RESILIENCE

ANNUAL REPORT 2023

NCB FINANCIAL GROUP LIMITED

NCB, with a resilient legacy of 186 years, underscores its steadfastness and adaptability. This period reflects a journey marked by ambition, innovation, and excellence, driven by a commitment to people and community. The Group Strategic Pillars demonstrate how NCB has lived its purpose in the past financial year, aligning with the Resilience Framework's pillars: Competence, Confidence, Connection, and Contribution. These pillars are in harmony with the Group's focus on Efficiency, Governance, and Customer Experience (EGC). The report highlights resilience through Financial Resilience, showcasing performance and stability; Business Model Resilience, emphasising strategic investments and technological strategies across various segments and enablers; and Operational Resilience, illustrating adaptability and innovation. It explores how NCB embraces change, leveraging it for continued stakeholder success, customer service, and showcases innovative products and initiatives that have fortified NCB against the year's challenges.

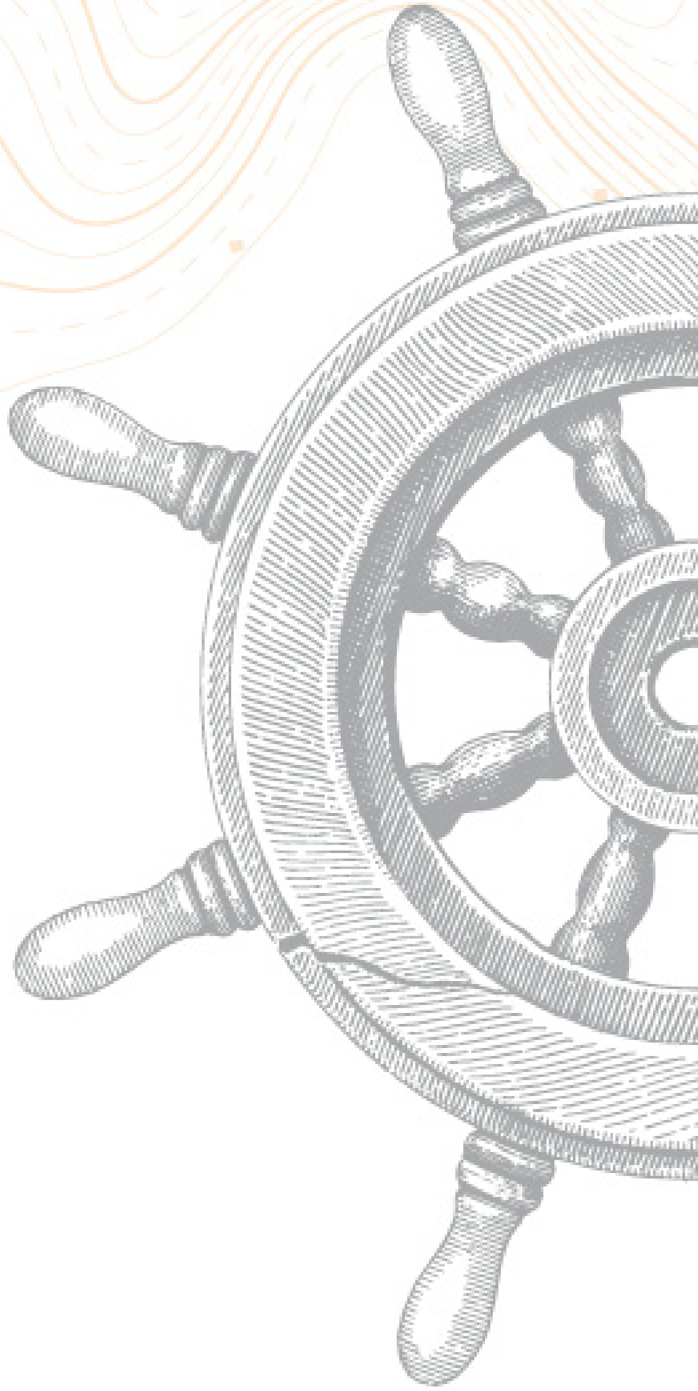
RESILIENCE

Contents

> "We endeavour to ensure that our presence is synonymous with security, soundness, and dedication to excellence in all we do."

> "Our strategic initiatives, coupled with a forward-looking approach, will continue to drive sustainable growth and long-term success."

Our Vision

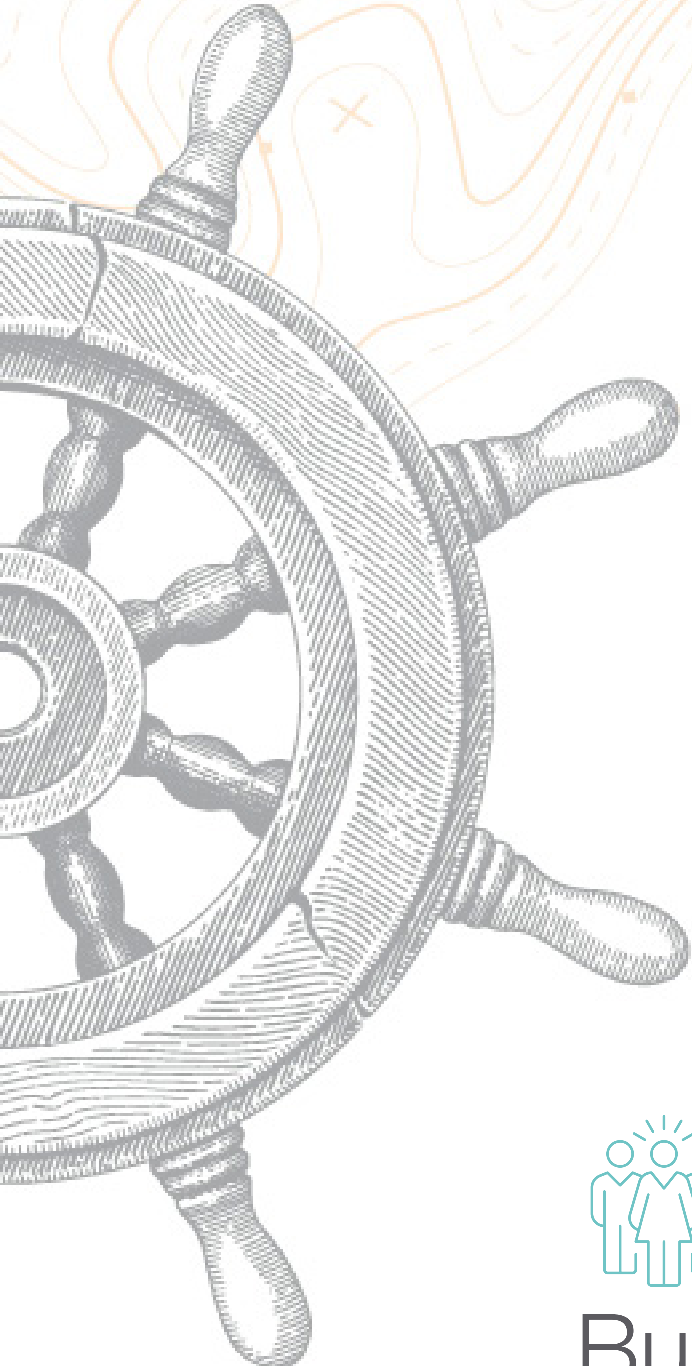


To create

A WORLD-CLASS FINANCIAL ECOSYSTEM

that serves to power the advancement of individuals, businesses and communities, wherever we operate.

Our Purpose



Empowering People

Involves initiatives that enhance abilities, confidence, and autonomy enabling them to take control and contribute meaningfully.

Unlocking Dreams

Breaking through limitations and creating pathways for individuals to fulfill their aspirations.

Building Communities

Fostering relationships and community engagement to enhance the overall wellbeing and contribute to positive socioeconomic development.

Our Values

Customer Obsession

Delights all customers as we consistently anticipate and exceed their expectations.

Teamwork

Collaborates and supports others on the journey towards our aspiration.

Boldness

Speaks up, shows up courageously and pushes relentlessly towards our aspiration.

Owner's Mindset

Takes accountability for all outcomes and embraces challenges as opportunities to win!

Respect

Treats others how we want to be treated.

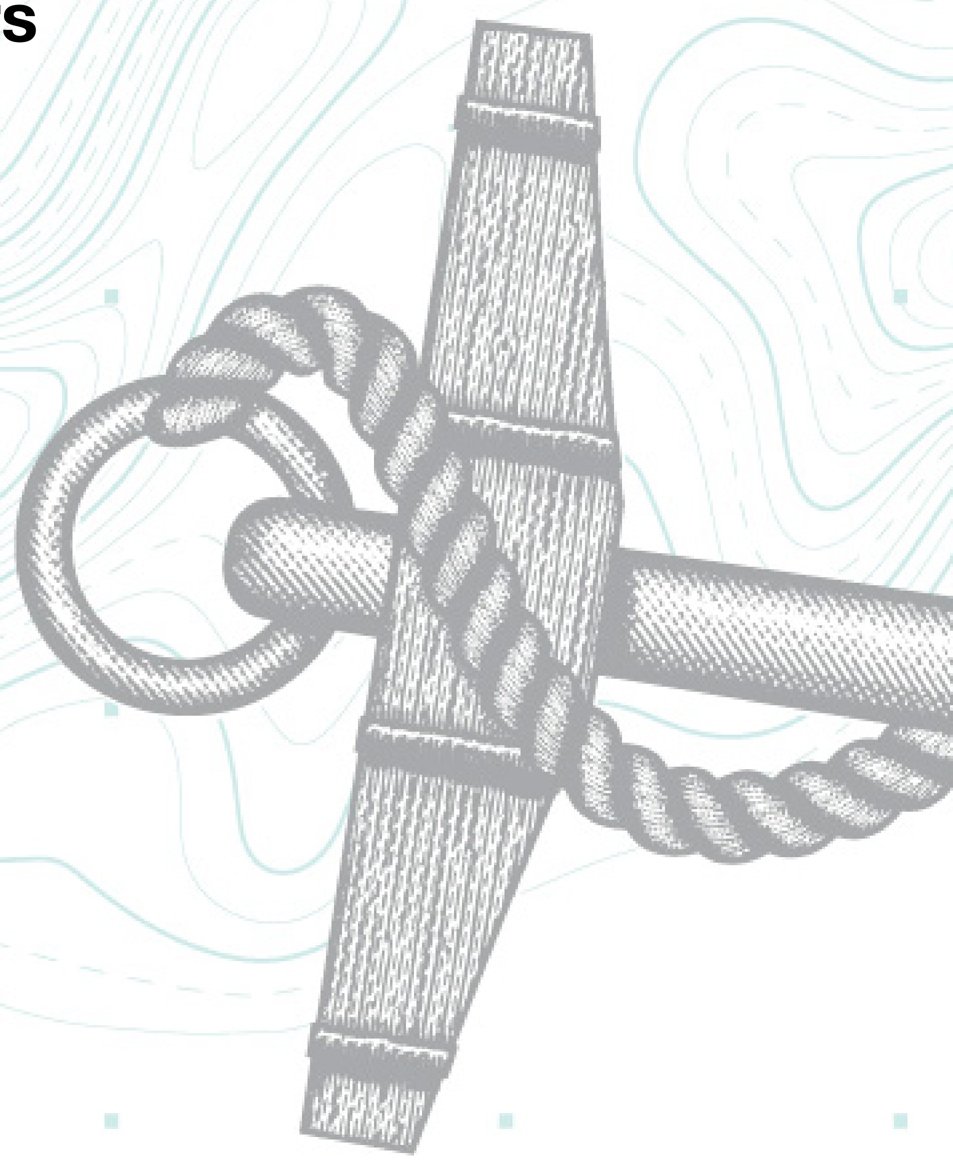
Innovation

Thinks creatively and pursues solutions that add value.

Trustworthiness

People can rely on us to show up with integrity and do what we say.

Our 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.

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 as a **virtual-only meeting on February 9, 2024,** to start at 10:30 a.m., to consider and if thought fit pass the following resolutions:

1. **Audited Financial Statements**

   "**THAT** the Audited Financial Statements for the year ended September 30, 2023, and the Reports of the Directors and Auditors, circulated with the Notice convening the Meeting, be and are hereby adopted."

2. **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 Interim Group Chief Executive Officer) and Deputy Managing Director 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. the Hon. Alvin Wint, OJ, CD and Mrs Sandra Glasgow** of whom **Mrs Glasgow**, being eligible, offers herself for re-election.

   The proposed resolution is therefore as follows:

   "**THAT** Director **Mrs Sandra Alicia Carol Glasgow**, retiring pursuant to Article 94 of the Articles of Incorporation, be and is hereby re-elected."

   (b) On the recommendation of the Board, Members will be invited to elect additional directors, in respect of whom the proposed resolutions are as follows:

   (i) "**THAT Mr Bruce Bowen** be and is hereby elected a Director."

   (ii) "**THAT Mr Gary Brown** be and is hereby elected a Director."

3. **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 the Directors combined, other than the Executive Directors, for the financial year of the Company ending September 30, 2024, BE AND IS HEREBY fixed at $72,000,000, which remuneration may include such share incentive scheme for directors as may be determined by the Board."

4. **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."

5. "**THAT** the resolutions considered at the Company's General Meeting of October 31, 2023 and all acts pursuant thereto be and are hereby ratified."

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 Form.

Instructions for participation in the virtual-only AGM follow.

DATED 3rd day of January 2024

BY ORDER OF THE BOARD

DAVE L. GARCIA
CORPORATE SECRETARY

CONTINUED

Notice of Annual General Meeting

Special Instructions for Attendance and Participation at the Virtual-Only Annual General Meeting (AGM)

Shareholders will not be able to attend the meeting in person as this will be a virtual-only meeting; however, they will have an opportunity to attend and vote on resolutions raised at the AGM electronically once they register using this link: **iteneri.com/ncbfg.**

Non-shareholders may also attend the meeting if they register using the same link.

