECL	impaired	Total
DUE FROM BANKS, REINSURANCE and OTHER ASSETS	$000	$000	$000	$000	$000
Risk rating					
Low	705,116	-	-	-	705,116
Loss allowance	705,116	-	-	-	705,116

	The Group				
	ECL staging				
	2019				
	Stage 1	Stage 2	Stage 3	Purchased credit-	
	12-month ECL	Lifetime ECL	Lifetime ECL	impaired	Total
DUE FROM BANKS, REINSURANCE and OTHER ASSETS	$000	$000	$000	$000	$000
Risk rating					
Low	398,585	-	-	-	398,585
Loss allowance	398,585	-	-	-	398,585

	The Company				
	ECL staging				
	2020				
	Stage 1	Stage 2	Stage 3	Purchased	
	12-month ECL	Lifetime ECL	Lifetime ECL	credit-impaired	Total
DEBT SECURITIES	$000	$000	$000	$000	$000
Risk rating					
Low	1,634	-	-	-	1,634
Loss allowance	1,634	-	-	-	1,634

	The Company				
	ECL staging				
	2019				
	Stage 1	Stage 2	Stage 3	Purchased	
	12-month ECL	Lifetime ECL	Lifetime ECL	credit-impaired	Total
DEBT SECURITIES	$000	$000	$000	$000	$000
Risk rating					
Low	1,331	-	-	-	1,331
Loss allowance	1,331	-	-	-	1,331

50. Financial Risk Management (Continued)

(a) Credit risk (continued)

	ECL staging				
	2020				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
LOANS AND ADVANCES	**$000**	**$000**	**$000**	**$000**	**$000**
Risk rating					
Low	25	-	-	-	25
Loss allowance	25	-	-	-	25

	ECL staging				
	2019				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
LOANS AND ADVANCES	**$000**	**$000**	**$000**	**$000**	**$000**
Risk rating					
Low	47	-	-	-	47
Loss allowance	47	-	-	-	47

50. Financial Risk Management (Continued)

(a) Credit risk (continued)

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

	The Company				
	ECL staging				
	2019				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
DUE FROM BANKS and OTHER ASSETS	$000	$000	$000	$000	$000
Risk rating					
Low	29	-	-	-	29
Gross carrying amount	29	-	-	-	29

50. Financial Risk Management (Continued)

(a) Credit risk (continued)

Loss allowance

The following tables explain the changes in the loss allowance between the beginning and the end of the annual period due to these factors:

	The Group				
	ECL staging				
	2020				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
DEBT SECURITIES	**$000**	**$000**	**$000**	**$000**	**$000**
Loss allowance as at October 1, 2019	2,866,986	363,625	363,215	-	3,593,826
Transfers:					
Transfer from Stage 1 to Stage 2	(175,597)	175,597	-	-	-
Transfer from Stage 1 to Stage 3	(32,448)	-	32,448	-	-
Transfer from Stage 2 to Stage 1	102,443	(102,443)	-	-	-
New financial assets originated or purchased	1,195,477	58,131	-	-	1,253,608
Financial assets derecognised during the period	(568,714)	(13,401)	(362,581)	-	(944,696)
Changes to principal	(5,631)	(33,286)	-	-	(38,917)
Changes to input to ECL model	(581,570)	(114,595)	-	-	(696,165)
Foreign exchange movement	(117,549)	(5,851)	(634)	-	(124,034)
Loss allowance as at September 30, 2020	2,683,397	327,777	32,448	-	3,043,622

	The Group				
	ECL staging				
	2019				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
DEBT SECURITIES	**$000**	**$000**	**$000**	**$000**	**$000**
Loss allowance as at October 1, 2018	2,732,330	470	365,068	-	3,097,868
Transfers:					
Transfer from Stage 1 to Stage 2	(50,248)	50,248	-	-	-
Transfer from Stage 2 to Stage 1	2,371	(2,371)	-	-	-
New financial assets originated or purchased	623,962	31,440	-	-	655,402
On acquisition of subsidiary	1,133,086	307,484	-	-	1,440,570
Disposal of subsidiary	(29,725)	-	-	-	(29,725)
Financial assets derecognised during the period	(1,005,741)	(2,849)	-	-	(1,008,590)
Changes to principal	(4,841)	-	-	-	(4,841)
Changes to input to ECL model	(452,152)	(18,824)	-	-	(470,976)
Foreign exchange movement	(82,056)	(1,973)	(1,853)	-	(85,882)
Loss allowance as at September 30, 2019	2,866,986	363,625	363,215	-	3,593,826

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50. Financial Risk Management (Continued)

(a) Credit risk (continued)

Loss allowance (continued)

	The Group ECL staging 2020				
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Purchased credit-impaired**	**Total**
LOANS AND ADVANCES	**$000**	**$000**	**$000**	**$000**	**$000**
Loss allowance as at October 1, 2019	**1,594,326**	**2,036,564**	**9,526,730**	**-**	**13,157,620**
Transfers:					
Transfer from Stage 1 to Stage 2	(696,236)	696,236	-	-	-
Transfer from Stage 1 to Stage 3	(23,600)	-	23,600	-	-
Transfer from Stage 2 to Stage 3	-	(174,144)	174,144	-	-
Transfer from Stage 2 to Stage 1	500,052	(500,052)	-	-	-
Transfer from Stage 3 to Stage 1	16,253	-	(16,253)	-	-
Transfer from Stage 3 to Stage 2	-	8,556	(8,556)	-	-
New financial assets originated or purchased	1,138,238	852,942	2,550,094	-	4,541,274
Financial assets derecognised during the period	(853,054)	(1,394,609)	(2,857,579)	-	(5,105,242)
Write offs	-	-	(4,932,507)	-	(4,932,507)
Changes to principal	415,983	(247,394)	5,682,975	-	5,851,564
Changes to input to ECL model	(205,414)	3,698,018	1,587,019	-	5,079,623
Foreign exchange movement	2,177	(7,201)	586		(4,438)
Loss allowance as at September 30, 2020	**1,888,725**	**4,968,916**	**11,730,253**	**-**	**18,587,894**

	The Group ECL staging 2019				
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Purchased credit-impaired**	**Total**
LOANS AND ADVANCES	**$000**	**$000**	**$000**	**$000**	**$000**
Loss allowance as at October 1, 2018	1,620,577	224,868	6,756,798	**-**	8,602,243
Transfers:					
Transfer from Stage 1 to Stage 2	(222,328)	222,328	-	-	-
Transfer from Stage 1 to Stage 3	(1,710,388)	-	1,710,388	-	-
Transfer from Stage 2 to Stage 3	-	(796,326)	796,326	-	-
Transfer from Stage 2 to Stage 1	16,643	(16,643)	-	-	-
Transfer from Stage 3 to Stage 1	46	-	(46)	-	-
Transfer from Stage 3 to Stage 2	-	12,632	(12,632)	-	-
New financial assets originated or purchased	1,833,130	1,697,715	-	-	3,530,845
On acquisition of subsidiary	103,903	371,678	196,329	-	671,910
Financial assets derecognised during the period	(1,610)	(482)	(402)	-	(2,494)
Write offs	-	160	(1,017,777)	-	(1,017,617)
Changes to principal	(4,165)	(11,596)	-	-	(15,761)
Changes to input to ECL model	(41,602)	334,641	1,097,826	-	1,390,865
Foreign exchange movement	120	(2,411)	(80)	-	(2,371)
Loss allowance as at September 30, 2019	**1,594,326**	**2,036,564**	**9,526,730**	**-**	**13,157,620**

50. Financial Risk Management (Continued)

(a) Credit risk (continued)

Loss allowance (continued)

	The Group				
	ECL staging				
	2020				
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Purchased credit-impaired**	**Total**
DUE FROM BANKS, REINSURANCE ASSET and OTHER ASSETS	**$000**	**$000**	**$000**	**$000**	**$000**
Loss allowance as at October 1, 2020	398,585	-	-	-	398,585
New financial assets originated or purchased					
Financial assets derecognised during the period	306,531	-	-	-	306,531
Loss allowance as at September 30, 2020	705,116	-	-	-	705,116

	The Group				
	ECL staging				
	2019				
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Purchased credit-impaired**	**Total**
DUE FROM BANKS, REINSURANCE ASSET and OTHER ASSETS	**$000**	**$000**	**$000**	**$000**	**$000**
Loss allowance as at October 1, 2018	15,227	-	-	-	15,227
On acquisition of subsidiary	398,342	-	-	-	398,342
New financial assets originated or purchased	243	-	-	-	243
Financial assets derecognised during the period	(15,227)	-	-	-	(15,227)
Loss allowance as at September 30, 2019	398,585	-	-	-	398,585

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

	The Company ECL staging 2020				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
DEBT SECURITIES	**$000**	**$000**	**$000**	**$000**	**$000**
Loss allowance as at October 1, 2019	1,408	-	-	-	1,408
Transfers:					
New financial assets originated or purchased	226	-	-	-	226
Loss allowance as at September 30, 2020	1,634	-	-	-	1,634

	The Company ECL staging 2019				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
DEBT SECURITIES	**$000**	**$000**	**$000**	**$000**	**$000**
Loss allowance as at October 1, 2018	1,353	-	-	-	1,353
Transfers:					
New financial assets originated or purchased	55	-	-	-	55
Loss allowance as at September 30, 2019	1,408	-	-	-	1,408

	The Company ECL staging 2020				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
LOANS AND ADVANCES	**$000**	**$000**	**$000**	**$000**	**$000**
Loss allowance as at October 1, 2019	47	-	-	-	47
Transfers:					
Financial assets derecognised	(10)	-	-	-	(10)
Loss allowance as at September 30, 2020	37	-	-	-	37

	The Company ECL staging 2019				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
LOANS AND ADVANCES	**$000**	**$000**	**$000**	**$000**	**$000**
Loss allowance as at October 1, 2018	-	-	-	-	-
Transfers:					
New financial assets originated or purchased	47	-	-	-	47
Loss allowance as at September 30, 2019	47	-	-	-	47

50. Financial Risk Management (Continued)

(a) Credit risk (continued)

Loss allowance (continued)

	The Company				
	ECL staging				
	2020				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
DUE FROM BANKS, REINSURANCE ASSET and OTHER ASSETS	$000	$000	$000	$000	$000
Loss allowance as at October 1, 2019	29	-	-	-	29
Transfers:					
Financial assets derecognised during the period	(29)	-	-	-	(29)
Loss allowance as at September 30, 2020	-	-	-	-	-

	The Company				
	ECL staging				
	2019				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
DUE FROM BANKS, REINSURANCE ASSET and OTHER ASSETS	$000	$000	$000	$000	$000
Loss allowance as at October 1, 2018	226	-	-	-	226
Transfers:					
New financial assets originated or purchased	29	-	-	-	29
Financial assets derecognised during the period	(226)	-	-	-	(226)
Loss allowance as at September 30, 2019	29	-	-	-	29

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50. Financial Risk Management (Continued)

(a) Credit risk (continued)

The most significant period-end assumptions used for the ECL estimate are set out in the tables below

At October 1, 2019 and September 30, 2020

Economic variable assumptions for exposure – securities

Macroeconomic variables used in the Group's ECL models for securities include, but are not limited to, Global Gross Domestic Product growth, Global Consumer Price Index and interest rates. The impact of these economic variables has been determined by performing statistical analysis to understand that a correlation exists between certain variables. The PDs and LGDs are impacted by long-term changes in the various data sets gathered from external rating agencies (Standard & Poor, Moody's) and the International Monetary Fund. Macroeconomic variable assumptions in the expected credit loss models include Global Gross Domestic Product growth of -3.70 (2019: 3.71) and Global Consumer Price Index 4.40 (2019: 3.29).

Economic variable assumptions for exposure – loans and advances

For lending operations in Jamaica and Trinidad and Tobago, management has examined the information within the market and selected economic metrics that have a significant correlation to credit losses.

Expected state for the next 12 months		Jamaica	Trinidad
GDP growth	Base	Negative	Negative
	Upside	Positive	Positive
	Downside	Negative	Negative
Inflation	Base	Stable	Stable
	Upside	Stable	Stable
	Downside	Negative	Negative

In the Bermuda subsidiaries macroeconomic variables include, but are not limited to, unemployment rates, collateral normalization rates and interest rates. The impact of these economic variables has been determined by performing statistical analyses to confirm that a correlation exists between certain variables, mainly default rates. The PD is impacted by changes in unemployment rate data gathered from an external rating agency. Collateral normalisation rate changes impact the LGD and interest rates estimations will impact future year balances in the calculation of ECL. The impact of any reasonably possible fluctuations in these variables is considered by management to be immaterial.

50. Financial Risk Management (Continued)

(a) Credit risk (continued)

Sensitivity analysis

Set out below are the changes in ECL as at 30 September 2020 that would result from a reasonably possible change in the PDs used by the Group:

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

	The Group		
	2019		
			Impact on ECL
Financial Assets	**Actual PD ranges applied**	**% Change in PD**	**Impact**
			$'000
Debt securities	0.0145% - 30.8%	+/- 20%	547,444
Loans and advances	0% - 0.074%	+/- 20%	178,723
Repurchase agreements	0.002% - 0.018%	+/- 20%	169
Cash and cash equivalents	0.002% - 0.007%	+/- 20%	3,353
Commitments, guarantees & LCs	0.1512% -0.688%	+/- 20%	-
Total			729,689

50. Financial Risk Management (Continued)

(a) Credit risk (continued)

	The Company 2020		
			Impact on ECL
Financial Assets	**Actual PD ranges applied**	**% Change in PD**	**Impact**
			$'000
Debt securities	0.01901%	+/- 30%	490
Loans and advances	0.018%	+/- 30%	-
Cash and cash equivalents	0.0016%	+/- 30%	-
Total			490

	The Company 2019		
			Impact on ECL
Financial Assets	**Actual PD ranges applied**	**% Change in PD**	**Impact**
			$'000
Debt securities	0.01901%	+/- 20%	266
Loans and advances	0.018%	+/- 20%	9
Cash and cash equivalents	0.0016%	+/- 20%	6
Total			281

50. Financial Risk Management (Continued)

(b) Liquidity risk

The Group's liquidity risk policy is designed to ensure that it can meet cash obligations when they fall due and take advantage of unanticipated earnings enhancement opportunities.

Liquidity management within the Group, which incorporates funding risk management, ensures that there is a sufficient level of liquid assets available in addition to stable funding lines to meet on-going cash commitments even during periods of stress. The management of liquidity risk is executed within a framework which comprises:

(i) Oversight by relevant governance committees;

(ii) Daily management of liquidity by the relevant treasury/investment units within each Group company;

(iii) Use of tools to measure the Group's exposures;

(iv) Establishment and monitoring of limits/benchmarks for maturity mismatches and funding concentrations;

(v) Diversification of funding sources;

(vi) Maintenance of committed lines of credits; and

(vii) Monitoring of adherence to regulatory ratios.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month, respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

The matching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Group's liquidity exposure. It is unusual for companies to be completely matched since business transacted is often of uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of loss.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Group and its exposure to changes in interest rates and exchange rates.

COVID 19 would have resulted in increased liability run-offs, albeit moderate. Our liquidity positioning was sufficient, thereby enabling the Group meet its contractual and regulatory obligations. It was also further bolstered by USD fund raising activities in the international markets.

50. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Cash flows of financial liabilities

The tables below present the contractual maturities of undiscounted cash flows (both interest and principal cash flows) of the financial assets (expected) and liabilities (contractual and expected) based on the remaining period.

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

	The Group					
	Within 1 Month $'000	2 to 3 Months $'000	4 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Total $'000
As at September 30, 2019:						
Due to Banks	7,650,272	2,057,785	5,987,784	18,082,435	-	33,778,276
Customer deposits	420,197,834	17,323,412	59,687,139	18,388,394	-	515,596,779
Repurchase agreements	75,136,421	41,242,132	25,566,555	44,217,404	-	186,162,512
Obligations under securitisation arrangements	2,230,244	1,213,217	10,891,642	33,184,758	8,107,276	55,627,137
Other borrowed funds	804,097	12,484,150	14,205,324	107,201,569	7,064,703	141,759,843
Third party interests in mutual funds	22,138,490	-	-	-	-	22,138,490
Liabilities under annuity , insurance and investment contracts	30,149,605	4,047,695	46,807,275	84,927,042	540,725,943	706,657,560
Segregated fund liabilities	2,032,449	3,415,398	10,812,339	-	-	16,260,186
Other	39,830,086	-	-	-	-	39,830,086
Total financial liabilities (contractual maturity dates)	600,169,498	81,783,789	173,958,058	306,001,602	555,897,922	1,717,810,869
Total financial liabilities (expected maturity dates)	167,663,781	66,571,720	195,865,748	409,507,719	882,526,066	1,722,135,034
Total financial assets (expected maturity dates)	284,540,702	41,714,693	134,919,008	517,332,898	894,829,097	1,873,336,398

50. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Cash flows of financial liabilities (continued)

	The Company					
	Within 1 Month $'000	2 to 3 Months $'000	4 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Total $'000
As at September 30, 2020:						
Due to banks	-	2,814,244	10,651,090	168,655	-	13,633,989
Other borrowed funds	41,126	3,426,512	31,272,543	50,470,127	-	85,210,308
Other	-	1,808,394	-	-	-	1,808,394
Total financial liabilities (contractual maturity dates)	41,126	8,049,150	41,923,633	50,638,782		100,652,691
Total financial liabilities (expected maturity dates)	41,126	8,049,150	41,923,633	50,638,782		100,652,691
Total financial assets (expected maturity dates)	17,667,885	229,370	257,247	2,064,329	9,256,301	29,475,132

	The Company					
	Within 1 Month $'000	2 to 3 Months $'000	4 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Total $'000
As at September 30, 2019:						
Due to banks	-	2,983,285	163,449	18,082,435	-	21,229,169
Other borrowed funds	535,178	853,313	11,147,454	68,055,743	-	80,591,688
Other	626,443	-	-	-	-	626,443
Total financial liabilities (contractual maturity dates)	1,161,621	3,836,598	11,310,903	86,138,178	-	102,447,300
Total financial liabilities (expected maturity dates)	1,161,621	3,836,598	11,310,903	86,138,178	-	102,447,300
Total financial assets (expected maturity dates)	4,320,340	155,883	708,721	7,041,586	13,615,210	25,841,740

Assets available to meet all of the liabilities and to cover outstanding loan commitments include cash, central bank balances, items in the course of collection, investment securities and other eligible bills, loans and advances to banks, and loans and advances to customers. In the normal course of business, a proportion of customer loans contractually repayable within one year will be extended. In addition, debt securities and treasury and other bills have been pledged to secure liabilities. The Group is also able to meet unexpected net cash outflows by selling securities and accessing additional funding sources from other financial institutions.

50. Financial Risk Management (Continued)

(b) Liquidity risk (continued)
Cash flows of financial liabilities (continued)

Off-statement of financial position items
The tables below show the contractual expiry by maturity of commitments.

	The Group			
	No later than 1 year $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
At September 30, 2020				
Credit commitments	48,901,692	16,230,139	645,541	65,777,372
Guarantees, acceptances and other financial facilities	9,190,289	1,610,382	2,351,882	13,152,553
Capital commitments	5,660,761	2,548,357	-	8,209,118
	63,752,742	20,388,878	2,997,423	87,139,043
At September 30, 2019				
Credit commitments	53,107,800	6,677,836	1,600,899	61,386,535
Guarantees, acceptances and other financial facilities	5,855,716	3,014,114	-	8,869,830
Operating lease commitments	607,006	1,983,898	701,919	3,292,823
Capital commitments	4,656,873	449,912	-	5,106,785
	64,227,395	12,125,760	2,302,818	78,655,973

Capital commitments are in relation to approved expenditures for property, plant, equipment and computer software that were unused as at the end of the respective financial years either because they relate to work in progress or are awaiting the start of the project. Of the total capital commitments, planned expenditure valuing $2,477,104,000 (2019 – $51,464,000) for the Group has already been contracted.

50. Financial Risk Management (Continued)

(c) **Market risk (continued)**

(i) Currency risk (continued)

Concentrations of currency risk – on- and off-statement of financial position financial instruments

The tables below summarise the Group's and the Company's exposure to foreign currency exchange rate risk as at the date of the statement of financial position

	J$	US$	BMD
September 30, 2020	**$'000**	**$'000**	**$'000**
Assets			
Cash in hand and balances at Central Banks	46,160,240	23,384,303	924,465
Due from banks	10,799,022	85,390,411	1,948,451
Reverse repurchase agreements	3,921,613	5,597,241	-
Loans and advances net of provision for credit losses	242,590,013	109,025,839	80,113,585
Investment securities	228,091,358	402,034,940	-
Derivative financial instruments	287,758	365,977	-
Reinsurance assets	1,255,170	11,448,283	-
Other	18,117,828	10,041,829	2,416,883
Total financial assets	551,223,002	647,288,823	85,403,384
Liabilities			
Due to banks	1,217,725	28,702,909	-
Customer deposits	251,926,192	210,007,491	85,681,883
Repurchase agreements	68,782,566	140,791,814	-
Obligations under securitisation arrangements	-	71,859,041	-
Other borrowed funds	27,775,595	57,291,454	-
Liabilities under annuity , insurance and investment contracts	64,887,925	28,222,239	-
Lease liabilities	1,788,660	77,306	577,325
Derivative financial instruments	-	-	-
Segregated fund liabilities	14,255,178	-	-
Third party interest in mutual funds	-	9,148,146	-
Other	22,506,698	23,734,011	1,635,295
Total financial liabilities	453,140,539	569,834,411	87,894,503
Net on-statement of financial position	98,077,463	77,454,412	(2,491,119)
Guarantees, acceptances and other financial facilities	4,188,220	6,887,330	24,917
Credit commitments	48,268,149	13,710,855	3,798,369

	The Group						
	GBP	EURO	TT	CAD	NAF	Other	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
	1,606,932	16,964	488,047	359,167	-	1,099,471	74,039,589
	11,613,931	7,905,165	25,081,695	2,868,784	33,543,182	5,221,561	184,372,202
	-	-	-	-	-	-	9,518,854
	-	1,767,458	8,005,844	-	11,452,197	-	452,954,936
	1,009,760	379,624	157,546,739	4,519,713	44,708,388	14,795,450	853,085,972
	-	-	-	-	-	-	653,735
	2,538,036	3,615,179	2,497,800		2,151,983	3,025,558	26,532,009
	6,530	3,183,323	1,126,781	-	4,565,794	3,322,368	42,781,336
	16,775,189	16,867,713	194,746,906	7,747,664	96,421,544	27,464,408	1,643,938,633
	128,171	13,194	2,029	52,369	-	18,203	30,134,600
	12,958,209	2,350,451	5,540,017	5,394,902	-	109,741	573,968,886
	-	-	-	-	-	1,861,999	211,436,379
	-	-	-	-	-	-	71,859,041
	-	331,896	37,574,522	-	440,232	1,836,503	125,250,202
	2,752,447	7,118,672	203,227,316	-	125,370,880	15,117,368	446,696,847
	-	331,896	1,365,683	-	434,499	17,625	4,597,994
	-	-	-	-	-	-	-
	-	-	-	-	-	-	14,255,178
	-	-	18,424,768	-	-	-	27,572,914
	566,161	4,684,619	3,645,229	29,692	6,984,880	1,901,897	65,688,482
	16,404,988	14,830,728	269,779,564	5,476,963	133,230,491	20,863,336	1,571,460,523
	370,201	2,036,985	(75,032,658)	2,270,701	(36,808,947)	6,601,072	72,478,110
	133,356	-	-	-	1,918,752	-	13,152,574
	-	-	-	-	-	-	65,777,372

FINANCIAL STATEMENTS - NOTES TO THE FINANCIAL STATEMENTS

50. Financial Risk Management (Continued)

(c) Market risk (continued)

(i) Currency risk (continued)

Concentrations of currency risk – on- and off-statement of financial position financial instruments (continued)

September 30, 2019	J$ $'000	US$ $'000	BMD $'000
Assets			
Cash in hand and balances at Central Banks	36,099,458	22,375,790	890,563
Due from banks	7,386,296	61,924,009	1,372,533
Reverse repurchase agreements	5,721,494	2,116,404	-
Loans and advances net of provision for credit losses	217,359,977	106,758,671	82,397,439
Investment securities	231,060,253	332,411,712	-
Derivative financial instruments	-	239,279	-
Reinsurance assets	1,098,558	10,346,111	-
Other	11,275,364	12,365,377	1,411,434
Total financial assets	510,001,400	548,537,353	86,071,969
Liabilities			
Due to banks	3,792,672	18,802,627	-
Customer deposits	212,911,020	185,593,848	79,459,345
Repurchase agreements	59,353,455	114,045,903	-
Obligations under securitisation arrangements	-	48,675,580	-
Other borrowed funds	24,009,455	54,626,881	-
Liabilities under annuity , insurance and investment contracts	77,818,389	28,390,141	-
Derivative financial instruments	-	239,279	-
Segregated fund liabilities	16,549,531	-	-
Third party interest in mutual funds	-	7,846,610	-
Other	16,796,398	9,710,883	679,962
Total financial liabilities	411,230,920	467,931,753	80,139,307
Net on-statement of financial position	98,770,480	80,605,600	5,932,662
Guarantees, acceptances and other financial facilities	3,452,361	5,100,536	198,482
Credit commitments	43,547,343	15,221,763	2,617,429

The Group

	GBP	EURO	TT	CAD	NAF	Other	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
	1,685,701	13,194	691,522	401,063	-	378,098	62,535,389
	9,326,850	5,098,405	19,948,698	2,440,397	29,799,350	9,738,538	147,035,076
	-	-	-	-	-	-	7,837,898
	1,933	1,603,288	6,446,932	-	8,533,682	678	423,102,600
	4,461,779	363,450	134,663,921	2,838,484	42,408,107	11,288,300	759,496,006
	-	-	-	-	-	-	239,279
	2,080,304	2,808,678	1,177,975	-	2,210,924	14,056,898	33,779,448
	44,999	3,701,145	1,240,171	7,496	5,885,510	4,800,509	40,732,005
	17,601,566	13,588,160	164,169,219	5,687,440	88,837,573	40,263,021	1,474,757,701
	94,930	10,428	1,931	50,860	-	22,807	22,776,255
	14,438,893	1,946,036	7,522,506	2,216,628	-	590,260	504,678,536
	-	-	-	-	-	1,220,618	174,619,976
	-	-	-	-	-	-	48,675,580
	-	409,215	43,919,669	-	527,224	1,762,864	125,255,308
	2,324,589	5,853,294	180,447,355	-	114,661,469	24,377,726	433,872,963
	-	-	-	-	-	-	239,279
	-	-	-	-	-	-	16,549,531
	-	-	14,291,880	-	-	-	22,138,490
	683,013	2,631,178	4,118,143	177,579	7,207,395	1,750,788	43,755,339
	17,541,425	10,850,151	252,126,783	2,445,067	122,396,088	29,725,063	1,392,561,257
	60,141	2,738,009	(87,957,564)	3,242,373	(33,558,515)	10,537,958	82,196,444
	989	117,462	-	-	-	-	8,869,830
	-	-	-	-	-	-	61,386,535

FINANCIAL STATEMENTS - NOTES TO THE FINANCIAL STATEMENTS

50. Financial Risk Management (Continued)

(c) Market risk (continued)

(i) Currency risk (continued)

Concentrations of currency risk–on- and off-balance sheet financial instruments (continued)

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

	The Company			
	J$	US$	TT$	Total
September 30, 2019	**$'000**	**$'000**	**$'000**	**$'000**
Assets				
Due from banks	3,270,783	557,114	16,271	3,844,168
Loan to related party	251,852	-	-	251,852
Investment securities	7,115,932	-	-	7,115,932
Other	14,836,687	4,456	-	14,841,143
Total financial assets	25,475,254	561,570	16,271	26,053,095
Liabilities				
Due to banks	2,338,352	10,273,668	-	12,612,020
Other borrowed funds	22,403,508	54,104,525	-	76,508,033
Other	336,617	261,017	28,810	626,444
Total financial liabilities	25,078,477	64,639,210	28,810	89,746,497
Net on-statement of financial position	396,777	(64,077,640)	(12,539)	(63,693,402)

50. Financial Risk Management (Continued)

(c) Market risk (continued)

(i) Currency risk (continued)

Concentrations of currency risk – on- and off-statement of financial position financial instruments (continued)

Foreign currency sensitivity

The following table indicates the currencies to which the Group and the Company have significant exposures on its monetary assets and liabilities and its forecast cash flows. The change in currency rates below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents the outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for changes in foreign currency rates. The sensitivity analysis includes loans and advances to customers, investment securities and deposits. The correlation of variables will have a significant effect in determining the ultimate impact on market risk, but to demonstrate the impact due to changes in each variable, variables had to be considered on an individual basis. It should be noted that movements in these variables are non-linear. There was no effect on other comprehensive income.

	2020			2019		
	% Change in Currency Rate	Effect on Profit before Taxation		% Change in Currency Rate	Effect on Profit before Taxation	
		The Group	The Company		The Group	The Company
		$'000	$'000		$'000	$'000
Currency:						
USD	Appreciation 2%	(1,549,088)	1,379,439	Appreciation 2%	(1,612,112)	1,281,553
	Depreciation 6%	4,647,265	(4,138,318)	Depreciation 4%	3,224,224	(2,563,106)
GBP	Appreciation 2%	(7,404)	-	Appreciation 2%	(1,203)	-
	Depreciation 6%	22,212	-	Depreciation 4%	2,406	-
TTD	Appreciation 2%	1,500,653	(342)	Appreciation 2%	1,759,151	251
	Depreciation 6%	(4,501,959)	1,026	Depreciation 4%	(3,518,303)	(502)
EUR	Appreciation 2%	(40,740)	-	Appreciation 2%	54,760	-
	Depreciation 6%	122,219	-	Depreciation 4%	(109,520)	-
CAN	Appreciation 2%	(45,414)	-	Appreciation 2%	(64,867)	-
	Depreciation 6%	136,242	-	Depreciation 4%	129,695	-
NAF	Appreciation 2%	736,279	-	Appreciation 2%	671,170	-
	Depreciation 6%	(2,208,837)	-	Depreciation 4%	(1,342,341)	-
BMD	Appreciation 2%	49,822	-	Appreciation 2%	(118,653)	-
	Depreciation 6%	(149,467)	-	Depreciation 4%	237,306	-

50. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk

Interest rate risk arises when the Group's principal and interest cash flows from on- and off-statement of financial position items have mismatched repricing dates. The short term impact is experienced on the Group's net interest income and long term impact is felt on its equity.