Shareholders will require their Jamaica Central Securities Depository (JCSD) or Trinidad and Tobago Central Depository (TTCD) Account Number in order to complete registration and to be able to vote on the resolutions raised at the AGM. Should assistance be required in obtaining this account number, any of the following may be done:

1) Contact your stock broker; or
2) Contact the Registrar Services Unit of the Jamaica Central Securities Depository at (876) 967-3271 or via email at **jcsdrs@jamstockex.com**.

Upon registration and verification, a link and a password will be sent to the same e-mail address that was used for registration. **The link and password should not be shared with anyone.**

The deadline for registration is February 7, 2024.

Attendance and Participation

The Notice of AGM, Proxy Form and Annual Report are available on the following websites:

- NCB Financial Group Limited (NCBFG) at **www.myncb.com/annualreport2023**
- The NCBFG AGM site at **iteneri.com/ncbfg**

They are also being made available on the following sites:

- The Jamaica Stock Exchange at **www.jamstockex.com**
- The Trinidad & Tobago Stock Exchange at **www.stockex.co.tt**

Registered shareholders and non-shareholders will be able to join and participate in the AGM using the information provided by e-mail on completion of the registration process.

The AGM will be streamed live on the NCBFG website at **www.myncb.com** as well as the National Commercial Bank Jamaica Limited YouTube page for viewing by all persons worldwide regardless of whether they register on the AGM website.

Attendees will be muted for the duration of the meeting and will not be allowed to unmute themselves for verbal communication, except upon a request made and accepted during the meeting.

Persons are strongly encouraged to submit any questions related to the audited accounts prior to the AGM by e-mail to **ncbfginvestorqueries@jncb.com** up to the evening of February 8, 2024, so that they may be addressed during presentations and/or the course of the meeting. During the AGM, questions may only be submitted through the Question and Answer functionality of the application and we will seek to address as many of them as possible that are relevant to the proceedings, particularly in the designated “Audited Accounts” or “Question & Answer” segments of the meeting agenda. Shareholders wishing to speak should request to do so through the Question and Answer functionality, following the instructions that will be provided in the meeting.

Voting by shareholders on all resolutions shown on the Notice of the AGM will be done by electronic means. Only those shareholders or their proxies who have registered will be able to vote on the resolutions at the meeting.

Instructional videos on “How to Register” and “How to Vote” are available on the AGM site.

Persons experiencing any problems in the registration process or who have any questions regarding the registration and participation in the AGM, should send an e-mail to our Registrar at **jcsdrs@jamstockex.com.**

Business in Brief

NCB
FINANCIAL GROUP
LIMITED

SUB-GROUPS

CLARIEN Entities

Clarien Group stands as one of Bermuda's largest independent, privately-owned financial services organisations. Its comprehensive portfolio covers personal, commercial, and private banking services and through Clarien Bank Limited, offers personal and business banking, along with payment services. Clarien Investments Limited specialises in exclusive wealth management, and Clarien Trust Limited provides tailored trust and fiduciary services.

GUARDIAN Entities

Guardian Group is a leading integrated financial services provider. Focussed on life, health, property, and casualty insurance, as well as pensions and asset management, Guardian Group operates across 21 territories in the Caribbean, including Aruba, Barbados, Bonaire, Curaçao, Jamaica, St. Maarten, and Trinidad and Tobago.

NCB Entities

NCB Entities, including National Commercial Bank Jamaica Limited (NCBJ) and its subsidiaries like NCB Capital Markets Limited, NCB Capital Markets (Barbados) Limited, and NCB Insurance Agency & Fund Managers Limited (NCBIA), cater to personal and commercial banking, payment services, wealth management, pension fund management, and asset management needs primarily in Jamaica, the Cayman Islands, Barbados, and Trinidad and Tobago. With over 20 locations in Jamaica, including digital and full-service branches, six financial centers, and over 300 ABMs and financial kiosks, NCBJ and its Jamaican subsidiaries offer a comprehensive suite of services. Fintech company TFOB, introduced (2021) Limited (TFOB) and launched Lynk, a mobile wallet, in 2021, providing customers with convenient peer-to-peer transfers directly from their mobile devices.

NCB Financial Group Limited and its subsidiaries is referred to as "the Group", "the NCB Financial Group", "NCB" or "the NCB Group". Under the Group's governance framework, there are three sub-groups based on holding companies. Holding companies and the ultimate holding company have been designated as follows:

Clarien Bank Limited (Clarien) (although 100% owned by Clarien Group Limited) is considered as the holding company for Clarien Bank and its subsidiaries ("the Clarien Group").

Guardian Holdings Limited (GHL or Guardian Group) is the Holding Company for the Guardian Group.

NCB Financial Group Limited (NCBFG) is the holding company for the NCBFG wholly-owned subsidiaries and the ultimate holding company (being the company under which the other companies are held). TFOB (2021) Limited, NCB Global Holdings Limited as well as National Commercial Bank Jamaica Limited and its wholly-owned subsidiaries fall under the NCB sub-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

- Consumer & SME Banking / Corporate & Commercial Banking: PERSONAL BANKING; PRIVATE BANKING; COMMERCIAL BANKING; LENDING/CREDIT; DEPOSITS
- Payment Services: CREDIT CARD ISSUING; CARD ACQUIRING; MOBILE WALLET (ELECTRONIC PAYMENTS)
- Treasury & Correspondent Banking: LIQUIDITY MANAGEMENT; CORRESPONDENT BANKING; WHOLESALE FUNDING; FOREIGN EXCHANGE MANAGEMENT
- Wealth, Asset Management & Investment Banking: REGIONAL ASSET MANAGEMENT; INVESTMENTS; CORPORATE FINANCE SERVICES; INVESTMENT BANKING; BROKERAGE SERVICES
- Life & Health Insurance and Pension Fund Management / General Insurance: INDIVIDUAL AND GROUP LIFE INSURANCE; HEALTH INSURANCE; PROPERTY INSURANCE; CASUALTY INSURANCE; ANNUITY PRODUCTS; PENSION FUND MANAGEMENT; PENSION PLANS

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

In 2023, NCBFG successfully navigated a challenging global landscape, adapting to evolving industry standards and organisational shifts with resilience. Amidst trials that tested our mettle, our response was not just about weathering storms; it was about learning, growing, and evolving. Our commitment to Efficiency, Governance, and an unwavering focus on customers defined our actions and underscored our resilience.

Since our inception in 1837, NCB has evolved into a regional financial powerhouse, embodying national resilience and dedication to economic growth. Our expansion across the Caribbean reflects progress without compromising our nationalism. Rooted in service, financial wellness, and inclusion, we aim to uplift, support, and be a force for good in the countries in which we operate.

KEY STRENGTHS

- **Designated** by the Bank of Jamaica (BOJ) as **a Systemically Important Financial Institution (SIFI),** acknowledging our crucial role in Jamaica's financial system.
- **Enhanced regulatory oversight** demands higher standards and additional capital buffers, ensuring organisational stability.
- **Internal standards** of soundness exceed regulatory benchmarks, providing robust defenses. NCBFG benchmarks against international standards, ensuring that we operate with enhanced performance standards.

Our journey is marked by adaptability and anchored in core principles. Through our Efficiency, Governance, and Customer Experience (EGC) framework, we not only meet today's financial needs but innovate for tomorrow's demands. NCBFG continues to be perceived as indigenous, efficient, and customer-obsessed in every region within which we operate. We take pride in resonating with the heartbeats of our people, building and delivering on our purpose – all with one outcome in mind – stakeholder satisfaction and happiness.

Credit Ratings

NCBFG and its subsidiaries undergo annual assessments by independent international and regional rating agencies. These unbiased evaluations offer a clear outlook on the Group's financial strength and credit quality. These agencies employ distinct methodologies to assess and evaluate our companies' creditworthiness, obligations and securities (including long-term debt, short-term borrowings and asset securitisations), relying on independent analyses and financial modelling for accurate assessments. During the assessment of our credit ratings, these agencies thoroughly evaluate a wide spectrum of factors. This includes our financial health and operations, analysing factors such as liquidity, capitalisation and asset quality. Both qualitative and quantitative elements are weighed, encompassing our industry standing, competitive advantage, the sovereign credit rating of relevant governments and the regulatory landscape. These agencies scrutinise our risk management framework, looking closely at the ability to mitigate potential risks across diverse operations, diverse funding sources, and funding costs, acknowledging our sterling reputation and consistent earnings. Recognising the evolving nature of rating methodologies, these agencies occasionally adjust their assessment criteria, which may impact our credit rating. Engaging in active dialogue with these agencies is a priority for our Group as our goal remains unwavering: sustaining top-tier credit ratings through continued exceptional financial performance in a dynamic financial landscape.

Tables 1 & 2 provide the latest public rating for NCBFG and its main subsidiaries.

Table 1 NCBFG Ratings

Rating Agency	Type of Rating	Ratings Assigned		Outlook
CariCRIS[1]	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)	

[1]**Source:** Caribbean Information & Credit Rating Services Limited ("CariCRIS") Rating Release – NCB Financial Group Limited, September 28, 2023.

Table 2 Subsidiary Rating

Subsidiary	Rating Agency/Rating Type or Instrument Rated	Ratings Assigned		Outlook
NCBJ	CariCRIS	Regional Scale	Cari**A+** (local currency)	Stable
			Cari**A** (foreign currency)	
		National Scale	jm**AA+** (local currency)	
			jm**AA** (foreign currency)	
	Fitch Ratings	Long-term Issuer Default Ratings (IDRs)	**'B+'** (foreign and local currency)	Positive
		Short-term IDRs	'**B**' (foreign and local currency)	
		Viability Rating	'b+'	
	S&P Global Ratings	Issuer Credit Rating	BB-/Stable/B	Stable
NCB Capital Markets Limited (NCBCM)	CariCRIS - Issuer/ Corporate Credit Rating	Regional Scale	Cari**A** (local currency)	Stable
			Cari**A-** (local currency)	
		National Scale	jm**AA-** (local currency)	
NCB (Cayman) Limited	CariCRIS - Issuer/ Corporate Credit Rating	Regional Scale	Cari**A** (foreign and local currency)	Stable
NCB Capital Markets (Barbados) Limited	CariCRIS - Issuer/ Corporate Credit Rating	Regional Scale	Cari**BBB+** (foreign and local currency)	Stable
		National Scale	bb**AAA** (local currency)	
NCB Merchant Bank Trinidad & Tobago Limited	CariCRIS - Issuer/ Corporate Credit Rating	Regional Scale	Cari**A** (foreign and local currency)	Stable
		National Scale	tt**A** (local currency)	
GHL * (Insurance composite) (T&T)	AM Best	Long-term Issuer Credit Rating	bbb- (Good)	Stable
Guardian General Insurance Limited (T&T)		Financial Strength Rating	A- (Excellent)	
		Long-term Issuer Credit Rating	a- (Excellent)	
Guardian Life of the Caribbean (T&T)		Financial Strength Rating	A- (Excellent)	
		Long-term Issuer Credit Rating	a- (Excellent)	

Performance Highlights

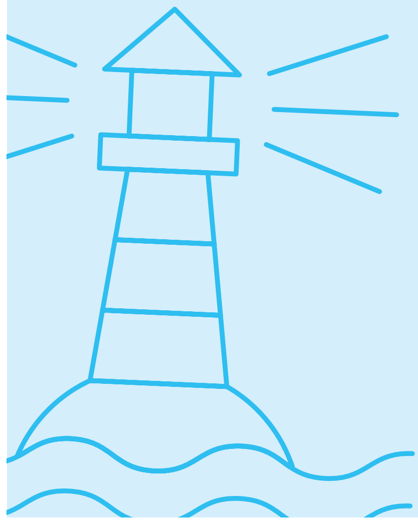
NCBFG uses key regulatory and industry benchmarks to assess, monitor and report on its performance. Some of the key performance metrics:

Gross Revenues

$348 BILLION

Assets

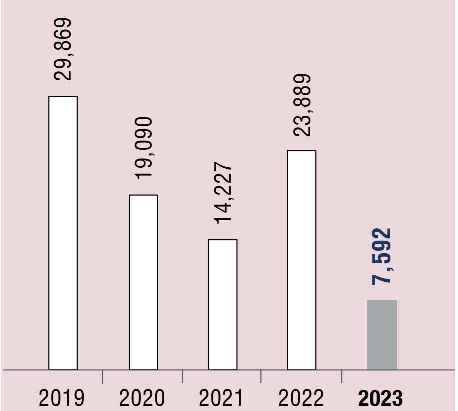
$2.22 TRILLION



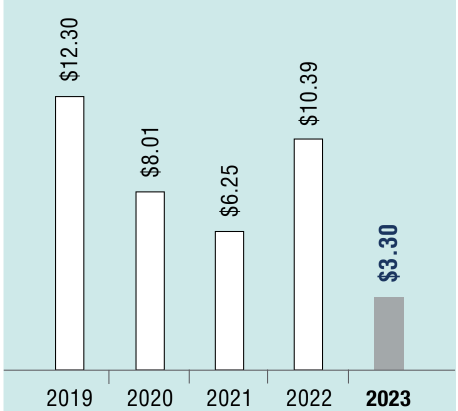
Net revenues from banking and investment activities

$113 BILLION

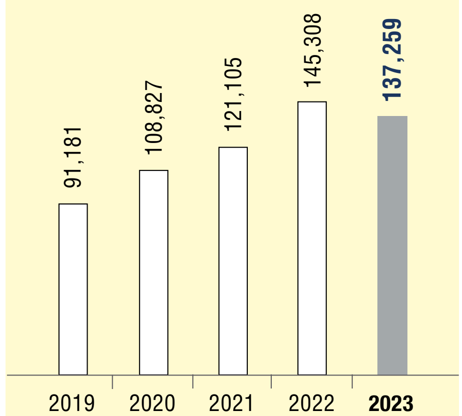
Net Profit ($'M)
Attributable To Stockholders Of The Parent



Earnings Per Stock Unit



Operating Income ($'M)



Net Loans

$614 BILLION

Equity attributable to stockholders of the parent

$170 BILLION

Investment securities

$1.1 TRILLION

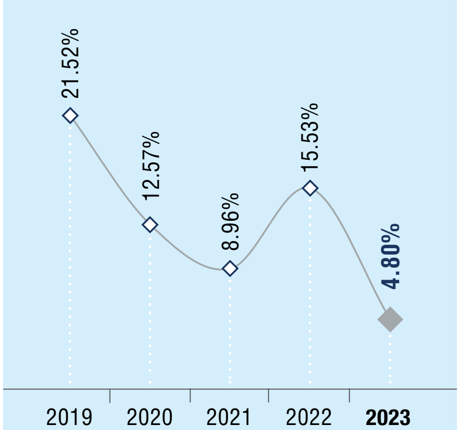
Liabilities under annuity and insurance contracts

$460 BILLION

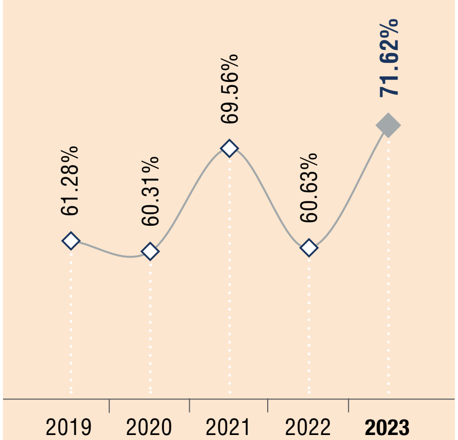
Customer Deposits

$748 BILLION

Return On Equity

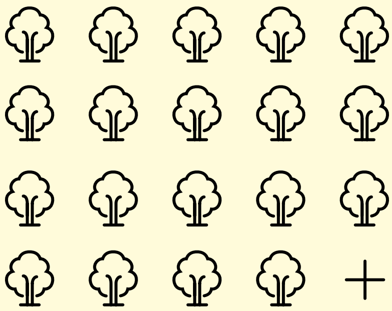


Insurance Loss Ratio



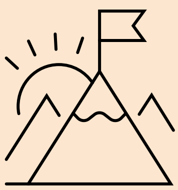
Cost to Income

Business Highlights



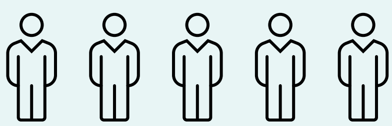
Planted One Hundred

Native & Endemic Trees in Bermuda



15 Years Milestone

of the Scholarship and Grants Program in Jamaica



4,000

Participants in the Streets of Curacao Edition my Guardian Group Walk & Run Curacao 2023

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1. Clarien Bank celebrates its commitment to ecological sustainability by partnering with Bermuda National Trust to plant 100 native and endemic trees per year for the next three years, enhancing biodiversity and combating climate change. **2.** Down to earth – Christopher Brammer, farmer and owner of Spice Grove Spring Farm in Manchester, Jamaica, shows the ropes to Wayne Hunter, Financial Centre Manager at NCBJ, visited Brammer's farm recently. **3.** Danielle Cameron-Duncan, Vice President of Payments and Digital Channels at NCBJ, demonstrates the convenience of the NCB Pay mobile app during a transaction at Fontana Pharmacy in Kingston, Jamaica. **4.** Members of the Guardian Group team joined over 4,000 participants in the streets of Curacao at the 38th edition of the My Guardian Group Walk & Run Curacao 2023. Guardian Group Fatum raised an amount of NAF 10,000, which was donated to the Red Cross. **5.** Dian Dixon (left), Front Desk Concierge at Totally Male Club Spa and Salon helps Juan Yraizoz (right), Senior Manager, Business Development Lead, Global Merchant Services & Network Services at American Express to do a test tap-and-go payment using his American Express Card at their NCB Point of Sale terminal. Looking on are Sandra Samuels, CEO of Totally Male Club Spa and Salon (2nd left) and Andrew Thelwell, Acting Product Manager – Acquiring at NCBJ. **6.** At the close of NCB's 2023 summer internship program, Nadine Thomas, Assistant Vice President – Private Wealth at NCB Capital Markets Limited (left) and Nicole Campbell Robinson, Assistant Vice President – Group Marketing and Communications (right) connect with interns, Alijuana Watson (2nd left) and Camelia Taylor at NCB's ConnectCon2023, a networking event for the interns.


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7.National top awardees of the Primary Exit Profile (PEP) Examinations, Aaron St. John Waugh (left) and Shannon-Elise Barrett (right) proudly display their trophies that were presented by Constance Hoo, Vice President of Guardian Life Limited, at the annual Scholarship and Grant Awards Presentation ceremony. The Guardian Group Foundation provides scholarships and grants to the national top boy and girl and several other categories of students who matriculate to Jamaica's high schools each academic year. **8.**Clarien's Miguel DaPonte and Michael DeCouto participate in the Bermuda Tech Summit, highlighting Clarien's sponsorship and engagement with the island's technology community. **9.**Ayesha Boucaud-Claxton (left), Head of Group Branding and Communications - Guardian Group, presents Sophia Stone, Director - 3Stone Research and Consulting with Guardian Group's sponsorship cheque for the National Secondary School Entrepreneurship Competition (NSSEC). This marks the seventh consecutive year of Guardian Group's involvement as a gold sponsor of the event. **10.**Members of the N.C.B. Foundation team celebrate with the 2023 beneficiaries of its annual Scholarships and Grants programme. NCB Foundation celebrated the annual programme's 15-year milestone, encouraging each scholar to pay it forward with a grant of J$15,000 in book vouchers each. **11.**It's a meeting of minds at the University of the West Indies (UWI) St. Augustine campus with (L-R) Gregg Mannette, Head of Sales - Guardian Life of The Caribbean Limited, Professor Pedro Antonio Noguera, Dr Nyan Gadsby-Dolly, Minster of Education - The Republic of Trinidad and Tobago, and Professor Indar Ramnarine, Deputy Principal of the UWI St. Augustine campus.

10-Year Financial Statistical Review

	2023	2022 Restated	2021	2020
Consolidated Income Statement Summary (J$'000)				
Net profit	**15,335,927**	35,132,381	20,075,606	26,883,412
Net profit attributable to the stockholders of the parent	**7,592,226**	23,889,103	14,226,671	19,090,378
Gross operating income	**348,178,074**	319,402,779	292,094,624	256,816,559
Operating income	**137,258,873**	145,308,496	121,105,355	108,826,889
Net interest income	**62,801,040**	59,198,862	48,626,967	52,489,709
Non-interest income	**79,761,142**	88,833,189	75,863,514	66,622,174
Credit impairment losses	**5,303,309**	2,723,555	3,385,126	10,284,994
Net result from banking & investment activities	**113,026,444**	107,292,623	98,153,663	76,370,898
Net result from insurance activities	**24,232,429**	38,015,873	22,951,692	32,455,991
Operating expenses	**117,673,606**	105,691,419	94,850,111	81,565,804
Staff costs	**60,617,081**	50,337,084	44,500,542	40,526,668
Depreciation, amortisation and finance cost	**9,540,471**	10,941,626	11,146,310	9,941,198
Taxation expenses	**4,625,957**	5,217,209	6,519,927	690,064
Consolidated Statement of Financial Position Summary (J$'000)				
Total assets	**2,222,801,512**	2,078,186,259	1,917,127,972	1,800,260,275
Loans and advances, net of provision for credit losses	**613,788,134**	580,987,814	523,488,890	452,954,936
Investment securities	**1,102,641,823**	959,486,735	900,512,195	853,085,972
Statutory reserves with central banks	**48,901,844**	45,491,884	41,247,661	35,552,128
Customer deposits	**747,872,120**	715,276,682	647,085,400	573,968,886
Liabilities under annuity and insurance contracts	**459,549,252**	441,463,531	433,056,798	405,014,541
Repurchase agreements	**279,754,087**	247,676,853	224,805,387	211,436,379
Other borrowed funds	**179,671,743**	153,272,229	136,972,443	125,066,336
Obligations under securitisation arrangements	**98,195,007**	99,085,658	63,087,217	71,083,957
Stockholders' equity	**223,396,972**	193,208,985	206,665,026	200,204,923
Stockholders' equity attributable to the stockholders of the parent	**170,022,090**	146,098,191	161,456,191	156,114,678
Profitability Ratios (%)				
Return on average stockholders' equity (1)	**4.80%**	15.53%	8.96%	12.57%
Return on average total assets (2)	**0.71%**	1.76%	1.08%	1.57%
Income from banking activities to operating income	**82.35%**	73.84%	81.05%	70.18%
Net result from insurance activities to operating income	**17.65%**	26.16%	18.95%	29.82%
Effective tax rate (3)	**23.17%**	12.93%	24.52%	2.50%
Cost to income ratio (4)	**82.54%**	71.40%	76.19%	68.48%

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' equity at the end of the financial year plus stockholders' equity 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).

2019	2018	2017	2016	2015	2014
31,164,938	28,580,966	19,107,818	14,448,560	12,301,790	12,327,120
29,869,398	27,958,752	19,107,818	14,448,560	12,301,790	12,327,120
171,252,858	98,779,947	76,213,792	65,747,306	61,158,813	58,067,343
91,180,975	69,614,802	54,336,912	46,936,071	41,495,517	36,794,886
44,595,084	35,144,184	29,759,669	28,123,770	25,964,030	24,660,667
51,410,625	36,431,256	25,306,477	19,424,656	17,410,410	14,561,253
4,824,734	1,960,638	729,234	612,355	1,878,923	2,427,034
76,749,460	65,817,511	51,096,962	43,423,353	37,854,769	34,418,353
14,431,515	3,797,291	3,239,950	3,512,718	3,640,748	2,376,533
64,736,903	43,428,745	33,178,281	28,839,998	25,494,334	22,912,745
32,120,544	23,776,353	16,461,158	13,809,023	11,942,482	11,523,930
6,941,434	3,472,372	2,359,274	1,899,414	1,563,551	1,247,403
6,423,458	5,407,952	4,901,510	4,479,992	4,082,309	3,142,766
1,616,299,602	978,584,626	693,724,191	607,669,433	523,815,161	499,345,092
423,102,600	372,634,701	218,615,226	189,055,786	165,404,606	157,630,000
759,496,006	389,490,044	299,177,288	275,669,541	275,987,700	264,170,757
37,316,963	43,575,130	39,022,524	29,832,265	23,247,218	22,833,217
504,678,536	484,847,790	288,464,013	273,965,888	227,850,985	202,162,392
394,615,307	38,093,007	36,185,320	35,282,653	34,689,274	34,230,910
174,619,976	152,884,626	115,586,590	105,974,938	100,004,008	134,690,626
124,953,101	65,558,639	38,649,556	12,061,154	8,595,313	11,992,819
48,305,823	58,992,666	66,743,350	47,899,756	44,292,064	13,885,577
183,870,618	139,584,328	115,993,769	103,105,310	88,394,211	81,846,383
147,590,179	130,040,568	115,993,769	103,105,310	88,394,211	81,846,383
21.52%	22.73%	17.44%	15.09%	14.45%	15.97%
2.40%	3.42%	2.94%	2.55%	2.40%	2.61%
84.17%	94.55%	94.04%	92.52%	91.23%	93.54%
15.83%	5.45%	5.96%	7.48%	8.77%	6.46%
17.09%	15.91%	20.42%	23.67%	24.92%	20.32%
67.43%	60.68%	60.25%	60.65%	58.78%	58.42%

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, policyholders' & annuitants' benefits & reserves and other operating expenses divided by total operating income excluding credit impairment losses.

CONTINUED

10-Year Financial Statistical Review

	2023	2022 Restated	2021	2020
Stock Unit Information (J$)				
Earnings per stock unit[5]	**$3.30**	$10.39	$6.25	$8.01
Dividends paid per stock unit	**$0.00**	$0.00	$0.50	$1.90
Book value per stock unit	**$73.98**	$63.57	$70.36	$65.82
Closing share price at September 30 - Jamaica Stock Exchange (JSE) (*)	**$68.49**	$89.89	$127.52	$130.90
Closing share price at September 30 - Trinidad & Tobago Stock Exchange (TTSE) (**)	**TT$2.77**	TT$4.50	TT$8.25	TT$7.75
Price-to-earnings (P/E) ratio	**20.75**	8.65	20.40	16.34
Dividends paid [J$'000]	**0**	0	1,197,040	4,680,465
Dividend yield (payment date) [%]	**0.00%**	0.00%	0.39%	1.45%
Dividend payout ratio (payment date) [%]	**0.00%**	0.00%	8.00%	23.72%
Total annual shareholder return [%]	**-23.81%**	-29.51%	-2.20%	-36.40%
Asset Quality Ratios (%)				
Non-performing loans as a percentage of gross loans and advances [6]	**4.09%**	5.14%	6.08%	5.29%
Non-performing loans as a percentage of total assets	**1.15%**	1.46%	1.70%	1.37%
Non-performing loans as a percentage of equity	**15.10%**	20.78%	20.14%	15.85%
Total provision for credit losses as a percentage of gross loans and advances	**2.49%**	2.32%	2.90%	3.98%
Provision coverage ratio [7]	**60.88%**	45.17%	47.64%	75.13%
Consolidated Financial Position Ratios (%)				
Loans and advances, net of provision for credit losses, as a percentage of total assets	**27.61%**	27.96%	27.31%	25.16%
Investment securities as a percentage of total assets	**49.61%**	46.17%	46.97%	47.39%
Loans and advances, net of provision for credit losses, as a percentage of customer deposits	**82.07%**	81.23%	80.90%	78.92%
Equity to total assets	**7.65%**	7.03%	8.42%	8.67%
Other Statistics				
JSE Index at September 30 (*)	**327,042.43**	361,691.60	414,889.96	380,425.98
JSE Index annual movement (Twelve months ended September 30) [%]	**(9.58%)**	(12.82%)	9.06%	(26.28%)
Inflation Rate (Twelve months ended September 30) [%]	**5.90%**	9.26%	8.29%	4.84%
USD foreign exchange rate at September 30	**154.77**	152.02	146.35	141.57

5. Earnings per stock unit is calculated as net profit divided by weighted average shares outstanding 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.
7. Total provisions for credit losses divided by non-performing loans.