The Group incurs interest rate mismatches from its interest bearing assets and liabilities with the size of such exposure being heavily dependent on the direction and degree of interest rate movements in addition to the size and maturity structure of the mismatched position. The Group's policy requires that such mismatches are managed. Accordingly, the Board requires that a comprehensive system of limits, gap analysis and stress testing be used to manage the Group's exposure.

Floating rate instruments expose the Group to cash flow interest risk, whereas fixed interest rate instruments expose the Group to fair value interest risk.

The Group's interest rate risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest bearing financial assets and interest bearing financial liabilities. Limits are established and monitored with respect to the level of mismatch of interest rate repricing that may be undertaken.

NCB Financial Group Limited

Notes to the Financial Statements

September 30, 2020
(expressed in Jamaican dollars unless otherwise indicated)

50. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

The following tables summarise the exposure to interest rate risk. It includes the financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	The Group						
	Within 1 Month	2 to 3 Months	4 to 12 Months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
September 30, 2020	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Assets							
Cash in hand and balances at Central Banks	19,088,057	-	-	-	1,093,475	53,858,057	74,039,589
Due from banks	70,002,421	19,584,986	23,409,398	16,362,962	11,960,027	43,052,408	184,372,202
Reverse repurchase agreements	7,983,610	1,112,346	255,066	141,572	-	26,260	9,518,854
Loans and advances net of provision for credit impairment losses	94,438,573	38,181,018	21,372,931	127,221,066	167,582,374	4,158,974	452,954,936
Investment securities classified as FVOCI	88,469,555	35,349,728	43,084,007	156,752,577	447,355,520	82,074,585	853,085,972
Reinsurance asset	-	-	-	-	-	26,532,009	26,532,009
Derivative financial instruments	-	-	-	-	-	653,735	653,735
Other	-	-	-	-	-	42,781,336	42,781,336
Total financial assets	279,982,216	94,228,078	88,121,402	300,478,177	627,991,396	253,137,364	1,643,938,633
Liabilities							
Due to banks	6,347,975	7,290,376	12,906,509	-	-	3,589,740	30,134,600
Customer deposits	458,785,289	36,178,003	58,517,740	16,450,341	-	4,037,513	573,968,886
Repurchase agreements	97,283,461	35,142,828	73,870,941	88,052	3,726,460	1,324,637	211,436,379
Obligations under securitisation arrangements	2,490,116	-	7,689,417	28,391,592	32,811,086	476,830	71,859,041
Other borrowed funds	6,861,965	12,003,022	24,945,063	73,404,307	6,553,816	1,482,029	125,250,202
Derivative financial instruments	-	-	-	-	-	-	-
Lease liabilities	1,983,980	195,585	542,930	1,711,561	163,938	-	4,597,994
Liabilities under annuity, insurance and investment contracts	1,030,327	1,584,592	10,580,764	68,168,478	310,775,125	54,557,561	446,696,847
Third party interest in mutual funds	27,572,914	-	-	-	-	-	27,572,914
Segregated fund liabilities	13,401	96,271	418,949	1,259,216	12,467,341	-	14,255,178
Other	-	-	-	-	-	65,688,482	65,688,482
Total financial liabilities	602,369,429	92,490,677	189,472,313	189,473,547	366,497,766	131,156,792	1,571,460,523
On-statement of financial position interest sensitivity gap	(322,387,212)	1,737,401	(101,350,911)	111,004,630	261,493,630	121,980,572	72,478,110
Cumulative interest sensitivity gap	(322,387,212)	(320,649,811)	(422,000,722)	(310,996,092)	(49,502,462)	72,478,110	

FINANCIAL STATEMENTS - NOTES TO THE FINANCIAL STATEMENTS

50. Financial Risk Management (Continued)

(c) Market risk (continued)
(ii) Interest rate risk (continued)

	The Group - Restated						
	Within 1 Month	2 to 3 Months	4 to 12 Months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
September 30, 2019	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Assets							
Cash in hand and balances at Central Banks	10,010,223	-	-	-	373,651	52,151,515	62,535,389
Due from banks	58,951,980	5,769,434	34,299,486	13,331,712	6,394,324	28,288,140	147,035,076
Investment securities at fair value through profit or loss	5,460,400	2,080,600	292,074	-	-	4,824	7,837,898
Reverse repurchase agreements	104,071,755	42,859,635	15,755,450	112,700,441	145,940,268	1,775,051	423,102,600
Loans and advances net of provision for credit losses	95,712,537	34,351,243	51,279,814	132,256,815	375,766,950	70,128,647	759,496,006
Investment securities classified as available-for-sale and loans and receivables	-	-	-	-	-	33,779,448	33,779,448
Derivative financial instruments	-	-	-	-	-	239,279	239,279
Other	1,155	-	803,268	-	-	39,927,582	40,732,005
Total financial assets	274,208,050	85,060,912	102,430,092	258,288,968	528,475,193	226,294,486	1,474,757,701
Liabilities							
Due to banks	9,968,510	4,390,815	2,049,994	3,010,650	-	3,356,286	22,776,255
Customer deposits	406,550,494	19,119,461	49,791,936	27,100,771	-	2,115,874	504,678,536
Repurchase agreements	74,319,092	35,276,619	22,643,341	41,508,658	-	872,266	174,619,976
Obligations under securitisation arrangements	1,634,716	1,117,850	12,498,311	25,293,550	7,565,430	565,723	48,675,580
Other borrowed funds	1,176,427	20,740,423	4,773,346	85,266,182	12,328,243	970,687	125,255,308
Derivative financial instruments	-	-	-	-	-	239,279	239,279
Liabilities under annuity, insurance and investment contracts	60,232,904	1,067,517	8,257,479	75,866,254	205,170,291	83,278,518	433,872,963
Third party interest in mutual funds	22,138,490	-	-	-	-	-	22,138,490
Segregated fund liabilities	19,163	14,458	93,814	484,305	15,937,791	-	16,549,531
Other	9,687,871	-	-	-	-	34,067,468	43,755,339
Total financial liabilities	585,727,667	81,727,143	100,108,221	258,530,370	241,001,755	125,466,101	1,392,561,257
On-statement of financial position interest sensitivity gap	(311,519,617)	3,333,769	2,321,871	(241,402)	287,473,438	100,828,385	82,196,444
Cumulative interest sensitivity gap	(311,519,617)	(308,185,848)	(305,863,977)	(306,105,379)	(18,631,941)	82,196,444	

Notes to the Financial Statements

September 30, 2020
(expressed in Jamaican dollars unless otherwise indicated)

50. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

	The Company						
	Within 1 Month	2 to 3 Months	4 to 12 Months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
September 30, 2020	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Assets							
Due from banks	2,760,873	-	-	-	-	-	2,760,873
Loan to related party	-	-	250,000	-	-	1,905	251,905
Investment securities classified as FVOCI	-	-	-	-	7,000,000	114,685	7,114,685
Other	-	-	-	-	-	13,701,012	13,701,012
Total financial assets	2,760,873		250,000	-	7,000,000	15,023,602	23,828,475
Liabilities							
Due to banks	-	-	13,117,877	-	-	241,186	13,359,063
Other borrowed funds	-	2,000,000	30,419,271	42,436,800	-	884,306	75,740,377
Lease liabilities	-	-	-	98,361	-	-	98,361
Other	-	-		-	-	341,401	341,401
Total financial liabilities	-	2,000,000	43,537,147	42,535,161	-	1,466,893	89,539,202
On-statement of financial position interest sensitivity gap	2,760,873	(2,000,000)	(43,287,147)	(42,535,161)	7,000,000	12,350,697	(65,710,739)
Cumulative interest sensitivity gap	2,760,873	760,873	(42,526,275)	(85,061,436)	(78,061,436)	(65,710,739)	-
September 30, 2019							
Assets							
Due from banks	3,844,168	-	-	-	-	-	3,844,168
Loan to related party	-	-	-	250,000	-	1,852	251,852
Investment securities classified as FVOCI	-	-	-	-	7,000,000	115,932	7,115,932
Other	-	-	-	-	-	14,841,143	14,841,143
Total financial assets	3,844,168	-	-	250,000	7,000,000	14,958,927	26,053,095
Liabilities							
Due to banks	2,500,000	-	-	10,060,650	-	51,370	12,612,020
Other borrowed funds	-	-	10,240,993	65,168,510	-	1,098,530	76,508,033
Other	-	-	-	-	-	626,444	626,444
Total financial liabilities	2,500,000	-	10,240,993	75,229,160	-	1,776,344	89,746,497
On-statement of financial position interest sensitivity gap	1,344,168	-	(10,240,993)	(74,979,160)	7,000,000	13,182,583	(63,693,402)
	1,344,168	1,344,168	(8,896,825)	(83,875,985)	(76,875,985)	(63,693,402)	

(expressed in Jamaican dollars unless otherwise indicated)

50. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

The tables below summarise the effective interest rates for financial instruments by major currencies.

	The Group							The Company			
	J$	US$	CAN$	GBP	BMD	TTD	EURO	J$	US$	TT$	GBP
	%	%	%	%	%	%	%	%	%	%	%
September 30, 2020											
Assets											
Balances at Central Banks	0.50	-	-	-	-	-	-	-	-	-	-
Due from banks	3.62	-	-	-	-	1.00	-	-	-	-	-
Reverse repurchase agreements	2.07	2.33	-	-	-	-	-	-	-	-	-
Loans and advances	12.80	9.36	-	-	6.67	5.93	1.50	5.75	-	-	-
Investment securities	5.28	4.58	0.98	2.33	-	5.59	-	6.50	-	-	-
Liabilities								-	-	-	-
Due to banks	-	3.77	-	-	-	-	-	-	-	-	-
Customer deposits	2.36	1.46	0.21	0.62	1.47	-	-	-	-	-	-
Lease liabilities	9.75	6.25	-	-	-	-	-	-	-	-	-
Repurchase agreements	4.39	2.64	-	-	-	2.55	-	-	-	-	-
Obligations under securitisation arrangements	-	5.49	-	-	-	-	-	-	-	-	-
Other borrowed funds	6.58	6.64	-	-	-	-	-	6.77	6.43	-	-
September 30, 2019											
Assets											
Balances at Central Banks	0.74	-	-	-	-			-	-	-	-
Due from banks	2.00	1.90	1.08	0.01	0.03	2.00	0.1	-	5.25	-	-
										-	-
Reverse repurchase agreements	1.74	1.94	-	-	-	-	-	-	-		
Loans and advances	13.00	6.00	-	-	7.06	4.00	2.00	-	-	-	-
Investment securities classified as available-for-sale and loans and receivables	5.22	4.00	1.00	2.25	-	4.86	2.00	6.50	-	-	-
Liabilities											
Due to banks	-	6..60	-	-	-	-	-	-	-	-	-
Customer deposits	1.00	6.00	0.01	0.16	1.21	-	-	-	-	-	-
							-				
Repurchase agreements	1.26	4.13	-	-	-	-		-	-	-	-
							-			-	-
Obligations under securitisation arrangements	-	6.38	-	-	-	-		-	-		
Other borrowed funds	6.59	6.42	-	-	-	-	-	6.50	7.03	-	-

50. Financial Risk Management (Continued)

(c) Market risk (continued)
(ii) Interest rate risk (continued)

Interest rate sensitivity
The following table indicates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, on the income statement and stockholders' equity.

The sensitivity of the profit or loss is the effect of the assumed changes in interest rates on net income based on the floating rate of non-trading financial assets and financial liabilities. The sensitivity of other comprehensive income is calculated by revaluing fixed rate FVOCI (2019 - available-for-sale) financial assets for the effects of the assumed changes in interest rates.

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

	Effect on Net Profit Before Tax	Effect on Other Comprehensive Income
	2019 $'000	2019 $'000
Change in basis points:		
Decrease - JMD -100 and USD -50	(557,195)	16,694,783
Increase - JMD +100 and USD +50	489,608	(14,886,152)

The financial instruments of the Company attract a fixed rate of interest and are not subject to fair value interest rate risk.

50. Financial Risk Management (Continued)

(c) Market risk (continued)

(iii) Other price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified either as at fair value through profit or loss or available-for-sale. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The Group's investments in quoted equity securities are of entities that are publicly traded on the relevant stock exchanges.

Sensitivity to changes in price of equity securities

The following table indicates the sensitivity to a reasonable possible change in prices of equity securities, with all other variables held constant, on the income statement and stockholders' equity.

The sensitivity of the profit or loss is the effect of the assumed fair value changes of investment securities classified at fair value through profit or loss. The sensitivity of other comprehensive income is the effect of the assumed fair value changes of investment securities classified as FVOCI (2019 - available-for-sale).

	The Group			
	Effect on Net Profit Before Tax	Effect on Other Comprehensive Income	Effect on Net Profit Before Tax	Effect on Other Comprehensive Income
	2020 $'000	2020 $'000	2019 $'000	2019 $'000
Percentage change in share price				
10% decrease	(7,087,946)	-	(5,185,901)	-
10% increase	7,087,946	-	5,185,901	-

(d) Derivative financial instruments

The Group's derivative transactions are primarily directed at hedging its risk exposures which arise during the normal course of its treasury and investment activities. When entering into derivative transactions, the Group employs the same credit risk management procedures to assess and approve potential credit exposures that are used for traditional lending.

50. Financial Risk Management (Continued)

(e) Insurance risk

The Group issues contracts that transfer insurance risk or financial risk or both.

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract this risk is random and therefore unpredictable. Experience shows that the larger the portfolio of similar insurance contracts, the smaller will be the relative variability about the expected outcome. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency of or severity of claims and benefits will vary from year to year from the estimate established using statistical techniques.

Life insurance risk

The Group issues contracts that have a maximum period determined by the remaining life of the insured. In addition to the estimated benefits which may be payable under the contract, the Group has to assess the cash flows which may be attributable to the contract. The process of underwriting may also be undertaken and may include specific medical tests and other enquiries which affect the Group's assessment of the risk.

Frequency and severity of claims

For contracts where death is the insured risk, the most significant factors that could increase the overall frequency and severity of claims are epidemics and wide-ranging lifestyle changes, such as in eating, smoking and exercise habits, resulting in earlier or more claims than expected. For contracts where survival is the insured risk, the most significant factor is continued improvement in medical science and social conditions that would increase longevity.

At present, these risks do not vary significantly in relation to the location of the risk insured by the Group. However, undue concentration could have an impact on the severity of benefit payments on a portfolio basis.

For contracts with fixed and guaranteed terms, there are no mitigating terms and conditions that reduce the insurance risk accepted. For contracts without fixed terms, a significant portion of the insurance risk is shared with the insured party. The Group charges for mortality risk on a monthly basis for most life and critical insurance contracts without fixed terms. It has the right to alter these charges based on its mortality experience and hence minimise its exposure to mortality risk.

The Group charges for mortality risks on a monthly basis for insurance contracts with investment options and has the right to alter these charges based on mortality experience and hence to minimise its exposure to mortality risk on these contracts. Delays in implementing increases in mortality charges, and contractual, market or regulatory restraints over the extent of any increases, may reduce this mitigating effect.

The Group also manages mortality risks on its contracts through its underwriting strategy and reinsurance arrangements. The underwriting strategy is intended to minimise the risk of anti-selection. The Group's underwriting strategy has a twofold approach:

a) products that are subject to traditional methods of application and assessment are controlled by traditional underwriting methods including medical and financial selection with benefits being limited to reflect the health and/or financial condition of applicants and by the application of retention limits on any single life insured.

50. Financial Risk Management (Continued)

(e) Insurance risk (continued)
Life insurance risk (continued)
Frequency and severity of claims (continued)

b) products which are not subject to traditional methods of application and assessment contain pre-existing conditions and exclusionary clauses for certain types of high-risk medical and financial events, with claims on these types of policies examined for breaches to those clauses and denied or settled accordingly.

The tables below indicate the concentration of insured benefits across bands of insured benefits per individual life assured. The Group uses catastrophe re-insurance cover against its Individual contracts as the main risks faced by these contracts are interest rate and liquidity:

For the Trinidadian life insurance subsidiaries:

	Total Benefits Assured - Individual			
	2020		2019	
	Before Re-insurance	After Re-insurance	Before Re-insurance	After Re-insurance
Benefits assured per life assured ($'000)				
TT$0 - 250	461,463,622	449,904,093	437,455,420	425,672,206
TT$251 - 500	523,375,165	443,206,016	480,961,887	399,491,357
TT$501 - 1,000	435,609,347	299,214,903	386,029,343	248,694,510
TT$1,001 - 3,000	203,820,720	97,753,145	178,575,425	75,703,467
More than TT$3,000	98,734,680	11,900,300	87,440,378	17,377,758
Total	1,723,003,534	1,301,978,458	1,570,462,454	1,166,939,297

For the Jamaican life insurance subsidiaries:

	Total Benefits Assured - Individual			
	2020		2019	
	Before Re-insurance	After Re-insurance	Before Re-insurance	After Re-insurance
Benefits assured per life assured ($'000)				
0 – 1,000	267,306,120	260,877,477	398,636,997	391,696,393
1,000 – 2,000	36,759,579	30,104,858	56,354,008	45,516,356
2,000 – 5,000	8,280,893	5,005,271	17,725,963	9,625,894
5,000 – 10,000	6,013,268	3,256,948	11,582,686	5,640,625
Over 10,000	13,130,077	5,036,987	22,282,827	7,829,275
	331,489,936	304,291,541	506,582,482	460,308,542

For the Dutch Caribbean life insurance subsidiaries:

	Total Benefits Insured			
	2020		2019	
Benefits assured per life assured ($'000)	Before Re-insurance	After Re-insurance	Before Re-insurance	After Re-insurance
NAF$10,001 - 20,000	203,317,727	198,331,422	204,548,251	199,369,716
NAF$20,001 - 30,000	17,368,852	7,631,986	17,864,655	9,098,422
NAF$30,001 - 40,000	5,829,588	3,000,165	5,519,830	2,942,187
NAF$40,001 - 50,000	2,494,199	153,115	1,827,431	275,387
More than NAF$50,000	2,294,484	425,536	1,988,834	357,353
Total	231,304,851	209,542,224	231,748,979	212,043,066

50. Financial Risk Management (Continued)

(e) Insurance risk (continued)

The Group uses catastrophe re-insurance cover against its Ordinary Life, Group Life and Creditor Life contracts as the main risks faced by these contracts are interest rate and liquidity.

- The premium ceded during the year in respect of catastrophe re-insurance cover amounted to $23,112,000 (2019 – $19,571,000).
- Policyholders' benefits recovered from reinsurers during the year under these contracts amounted to $Nil (2019 – $66,277,000).
- At September 30, 2020, premiums payable under re-insurance contracts amounted to $Nil (2019 – $13,988,000).

The following tables for annuity insurance contracts illustrate the concentration of risk based on bands that group these contracts in relation to the amount payable per annum, as if the annuity were in payment at the year end.

For the Trinidadian life insurance subsidiaries

	Total Annuities Payable	
	2020	**2019**
Annuity payable per annum per annuitant ($'000)		
TT$0-5,000	143,171	133,031
TT$5,001-10,000	494,598	440,615
TT$10,001-20,000	856,870	763,779
More than TT$20,000	2,185,750	1,963,699
Total	**3,680,390**	**3,301,124**

For the Jamaican life insurance subsidiaries

	Total Annuities Payable	
	2020	**2019**
Annuity payable per annum per annuitant ($'000)		
0 -100	509,902	283,535
100 – 300	257,578	456,968
300 – 500	251,298	388,932
500 – 1,000	226,553	618,877
Over 1,000	2,629,834	1,974,862
Total	**3,875,164**	**3,723,174**

For the Dutch Caribbean life insurance subsidiaries

	Total Annuities Payable	
	2020	**2019**
Annuity payable per annum per life		
NAF$0 - 10,000	759,964	689,463
NAF$10,001 - 20,000	547,060	496,740
NAF$20,001 - 30,000	339,809	296,267
NAF$30,001 - 40,000	191,865	172,301
NAF$40,001 - 50,000	156,737	142,694
More than NAF$50,000	438,955	387,259
Total	**2,434,389**	**2,184,724**

50. Financial Risk Management (Continued)

(e) Insurance risk (continued)
Life insurance risk (continued)

Apart from the catastrophe cover, the Group does not hold any re-insurance against the liabilities in these contracts.

Insurance risk for contracts disclosed in this note is also affected by the contract holders' right to pay reduced or no future premiums, or to terminate the contract completely. As a result, the amount of insurance risk is also subject to contract holders' behaviour. The Group has factored the impact of contract holders' behaviour into the assumptions used to measure these liabilities.

Sources of uncertainty in the estimation of future benefit payments and premium payments
Uncertainty in the estimation of future benefit payments and premium receipts for long term insurance contracts arises from the unpredictability of long term changes in overall levels of mortality and morbidity and the variability in policyholder behaviour.

The Group uses appropriate base tables of standard mortality and morbidity according to the type of contract being written. An investigation as to the actual experience of the Group is carried out by the Appointed Actuaries, and a comparison of the actual rates with expected rates is performed. Where data are insufficient to be statistically credible, the best estimates of future mortality and morbidity are based on standard industry tables adjusted for the Group's overall experience. For contracts that insure survival, an adjustment is made for future mortality and morbidity improvements based on trends identified in the continuous mortality and morbidity investigations performed by independent actuarial bodies. The Group maintains voluntary termination statistics to investigate the deviation of actual termination experience against assumptions. Statistical methods are used to determine appropriate termination rates to be used for the best estimate assumption.

50. Financial Risk Management (Continued)

(e) Insurance risk (continued)
Life insurance risk (continued)

Process used in deriving assumptions
The assumptions for insurance contracts and the process used in deriving these assumptions have remained substantially unchanged since the previous year.

Estimates are made in two stages:
(i) At inception of the contract, the Group determines assumptions in relation to future deaths, voluntary terminations, investment returns and administration expenses. These assumptions are used as the base assumptions for calculating the liabilities; and
(ii) Subsequently, new estimates are developed at each reporting date and the assumptions are altered to reflect the latest current estimates or experience.

Assumptions are considered to be 'best estimate' if, on average, the results are expected to be worse than the assumptions in 50% of possible scenarios and better in the other 50%. In the case of Jamaica and Trinidad and Tobago, the assumptions are best estimate assumptions with appropriate provisions for adverse deviations, consistent with the use of a Policy Premium Method valuation. For other territories, the assumptions used are those appropriate for traditional net premium valuation methods. See Note 39 for details on policy assumptions.

Reinsurance risk
Reinsurance risk is the risk that a reinsurer will default and not honour obligations arising from claims. The Group limits the probable loss in the event of individual deaths and any single catastrophic accident occurrence by reinsuring its insurance risk above certain limits with other insurers. Reinsurance ceded does not discharge the Group's liability as the primary insurer. The Group manages reinsurance risk by selecting reinsurers with high credit ratings and monitoring these on an ongoing basis. The Group arranges its reinsurance by type of insurance coverage:

- Individual life – This business is covered by excess of loss and quota share reinsurance arrangements. The method of reinsurance varies for different products with the majority being reinsured on a Yearly Renewable Term (YRT) basis and others being co-insured.
- Group life – The group life portfolio is reinsured on an excess reinsurance arrangement with Swiss Re. Separate treaties exist for group life (including critical illness and accidental death and dismemberment) and group mortgage.
- Catastrophe cover – This cover has been secured for individual life and group life portfolio. It is renewable annually and is held with Sirius International, RGA and Swiss Re.

Retention limits represent the level of risk retained by the insurer. Coverage in excess of these limits is ceded to reinsurers up to the treaty limit.

50. Financial Risk Management (Continued)

(e) Insurance risk (continued)

Property and casualty insurance risk

The Group manages its property and casualty insurance risk through its underwriting policy that includes *inter alia*, authority limits, approval procedures for transactions that exceed set limits, pricing guidelines and the centralised management of reinsurance. The Group actively monitors insurance risk exposures both for individual and portfolio types of risks. These methods include internal risk measurement, portfolio modelling and scenario analyses.

Underwriting strategy

The Group manages the risks arising from its underwriting of property and casualty insurance contracts through policies which provide guidance on how to determine the insurability of risks and exposure to large claims. The Group follows detailed, uniform underwriting practices and procedures designed to properly assess and quantify risks before issuing coverage. The Group's underwriting guidelines also outline acceptance limits and the appropriate levels of authority for acceptance of risks.

Reinsurance strategy

A detailed analysis of the Group's exposures, reinsurance needs and quality of reinsurance securities is conducted by the Board and Senior Management. The Group's exposures are continually evaluated by Management to ensure that its reinsurance arrangements remain adequate and mechanisms are in place to continually monitor the reinsurance counterparties to ensure that they maintain ratings in keeping with the Board approved Reinsurance Risk Management Policy.

50. Financial Risk Management (Continued)

(e) Insurance risk (continued)
Property and casualty insurance risk (continued)

Motor insurance
Motor insurance contracts provide cover in respect of policyholders' motor vehicles and their liability to third parties in respect of damage to property and injury. The exposure on motor insurance contracts is normally limited to the replacement value of the vehicle and a policy limit in respect of third party damage. In general, claims reporting lags are minor and claims complexity is relatively low.

The risks relating to motor contracts are managed primarily through the pricing and selection process. The Group monitors and reacts to changes in trends of injury awards, litigation and the frequency of claims appeals.

Property insurance
Property insurance indemnifies, subject to any limits or excesses, the policyholder against the loss or damage to their own material property and business interruption arising from this damage. The risk on any policy varies according to many factors such as location, safety measures in place and the age of the property. The event giving rise to a claim for damage to buildings or contents usually occurs suddenly (as for fire and burglary) and the cause is easily determinable. Therefore, claims are generally notified promptly and can be settled without delay. Property business is therefore classified as "short-tailed" and expense deterioration and investment return is of less importance in estimating provisions. The cost of repairing or rebuilding assets, of replacement or indemnity for contents and the time taken to restart or resume operations to original levels for business interruption losses are the key factors influencing the level of claims under these policies.

The risks relating to property contracts are managed primarily through the pricing and selection process. The Group uses strict underwriting criteria to ensure that the risk of losses is acceptable. Furthermore, the Group accepts property insurance risks for one year so that each contract can be re-priced on renewal to reflect the continually evolving risk profile.

Liability insurance
Under these contracts, compensation is paid for injury suffered by individuals, including employees or members of the public. The main liability exposure is in relation to bodily injury. The timing of claim reporting and settlement is a function of factors such as the nature of the coverage and the policy provisions. Although bodily injury claims have a relatively long tail, the majority of bodily injury claims are settled in full within three to four years. In general, these contracts involve higher estimation uncertainty.

Risks arising from liability insurance are managed primarily through pricing, product design, risk selection, adopting an appropriate investment strategy, rating and reinsurance. The Group monitors and reacts to changes in the general economic and commercial environment in which it operates to ensure that only liability risks which meet its criteria for profitability are underwritten. In pricing contracts, the Group makes assumptions that costs will increase in line with the latest available research.

50. Financial Risk Management (Continued)

(e) Insurance risk (continued)
Property and casualty insurance risk (continued)
Risk exposure and concentrations of risk

The following table shows the Group's exposure to property and casualty insurance risk (based on the carrying value of insurance provisions at the reporting date) per major category of business:

	2020				
	Liability	**Property**	**Motor**	**Other**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Gross	3,746,899	8,708,312	8,852,677	1,445,318	22,753,206
Net of proportional reinsurance	2,309,389	1,278,072	5,476,968	398,656	9,463,085
	2019				
Gross	4,245,841	21,095,439	8,088,166	2,474,577	35,904,023
Net of proportional reinsurance	2,418,431	4,875,350	5,598,687	401,544	13,291,909

Claims development
Claims development information is disclosed in order to illustrate the property and casualty insurance risk inherent in the Group. The upper section of the table shows how the estimates of total claims for each accident year develop over time. The estimates are increased or decreased as losses are paid and more information becomes known about the severity of unpaid claims. The lower section of the table provides a reconciliation of the total provision included in the statement of financial position and the estimate of cumulative claims.

The top half of each table below illustrates how the Group's estimate of total claims outstanding for each accident year/underwriting year has changed at successive year-ends. The bottom half of the table reconciles the cumulative claims to the amount appearing on the consolidated statement of financial position as per summary below.