2019	2018	2017	2016	2015	2014
$12.30	$11.39	$7.76	$5.87	$5.00	$5.01
$3.40	$2.70	$2.70	$2.35	$2.31	$1.18
$61.60	$53.00	$47.12	$41.89	$35.91	$33.25
$208.79	$124.52	$87.02	$41.55	$27.72	$17.93
TT$10.44	TT$5.73	TT$5.10	TT$2.60	TT$1.63	TT$1.00
16.97	10.93	11.21	7.08	5.54	3.58
8,368,730	6,660,260	6,660,260	5,796,893	5,698,222	2,910,780
1.63%	2.17%	3.10%	5.66%	8.33%	6.58%
27.64%	23.71%	34.79%	40.03%	46.20%	23.55%
70.41%	46.20%	115.93%	58.37%	67.48%	1.65%
5.28%	4.84%	2.45%	3.14%	5.05%	5.37%
1.41%	1.86%	0.78%	0.99%	1.63%	1.74%
15.47%	14.01%	4.67%	5.86%	9.66%	10.62%
3.04%	2.17%	1.66%	1.97%	2.62%	3.03%
57.64%	45.35%	67.73%	62.58%	51.92%	63.80%
26.18%	38.08%	31.51%	31.11%	31.58%	31.57%
46.99%	39.80%	43.13%	45.37%	52.69%	52.90%
83.84%	76.86%	75.79%	69.01%	72.59%	77.97%
9.13%	13.29%	16.72%	16.97%	16.88%	16.39%
516,042.91	358,320.11	262,729.14	164,482.25	96,324.59	72,238.36
44.02%	36.38%	59.73%	70.76%	33.34%	(14.51%)
3.36%	4.33%	4.61%	1.83%	1.81%	9.03%
134.14	134.06	129.20	127.93	118.70	112.53

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

Chairman's Message

"2023 has undoubtedly been a challenging chapter in our story. The changes in leadership and the financial trials we've faced have called on us to summon the very essence of our character, and I am proud to say we have risen to that challenge."

Hon. Michael Lee-Chin, O.J.
Chairman

As stakeholders, we stand on the cusp of a new era at NCB Financial Group, and I am both honoured and elated to address you for our financial year 2023. Demonstrating our relentless commitment to delivering excellence, I invite you to join me in reflecting on our journey and envisioning the path ahead. Let us do this with one critical question to guide our thinking: What is the maximum value-add we can provide today? For us, as shareholders, paying dividends consistently is most important.

In our ever-evolving landscape, in which two of our major institutions are banking and insurance entities that have survived centuries of existence; our strategic vision remains steadfast: to create a world-class financial ecosystem that empowers individuals, businesses and communities. Most importantly, we remain resolute in our commitment to being a consistent dividend payer. While our 2023 financial year saw a myriad of unprecedented challenges that demanded immediate action and change, our ability to respond positively has been a profound reminder of the resilience deep within our institution's DNA.

We draw power from our history of innovation, expertise and strength, alongside the contributions of our people, and an unwavering dedication to excellence. We are mindful of the geopolitical and cybersecurity issues, as well as the US banking crisis within our sector, even as the world rebounds from a global pandemic. And now, as we turn the page to a new chapter, we are poised to amplify our impact and solidify our position as a beacon of stability, innovation, and community engagement.

As NCB Financial Group, we have grown, expanded, and evolved into a full financial services entity. From the start, our commitment to being an indigenous operation in every market we serve has remained the same. We strive to ensure that our presence is synonymous with soundness, safety, and a firm commitment to excellence in all we do.

As we continue our journey of rebuilding investor confidence, delivering on making consistent dividend payments is an imperative as part of the strong performances for which we are known. To that end, we have based our immediate approach on the EGC strategic framework, which prioritises efficiency, governance and customer experience.

Efficiency – We will continue to emphasise the importance of efficiency in all our operations. This will improve productivity and cost effectiveness, ensuring continued delivery of superior services while maximising value to our stakeholders.

Governance – This is the bedrock upon which our organisation operates. An adherence to robust governance and maintenance of the highest standards not only safeguard the interest of our stakeholders, but also foster credibility and continued trust in our operations.

Customer Experience – Our customer-centric approach remains paramount in the fulfilment of our strategic purpose. We know we still have work to do, and continue to identify and address the gaps. We recognize that the essence of our successes lies in understanding and fulfilling the evolving needs of our diverse customer base.

By employing a customer-first mindset we aim to continue to create tailored solutions, seamless experiences, and meaningful engagements, cementing lasting relationships built on trust and reliability.

Stakeholders – What is the maximum value-add we can provide you today? – My response is simply ensuring a frequency and amount for dividends representing our financial power as testament to our sound business approach and capital strength. Using EGC as our compass, we will navigate the challenges ahead with resilience, while staying the course and remaining steadfast. Rest assured we will be walking the talk in every aspect of our operations and this will distinguish us. I pledge our continued dedication to building and maintaining your trust, and the resumption of dividends as an imperative, not an option.

To our invaluable team at NCB, I extend my deepest gratitude. Your resilience, commitment, and unwavering spirit are planks that support our accomplishments. Together, we shall continue our journey towards renewed and sustained growth, embracing change and emerging stronger.

Thank you for your trust in our vision and your continued confidence in our ongoing pursuit of excellence.

Michael.

Board of Directors

PROFESSOR THE HONOURABLE ALVIN G. WINT
OJ, CD, D.B.A, M.B.A., B.Sc

Consummate Professional | Published Academic | Esteemed Advisor - An Emeritus Professor of International Business at the University of the West Indies, Mona, Alvin brings a wealth of experience from academia to corporate governance. He boasts an extensive publication record and has advised governments and multilateral institutions on international investment policy. Alvin was recognised and awarded the Order of Jamaica in 2022 for his distinguished service and contributions to public and private institutions in Jamaica. His multifaceted skillset encompasses academia, governance, and strategic oversight, underscoring his pivotal role in shaping institutions at both national and international levels.

HON. MICHAEL LEE-CHIN
OJ, Hon. LL.D., B.Eng

Visionary | Philanthropist | Enterprising Entrepreneur - Michael is the President and Chairman of Portland Holdings Inc., overseeing a diverse portfolio that includes financial services, insurance, tourism, agriculture, consumer goods, real estate development, energy, and targeted radionuclide therapy. Guided by a philosophy that merges profitability with social responsibility, Michael embodies an entrepreneurial spirit that has left an indelible mark on the business landscape.

SANDRA GLASGOW
M.B.A., B.Sc.

Visionary Entrepreneur | Leader | Trailblazer - Renowned for her impactful contributions to business and investment in the Caribbean, Sandra is founder and managing director of BizTactics Limited. She is also co-founder of RevUP Caribbean Limited, and a driving force behind Jamaica's premier angel investor network, First AngelsJA. Sandra has demonstrated unparalleled acumen in business strategy and development and in January, 2020 was appointed senator to represent Jamaica at the World Business Angels Investment Forum (WBAF). She later served as Vice President for the Caribbean with the Latin America and Caribbean Business Angels Network (LACBAN) in 2022. As the Honorary Consul for the Republic of Suriname in Jamaica, Sandra exemplifies a commitment to fostering international relations and community development.

[Read more via www.myncb.com]

LEAD INDEPENDENT DIRECTOR	CHAIRMAN OF THE BOARD	
NON-EXECUTIVE INDEPENDENT DIRECTOR	**NON-EXECUTIVE DIRECTOR**	**NON-EXECUTIVE INDEPENDENT DIRECTOR**
Appointment Date - NCBFG **February 23, 2017**	**Appointment Date - NCBFG:** February 23, 2017	**Appointment Date - NCBFG:** April 26, 2016
Length of Directorship - NCBJ: 21 years	**Length of Directorship - NCBJ:** 21 years	**Length of Directorship - NCBJ:** 21 years

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

Entrepreneur | Dynamic and Philanthropic Leader - Thalia is one of Jamaica's foremost entrepreneurs, recognised for her outstanding achievements and impactful contributions. As the founder, and Deputy Chair of Island Grill, a Jamaican fast-food chain with a regional footprint, she has demonstrated exceptional leadership and business acumen. Thalia is a dynamic force in philanthropy, actively supporting gender equality and persons with disabilities. She is the second woman inducted into the Private Sector of Jamaica's Hall of Fame and is an Honorary Consul General of Thailand. Her indelible mark on business, philanthropy, and advocacy underscores her commitment to positive change and excellence.

ROBERT ALMEIDA
B.Comm., CPA, CA

Astute Leader | Strategist | Pioneering - With over 35 years of experience as both an investor and a business executive across a diverse range of industries and geographies, Robert, stands as a seasoned leader. Pioneering the launch of an electronic bank for a leading Canadian institution in 1998, he has been integral to the NCB group of companies since 2002. Robert is a founding partner of Portland Private Equity and currently serves as an executive director and Interim Group CEO at NCBFG, he also chairs Guardian Holdings Limited and NCB Jamaica Limited, showcasing his strategic acumen and leadership skills.

SANYA M. GOFFE
LL.B (Hons.)

Legal Luminary | Resourceful | Philanthropist - An Eisenhower Fellow, Sanya exhibits exceptional leadership in law, finance, and philanthropy. As President of the Pension Industry Association of Jamaica, as well as chair or director on several boards, Sanya commands a versatile skillset in legal and financial governance. Her commitment to legal excellence is evident through her numerous memberships - Jamaica Bar Association's Commercial Law and Intellectual Property Law committees; the UK Association of Pension Lawyers; the International Pension and Employee Benefits Lawyers Association, and her advisory role on the World Pension Summit Advisory Board.

NON-EXECUTIVE INDEPENDENT DIRECTOR	EXECUTIVE DIRECTOR	NON-EXECUTIVE INDEPENDENT DIRECTOR
Appointment Date - NCBFG: February 23, 2017	**Appointment Date - NCBFG:** February 23, 2017	**Appointment Date - NCBFG:** April 26, 2016
Length of Directorship - NCBJ: 21 years	**Length of Directorship - NCBJ:** 15 years	**Length of Directorship - NCBJ:** 12 years

Corporate Governance Statement

for the financial year ended September 30, 2023

NCBFG is subject to an extensive regulatory framework by virtue of being a licensed financial holding company with subsidiaries in multiple jurisdictions and having its shares listed on stock exchanges in Jamaica and Trinidad and Tobago.

Its internal governance structure incorporates guidelines and standards provided by regulators, the Company's Articles of Incorporation as well as policies and charters adopted by the Board of Directors ("the Board").

These guidelines are updated from time to time in keeping with a commitment to maintain and promote high standards of corporate governance to maintain the trust of all NCBFG's stakeholders.

The NCBFG Corporate Governance and Nomination Committee gives ongoing consideration to the governance framework itself.

During this financial year, we continued our focus on group and subsidiary governance. The substantial changes at the executive leadership and director levels mainly across the NCB Sub-Group tested the robustness of the governance framework, which showed its resilience. The framework was bolstered in the last quarter in the financial year by the adoption of the mantra, Efficiency, Governance, Customer Experience (EGC), across the Group.

Board Composition

The Board is composed of suitably qualified and competent directors, who collectively, possess the knowledge, independence, diversity, skills and expertise required to provide oversight of the management and affairs of the Group's operations. Our Articles require that the number of Directors be no fewer than five and no more than sixteen. As at September 30, 2023, the Board complement was eight directors, four of whom were deemed to be independent.

Profiles of our current Directors may be viewed on our website at **https://www.myncb.com/Leadership-1/Overview/Board-Of-Directors** and the full complement as at September 30, 2023, on pages 25-26.

1. BALANCE

Independent Non-Executive Directors
50%

Non-Independent Non-Executive Directors
12.5%

Executive Directors
37.5%

2. COMPOSITION BY GENDER

Females
37.5%

Males
62.5%

3. BOARD MEMBERS BY COUNTRY OF RESIDENCE

Locally Domiciled
75%

Domiciled Overseas
25%

CONTINUED

Corporate Governance Statement

The definitions of 'Executive directors', 'non-executive directors' and 'independent directors' set out below are as stated in the Board Charter and are generally consistent with those outlined in the Jamaica Corporate Governance Code 2021:

- **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.