	Total
	$'000
Insurance claims - gross	
By accident year	18,920,685
By underwriting year	3,832,521
Total liability (Note 39)	22,753,206
Insurance claims - net	
By accident year	8,168,600
By underwriting year	1,294,985
Total liability (Note 39)	9,463,085

NCB Financial Group Limited

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50. Financial Risk Management (Continued)

(e) **Insurance risk (continued)**
Property and casualty insurance risk (continued)
Risk exposure and concentrations of risk(continued)

	2013	2014	2015	2016	2017	2018	2019	2020	Total
Insurance claims – gross	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Accident year									
Estimate of cumulative claims costs:									
Claims at end of accident year	10,258,031	10,595,055	12,220,012	14,784,153	55,463,927	14,012,089	22,704,679	12,427,996	-
One year later	9,308,672	9,636,716	10,751,855	13,576,295	59,783,049	10,883,553	22,717,429	-	-
Two years later	9,567,297	10,141,090	11,053,918	13,297,804	52,656,883	10,220,642	-	-	-
Three years later	9,162,779	10,132,235	10,862,075	13,298,160	51,040,321	-	-	-	-
Four years later	9,009,623	9,912,758	10,649,003	11,974,178	-	-	-	-	-
Five years later	8,921,823	9,785,251	9,121,476	-	-	-	-	-	-
Six years later	8,878,552	8,699,499	-	-	-	-	-	-	-
Seven years later	7,654,239	-	-	-	-	-	-	-	-
Current estimate of cumulative claims	7,654,239	8,699,499	9,121,476	11,974,178	51,040,321	10,220,642	22,717,429	12,427,996	133,855,779
Cumulative payments to date	7,429,173	8,226,610	8,365,049	11,130,790	49,649,265	8,770,802	18,969,818	3,914,957	116,356,463
Liability recognised in the consolidated statement of financial position	225,067	472,889	756,426	843,388	1,391,056	1,449,840	3,747,610	8,613,039	17,499,316
Liability in respect of prior years	-	-	-	-	-	-	-	-	1,421,369
Total liability	-	-	-	-	-	-	-	-	18,920,685

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50. Financial Risk Management (Continued)

(e) Insurance risk (continued)
Property and casualty insurance risk (continued)
Risk exposure and concentrations of risk(continued)

	2013	2014	2015	2016	2017	2018	2019	2020	Total
Insurance claims – gross	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Underwriting year									
Estimate of cumulative claims costs:									
Claims at end of accident year	1,306,731	757,033	584,219	489,323	506,866	390,491	207,042	335,894	-
One year later	1,511,764	944,041	765,910	557,883	620,959	442,451	299,342	-	-
Two years later	1,436,525	864,030	702,478	524,158	597,261	419,213	-	-	-
Three years later	1,412,220	841,044	710,852	511,723	592,886	-	-	-	-
Four years later	1,387,141	822,412	690,734	504,647	-	-	-	-	-
Five years later	1,377,783	827,436	686,819	-	-	-	-	-	-
Six years later	1,374,036	806,229	-	-	-	-	-	-	-
Seven years later	1,370,728	-	-	-	-	-	-	-	-
Current estimate of cumulative claims	1,370,728	806,229	686,819	504,647	592,886	419,213	299,342	335,894	5,015,760
Cumulative payments to date	1,333,109	773,216	645,222	455,472	450,448	267,773	98,392	-	4,023,632
Liability recognised in the consolidated statement of financial position	37,619	33,014	41,597	49,175	142,438	151,440	200,950	335,894	992,128
Liability in respect of prior years	-	-	-	-	-	-	-	-	2,840,393
Total liability	-	-	-	-	-	-	-	-	3,832,521

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September 30, 2020
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50. Financial Risk Management (Continued)

(e) Insurance risk (continued)
Property and casualty insurance risk (continued)
Risk exposure and concentrations of risk(continued)

Insurance claims – net	2013 $'000	2014 $'000	2015 $'000	2016 $'000	2017 $'000	2018 $'000	2019 $'000	2020 $'000	Total $'000
Accident year									
Estimate of cumulative claims costs:									
Claims at end of accident year	6,186,877	7,599,579	7,090,117	8,317,800	21,255,907	8,292,469	7,396,096	4,559,220	-
One year later	4,571,927	6,753,344	6,140,319	7,266,135	20,159,986	6,814,912	12,218,944	-	-
Two years later	4,930,452	7,066,545	6,319,414	6,675,468	19,805,167	6,546,846	-	-	-
Three years later	4,726,968	7,082,560	6,423,102	6,995,703	19,748,875	-	-	-	-
Four years later	4,885,254	6,612,392	6,030,853	6,827,306	-	-	-	-	-
Five years later	4,885,338	6,721,691	6,039,980	-	-	-	-	-	-
Six years later	4,758,854	6,537,321	-	-	-	-	-	-	-
Seven years later	4,863,671	-	-	-	-	-	-	-	-
Current estimate of cumulative claims	4,863,671	6,537,321	6,039,980	6,827,306	19,748,875	6,546,846	12,218,944	4,559,220	67,342,162
Cumulative payments to date	4,586,835	6,129,496	5,515,948	6,063,552	19,138,697	5,486,095	10,727,236	2,090,038	59,737,496
Liability recognised in the consolidated statement of financial position	277,236	407,825	524,032	763,753	610,178	1,060,751	1,491,709	2,469,182	7,604,666
Liability in respect of prior years	-	-	-	-	-	-	-	-	563,934
Total liability	-	-	-	-	-	-	-	-	8,168,660

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50. Financial Risk Management (Continued)

(e) Insurance risk (continued)
Property and casualty insurance risk (continued)
Risk exposure and concentrations of risk(continued)

	2013	2014	2015	2016	2017	2018	2019	2020	Total
Insurance claims – net	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Underwriting year									
Estimate of cumulative claims costs:									
Claims at end of accident year	1,306,731	757,033	584,219	489,323	506,866	390,491	207,042	335,894	-
One year later	1,511,764	944,041	765,910	557,883	620,959	442,451	299,342	-	-
Two years later	1,436,525	864,030	702,478	524,158	597,261	419,213	-	-	-
Three years later	1,412,220	841,044	710,852	511,723	592,886	-	-	-	-
Four years later	1,387,141	822,412	690,734	504,647	-	-	-	-	-
Five years later	1,377,783	827,436	686,819	-	-	-	-	-	-
Six years later	1,374,036	806,229	-	-	-	-	-	-	-
Seven years later	1,370,728	-	-	-	-	-	-	-	-
Current estimate of cumulative claims	1,370,728	806,229	686,819	504,647	592,886	419,2136	299,342	335,894	5,015,760
Cumulative payments to date	1,333,109	773,216	645,222	455,472	450,448	267,773	98,392	-	4,023,632
Liability recognised in the consolidated statement of financial position	37,619	33,014	41,597	49,175	142,438	151,440	200,950	335,894	992,128
Liability in respect of prior years	-	-	-	-	-	-	-	-	302,357
Total liability	-	-	-	-	-	-	-	-	1,294,485

50. Financial Risk Management (Continued)

(f) Capital management

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

- To comply with the capital requirements set by the regulators of the financial markets where the entities within the Group operate;
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for stockholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

All of the Group's significant subsidiaries and associates are individually regulated by the relevant regulator in their jurisdiction or other regulators. The regulatory requirements to which the subsidiaries are subject, include minimum capital and liquidity requirements which may limit their ability to extract capital or funds for other uses. The Group's subsidiaries and associates are also subject to statutory requirements to restrict distributions of capital and generally to maintain solvency. In most cases, the regulatory restrictions are more onerous than the statutory restrictions. Certain Group subsidiaries also raise finance using their financial assets as collateral. Encumbered assets are not available for transfer around the Group. The assets typically affected are disclosed in Note 23.

(i) National Commercial Bank Jamaica Limited

Capital adequacy and the use of regulatory capital are monitored daily by the Bank's management, employing techniques based on the guidelines developed by the Bank of Jamaica (BOJ/Central Bank), and the relevant management committees. The required information is filed with the regulator at the stipulated intervals.

The Central Bank requires the Bank to:

- Hold a specified level of the regulatory capital, and
- Maintain a ratio of total regulatory capital to the risk-weighted assets.

The Bank's regulatory capital is divided into two tiers:

Tier 1 capital: ordinary share capital, non-redeemable non-cumulative preference shares, statutory reserve fund and retained earnings reserves. Goodwill, other intangibles and any net loss arising from the aggregate of: current year profit or loss, undistributed profits or accumulated losses for prior financial years any loss positions on revaluation reserves arising from fair value accounting, are deducted in arriving at Tier 1 capital; and

Tier 2 capital: non-redeemable cumulative preference shares, redeemable preference shares having an original term to maturity of five years or more, qualifying subordinated debt and general provisions for loss.

Equity investments in unconsolidated subsidiaries, substantial investment in any other unconsolidated entities or companies and share of accumulated losses of any unconsolidated entities are deducted from Tier 1 and Tier 2 capital to arrive at the regulatory capital. The risk-weighted assets are measured by means of a hierarchy of four risk weights classified according to the nature of and reflecting an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-statement of financial position exposure, with some adjustments to reflect the more contingent nature of the potential losses.

The Bank met all the regulatory capital requirements as at September 30, 2020.

50. Financial Risk Management (Continued)

(f) Capital management (continued)

(ii) NCB Insurance Agency & Fund Management Limited (formerly NCBIC)

NCBIAFM maintains a capital structure consisting mainly of shareholders' funds consistent with its profile and the regulatory and market requirements. The company is subject to a number of regulatory capital tests and also employs scenario testing on an annual basis to assess the adequacy of capital. The company has met all of these requirements during the year. Capital adequacy is managed at the operational level.

In reporting financial strength, capital and solvency is measured using the regulations prescribed by the Financial Services Commission (FSC) in Jamaica. These regulatory capital tests are based upon required levels of solvency capital and a series of prudent assumptions in respect of the type of business written by the company.

The relevant capital requirement is the Minimum Continuing Capital Surplus Ratio (MCCSR) determined in accordance with the FSC regulations. This ratio is calculated by the Appointed Actuary and reviewed by executive management, the Audit Committee and the Board of Directors. This measure is a risk-based formula that compares available capital and surplus to a minimum requirement set by the FSC in regard to the asset and liability profile of the company. The company met all FSC regulatory capital requirements as at September 30, 2020.

The company's capital position is sensitive to changes in market conditions, due to both changes in the value of assets and the effect that changes in investment conditions may have on the value of the liabilities. The most significant sensitivities arise from changes in interest rates and expenses. The company's capital position is also sensitive to assumptions and experience relating to mortality and persistency.

50. Financial Risk Management (Continued)

(f) Capital management (continued)

(iii) NCB Capital Markets Limited (NCBCM)

The company is regulated by the FSC and is subject to regulatory capital tests employed by the regulator. Under the FSC regulations, the level of capital adequacy determines the maximum amount of liabilities including repurchase agreements NCBCM is able to offer to clients. In addition to the requirements of the FSC, NCBCM also engages in periodic internal testing which is reviewed by the Risk Management Committee. Capital adequacy is managed at the operational level of NCBCM.

The regulatory capital of the company is divided into two tiers:

(i) Tier 1 capital: share capital, retained earnings and reserves created from appropriations of retained earnings.

(ii) Tier 2 capital: qualifying subordinated debt or loan capital, qualifying capital reserves and unrealised gains derived from the fair valuation of equity instruments classified as FVOCI.

The FSC requires that the company maintains a capital base comprising at least 50% of Tier 1 capital.

In addition, the FSC employs certain ratios to test capital adequacy and solvency. The results of these ratios are included in a mandatory quarterly report submitted to the FSC. Two of the critical early warning ratios relating to the test for capital adequacy are ‘Capital over Total Assets’ and the ‘Capital Base over Risk Weighted Assets (RWA)’.

There was no change in relation to how the company manages its capital during the financial year.

NCBCM met all the FSC regulatory capital requirements as at September 30, 2020.

(iv) Clarien Bank Limited

Capital is held to provide a cushion for unexpected losses. The Board sets the internal level of capital with the aim of ensuring minimum regulatory capital levels are always exceeded whilst allowing for growth in the business.

Basel III superseded Basel II and took effect on January 1, 2015 with transitional arrangements until full implementation in 2020. The three pillar framework of Basel II is unchanged but there have been changes to the detailed requirements within each pillar. Pillar 3 has more detailed disclosure requirements and will adopt generic templates over the course of the transition to allow improved comparability and transparency between institutions covered by Basel accords.

50. Financial Risk Management (Continued)

(f) Capital management (continued)

(iv) Clarien Bank Limited (continued)

The key elements of Basel III changes to capital requirements are as follows:

- Changes to the definition of capital and the introduction of common equity Tier 1 (CET1). Over the transition period there will be changes and additions to capital deductions from CET1 and Tier 2 capital, including the FVOCI reserve.
- Higher thresholds for all forms of capital will be required with an increased focus on CET1. A capital conservation buffer of 2.5% will be introduced and phased in over the implementation period. Additionally, a capital surcharge for Domestic Systemically Important Banks ranging between 0.5% and 3.0% for all Bermuda Banks has also been implemented.
- Introduction of a non-risk based Leverage Ratio, being a measure of Tier 1 capital held against total assets, including certain off-statement of financial position financial commitments.

Clarien has complied with all externally imposed minimum capital requirements throughout the current year.

The new Basel rules also address areas of liquidity. The authority has adopted a Liquidity Coverage Ratio ('LCR') with phased-in implementation consistent with that published by the Basel Committee. The LCR aims to ensure Banks have sufficient stock of unencumbered highly liquid assets to survive a high liquidity stressed scenario lasting 30 days.

The Bank reports its regulatory capital position to the Bermuda Monetary Authority (BMA) on a consolidated legal entity basis each calendar quarter.

50. Financial Risk Management (Continued)

(f) Capital management (continued)

(v) Guardian Holdings Limited

In each country in which the Group operates, the local insurance regulator indicates the required minimum amount and type of capital that must be held by each of the subsidiaries in addition to their insurance liabilities. The Group is also subject to insurance solvency regulations in all the territories in which it issues insurance and investment contracts. The minimum required capital must be maintained at all times throughout the year. The Group monitors these requirements throughout the year to ensure compliance. The Group has complied with these minimum capital requirements.

The Trinidadian trust services subsidiary holds a license under the Financial Institutions Act 2008 and the Securities Industries Act 2012. Under the Financial Institutions Act, the subsidiary is required to have a minimum paid up share capital of $15 million and to transfer a minimum of 10% of its profit after tax to a Statutory Reserve Fund until the balance in the Fund is not less than the paid up capital of the subsidiary as well as the subsidiary's qualifying capital shall be no less than 8% of its risk adjusted assets. Under the Securities Industries Act 2012, the subsidiary is required to have minimum capital of $6 million, of which at least $3 million shall be regulatory capital. The subsidiary has complied with these requirements.

The Trinidadian asset management subsidiary holds a license under the Securities Industries Act 2012, and as such, the subsidiary is required to have a minimum capital of $6 million, of which at least $3 million shall be regulatory capital. The subsidiary has complied with this requirement.

51. Fair Values of Financial Instruments

The Group measures fair values using the following fair value hierarchy which reflects the significance of the inputs used in making the measurements:

- Level 1 – inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2 – inputs other than quoted market prices included within level 1 that are observable, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 – inputs that are unobservable.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The fair value of financial instruments traded in active markets is based on quoted market prices at the date of the statement of financial position. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets is the current bid price. These instruments are grouped in Level 1 and comprise most equity securities that are quoted on the Jamaica Stock Exchange.

The fair value of financial instruments not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. This category includes government bonds, certificates of deposit, commercial paper and most liquid corporate bonds. Indicative prices or yields of these instruments are obtained from regular, publicly available quotes by reputable pricing services, dealers and brokers, such as Bloomberg and Oppenheimer. The Group's derivatives are also included in Level 2. The embedded put option is valued using a discounted cash flow model representing the difference between the present values of future cash flows with and without exercise of the put option using observable market yields for government bonds of similar tenure. Equity-linked options are valued using standard option pricing models using observable market data from Bloomberg.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Unquoted equities are carried at cost as the fair value cannot be reliably determined. These securities are classified at level 3.