THE SKILLS AND EXPERTISE OF THE BOARD	Strategy	Financial Expertise	Global Perspective	Financial Literacy	Legal Skills & Expertise	Listed Company Experience	Human Resources & Compensation	Information Technology/ Cybersecurity	Stakeholder Engagement	Corporate Governance	Leadership	Risk Management	Financial Services Industry
Robert Almeida	●	●	●	●	○	●	●	○	●	●	●	●	●
Dennis Cohen	●	●	●	●	○	●	●	●	●	●	●	●	●
Sandra Glasgow	●	○	○	●	○	●	●	○	●	●	●	●	●
The Hon. Patrick Hylton	●	●	●	●	○	●	●	●	●	●	●	●	●
The Hon. Michael Lee-Chin	●	●	●	●	○	●	●	○	●	●	●	●	●
Sanya Goffe	●	○	○	●	●	●	●	○	●	●	●	●	●
Thalia Lyn	●	○	○	●	○	●	●	○	●	●	●	●	●
Prof. the Hon. Alvin Wint	●	●	●	●	○	●	●	○	●	●	●	●	●
TOTAL	8	5	5	8	1	8	8	2	8	8	8	8	8
%	100%	63%	63%	100%	13%	100%	100%	25%	100%	100%	100%	100%	100%

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

The Board Charter is available on the NCBFG website at **www.myncb.com**

Board Leadership

The roles of the Chairman and President & Group CEO are clearly defined, and the Board supports the separation of the two roles.

Role of the Chairman

As Chairman, Hon. Michael Lee-Chin, O.J. facilitates good board leadership and governance. 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 as the controlling shareholder of NCBFG. Whilst he is not an independent director, 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.

Role of the President and Group Chief Executive Officer

The President and Group CEO is generally responsible for the overall management of the Group and leadership of the Executive Team. Hon. Patrick Hylton, O.J., C.D. served in this capacity during the financial year but proceeded on leave during the month of July 2023 and subsequently resigned effective November 13, 2023. The Board of Directors appointed Mr. Robert Almeida, Director, as Interim Group Chief Executive Officer effective July 24, 2023.

Role of the Lead Independent Director

The Jamaica Corporate Governance Code 2021 and The Trinidad and Tobago Corporate Governance Code 2013 recommend that where a Chairman is not an Independent Non-Executive Director, the Board should appoint a Lead Independent Director.

The responsibilities of Professor the Hon. Alvin Wint, O.J., C.D., as Lead Independent Director, include providing a sounding board for the Chairman and chairing meetings of the Board where the Chairman is absent; chairing meetings of the Independent Directors, guided by the framework set out in the Board Charter and being available, as needed, for consultation with shareholders and other stakeholders.

Role of the Corporate Secretary

The appointment and removal of a Corporate Secretary is subject to the approval of the Board. The Board has appointed Mr. Dave Garcia as the Corporate Secretary, who 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 the Board on all governance matters. All Directors have access to the Corporate Secretary.

Corporate Governance Statement

CONTINUED

Independence

Clause 2.4.1 of our Board Charter requires that the number of independent directors be no less than one-third of the board membership.

One of the responsibilities of the Board is to identify, on an annual basis, 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. Independent directors are not expected to serve on the boards of competing companies.

To assess whether a Director may continue to be considered independent, each Director is required to submit an annual declaration of his or her interests and potential areas of conflict, which may adversely affect the Director's ability to effectively carry out his or her role and fulfil his or her duties to the Company. Every quarter, each Director confirms his or her connected parties. Additionally, 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.

50%

of the Directors were deemed to be independent, as at September 30, 2023

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

Meetings of Independent Directors

To facilitate free and open communication amongst Independent Directors, meetings are 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 as needed 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 and generally take place after a meeting of the Corporate Governance & Nomination Committee, which comprises independent directors only. Three 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 NCBFG is to pay it.

Access to Information And Management

The Board has unrestricted access to all company-related information. Managers and representatives who can provide additional insight into the items being discussed are invited to Board meetings.

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 development of a board succession plan, as well as the screening and selection of candidates, to the Corporate Governance & Nomination Committee, which consists exclusively of independent directors.

The development of a candidate profile precedes the screening process, which includes confirming the interest and suitability of potential candidates, arranging interviews and conducting background checks. The Corporate Governance & Nomination Committee reviews the outcome of the screening process and prepares a report for consideration by the Board. The 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 will then consider and, if thought fit, approve the appointment subject to any regulatory approvals and/or non-objections.

Under the Articles of Incorporation of NCBFG, any Director appointed either to fill a casual vacancy or as an addition to the existing Board will hold office only until the next annual general meeting, where he/she will be eligible for re-election. The Articles also require that all Non-Executive Directors retire at least once every three years but are eligible for re-election, if recommended by the Board, for a further three-year period. During the financial year, ongoing discussions took place in relation to the identification of additional directors and the Board approved the appointment of additional directors, subject to the non-objection of the regulators. The nomination procedure is contained in the Appendix of the Corporate Governance and Nomination Committee Charter, which is available on the NCBFG website.

CONTINUED

Corporate Governance Statement

Director Induction And Continuing Development

Induction

There were no board appointments during this financial year; however, our process requires newly appointed Directors to participate in a comprehensive induction programme, which was refreshed this year. The programme commences with the issuance of an appointment letter along with other relevant documentation (or access to them). It involves meetings with other members of the Board, Committee Chairs, Executive Management, Heads of Group functions, Heads of major subsidiaries as well as the Group's Internal and Independent Auditors. The programme is tailored based on experience and background of the individual. During the induction, new directors are encouraged to identify areas for which they would like additional information, further meetings or training, which are then arranged by the Corporate Secretary.

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

Continuing Development

The Board is required to be up to date with current business, industry, regulatory and legislative developments as well as trends that will affect the Group's business operations. Consequently, the Group has a continuing development programme in place for its Directors, which takes many different forms, such as distribution of publications, payment for professional memberships, workshops, presentations at Board meetings and attendance at conferences encompassing topics such as directorship, corporate governance, business, industry or regulatory developments. Additionally, the Corporate Governance and Nomination Committee is charged with ensuring that Board members are developed through training or mentorship, where deemed necessary.

The annual continuing development calendar includes training in at least three specific areas for Directors of NCBFG as well as other Directors serving on boards within the Group.

For the financial year 2023, the following interactive training sessions were held; director participation was in excess of 85%:

Training Session	Topic	Presenter
Anti-Money Laundering / Counter-Financing of Terrorism/ Proliferation Financing	The Evolution of Money Laundering and the fight against bad actors	Representatives from Group Compliance Unit, NCB
Information Technology/ Cyber Security	Security Awareness: Refresher and practice response to complex cybersecurity incidents (Tabletop exercise format)	Brad Curtis & John Horner, Mandiant Consulting
Basel III	Introduction to Basel III: Impact of Regulatory Change in Jamaica	Representatives from Pricewaterhouse Coopers Tax and Advisory Services Limited
Corporate Governance	Board Cybersecurity: how best-in-class boards engage with cybersecurity & what effective cybersecurity looks like	Representatives from a prominent global consulting firm.

In addition to the above training sessions, the Directors of NCBFG were provided with a variety of thought leadership articles during the financial year.

NCBFG also holds corporate membership in the National Association of Corporate Directors (NACD) based in the United States of America, which is extended to all those Directors who have an interest. Through membership, Directors have access to director certification programmes, conferences, online resources and educational programmes. During the financial year, two Directors attended an NACD Summit.

The Focus Of The Board

During the year, the Board of NCBFG continued its focus on group and subsidiary governance. Some of the key activities undertaken included:

Area of Focus	Matters Considered/Activities Undertaken
Group and subsidiary governance	▶ Proposal for business undertakings by subsidiaries. ▶ Hosting meetings of Committee Chairs by the Chairs of the respective NCBFG Committees, with the primary objective of sharing best practices to ensure consistency in the application of Charter responsibilities across the Group. ▶ Activities of Subsidiaries through reports and escalation of Minutes. ▶ Approval of policies including Internal Data Protection Policy and Group Data Subject Rights Policy. Approval of revisions to existing policies including the Code of Conduct for Directors, Board and Corporate Governance & Nomination Committee Charters, Fraud Investigation & Reporting Policy, Automatic Information Exchange Policy, Regulatory & Financial Crimes Policy and the Group Risk Appetite Statement. ▶ Appointment of a Data Protection Officer ▶ Leadership changes within the Group at the Board and executive levels.
Strategic issues and planning	Receiving management updates on NCBFG's transformation programme, Accelerate, as well as holding discussions and/or deliberations regarding other business transformation initiatives.
Financial performance: Review of financial statements, financing and borrowing activities	▶ Review and approval of financial statements and stock exchange releases, draft audited financial statements, annual budget, and borrowing activities of NCBFG. ▶ Introduction of presentations by Heads of Sub-Groups in instances of adverse variances in financial performance compared to budget.

CONTINUED

Corporate Governance Statement

The Focus Of The Board (Continued)

Area of Focus	Matters Considered/Activities Undertaken
Board Effectiveness	▶ Recruitment of new Directors. ▶ Participation in and reviewing results of externally facilitated board effectiveness surveys and peer evaluations as well as review of action plans to improve results or address areas of opportunity, where applicable.
Risk	▶ Review of risk appetite, as well as principal and emerging risks. ▶ Consideration of proposals involving intragroup exposure. ▶ Receive presentations at each Committee Meeting from the Heads of Risk for NCBJ, GHL and Clarien thereby allowing for interrogation. ▶ Review of credit facilities where applicable. ▶ Review of reports on the AML/CFT compliance function ▶ Review of trading activity reports by Directors & Executives to ensure compliance with relevant requirements.

Remuneration of Directors

The remuneration of NCBFG's 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 without detracting from their ability to exercise independent judgment.

Executive Directors and Non-Independent Directors do not receive remuneration for directorships held in NCBFG or its wholly-owned subsidiaries whilst aggregate remuneration for 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 which is chaired by the Board Chairman. Factors that are considered when determining remuneration for 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 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 was adjusted effective October 1, 2022, and comprises:

- A retainer for the Chairman of $5,333,333 per annum (not actually paid) and a retainer for other Board members of $2,250,005 per annum.
- Directors who chair the Audit and the Group Risk Committees receive instead a retainer of $3,550,000 per annum while the Corporate Governance and Nomination Chair receives $3,000,000 per annum. The Lead Independent Director, however, receives a retainer of $4,000,000 per annum.
- A fee payable to directors of $150,000 per Board meeting and $100,000 for each Committee meeting attended.

Fees paid for the Financial Year 2023 are set out below:

Director	Q/E December 2022	Q/E March 2023	Q/E June 2023	Q/E September 2023	Total
Sandra Glasgow	1,649,999.99	1,737,500.00	1,987,500.00	2,237,500.00	**7,612,499.99**
Sanya Goffe	1,262,501.25	1,500,000.00	1,750,000.00	2,100,000.00	**6,612,501.25**
Thalia Lyn, O.D., J.P.	862,501.25	1,112,501.25	1,262,501.25	1,712,501.00	**4,950,004.75**
Prof. the Hon. Alvin Wint, O.J., C.D.	1,900,000.00	1,850,000.00	2,100,000.00	2,350,000.00	**8,200,000.00**

Board Committees

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

▶	**Audit Committee**	Chaired by Professor the Hon. A. Wint, O.J., C.D., Lead Independent Director
▶	**Corporate Governance & Nomination Committee**	Chaired by Mrs Sanya Goffe, Independent Director
▶	**Group Risk Committee**	Chaired by Mrs Sandra Glasgow, Independent Director
▶	**Talent Management & Compensation Committee**	Chaired by Hon. Michael Lee-Chin, O.J., Board Chairman

Each committee is guided by a board-approved charter, which may be viewed at **https://www.myncb.com/corporategovernance**.

CONTINUED

Corporate Governance Statement

Audit Committee

The Audit Committee solely comprises independent directors.

▶	Professor the Hon. Alvin Wint, O.J., C.D. **(Chair)**
▶	Sandra Glasgow
▶	Sanya Goffe

Its purpose is to assist the Board of Directors in fulfilling its oversight responsibilities for the financial and operational reporting processes, the system of internal control, the audit process, and the organisation's process for monitoring compliance with laws and regulations and the code of conduct.

Under the Audit Committee Charter, meetings are required to be held at least four times a year, with the possibility of more as circumstances may require. Representatives of the External Auditors (PricewaterhouseCoopers), members of the Internal Audit team and management representatives are also invited to attend the meetings.

The Committee met five times during the financial year and PwC's engagement partner along with senior representatives were in attendance at all four regularly scheduled meetings (a special meeting was held to review the previous year's report). The Audit Committee executed its responsibilities under its Charter during the year. Some of the activities included:

- Review of quarterly unaudited financial statements and Stock Exchange releases, with the External Auditor present, and recommending approval of their release by the Board, giving due consideration to whether they were complete and consistent with the information known to Committee members.
- Review of the External Auditor's proposed audit strategy, scope and fees for the audit of the year-end financial statements as well as communications issued by them (e.g., those required under ISA 260 and internal control memorandum – general and information technology).
- Evaluation of the services provided by the External Auditor.
- Review and approval of the Internal Audit Plan and Operating Budget.
- Review of reports from the Group Internal Audit Division and tracking the resolution of exceptions identified in audits conducted.
- Separate private sessions with the External Auditor and the Group Chief Audit Executive.
- Review of relevant related party transactions to ensure they were in compliance with the policy on related party transactions.
- Submission of a quarterly report to the Board, in writing, from the Audit Committee Chairman on matters reviewed and discussed by the Committee.
- The review of Statements of Confirmation of execution of charter responsibilities to be issued to Subsidiary Audit Committees.
- The review of the Audit Committee Charter and Internal Audit Charter.
- The pre-approval of non-audit service engagement by the Company's External Auditors.