51. Fair Values of Financial Instruments (Continued)

The following tables provide an analysis of financial instruments held as at the date of the statement of financial position that, subsequent to initial recognition, are measured at fair value. The financial instruments are classified in the fair value hierarchy into which the fair value measurement is categorised:

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

51. Fair Values of Financial Instruments (Continued)

	The Group - Restated			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
At September 30, 2019				
Financial assets				
Investment securities classified as FVOCI				
Government of Jamaica debt securities	-	215,038,729	1,938,660	216,977,389
Other Government Securities	5,447,804	40,633,915	1,998,243	48,079,962
Corporate Debt Securities	5,383,349	25,009,885	84,745,677	115,138,911
	10,831,153	280,682,529	88,682,580	380,196,262
Investment securities at fair value through profit or loss				
Government of Jamaica guaranteed corporate bonds	-	18,086,395	-	18,086,395
Other Government Securities	9,757,657	54,503,445	-	64,261,102
Corporate Debt Securities	3,557,027	15,804,120	5,012,781	24,373,928
Quoted & Unquoted equity securities	56,035,269	1,328,997	4,283,305	61,647,571
Other securities	245,084	351,284	149,707	746,075
	69,595,037	90,074,241	9,445,793	169,115,071
Derivative financial instruments	-	239,279	-	239,279
	80,426,190	370,996,049	98,128,374	549,550,612
Financial liabilities				
Derivative financial instruments	-	239,279	-	239,279
Liabilities under annuity and insurance contracts	-	-	394,615,307	394,615,307
	-	239,279	394,615,307	394,854,586

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

	The Group	
	2020 $'000	2019 $'000
At start of year	98,128,374	3,067,916
On acquisition of GHL	-	3,265,687
Transfer between levels based on adoption of IFRS 9	1,815,795	59,709,796
Acquisitions	39,226,448	35,728,198
Disposals	(56,476,747)	(4,786,108)
Fair value gains	(914,087)	1,137,885
At end of year	81,779,783	98,128,374

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

51. Fair Values of Financial Instruments (Continued)

Sensitivity analysis

The following table summarises the quantitative information about the significant unobservable inputs used in Level 3 fair value measurements.

	2020			
Description	**Unobservable input**	**Range of input**	**Change in basis points**	**Change in fair value $'000**
Other corporate bonds	Risk premium		JMD -100 and USD -50	2,216,350
			JMD +100 and USD +50	(2,069,519)

	2019 - Restated			
Description	**Unobservable input**	**Range of input**	**Change in basis points**	**Change in fair value $'000**
Other corporate bonds	Risk premium		JMD -100 and USD -50	3,597,972
			JMD +100 and USD +50	(2,887,203)

The Group's level 3 unquoted equity securities would decrease in value by $129,795,000 should there be a 12.5% decrease in value and increase by $72,685,000 should there be a 7% increase in value. (2019 - $162,116,000) assuming a 15% decrease.

The carrying value (excluding accrued interest) (Note 23) and fair value of investment securities classified as amortised cost are as follows:

	The Group	
	Carrying Value	**Fair Value**
	$'000	**$'000**
At September 30, 2020	213,084,577	224,271,173
At September 30, 2019	202,449,673	195,815,100

Similar to debt securities classified as FVOCI the above fair value measurements fall within Level 2 of the fair value hierarchy as indicative prices or yields of these instruments are obtained from regular, publicly available quotes by reputable pricing services, dealers and brokers, such as Bloomberg and Oppenheimer.

51. Fair Values of Financial Instruments (Continued)

The fair values for all other financial instruments approximate their carrying values and also fall within Level 2 based on the following:

- The fair value of liquid assets and other assets maturing within one year (such as cash and balances at Central Banks and amounts due from banks) is assumed to approximate their carrying amount. This assumption is applied to liquid assets and the short-term elements of all other financial assets and financial liabilities;
- The fair value of demand deposits and savings accounts with no specific maturity is assumed to be the amount payable on demand at the date of the statement of financial position;
- The fair value of variable rate loans is assumed to approximate their carrying amounts and management does not believe that, after deduction of provision for credit losses, there is any significant difference between the fair value of fixed rate loans and their carrying values as interest rates approximate current market rates offered on similar loans.

52. Fiduciary Activities

The Group provides custody, trustee, corporate administration, investment management and advisory services to third parties which involve the Group making allocation and purchase and sale decisions in relation to a wide range of financial instruments. Those assets that are held in a fiduciary capacity are not included in these financial statements. At September 30, 2020, the Group had financial assets under administration of approximately $251,639,93,000 (2019 –$211,268,727,000).

53. Dividends

The following dividends were paid by NCB Financial Group Limited during the year:
- $0.90 per ordinary stock unit was paid in December 2019
- $1.00 per ordinary stock unit was paid in March 2020

The Board of Directors, at its meeting on November 12, 2020, did not declare an interim dividend.

54. Business Combination and Disposal of Subsidiary and Portfolio

GHL

In May 2019, the Group acquired an additional 31.99% stake in GHL. GHL is an integrated financial services company with a focus on life, health, property, casualty insurance, pensions and asset management, based in Trinidad & Tobago. The rationale for the transaction was to expand the Group regionally to drive continued growth and shareholder value through a broader range of services and markets across the region.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

Purchase consideration	**$'000**
Cash Paid	28,100,754
Fair value of initial 29.99% as at acquisition date	32,585,000
	60,685,754

54. Business Combination and Disposal of Subsidiary (Continued)

The assets and liabilities recognised as a result of the acquisition are as follows:

	Restated Fair value $'000
Due from other banks	44,746,117
Loans and advances	16,219,981
Investment in securities	432,227,411
Investment in associates	4,998,314
Investment properties	29,201,380
Intangible assets	16,485,761
Property, plant and equipment	11,916,628
Reinsurance asset	28,901,209
Other assets	6,220,461
Insurance contracts	(355,304,187)
Other borrowed funds	(50,063,697)
Investment contract liabilities	(39,395,293)
Third party interest in mutual funds	(21,379,700)
Deferred taxation liabilities	(13,333,207)
Segregated fund liabilities	(16,549,531)
Other liabilities	(29,123,078)
Net identifiable assets acquired	65,768,569
Less: non-controlling interests	(25,433,611)
Net Assets acquired	40,334,958
Cash consideration	(60,685,754)
Goodwill	(20,350,796)

(a) Summary of acquisition

(i) Accounting policy choice for non-controlling interests

The Group recognises non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. For the non-controlling interest's interests in GHL, the Group elected to recognise the non-controlling interests at its proportionate share of the acquired net identifiable assets. See Note 2 for the Group's accounting policies for business combinations.

(ii) Revenue and profit contribution

The acquired business contributed revenues of $ 65,497,188,000 and net profit of $4,970,000,000 (after consolidation adjustments) to the Group for the period from May 1, 2019 to September 30, 2019.

If the acquisition had occurred on October 1, 2018, consolidated pro-forma revenue and profit for the year ended September 30, 2019 would have been $156,000,000,000 and $11,900,000,000, respectively.

54. Business Combination and Disposal of Subsidiary (Continued)

(b) Purchase consideration - cash outflow

Outflow of cash to acquire subsidiary, net of cash acquired	$'000
Cash consideration	28,100,754
Less: Balance acquired	
Cash	(44,746,117)
Net inflow of cash - Investing activities	(16,645,363)

(c) Acquisition-related costs

Acquisition-related costs of US$2.6 million are included in administrative expenses in the income statement and in operating cash flows in the statement of cash flows.

(d) Provisionally determined values within the PPA

IFRS 3 allows one year from the date of acquisition (referred to as the measurement period) to finalise the purchase accounting for business combinations and therefore also allows for provisionally determined amounts to be included in the financial statements. To the extent that the finalisation of the purchase accounting results in a change, these will be adjusted in the subsequent financial statements, as a prior period adjustment to goodwill. Items within these financial statements for which there is provisional determination of values include:

- Certain items of property, plant and equipment
- Investment in associated company
- Insurance contracts
- Other borrowed funds
- Allocation of goodwill to CGUs

The PPA for the acquisition of GHL has been finalised during the year and has resulted in a restatement. See note 61 for details.

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54. Business Combination and Disposal of Subsidiary (Continued)

Advantage General Insurance Company Limited

In the prior year, NCB Capital Markets Limited, a subsidiary of National Commercial Bank Jamaica Limited entered into an agreement to dispose of its 100% stake in Advantage General Insurance Company Limited. The transaction was finalised on September 30, 2019 for a consideration of US$50,500,000, approximately JMD$6,800,000,000. Below is a summarised income statement and balance representing the net profit contribution for the financial year and the net assets sold:

(a) Income statement

	2019 $'000
Net underwriting income	4,885,418
Policyholders' and annuitants' benefit & reserves	(3,023,301)
Net commission & other selling expenses	(88,451)
Net results from insurance activities	1,773,666
Other income	686,541
Total other operating income	2,460,207
Staff & operating expenses	1,667,865
Profit before taxation	792,342
Taxation	(231,526)
Net profit	560,816

(b) Statement of financial position

	2019 $'000
Cash & bank balances	186,227
Investment securities	8,345,735
Investment properties	734,797
Property, plant, equipment & intangible assets	1,167,080
Other assets	2,594,689
Total assets	13,028,528
Liabilities under annuity and insurance contracts	6,559,758
Other liabilities	2,336,587
Total liabilities	8,896,345
Net Assets	4,132,183

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54. Business Combination and Disposal of Subsidiary (Continued)

Advantage General Insurance Company Limited (continued)

(c) Gain on Disposal

	2019 $'000
Proceeds, net of transaction costs	6,651,806
Net assets	4,132,183
OCI gain recycled to income statement	(581,126)
Unamortised intangibles and other consolidated adjustments	474,324
Adjusted carrying value	4,025,381
Gain on disposal	2,626,425

(d) Purchase consideration - cash inflow

Inflow of cash to sell subsidiary, net of cash disposed	2019 $'000
Cash consideration	6,651,806
Less: Balance relieved	
Cash	(186,227)
Net Inflow of cash - Investing activities	6,465,579

NCB Insurance Company Limited

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

Proceeds, net of transaction costs	4,866,582
Market value of investments transferred	(35,075,794)
Policyholders' liabilities and reserves	33,547,584
Other actuarial adjustments	(3,225,455)
Gain on disposal	112,917

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55. Non-Controlling Interest

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

Statement of financial position	**2020**	**2019**
	$'000	**$'000**
Total assets	193,109,304	162,691,201
Total liabilities	(172,847,464)	(142,715,964)
Net assets	20,261,840	19,975,237
Non-controlling interest	10,110,658	9,967,643
Statement of comprehensive income		
Revenue	10,752,482	11,135,614
Direct profit for the period	826,024	1,195,591
Consolidation adjustments	(581,377)	(1,017,483)
Other comprehensive income	41,514	746,617
Total comprehensive income	286,161	924,725
Profit allocated to non-controlling interest	122,299	88,876
Other comprehensive income allocated to non-controlling interest	20,716	372,562
Accumulated non-controlling interest	143,015	461,438

55. Non-Controlling Interest (Continued)

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

		Restated
Statement of financial position	**2020**	**2019**
	$'000	**$'000**
Total assets	680,119,732	662,042,554
Total liabilities	(590,746,804)	(582,671,915)
Net assets	89,372,928	79,370,639
Non-controlling interest	33,979,587	26,312,796
Statement of comprehensive income		
Revenue	163,504,763	65,497,188
Direct profit for the period	15,445,269	5,399,702
Consolidation adjustments	5,591,774	(2,842,942)
Other comprehensive income	(3,943)	269,365
Total comprehensive income	21,033,100	2,826,125
Profit allocated to non-controlling interest	7,670,735	1,206,575
Dividend paid	-	(415,705)
Other comprehensive income allocated to non-controlling interest	(3,943)	88,226
Accumulated non-controlling interest	7,666,792	879,096

NCB Financial Group Limited

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56. Reconciliation of Liabilities arising from Financial Activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash. Financing activities represent bank and other loans, excluding bank overdrafts and amounts included as cash and cash equivalents:

	The Group			
Liabilities	**Other borrowed funds $'000**	**Obligation under securitisation arrangements $'000**	**Lease liabilities $'000**	**Total $'000**
At 01 October 2018	65,558,639	58,992,666	-	124,551,305
Cash movements -				
Drawdowns	47,136,182	-	-	47,136,182
Repayment – principal	(38,267,911)	(8,798,148)	-	(47,066,059)
Non-cash movements -				
On acquisition on subsidiary	50,063,697	-	-	50,063,697
Amortisation of upfront fees	(137,873)	157,227	-	19,354
Foreign exchange adjustments	(520,975)	(1,940,791)	-	(2,461,766)
Interest payable	1,121,342	(105,131)	-	1,016,211
At 30 September 2019	124,953,101	48,305,823		173,258,924
Adoption of IFRS 16	(558,866)	-	4,212,208	3,653,342
At 1 October 2019	124,394,235	48,305,823	4,212,208	173,258,924
Cash movements -				
Drawdowns	24,192,548	35,392,925	1,724,573	61,310,046
Repayment – principal	(26,988,658)	(12,077,688)	(1,346,282)	(40,412,628)
Non-cash movements -				
Amortisation of upfront fees	118,340	(405,327)	-	(286,987)
Foreign exchange adjustments	3,608,341	(42,883)	7,495	3,572,953
Interest payable	(258,470)	(88,893)	-	(347,364)
At 30 September 2020	125,066,336	71,083,957	4,597,994	200,748,286

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

	The Company		
Liabilities	**Other borrowed funds $'000**	**Lease liabilities $'000**	**Total $'000**
At 01 October 2018	60,149,078	-	60,149,078
Cash movements -			
Drawdowns	52,971,268	-	52,971,268
Repayment	(37,020,669)	-	(37,020,669)
Non-cash movements -			
Foreign exchange adjustments	48,182	-	48,182
Amortisation of upfront fees	(164,404)	-	(164,404)
Interest payable	244,015		244,015
At 01 October 2019	76,227,470	-	76,227,470
Cash movements -			
Drawdowns	2,000,007	127,593	2,000,007
Repayment	(5,500,500)	(29,231)	(5,500,000)
Non-cash movements -			
Foreign exchange adjustments	2,938,515	-	2,938,515
Amortisation of upfront fees	(102,236)	-	(102,236)
Interest payable	(1,206)	-	(1,206)
At 30 September 2020	75,562,050	98,361	75,562,050

NCB Financial Group Limited

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57. Leases

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

	2020 $'000	2019 $'000
Right-of-use assets		
Buildings	3,962,194	244,147
Motor vehicles	453,824	391,701
Equipment	127,660	180,967
	4,543,678	816,815
Lease liabilities		
Current	1,341,021	292,368
Non-current	3,256,973	266,498
	4,597,994	558,866

In the previous year, the Group only disclosed its operating lease commitments in relation to leases that were classified as 'operating leases' under IAS 17 Leases. Please refer to Note 50 (b).

Rights-of-use assets

The Group adopted IFRS 16 as at 1 October 2019:

(i) Amounts recognised in the balance sheet

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

Right-of-use assets	30 September 2020 $'000	1 October 2019 $'000
Buildings	3,962,194	244,147
Motor vehicles	453,824	391,701
Equipment	127,660	180,967
	4,543,678	816,815

b) As at 30 September 2019, leasehold Improvements and furniture, fittings and equipment where the Group is a lessee under a finance lease are as follows:

	Leasehold Improvements $'000	Equipment $'000	Motor Vehicles $'000
Cost	798,906	217,160	936,588
Accumulated Depreciation	(554,759)	(36,193)	(544,887)
Net book values	244,147	180,967	391,701

57. Leases (Continued)

As at October 1, 2019 leased assets previously classified as operating leases are presented as in the property, plant and equipment disclosure note.

Recognition of the right-of-use assets upon the adoption of IFRS 16 is $3,653,342,000. During the financial year additions through new leases and acquisitions amounted to $1,724,573,000.

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

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

	2020
Depreciation charge of right-of-use assets	**$'000**
Buildings	764,163
Equipment	56,752
Motor Vehicles	246,591
	1,067,506

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

	2020	**2019**
	$'000	**$'000**
Depreciation charge of right-of-use assets	1,067,506	334,801
Interest expense on lease liabilities	344,221	105,011
Total expenses related to leases	1,411,727	439,812

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability

- any lease payments made at the commencement date less any lease incentives received

Right-of-use assets are generally depreciated over the lease term on a straight line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

In the previous year, the Group only recognised lease assets and lease liabilities in relation to leases that were classified as 'finance leases' under IAS 17 Leases. The assets were presented in property, plant and equipment and the liabilities as part of the Group's borrowings.

57. Leases (Continued)

The Group's leasing activities

The Group leases various buildings to facilitate: execution of banking services at branches and ABMs, general business operations and housing for employees. Rental contracts are typically made for fixed periods of 1 to 10 years. Leases are negotiated on an individual basis and contain a wide range of different terms and conditions (including termination and renewal rights). Extension and termination options are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The extension and termination options held are exercisable by both the Group and the respective lessor.

Contracts may contain both lease and non-lease components. Where these exist, the Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes. Until the 2019 financial year, leases of property, plant and equipment were classified as operating leases. From 1 October 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which do not have recent third party financing; and,
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low value assets comprise IT equipment and small items of office furniture.

57. Leases (Continued)

Extension and termination options are included in a number of property and equipment leases across the Group. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). For leases of land and buildings, management has included various extension options in the lease liability, as relocating would from existing locations would be onerous.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and,
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options was an increase in recognised lease liabilities and right-of-use assets of $684,249,000.

58. Litigation and Contingent Liabilities

The Group is subject to various claims, disputes and legal proceedings, as part of the normal course of business. Provision is made for such matters when, in the opinion of management and its professional advisors, it is probable that a payment will be made by the Group, and the amount can be reasonably estimated.

In respect of claims asserted against the Group for which, according to the principles outlined above, no provision has been made, management is of the opinion that such claims are without merit and can be successfully defended. Significant matters are as follows, all relating to National Commercial Bank Jamaica Limited:

(a) Suit has been filed by the NCB Staff Association against the Bank seeking various declarations regarding the Bank's profit sharing scheme, in particular as it relates to the financial year ended September 30, 2002. The Association has not quantified the claim. In 2017, the Supreme Court decided in favor of the NCB Staff Association. The Bank filed an appeal against the judgment. The appeal was heard for 3 days in June 2020 at the end of which the Court of Appeal reserved its judgment. In July, 2020 the Court of Appeal handed down its Judgment dismissing the Bank's Appeal and affirming the decision of the Supreme Court. The Bank subsequently filed a Motion for Conditional Leave to have an appeal heard by the Judicial Committee of the Privy Council. Provision for the claim has been made in the financial statements.

58. Litigation and Contingent Liabilities (Continued)

(b) Suit has been filed by a customer against the Bank for breach of contract, breach of trust and negligence and damages. The claim for damages includes a sum equivalent to the profit of the business foregone as a result of an inability to access a loan approved by the Bank and the cost of interim financing. No provision was made in these financial statements for this claim as the Bank's attorneys were of the view that the suit against the Bank was unlikely to succeed. The Court subsequently ordered that the customer's claim be struck out. The customer has appealed that decision.

(c) Suit has been filed by a customer against the Bank for damages suffered as a result of the Bank's alleged negligence in relation to the sale of property. The proper value of the property, which had been owned by the customer, is in issue, along with the amount properly to be applied to the customer's loan balance. Based on the advice of the Bank's attorneys, no provision has been made in the financial statements in respect of this claim.

(d) Suit has been filed by a customer against the Bank for unlawful, wrongful and/or improper use of power in the appointment of a Receiver and manager of the customer's business property and assets. Damages, interest and costs have been claimed against the Bank. No provision has been made in the financial statements for this claim as the Bank's attorneys are of the opinion that the claim is unlikely to succeed.

(e) Suit was filed by a claimant seeking specific performance, damages for breach of contract, interest and costs. At the time of trial, the claim against the Bank was quantified by the claimant at approximately $31.4 billion plus interest and costs. The Supreme Court issued judgment in the Bank's favor, with the Court ordering a company (placed by the Bank into receivership) to pay the claimant $5 million plus interest. The claimant has appealed and the defendants (including the Bank) have cross-appealed that portion of the judgment in which the company in receivership was ordered to pay the claimant $5 million plus interest. However, in the light of a recent decision of the Court of Appeal, the claimant has applied to vacate the judgment of the Supreme Court as the Judge who delivered the judgment did so after he retired from the Supreme Court. Having heard the claimant's application, the Court of Appeal ordered that the matter be referred to the Supreme Court where a re-trial has been scheduled. No provision has been made for this claim as the Bank's attorneys are of the view that the suit against the Bank is unlikely to succeed.

A number of other suits have been filed by customers of the Group. In some instances, counter claims have been filed by the Group. Provision has been made in the financial statements for certain of these claims. No provision has been made where the Group's attorneys are of the view that the Group has a good defence against these claims.

59. Changes in Accounting Policies

(a) Impact on financial statements

This note explains the impact of the adoption of IFRS 16 Leases on the Group's financial statements.

As indicated in Note 2, the Group has adopted IFRS 16 Leases retrospectively from 1 October 2019 but has not restated comparatives for the 2019 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on October 1, 2019. The new accounting policies are disclosed in Note 57.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of October 1, 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on October 1, 2019 was 9.75%.

(a) Practical expedients applied

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relying on previous assessments on whether leases are onerous as an alternative to performing an
- impairment review;
- – there were no onerous contracts as at October 1, 2019;
- accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019
- as short-term leases;
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and,
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and Interpretation 4 Determining whether an Arrangement contains a Lease.

59. Changes in Accounting Policies (Continued)

(b) Measurement of lease liabilities

The lease liabilities as at October 1, 2019 can be reconciled to the operating lease commitments as of September 30, 2019, as follows:

	$'000
Operating lease commitments disclosed as at September 30, 2019	3,292,823
Discounted using the lessee's incremental borrowing rate as at September 30, 2019	(568,332)
Discounted operating lease commitments as at October 1, 2019	2,724,491
(Less): short-term leases not recognised as a liability	(213,699)
(Less): low-value leases not recognised as a liability	-
Contract reassessed as operating lease	41,877
Add: adjustments as a result of a different treatments of extension and termination options	1,082,032
Lease liabilities as at October 1, 2019	3,634,701

(c) Measurement of right-of-use assets

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at September 30, 2019.

(d) Adjustments recognised in the balance sheet on October 1, 2019

The change in accounting policy affected the following items in the balance sheet on October 1, 2019:

- right-of-use assets – increase by $3,634,699,000
- lease liabilities – increase by $3,634,699,000

(e) The Income statement impact

For the year 2020 increased charges of $41,328,000 was recorded in the income statement.

60. Offsetting Financial Assets and Financial Liabilities

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

	The Group						
	2020						
				Related amounts not set off in the statement of financial position			
	Gross amounts of financial assets $'000	Gross amounts set off on the balance sheet $'000	Net amounts of financial assets presented on the balance sheet $'000	Impact of master netting agreements $'000	Cash collateral $'000	Financial instruments collateral $'000	Net amounts $'000
Assets							
Cash resources	258,411,791	-	258,411,791	-	(3,707,087)	(5,473,992)	249,230,712
Financial investments	853,085,972	-	853,085,972	(210,914,030)	-	(185,369,195)	456,802,747
	1,111,497,763	-	1,111,497,763	(210,914,030)	(3,707,087)	(190,843,187)	706,033,459
	2019						
Assets							
Cash resources	209,570,465	-	209,570,465	-	(3,446,427)	(5,677,890)	200,446,148
Financial investments	756,496,006	-	756,496,006	(201,039,607)	-	(172,270,779)	386,185,620
	966,066,471	-	966,066,471	(201,039,607)	(3,446,427)	(177,948,669)	583,631,768

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60. Offsetting Financial Assets and Financial Liabilities (Continued)

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

	The Group						
	2020						
	Related amounts not set off in the statement of financial position						
	Gross amounts of financial assets	Gross amounts set off on the balance sheet	Net amounts of financial assets presented on the balance sheet	Impact of master netting agreements	Cash collateral	Financial instruments collateral	Net amounts
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Liabilities							
Repurchase agreements	211,436,379	-	211,436,379	(210,914,030)	(84,943)	-	437,406
Obligations under securitisation agreements	71,083,957	-	71,083,957	-	(3,622,144)	-	67,461,813
	282,520,336	-	282,520,336	(210,914,030)	(3,707,087)	-	67,899,219
	2019						
Liabilities							
Repurchase agreements	174,619,976	-	174,619,976	(201,039,607)	-	-	(26,419,631)
Obligations under securitisation agreements	48,305,823	-	48,305,823	-	(3,446,427)	-	44,859,396
	222,925,799	-	222,925,799	(201,039,607)	(3,446,427)	-	18,439,765

61. Restatements and reclassifications

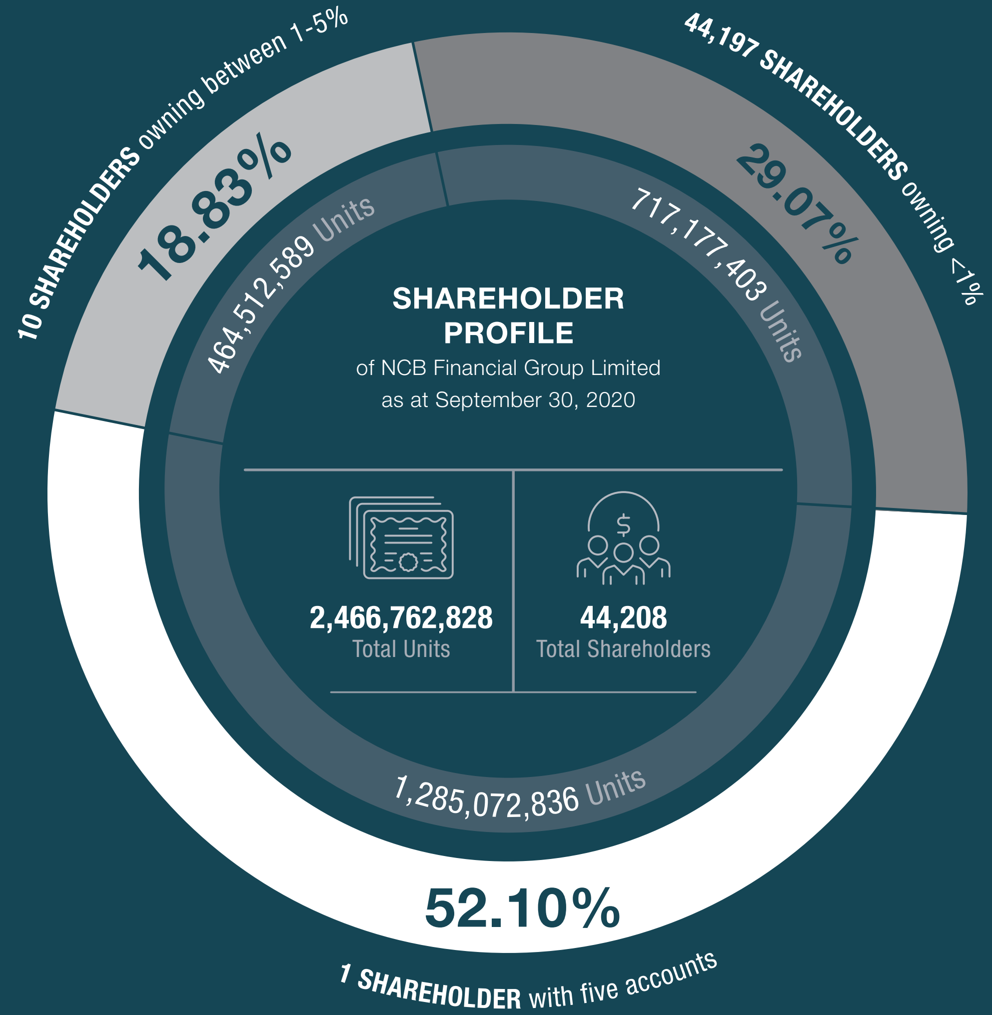
In 2019, the Group acquired controlling interest in GHL (Note 54) and as allowed under IFRS 3, the PPA were provisionally determined. The PPA has been finalised during the current year and resulted in changes (Note 54) in the fair values of certain assets and liabilities which resulted in the restatement as follows.

	The Group			
	As previously reported	Restatement	Reclassification	Restated
	$'000	$'000	$'000	$'000
ASSETS				
Cash in hand and balances at Central Banks	62,535,389	-	-	62,535,389
Due from banks	141,357,186	-	-	141,357,186
Derivative financial instruments	239,279	-	-	239,279
Reverse repurchase agreements	7,837,898	-	-	7,837,898
Loans and advances, net of provision for credit losses	423,102,600	-	-	423,102,600
Investment securities	386,185,620	-	-	386,185,620
Pledged assets	384,904,688	-	(5,916,412)	378,988,276
Investment in associates	5,271,465	273,986	-	5,545,451
Investment properties	28,155,110	-	3,230,106	31,385,216
Intangible assets	43,632,659	5,925,018	-	49,557,677
Property, plant and equipment	23,480,667	-	2,686,306	26,166,973
Properties for development and sale	2,368,042	-	-	2,368,042
Reinsurance assets	33,779,448	-	-	33,779,448
Deferred income tax assets	8,141,066	-	-	8,141,066
Income tax recoverable	5,174,472	-	-	5,174,472
Letters of credit and undertaking	2,051,519	-	-	2,051,519
Other assets	51,883,490	-	-	51,883,490
Total Assets	1,610,100,598	6,199,004	-	1,616,299,602

61. Restatements and reclassifications (Continued)

	The Group			
	As previously reported	**Restatement**	**Reclassification**	**Restated**
	$'000	**$'000**	**$'000**	**$'000**
LIABILITIES				
Due to banks	22,776,255	-	-	22,776,255
Customer deposits	504,678,536	-	-	504,678,536
Repurchase agreements	174,619,976	-	-	174,619,976
Obligations under securitisation arrangements	48,305,823	-	-	48,305,823
Derivative financial instruments	239,279	-	-	239,279
Other borrowed funds	124,953,101	-	-	124,953,101
Deferred income tax liabilities	18,122,796	142,764	-	18,265,560
Third party interest in mutual funds	22,138,490	-	-	22,138,490
Segregated fund liabilities	16,549,531	-	-	16,549,531
Investment contract liabilities	39,257,656	-	-	39,257,656
Liabilities under annuity and insurance contracts	385,395,889	9,219,418	-	394,615,307
Post-employment benefit obligations	9,400,738	-	-	9,400,738
Letters of credit and undertaking	2,051,519	-	-	2,051,519
Other liabilities	54,577,213	-	-	54,577,213
Total Liabilities	1,423,066,802	9,362,182	-	1,432,428,984
STOCKHOLDERS' EQUITY				
Share capital	153,827,330	-	-	153,827,330
Treasury shares	(10,756,253)	-	-	(10,756,253)
Reserves from scheme of arrangement	(147,034,858)	-	-	(147,034,858)
Fair value and capital reserves	13,158,946	-	-	13,158,946
Loan loss reserve	2,947,624	-	-	2,947,624
Banking reserve fund	6,625,209	-	-	6,625,209
Retained earnings reserve	43,820,000	-	-	43,820,000
Retained earnings	84,709,206	292,975	-	85,002,181
Equity attributable to stockholders of the parent	147,297,204	292,975	-	147,590,179
Non-controlling interest	39,736,592	(3,456,153)	-	36,280,439
Total stockholders' equity	187,033,796	(3,163,178)	-	183,870,618
Total stockholders' equity and liabilities	1,610,100,598	6,199,004	-	1,616,299,602