The annual meeting of Audit Committee Chairs took place once again this year chaired by Professor the Hon Wint. In attendance were the Group Chief Audit Executive, the Audit Committee Chairs of Guardian Holdings Limited and Clarien Bank Limited along with respective Heads of their Internal Audit and Corporate Secretaries. The meetings continue to be fruitful with fulsome discussions taking place regarding the "Audit Committee Practices Report", a collaborative effort between Deloitte's Centre for Board Effectiveness and Centre for Audit Quality, as well as succession planning for Committee Chairs.

Corporate Governance & Nomination Committee

The Corporate Governance & Nomination Committee solely comprises independent directors and saw a change in Committee Chair from Sandra Glasgow to Sanya Goffe during the financial year:

▶	Sanya Goffe **(Chair)**
▶	Sandra Glasgow
▶	Thalia Lyn, O.D., J.P
▶	Professor the Hon. Alvin Wint, O.J., C.D.

The purpose of the Corporate Governance & Nomination 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's and management's objective of increasing the long-term value of the Group. The Committee is required to meet at least twice a year.

During the financial year, the Committee held three meetings and undertook the following activities:

- Reviewed the policy framework of NCBFG in order to ensure that polices remain up-to-date.
- Reviewed and recommended key corporate governance policies and charters for board approval - Corporate Governance & Nomination Committee Charter, Board Charter, Code of Conduct for Directors, Complaints Standard Operating Guidelines, Media and Communications Policy and Public Digital Media Policy.
- Reviewed the results of the externally facilitated Board Effectiveness Survey, determining possible actions to be taken in order to address areas of opportunity and tracking of those actions.
- Reviewed the criteria utilised for independence within policies and charters to determine its adequacy and continued relevance as well as the independent status of existing Directors.
- Reviewed the Jamaica Stock Exchange Corporate Governance Index Gap Analysis and proposed an action plan to address gaps.
- Reviewed the Board's skills matrix and identified gaps to be filled.
- Interviewed board candidates and made recommendations to the Board.

The meeting of the Group's Corporate Governance Chairs was hosted by Mrs Sanya Goffe, Committee Chair, with invitations extended to the Corporate Governance Chairs and Corporate Secretaries of Guardian Holdings Limited and Clarien Bank Limited. Topics discussed included succession planning, suggested topics for training and how the Committees could better collaborate generally.

CONTINUED

Corporate Governance Statement

Group Risk Committee

As at September 30, 2023, the Group Risk Committee comprised:

▶	Sandra Glasgow **(Chair)**
▶	Professor the Hon. Alvin Wint, O.J., C.D.
▶	Robert Almeida
▶	Dennis Cohen
▶	Hon Patrick Hylton, O.J., C.D
▶	Sanya Goffe

During the financial year, Prof the Hon Wint stepped down as Committee Chair and Mrs Glasgow assumed the role.

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, policies and major procedures related to managing credit, market, liquidity, capital, operations, regulatory compliance, anti-money laundering, counter-financing of terrorism and certain other risks as determined from time to time. The Committee is responsible for evaluating the adequacy of the risk management function and also plays a role in the decision-making process around significant risks to be undertaken by the Group.

The Group Risk Committee held five meetings during the financial year, four of which were regularly scheduled where the Heads of Risk for each of three major sub-groups - NCBFG and its wholly-owned subsidiaries, Clarien and GHL, presented reports to the Committee which allowed for direct interrogation. Areas of focus included Regulatory & Financial Crimes Compliance, Insurance, Credit, Operational, Market & Liquidity, Capital adequacy/ solvency, Intercompany balances, Litigation, cross-border and Emerging Risks. Managers with responsibility for areas such as regulatory and financial crimes compliance, fraud prevention and information technology were also invited to join the meetings to provide committee members with additional insight. In addition, the Committee considered proposed revisions to the Group Risk Appetite Statement, Fraud Reporting and Investigation Policy, Data Protection Policies, Reputational Risk Policy, Business Continuity Policy, Outsourcing Policy and Model Risk Policy, recommending them for Board approval. Additionally, the Committee has included as part of its on-going monitoring steps being taken to ensure NCBFG's compliance with the Data Protection Act within statutory timelines.

EXPOSURE TO ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) 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 consideration is given within the NCB Sub-Group to financing development projects from a risk perspective, evidence of approval/ non-objection from the relevant environmental agency is a pre-requisite. In addition, emerging risks are considered at Group Risk Committee meetings.

During the financial year, we commenced the journey of developing an ESG strategy with the support of our partners, Pricewaterhouse Coopers Tax & Advisory Services Limited (PwC). Following communication with various stakeholder groups, we conducted surveys and interviews with a wide stakeholder group, including representatives from our employees, customers, vendors, business partners and others who may have sophisticated knowledge of ESG topics and implications. We are currently in another phase of the journey and look forward to sharing our Commitment Statement and Sustainability Policy along with the other initiatives in the 2023/2024 financial year.

The Talent Management & Compensation Committee

During the year, the members of the Committee were as follows:

▶	Hon. Michael Lee-Chin, O.J. **(Chair)**
▶	Hon. Patrick Hylton, O.J., C.D.
▶	Professor the Hon. Alvin Wint, O.J., C.D.
▶	Sandra Glasgow

The purpose of the Talent Management and Compensation Committee is to support Board oversight of:

- **The Group's compensation principles and practices.**
- **The review of the relationship between risk, risk management, and compensation in 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 senior officers in the Group and general human resource issues.**
- **Recruitment and retention of talent.**

The Committee met three times during the financial year and the activities undertaken included a review of policies, with revisions being recommended for approval by the Board (the Remuneration Policy for Executives and Senior Managers, Code of Business Conduct and Education Loan Policy) as well as a review of proposals for compensation of Executives, Senior Management and Executive Assistants.

CONTINUED

Corporate Governance Statement

Meetings and Attendance at Board and Committee meetings

Meetings and training sessions have continued to be held virtually with Directors receiving their meeting packs through our online board portal, which facilitates the secure and convenient sharing and utilisation of Board and Board Committee documentation.

The frequency of meetings held and activities undertaken were in accordance with the respective Charters. The attendance record of our NCBFG Directors is reflected below:

Name of Director	Board Meetings	Audit	Corporate Governance & Nomination Committee	Group Risk Committee	Talent Management & Compensation Committee
Robert Almeida	16 / 16	N / A	N / A	5 / 5	N / A
Dennis Cohen*	11 / 11	N / A	N / A	4 / 4	N / A
Sandra Glasgow	16 / 16	6 / 6	3 / 3	5 / 5	3 / 3
Hon. Patrick Hylton, O.J., C.D.*	11 / 11	N / A	N / A	4 / 4	3 / 3
Hon. Michael Lee-Chin, O.J.^	14 / 15	N / A	N / A	N / A	3 / 3
Sanya Goffe	16 / 16	6 / 6	3 / 3	5 / 5	N / A
Thalia Lyn, O.D., J.P.	16 / 16	N / A	3 / 3	N / A	N / A
Prof. the Hon. Alvin Wint, O.J., C.D.	16 / 16	6 / 6	3 / 3	3 / 3	3 / 3
	Attended / **Held**	Attended / **Held**	Attended / **Held**	Attended / **Held**	Attended / **Held**

^ Took a leave of absence during the period, May-July 16, 2023

* Proceeded on leave effective July 17, 2023

Board & Committee Evaluation

One of the principal responsibilities of the Board is to review its performance.

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.

For Director Self/Peer Evaluations, 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 again facilitated by a prominent global consulting firm. This year the survey was again complemented by interviews with Directors.

Stakeholder Engagement

Disclosure and Transparency

The Group is committed to promoting investor confidence in the markets in which it operates by 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 Group posts information released to the JSE and TTSE on its website.

CONTINUED

Corporate Governance Statement

We believe that stakeholder engagement is vital to building a sustainable business and we engage many stakeholders in a variety of ways:	
Shareholders	The annual general meeting (AGM) and quarterly investor briefings are standing calendar events and represent opportunities for shareholders to ask questions or raise questions with the leadership of NCBFG. Hosting the AGM in a hybrid format allows for greater participation by shareholders across the globe via the meeting platform. The AGM and investor briefings are live-streamed with a sign language interpreter present online.
Employees	The safety and wellbeing of our employees remained a priority. Our employees were kept up to date on the performance of the business as well as given the opportunity to interact with Executives via frequently held webinars and virtual town hall meetings.
Communities	The Board continues to be fully supportive of the important work being carried out by the three Foundations and companies within the Group aimed at improving the lives of the people living in the local communities where we operate. Additional information on activities relating to corporate social responsibility can be found on pages 115-118
Customers	The Board regularly receives operational updates on the overall customer experience and organisational health. The focus on engaging customers through digital channels continued during this financial year.
Regulators and the Government	The Board, Senior Management and other key personnel continue to engage Regulators and/or Government on issues critical to good governance as well as any other issues they may deem important.
Suppliers & Business Partners	The Board recognises that our suppliers and business partners are critical to the success of our digital transformation journey. The Board supports collaboration for business continuity as well as the continued improvement of operational performance through technology and various other means. The ethics stance of NCBFG is set out in certain policies, like the Anti-Bribery & Corruption Policy, which is also applicable to this segment.

Making contact with the Investor Relations Team and Company Registrar

The Investor Relations team is accessible and responds to enquiries received via various channels. Contact information is available for the Group Investor Relations & Financial Advisory Unit of NCB and JCSD (our Registrar) and is set out under the Investor Relations tab of the NCBFG website. Shareholders' queries are generally handled there or by the Corporate Secretary's Office of NCBFG. Questions and comments may also be submitted via e-mail to **ncbfginvestorqueries@jncb.com**

Articles of Incorporation

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

Other Key Governance Policies

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

These policies, charters and policy statements are all available on the Company's website and/or the Intranet. There is a requirement for annual declaration by staff confirming that some of these policies have been read, understood and are being and are being followed, and Directors must annually sign the Directors' Code of Conduct. Additional details may be found under Policies and Practices on page 47-50.

Awards & Recognition

The details of recent awards obtained by NCBFG are on page 45-46.

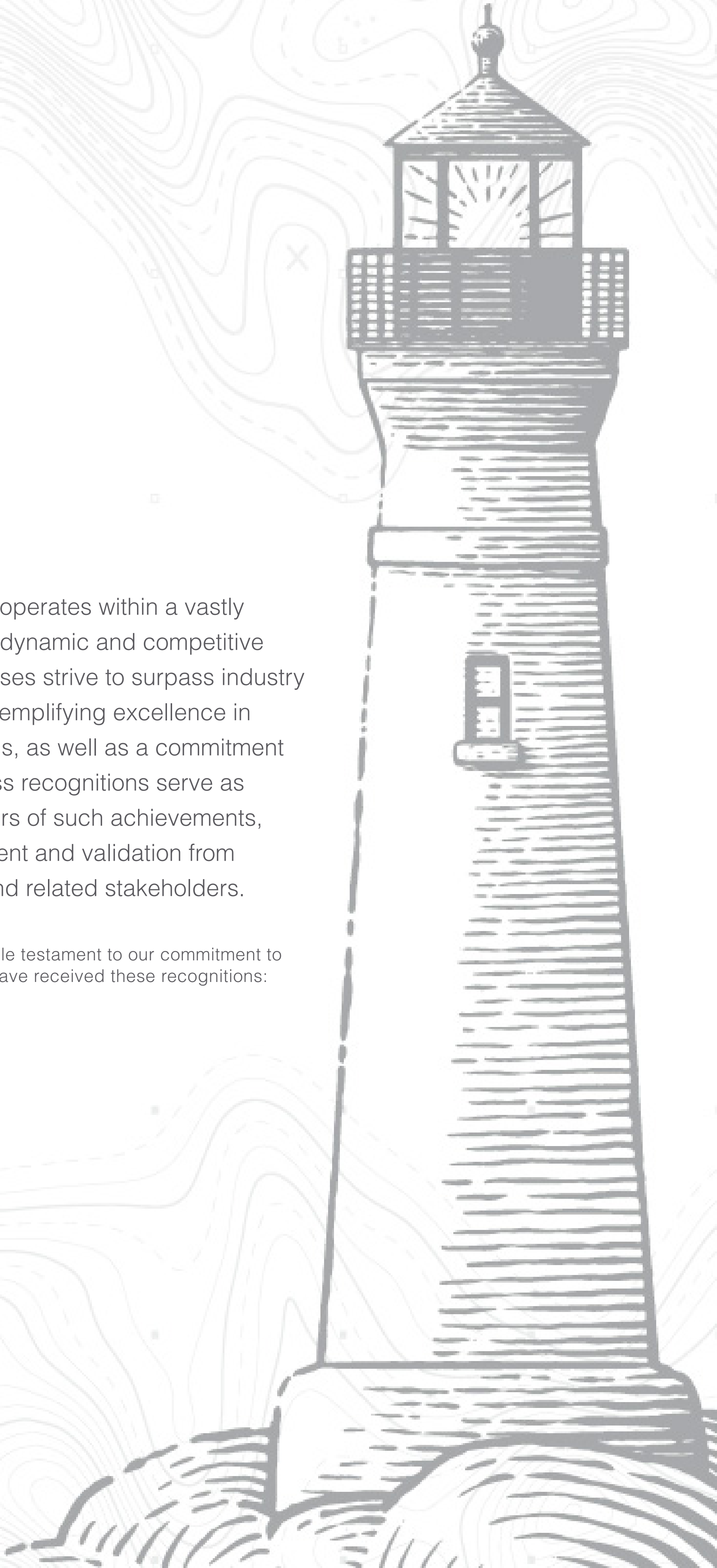
In addition, the Jamaica Stock Exchange (JSE) has assigned NCBFG the maximum rating of "AA" on its Corporate Governance Index (CGI). The CGI provides a numerical basis for measuring the strength of a company's adherence to corporate governance standards and best practices. These standards and best practices are based on governance codes developed by the Private Sector Organisation of Jamaica (PSOJ), but also cover legal and regulatory requirements as embodied in the Rules of the JSE, the Companies Act and the Securities Act. A rating of "AA" means "The Company's performance was excellent in terms of the various principles of corporate governance as documented in the JSE's Corporate Governance Index".

Sanya Goffe
Chair
Corporate Governance &
Nomination Committee

Recognitions

NCBFG operates within a vastly dynamic and competitive landscape where businesses strive to surpass industry standards, as a way of exemplifying excellence in operations and innovations, as well as a commitment to best practices. Business recognitions serve as powerful external indicators of such achievements, providing acknowledgement and validation from industry peers, experts and related stakeholders.

Our accolades serve as a tangible testament to our commitment to excellence and innovation. We have received these recognitions:



JAMAICAN AWARDS AND ACCOLADES

NCB Financial Group Limited

MAIN MARKET

Jamaica Stock Exchange (JSE) Best Practices 2023 Awards Ceremony

Winner
Corporate Disclosure and Investor Relations

1st runner up
Best Annual Report

2nd runner up
JSE/PSOJ Corporate Governance

JSE Best Practices 2022 Awards Ceremony

Winner
Corporate Disclosure and Investor Relations

1st runner up
JSE/PSOJ Corporate Governance

NCB Capital Markets Limited

MEMBER DEALER

JSE Best Practices 2022 Awards Ceremony

Revenue Generation and Market Activity

Chairman's Award for overall Best Member Dealer

Expansion of Investors and Listed Companies

INTERNATIONAL RECOGNITION

National Commercial Bank Jamaica Limited

Global Finance
Safest Bank (Jamaica) 2023

Global Finance
Best Bank (Jamaica) 2023

Latin Finance
Bank of the Year (Jamaica) 2023

Policies and Practices

In the dynamic landscape of business, effective corporate governance is vital for ensuring integrity, ethical conduct, and the sustained success of an organisation. Directors play a pivotal role in shaping and upholding the governance framework, influencing strategic decisions, and safeguarding the interests of stakeholders. Central to this responsibility are the development of and adherence to a comprehensive set of policies and practices that guide our organisation in achieving its objectives while maintaining ethical standards and complying with the relevant laws and regulations within the jurisdictions we serve.

NCBFG's Board of Directors diligently oversees and steers the governance of the organisation by instituting and managing a robust set of policies and practices. These collectively contribute to the creation of a governance framework that fosters accountability, transparency and sustainable business practices. All are essential for building trust, enhancing corporate reputation and ultimately driving long-term success.

Recognising the diverse and multinational nature of our operations, each policy is designed with clarity around its reach and relevance across the various entities within the Group. While some policies are applicable to all NCBFG subsidiaries, others are tailored to address the uniqueness of specific entities. In delivering on our commitment to transparency, our governance framework is accessible, with policies and practices available for review at **www.myncb.com/corporategovernance**. The following are extracts of key policies that are fundamental to our Group-wide governance and operations:

Dividend Policy

The Group maintains a dividend policy to ensure the organisation meets the capital needs of its shareholders, investors, and operations. This helps ensure that adequate capital is maintained to meet the Group's strategic objectives, while maintaining compliance with all regulatory requirements.

Dividend Pay-Out Rate

The Board of Directors has determined a dividend pay-out rate that allows it to declare dividends to shareholders at its discretion. These dividends will be paid from the realised earnings of the Group and will be subject to a maximum of 50% of the profits earned each year. If the pay-out falls below 50% in any one year, the Board of Directors reserves the right to increase future distributions proportionately.

The Board of Directors may also distribute to shareholders the full amount of dividends received from NCBFG 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.

Securities Trading Policy

To ensure the organisation remains compliant with regulations, legislation and principles relating to insider trading, the Group maintains a Securities Trading Policy. This policy explicitly defines persons within, or associated with, NCBFG and its subsidiaries or associated entities who must not buy, sell, or otherwise deal in stock units or other securities in the NCB Public Companies ("NCB Listed Securities") if they possess price-sensitive information about any NCB public company.

Group Regulatory and Financial Crimes Policy

This strictly enforces compliance with legal standards against financial crimes, including money laundering, terrorist financing, and corruption across all Group operations. It requires every level of the organisation from employees to business partners to adhere to a zero-tolerance policy for breaches, ensuring a

Policies and Practices

risk-based application of rigorous procedures and controls. The policy sets the highest compliance standards where jurisdictional laws differ, underpinning a commitment to ethical conduct, regular staff training, thorough risk assessments, and diligent oversight to maintain the integrity of financial services.

Corporate Disclosure Policy

To maintain transparency in its operations, the Group has adopted a Corporate Disclosure Policy, which regulates the disclosure of information by and about the organisation and its business activities, whether through regulatory filings, electronic or digital channels, interviews or conversations with media, media releases, speeches, presentations, and other channels.

This policy ensures that communication to the public regarding NCBFG's financial performance, operations and other information that may be of interest to investors is disseminated consistently, and is timely, factual, and accurate. Additionally, this policy dictates that this type of information be filed with the relevant regulators and stock exchanges in accordance with applicable laws.

Anti-Bribery and Corruption Policy

In support of its zero-tolerance approach to bribery and corruption, the Group has adopted an Anti-Bribery and Corruption Policy, which provides guidelines for the appropriate professional, legal, ethical, and socially responsible behaviour of all employees.

This policy also provides insight and guidance for employees to recognise and deal with issues of bribery and corruption, while outlining a framework for the implementation and enforcement of effective systems to counter all forms of illegal and unethical behaviour, including bribery and corruption.

Corporate Social Responsibility Policy

The Group is guided by a Corporate Social Responsibility Policy, which outlines the primary beliefs on which the operations of the Group were established and are maintained. This policy outlines the organisation's six key principles that lay the foundation for the Group to maintain its position as a good corporate citizen:

- Inspired People
- Doing Good Business
- Creating delighted life-long customers
- Data Security
- Community Development
- Environmental Sustainability

Board Remuneration Policy

In support of its commitment to attracting and retaining highly qualified directors for all entities within the Group, NCBFG maintains a Board Remuneration Policy, which provides a framework and outlines the principles for the remuneration of its directors. This framework helps ensure the organisation is effectively positioned to recruit, retain and motivate the best-qualified individuals who can drive the enterprise to success, while aligning the interests of the board of directors and senior management teams with those of the shareholders.

Enterprise Risk Management Policy

To enable effective decision-making and risk management across the Group, the organisation has established a standing committee with responsibility for risk management. This committee has charted an Enterprise Risk Management Policy, which outlines the Group's risk management framework and addresses other considerations, such as risk appetite, credit management, anti-money laundering and counter-financing of terrorism.

This policy also details the significant practices employed to manage risk, including new and emergent risks, within the various entities comprising the Group. It also contains the checks and balances to determine the adequacy of the Group's risk management function.

Information Security Policy

The Group has adopted an Information Security Policy which governs information security in all areas of the organisation. The policy contains the procedures and processes related to the storage of digital data, and its transmission over the communication channels owned and operated by the organisation. This policy also provides guidelines for payment card industry (PCI) assets that involve information technology (IT) assets directly related to cardholder data and card payment business processes, as distinct from general assets identified throughout the Group.

Other areas governed by the Information Security policy include services offered by the Group's Information Technology Division to various entities across the Group, as well as all cybersecurity and privacy laws and frameworks established in the countries in which NCBFG and its wholly-owned subsidiaries operate.

Data Protection Policy

NCBFG has embarked on a journey to develop an effective data protection and privacy programme for the Group and its subsidiaries (excluding Clarien and the Guardian Group, which have their own frameworks), that can be implemented within all relevant territories. To operate our business and offer our products and services to our customers, we are required to request and process personal information from individuals; not only information belonging to customers but also our employees, contractors and other service providers. When processing, storing and transmitting data, we must ensure a high level of data protection and data security. The Group's Data Protection and Privacy Programme (DPPP) sets out the necessary requirements for processing Personal Data that is collected and meets the standards set forth in the relevant legislation for data protection in the respective countries. It also establishes the data protection policies of transparency, legitimacy, and proportionality.

Code of Business Conduct

Given the Group's unique position as a financial services provider, its relationships with customers and clients give its employees a privileged view of the financial conditions and personal lives of the people they serve. With continued business growth, expansion and an evolving regulatory framework, the Group has adopted a Code of Business Conduct to ensure that employees of the Group adhere to appropriate professional, legal, ethical, and socially responsible behaviour in all their interactions.

Management Discussion & Analysis

MD&A

CEO's Message

"Our commitment to customer experience and operational excellence followed suit as we made sure to do things right the first time and realigned actions that lead to inefficiencies. This was a meticulous renovation, where we delayered our organisation, refocused on customer experience, and significantly boosted our capital efficiency."

Robert Almeida, B.Comm., CPA, CA
Interim Group Chief Executive Officer

It is with a sense of profound responsibility and great optimism; that I address you as the Interim Group CEO of NCB Financial Group. I am pleased to present to you our Annual Report for 2023, a testament to the resilience and achievements of our financial institution in a dynamic economic landscape.

The challenges of the past year have been significant, but they have also been transformative, shaping our journey toward a future filled with potential and promise. A feeling of discontent was prevalent among our stakeholders, and understandably so. Our capital was not working as smartly as it should. It was time for change, and we embraced it wholeheartedly through our Efficiency, Governance and Customer Experience (EGC) framework and embarked on a 3-month business renovation which was significantly reflected in our 4th quarter performance.

Amid this financial tempest, with Governance at the helm, we accepted responsibility for our actions, slashed expenses, enhanced operational excellence, and obtained shareholder authorisation for an Additional Public Offering (APO). The positive feedback from our stakeholders echoes a shared optimism for the exciting journey that lies ahead.

Our commitment to customer experience and operational excellence followed suit as we made sure to do things right the first time and realigned actions that had led to inefficiencies. This was a meticulous renovation, where we delayered our organisation, refocused on customer experience, and significantly boosted our capital efficiency.

NCBFG operating as a Systemically Important Financial Institution (SIFI), is prominently benchmarked against global standards and we champion resilience without compromising on the trifecta of profitability, growth, and dividends. In accelerating our efforts, our business model revolves around our North Star, distilled into key performance metrics, assures capital strength, dividend continuity, and reasonable growth.

FY23 may have borne the expenses of our restructuring, but as we set sail into FY24, our stable base is within reach as we seek to build a sustainable and growing enterprise that optimally serves its stakeholders. To ensure this, we will undertake the following financial blueprint for the future, and these will provide the key performance indicators that are guiding us and that you can use to measure our performance against.

We envision:

- Capital ratios exceeding regulatory requirements,
- A return on equity in the mid to high teens,
- A dividend payout ratio around 50%,
- and a cost-to-income ratio of 60% or lower.

This will ensure a solid foundation for the company's future, provide value to shareholders, and enable efficient fiscal management.
We are mindful that financial institutions with these metrics are not only economically attractive but would have lots of shock absorbers to deal with extreme conditions – in short, we would be resilient.

These metrics are not just goals, they are the compass guiding us towards the happiness of our customers, employees, regulators, community, and, of course, our valued shareholders. They provide accountability and discipline in the pursuit of sustainability, resilience, recurring dividends, and substantive growth. The journey is far from over, but with your steadfast support, we are ready to steer the ship into a new and prosperous dawn.

To our shareholders as we move forward, we remain dedicated to maximising shareholder value. Our strategic initiatives, coupled with a forward-looking approach, will continue to drive sustainable growth and long-term success.
I assure you that our focus is not just on immediate recovery but on laying the groundwork for continued sustainable, long-term growth.

On behalf of our leadership and teams, I extend my gratitude to our shareholders for your continued trust and support. Our achievements are a testament to the dedication of our talented team and the loyalty of our valued customers. Together, we will continue to chart a course of excellence and create enduring value for all stakeholders.

With heartfelt gratitude and unyielding optimism,

Robert.

Management Team

Allison Wynter
Group Chief Risk Officer

Allison leads the management of NCBFG's primary risk areas, with a focus on credit, market, liquidity, and operational risk. Her tenure at NCB is preceded by roles including Risk Manager at Jamaica Money Market Brokers and Senior Audit Manager at PricewaterhouseCoopers.

Allison is integral to the Risk Committee, Group ALCO, and various risk management and investment committees across NCBFG's subsidiaries. Additionally, she is a trustee of the NCB Staff Superannuation Fund, and actively contributes to the Accounting Standards Committee at the Institute of Chartered Accountants of Jamaica.

Dave Garcia
Group General Counsel and Corporate Secretary

Dave oversees the Group Legal & Corporate Services Division and is responsible for providing NCB Financial Group Limited and its subsidiaries with general advice, leadership and direction on all legal and corporate secretarial matters. In this capacity, he ensures the effective management of legal risk and legal transaction and advisory support across the enterprise, considering the Group's operating environment across multiple jurisdictions.

His legal expertise is rooted in civil litigation, banking, and corporate law, developed during his time as a partner at Myers, Fletcher & Gordon. He chairs the non-profit Youth Reaching Youth, and he is a member of the Jamaica Bar Association's Commercial Law Committee.

Malcolm Sadler
Chief Financial Officer

Malcolm as the Chief Financial Officer has leadership and oversight responsibility for the Group's financial planning and reporting. In addition, he is responsible for monitoring the Group's performance against strategic and budgetary objectives.

Malcolm serves on several management committees and subsidiary Boards within the NCB Group, as well as on the Learning Council of the organisation's Corporate Learning Campus. He is also a member of the American Institute of Certified Public Accountants (AICPA).

[Read more via www.myncb.com]

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.