Shareholdings



10 LARGEST SHAREHOLDERS

of NCB Financial Group Limited as at September 30, 2020

Name of Shareholder	Units	Percentage Ownership
AIC (Barbados) Limited	1,285,072,836	52.10%
Sagicor PIF Equity Fund	79,833,444	3.24%
Hon. Patrick Hylton, OJ, CD	68,080,555	2.76%
NCB Insurance Co. Ltd WT 109	62,989,156	2.55%
Harprop Limited	46,434,102	1.88%
AIC Global Holdings Inc.	45,449,690	1.84%
Dennis Cohen	36,550,749	1.48%
SJIML A/C 3119	35,498,981	1.44%
Ideal Portfolio Services Company Limited	33,339,577	1.35%
Guardian Life of the Caribbean	30,206,368	1.22%

INTEREST/OWNERSHIP OF STOCK UNITS BY DIRECTORS

of NCB Financial Group Limited as at September 30, 2020

Directors [1]	Total	Direct	Connected Parties
Robert Almeida	**66,045,231**	171,750	65,873,481
Dennis Cohen [2]	**175,377,207**	36,550,749	138,826,458
Sandra Glasgow [2]	**139,351,258**	326,150	139,025,108
Sanya Goffe	**65,945,481**	72,000	65,873,481
Hon. Patrick Hylton, OJ, CD	**133,954,036**	68,080,555	65,873,481
Adrian Lee-Chin	**65,906,201**	0	65,906,201
Hon. Michael Lee-Chin, OJ	**1,490,930,331**	35,000	1,490,895,331
Thalia Lyn, OD [2]	**139,243,304**	398,084	138,845,220
Prof. Alvin Wint, CD	**65,961,625**	88,144	65,873,481
Dave Garcia (Corporate Secretary)	**175,027**	175,027	0

INTEREST/OWNERSHIP OF STOCK UNITS BY EXECUTIVES/SENIOR MANAGERS

of NCB Financial Group Limited as at September 30, 2020

Executives/Senior Managers	Total	Direct	Connected Parties
Dennis Cohen [1, 2]	**175,377,207**	36,550,749	138,826,458
Dave Garcia	**175,027**	175,027	0
Hon. Patrick Hylton, OJ, CD [1]	**133,954,036**	68,080,555	65,873,481
Misheca Seymour-Senior	**7,195**	7,195	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 OTHER EXECUTIVES/SENIOR MANAGERS OF SUBSIDIARIES

of NCB Financial Group Limited as at September 30, 2020

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
Howard Gordon	**105,051**	105,051	0
Vernon James	**0**	0	0
Sheree Martin	**6,713**	6,713	0

Executives/Senior Managers	Total	Direct	Connected Parties
Nadeen Matthews Blair	**92,305**	92,305	0
Anne McMorris Cover	**8,735**	8,735	0
Claudette Rodriquez	**99,355**	99,355	0
Malcolm Sadler	**58,827**	28,774	30,053
Ravi Tewari	**0**	0	0
Ian Truran	**0**	0	0
Simona Watkis	**4,900**	4,900	0
Tanya Watson Francis	**156,323**	156,323	0
Angus Young	**93,000**	93,000	0

1. Connected parties for all directors include shares of 65,873,481 held by subsidiaries of Guardian Holdings Limited (GHL).
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.

Corporate Directory

NCB FINANCIAL GROUP LIMITED

32 Trafalgar Road Kingston 10 Jamaica W.I.	www.myncb.com	876-929-9050

Key Persons:

Hon Patrick Hylton, OJ. CD.	President and Group Chief Executive Officer
Dennis Cohen	Group Chief Financial Officer and Deputy Chief Executive Officer
Allison Wynter	Group Chief Risk Officer
Dave Garcia	Group General Counsel and Corporate Secretary
Mukisa Ricketts	Group Chief Audit Executive
Misheca Seymour-Senior	Group Chief Compliance Officer

NATIONAL COMMERCIAL BANK JAMAICA LIMITED AND ITS SUBSIDIARIES

32 Trafalgar Road Kingston 10 Jamaica W.I.	www.jncb.com	876-929-9050 888-NCB-FIRST (622-3477)

Key Persons:

Septimus 'Bob' Blake	Chief Executive Officer (CEO)
Malcolm Sadler	Chief Financial Officer
Allison Wynter	Head - Group Risk Management Division
Anne McMorris-Cover	Head - Enterprise Operations Division
Brian Boothe	Head - Corporate, Commercial and Consumer Banking Division
Claudette Rodriquez	Head - Payment Services Division
Danielle Cameron-Duncan	Head - Digital Channels
Dave Garcia	Head - Group Legal & Compliance Division
Euton Cummings	Head - Group HR and Facilities Division
Gabrielle Banbury-Kelly	Head - Group Transformation Office
Mukisa Ricketts	Head - Group Internal Audit Division
Nadeen Matthews Blair	Head - Group Marketing, Communications, Analysis & Digitisation Division /CEO, N.C.B. Foundation
Ramon Lewis	Head - Group Information & Technology Division
Tanya Watson-Francis	Head - Treasury and Correspondent Banking Division
Steven Gooden	Chief Executive Officer (CEO), NCB Capital Markets Limited
Desmond Johnson	General Manager, NCB Insurance Agency & Fund Managers Limited

CLARIEN GROUP LIMITED

19 Reid Street Hamilton HM 11, Bermuda	www.clarienbank.com	+1 441-296-6969

Key Persons:

Ian Truran	Chief Executive Officer
Bruce Jackson	Chief Wealth Management Officer
Minish Parikh	Chief Operating Officer
Rebecca Pitman	Chief of Staff
Simon Van de Weg	Chief Banking Officer
Vishram Sawant	Chief Financial Officer
Michael DeCouto	Chief Digital & Marketing Officer
Corey Reason	Head of Compliance
Jared Siddle	Head of Risk

GUARDIAN HOLDINGS LIMITED

1 Guardian Drive Westmoorings Trinidad and Tobago	www.myguardiangroup.com	1-868-226-MYGG (6944)

Key Persons:

Ravi Tewari	Group Chief Executive Officer
David Maraj	Group Chief Financial Officer
Alan Sadler	Group Vice President, Insurance Operations
Sasha Ali	Group Head, Internal Audit
Brent Ford	Group Chief Investment Officer/Group President, Asset Management
Karen Kelshall Lee	Group Head, Compliance
Paul Traboulay	Group Chief Risk Officer
Richard Avey	Group General Counsel/Corporate Secretary
Anand Pascal	President, Guardian Life of the Caribbean Limited

Dean Romany	President, Guardian General Insurance Limited
Diego Frankel	President, Fatum
Eric Hosin	President, Guardian Life Limited
Karen Bhoorasingh	President, Guardian General Insurance Jamaica Limited

CONTACT INFORMATION

Investor Relations*:

Jacqueline De Lisser
Head – Group Investor Relations &
Financial Advisory Unit

delisserjn@jncb.com

Registrar Services**:

Jamaica Central Securities Depository Ltd.
40 Harbour Street, Kingston

876-967-3271

* Information on the Company
** Shareholders queries

Glossary - Abbreviations

* The Compounded Annual Growth Rate (CAGR) is a measure of growth over multiple time periods.

CURRENCIES AND UNITS:

B – Billion
BMD - Bermudan Dollar
BBD - Barbados Dollar
Bn – Billion
J$ – Jamaican Dollar
JMD – Jamaican Dollar
K – Thousand
M – Million
Mn – Million
NAF - Netherlands Antilles Guilder
Tn - Trillion
TT$ – Trinidad and Tobago Dollars
TTD – Trinidad and Tobago Dollars
US$ – United States Dollars
USD – United States Dollar

ENTITIES:

A

Alpart/JISCO - Alpart Alumina Partners/ Jiuquan Iron and Steel Company

B

BOJ – Bank of Jamaica

C

CariCRIS - Caribbean Information and Credit Ratings Services Limited
CBL - Clarien Bank Limited
CBTT - Central Bank of Trinidad and Tobago
CLICO - Colonial Life Insurance Company
CSO - Central Statistical Office

F

FSC – Financial Services Commission

G

GAM - Guardian Asset Management
GAMIS - Guardian Asset Management and Investment Services Ltd
GGIL - Guardian General Insurance Ltd
GGIJL - Guardian General Insurance Jamaica Ltd.
GHL – Guardian Holdings Limited
GLL - Guardian Life Limited
GLOC - Guardian Life of the Caribbean

I

IASB – International Accounting Standards Board
ICAJ – Institute of Chartered Accountants of Jamaica
IMF – International Monetary Fund

J

JCAA - Jamaica Civil Aviation Authority
JSE - Jamaica Stock Exchange

N

NACD - National Association of Corporate Directors
NCB or NCB Group – NCBFG and its subsidiaries
NCBCM – NCB Capital Markets Limited
NCBCMBL – NCB Capital Markets (Barbados) Limited
NCBFG – NCB Financial Group Limited
NCBGF – NCB Global Finance Limited
NCBGH – NCB Global Holdings Limited
NCBIA - NCB Insurance Agency and Fund Managers Limited (formerly NCBIC – NCB Insurance Company Limited)
NCBJ – National Commercial Bank Jamaica Limited

O

ODPEM - Office of Disaster Preparedness and Emergency Management

P

PWC – PricewaterhouseCoopers
PSOJ – Private Sector Organisation of Jamaica

S

STATIN - The Statistical Institute of Jamaica

T

TTSE – Trinidad and Tobago Stock Exchange
TTSEC - Trinidad and Tobago Securities and Exchange Commission

U

USAID - United States Agency for International Development

TITLES:

AGM – Assistant General Manager
AVP - Assistant Vice President
CAE - Chief Audit Executive
CEO – Chief Executive Officer
CFO – Chief Financial Officer
CIO - Chief Information Officer
SAGM – Senior Assistant General Manager
VP - Vice President

OTHER ACRONYMS:

2020 F - Forecasted for calendar year 2020
2021 F - Forecasted for calendar year 2021

A

ABM – Automated Banking Machine

AGM – Annual General Meeting

AI – Artificial Intelligence

ATM – Automated Teller Machine

ALCO - Asset and Liability Committee

B

BERT - Barbados Economic Recovery and Transformation

BPS – Basis Points

C

CAGR* – Compounded Annual Growth Rate

CBD – Corporate Banking Division

CCTV – Closed Circuit Television

CD account - Certificate of deposit

CEC - Client Engagement Centre

CEMBI - Emerging Market Corporate Bond Index

CHASE - Culture, Health, Arts, Sports and Education

CLC - Corporate Learning Campus

CPI – Consumer Price Index

CSR – Corporate Social Responsibility

D

DPR – Diversified Payments Rights

DTI - Deposit Taking Institution

E

ECLAC - Economic Commission for Latin America and the Caribbean

EGC – Economic Growth Council

EMBI - Emerging Market Bond Index

EMV – Europay, MasterCard, and Visa

EPS – Earnings per stock unit

F

FX – Foreign Exchange

FY - Financial Year

FY - Fiscal Year

Finacle - A core banking system that provides digital banking functionalities for NCBJ.

G

GDP – Gross Domestic Product

GOJ – Government of Jamaica

GOB - Government of Barbados

GRC – Group Risk Committee

GRMD – Group Risk Management Division

GPA - Grade Point Average

H

HR – Human Resources

I

iABM – Intelligent Automated Banking Machine

IFRS – International Financial Reporting Standards

IPO – Initial Public Offering

ISA - International Standards on Auditing

IT – Information Technology

J

JAMAN - Jamaican global bonds

JEI – Jamaica Education Initiative

K

KPI - Key Performance Indicator

KYC - Know Your Customer

L

LED – light-emitting diode

M

MD&A – Management Discussion & Analysis

mPOS – Mobile Point of Sale

MSME - Micro Small and Medium Enterprises

P

PCC - Pre-Authorised Credit Card Payment

PCDF - PetroCaribe Development Fund

PCI – Payment Card Industry

POCI – Purchased or originated credit-impaired

POS – Point of Sale

PY – Prior year

Q

Q1 - Quarter 1

Q2 - Quarter 2

Q3 - Quarter 3

Q4 - Quarter 4

S

SME – Small and Medium Sized Enterprise

S&P – Standard & Poor's

STEM - Science, Technology, Energy and Mathematics

STP - Straight Through Processing

T

T–Bill – Treasury Bill

TCBD – Treasury & Correspondent Banking Division

TEF - Tourism Enhancement Fund

T & T – Trinidad & Tobago

U

UK – United Kingdom

US – United States

UI/UX Design - User Interface/User Experience

UWI – University of the West Indies

V

VAT - Value Added Tax

Notes

NCB FINANCIAL GROUP LIMITED

Annual General Meeting **Form of Proxy**

Postage Stamp

I/We ....

of ....

being a Member/Members of the abovenamed Company, hereby appoint

....

of .... or failing him/her

....

of ....

as my/our Proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at **The Atrium, 32 Trafalgar Road, Kingston 10**, in the parish of **Saint Andrew, Jamaica** on **February 5, 2021** at **3:00 p.m**. and at any adjournment thereof.

Please indicate by inserting a cross in the appropriate square how you wish your votes to be cast. Unless otherwise instructed, the Proxy will vote or abstain from voting, at his/her discretion.

RESOLUTION	FOR	AGAINST
1	☐	☐
2	☐	☐
3 (a)	☐	☐
3 (b)	☐	☐

RESOLUTION	FOR	AGAINST
4 (a)	☐	☐
4 (b)	☐	☐
5	☐	☐

As witnessed my hand this .... day of 2021

Signed: ....

NOTES:

1. This Form of Proxy must be received by the Secretary of the Company not less than 48 hours before the time appointed for the Meeting.
2. This Form of Proxy should bear stamp duty of $100. Adhesive stamps are to be cancelled by the person signing the proxy.
3. If the appointer is a Corporation, this Form of Proxy must be executed under its Common Seal or under the hand of an officer or attorney duly authorized in writing.

STRICT OBSERVANCE OF COVID-19 PROTOCOLS IN THE PRODUCTION OF THE ANNUAL REPORT

The production team for the NCBFG 2020 Annual Report adhered to the following safety protocols in order to reduce the risk of spread and exposure to COVID-19:

Automated temperature scanners used to conduct temperature checks for all persons entering the building.

Proper physical distancing practised and actively monitored.

Masks were worn by all team members.

Only the crew and the subject being photographed were in the areas where the photoshoot took place. Subjects being photographed were permitted to remove masks only at the point of being photographed. Proper physical distancing was observed.

No sharing of work equipment or stations without the areas being sanitised prior to being utilised.

Production areas were thoroughly and frequently cleaned and sanitized.

DESIGN:
Graphics & Production Unit
Group Marketing & Communications

PHOTOGRAPHY:
Paul Mullings

AUDITORS:
PricewaterhouseCoopers

PRINTED IN JAMAICA:
Lithographic Printers Ltd.

Put Your
Best Life
Forward

HEAD OFFICE:
"The Atrium"
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Kingston 10

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