Misheca Seymour Senior
Group Chief Compliance Officer

Misheca Seymour Senior leads the Group Compliance and Fraud Prevention Units within NCBFG and is responsible for the development, implementation and effectiveness of the regulatory, financial crimes compliance and fraud prevention programmes.

An attorney-at-law by profession, she is also a certified Anti-Money Laundering Specialist, a designation that was obtained in 2011 and is a member of the Jamaica Bankers Association's (JBA's) Compliance Committee. She is an anti-money laundering and counter-financing of terrorism ("AML/CFT") Compliance practitioner with almost 20 years of experience in the area.

Mukisa Ricketts
Group Chief Audit Executive

Mukisa provides strategic direction and oversight to the internal audit functions of the three main sub groups of NCBFG. In this role, she gives key support to the NCBFG's Audit Committee in fulfilling its oversight responsibilities for the financial and operational reporting processes, risk management, the system of internal control and the internal and external audit processes. She ensures the internal audit functions within the Group operate in accordance with the International Standards for the Professional Practices of Internal Auditing and reports quarterly to the NCBFG Audit Committee on the performance of the functions relative to approved internal audit plans.

Robert Almeida
Interim Group Chief Executive Officer

Robert as the Interim Group CEO is pivotal in providing strategic leadership and direction during this transitional period. He directs the overall financial performance of NCBFG, collaborating closely with the executive leadership teams to ensure alignment and delivery on vision.

In addition, Robert drives stakeholders' engagement, including investors, and regulatory bodies, to maintain strong relationships and uphold the organization's reputation. As the transformative leader, his responsibilities extend to implementing cost-effective measures, and driving sustainable growth, all while facilitating a smooth transition for the permanent CEO.

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 in this MD&A is derived from management's well-informed judgement with due regard for material significance. We maintain a robust accounting framework and stringent internal controls to safeguard assets, ensure the accuracy of transaction maintenance and recording, and fully recognise liabilities. Our control mechanisms are routinely examined for effectiveness, with the support of documented policies and processes, skilled personnel, thorough internal audits and risk assessment procedures.

The MD&A provides a comprehensive overview of the Group's financial performance, strategic endeavours and key developments over the past year. The MD&A offers a structured lens through which to assess the Group's performance for the financial year ending September 30, 2023 with a comparison to the previous year. It should be reviewed in conjunction with the audited consolidated financial statements and their accompanying notes. The financial statements as presented were formulated in accordance with the International Financial Reporting Standards (IFRS) established by the International Accounting Standards Board (IASB).

The MD&A may contain forward-looking statements, featuring expressions like "forecast", "believe", "expect", "intend", "plan", "estimate", "may" and similar statements. The discussion and analysis may not be limited to historical facts, and will encompass statements on our business strategy, targets, 2024 outlook and expectations regarding general economic conditions and market trends. They also cover the anticipated impact on business segments and management objectives for future operations. Despite being grounded in what management believes are reasonable assumptions, there is no guarantee these statements will precisely reflect future outcomes. They carry uncertainties that could lead to material differences between actual results and the forward-looking ones and should not be seen as guarantees for future performance. NCBFG undertakes no obligation to update these forward-looking statements should there be changes in our circumstances or management's assessments. All figures are presented in Jamaican dollars, unless specified otherwise.

Performance Measurement

The Group has implemented a diverse range of strategic initiatives, each embedded with performance indicators to closely monitor and track progress. These plans, along with their associated indicators, are cascaded down to the various levels within the organisation. Evaluation of group performance is conducted against internal targets and benchmarked against country-specific, regional, and international standards.

Performance evaluation is a priority along with consistent improvement. Our strategic progress is thoroughly assessed using a combination of financial and non-financial metrics, ensuring comprehensive coverage across all aspects of performance for the benefit of all stakeholders. Financial measures include quantitative targets for net profit, revenue, cost optimisation, digitisation, core financial portfolios, profitability metrics, market share, capital management and strength, liquidity, risk management and operating efficiency. Non-financial targets encompass a broad spectrum of objectives, including customer service, customer and employee satisfaction, sales effectiveness, innovation, product penetration, efficiency improvements, branch optimisation, employee engagement, organisational health, corporate governance and corporate social responsibility.

Our performance reports encompass projections to facilitate prudent and timely decision-making as well as assessments of historical performance, enabling corrective actions where needed. We actively pursue our strategic objectives and assess outcomes using predefined strategic measures to ensure that they align with the organisation's overarching mission.

CONTINUED

Financial Snapshot

MD&A Cont'd

Table 3 Five-year Summary of Selected Financial Data

(in millions, except per stock unit amounts)	2019	2020	2021	Restated 2022	2023	% Change Financial Year 2023 vs. Financial Year 2022	Five-year compounded annual growth rate (CAGR)
	For the year ended September 30						
Consolidated Income Statement Extract							
Banking & Investment Activities							
Net interest income	44,595	52,490	48,627	59,199	**62,801**	6%	9%
Credit impairment losses	(4,825)	(10,285)	(3,385)	(2,724)	**(5,303)**	95%	2%
Net interest income, net of impairments	39,770	42,205	45,242	56,475	**57,498**	2%	10%
Net fee & commission	19,180	21,369	22,489	26,133	**28,078**	7%	10%
Gain on foreign currency and investment activities	15,412	8,793	22,830	16,576	**21,504**	30%	9%
Net revenues from banking & investment activities	**76,749**	**76,371**	**98,154**	**107,293**	**113,026**	**5%**	**10%**
Insurance Activities							
Net underwriting income	48,155	101,669	110,234	123,909	**120,971**	(2%)	26%
Policyholders' & annuitants' benefits & reserves and other insurance related expenses	(33,723)	(69,213)	(87,282)	(85,893)	**(96,738)**	13%	30%
Net revenues from insurance operations	**14,432**	**32,456**	**22,952**	**38,016**	**24,232**	**(36%)**	**14%**
Operating income	91,181	108,827	121,105	145,308	**137,259**	(6%)	11%
Staff costs	32,121	40,527	44,501	50,337	**60,617**	20%	17%
Other operating expenses, including depreciation & amortisation and finance cost	32,616	41,039	50,350	55,354	**57,057**	3%	15%
Net profit	31,165	26,883	20,076	35,132	**15,336**	(56%)	(16%)
Net profit attributable to stockholders of the parent	29,869	19,090	14,227	23,889	**7,592**	(68%)	(29%)
Earnings per stock unit ($)	12.30	8.01	6.25	10.39	**3.30**	(68%)	(28%)
Dividends paid per stock unit ($)	3.40	1.90	0.50	0.00	**0.00**	-	(100%)
Consolidated Statement of Financial Position Extract (at year end)							
Investment securities	759,496	853,086	900,512	959,487	**1,102,642**	15%	10%
Net loans	423,103	452,955	523,489	580,988	**613,788**	6%	10%
Total assets	1,616,300	1,800,260	1,917,128	2,078,186	**2,222,802**	7%	8%
Customer deposits	504,679	573,969	647,085	715,277	**747,872**	5%	10%
Repurchase agreements	174,620	211,436	224,805	247,677	**279,754**	13%	13%
Liabilities under annuity and insurance contracts	394,615	405,015	433,057	441,464	**459,549**	4%	4%
Other borrowed funds	124,953	125,066	136,972	153,272	**179,672**	17%	10%
Equity	183,871	200,205	206,665	193,209	**223,397**	16%	5%
Equity attributable to stockholders of the parent	147,590	156,115	161,456	146,098	**170,022**	16%	4%

2023 Overview

The strategic initiatives driving the financial performance was executed under 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.

Our continuous pursuit of excellence and charting progressive paths led us to improve our execution, emphasising our commitment to Efficiency, Governance, and a great Customer Experience (EGC).

1. **Efficiency** – Ensuring all expenditure is necessary and adds value to our customers and is prudent for now and for the future.
2. **Governance** – Taking accountability for all actions, understanding that our behaviour becomes our reputation.
3. **Customer Experience** – Focussing on enriching the lives of our customers by providing excellent service and trusted advise.

These principles form a core part of our efforts to streamline the organisation's structure, foster greater responsiveness and bring us closer to its customers. Moreover, we have upheld a significant commitment to the advancement and development of our team, acknowledging that the current and future achievements of the organisation rely on their combined efforts. We are resolute in our pursuit of our objectives, thereby unlocking new opportunities for growth and reinforcing our position in the region.

Table 4 Key Ratios and Per Stock Unit Data

	Year ended September 30				
	2019	2020	2021	2022	2023
Profitability ratios					
Return on average total assets	2.40%	1.57%	1.08%	1.76%	**0.71%**
Return on average equity	21.52%	12.57%	8.96%	15.53%	**4.80%**
Net revenues from banking activities to operating income	84.17%	70.18%	81.05%	73.84%	**82.35%**
Net insurance revenues to operating income	15.83%	29.82%	18.95%	26.16%	**17.65%**
Cost to income ratio	67.43%	68.48%	76.19%	71.40%	**82.54%**
Insurance loss ratio	61.28%	60.31%	69.56%	60.63%	**71.62%**
Per stock unit data					
Dividend payout ratio (based on payment date)	27.64%	23.72%	8.00%	0.00%	**0.00%**
Dividend yield	1.63%	1.45%	0.39%	0.00%	**0.00%**
Book value (J$)	61.60	65.82	70.36	63.57	**73.98**
Market Price - Jamaica Stock Exchange (JSE)					
High	J$249.00	J$215.00	J$150.00	J$132.28	**J$90.00**
Low	J$110.11	J$130.00	J$121.03	J$88.92	**J$64.60**
Year end - close	J$208.79	J$130.90	J$127.52	J$89.89	**J$68.49**
Market Price - Trinidad and Tobago (TTSE)					
High	TT$10.71	TT$11.50	TT$9.00	TT$8.25	**TT$5.02**
Low	TT$5.73	TT$7.15	TT$7.80	TT$4.50	**TT$2.70**
Year end - close	TT$10.44	TT$7.75	TT$8.25	TT$4.50	**TT$2.77**

CONTINUED

Financial Snapshot

MD&A Cont'd

Despite improving economic conditions in most of our operating territories, the Group's performance during the financial year was impacted by significant non-recurring events, primarily related to strategic restructuring activities.

NCB Financial Group Limited reported consolidated net profit of $15.3 billion, a 56% or $19.8 billion decline from the prior year. Consolidated net profit attributable to stockholders of the parent totalled $7.6 billion, a reduction of $16.3 billion or 68% from the prior year. Our asset base increased to $2.22 trillion, up 7% or $144.6 billion over prior year primarily due to increased investment securities and net loans. The growth in the asset base along with lower net profits resulted in return on average assets of 0.71% compared to 1.76% in the prior financial year. Equity attributable to stockholders of the parent increased by 16% or $23.9 billion to $170.0 billion with return on average equity of 4.80%, down from 15.53% in the prior financial year. We continue to uphold a strong capital position and adhere to sound capital management practices, reflecting our commitment to robust governance.

There was a restatement of the 2022 financial results, which impacted our Life and Health Insurance and Pension Fund Management (LHP) segment and the Holding Company – NCBFG. The restatement in the LHP segment was due to a non-recurring actuarial adjustment of $4.3 billion in relation to the 2022 financial year. The restatement in the Holding Company related to certain staff benefits.

[For further details see note 59 to the financial statements, page 343]

JAMAICA

The Jamaican economy continued to be driven by the rebound in tourism. 2023 tourism figures continue to show strong growth across all subcategories. Between January to June 2023 Jamaica recorded a significant increase in stopover visitor and cruise ship arrivals, which continue to result in increased foreign exchange earnings.

The banking sector generally benefitted from higher interest rate environment reflected in increased net interest and fee and commission income, however loan demand softened given the pass-through of higher policy rates to borrowing costs.

We advanced the incorporation of digital technologies throughout the Group, fundamentally transforming our operational efficiency and value delivery. The adoption of digital channels was accelerated, leading to the substitution of numerous face-to-face branch interactions with online and mobile transactions. Our commitment to being "Digital to the Core" went beyond the seamless migration of traditional banking transactions; it encompassed the complete integration of digital methods into our business processes and customer service strategies. While maintaining our dedication to delivering comprehensive financial services, we enhanced accessibility to digital channels, products, and services, ultimately elevating the overall customer experience.

As one of the leading financial conglomerates in Jamaica, we are committed to actively modernising our operational processes, introducing top-tier digital processes and solutions to our stakeholders, including customers and employees. During the year, substantial focus continued to be placed on refining our digital capabilities and introducing cutting-edge digital solutions to the market.

In March 2023, we launched a new digital payment product, "NCB Pay", similar to other popular digital payment applications which allows users to make payments at compatible point-of-sale (POS) terminals or near-field communication (NFC) enabled payment devices to a digital wallet on their smartphone linked to their physical payment cards. We also continue to develop and deploy artificial intelligence and machine learning enabled solutions and capabilities across the Group to improve operational efficiencies and service delivery.

Additionally, since the launch of the Lynk digital wallet, we have made significant strides in our efforts to support the national agenda of promoting financial inclusion, while also bringing a first-class digital payment solution to the market. This year, the Bank of Jamaica (BOJ) approved Lynk to offer remittance services as a primary agent. Since then we have partnered with remittance companies to provide remittances services through the Lynk app. The feature enables customers to receive remittances straight to their phones and enables the digital wallet to expand its offerings with international digital receive capabilities. Lynk also activated its Mobile Top-up and Data plans feature which allows users to purchase air-time top up (mobile credit) or data plans with ease directly from the Lynk mobile app It remains one of two approved wallet providers by the BOJ to handle Jamaica's central bank digital currency (CBDC) Jam-Dex.

BERMUDA

The Bermuda economy registered a year-over-year growth of 3.6% in the first quarter of 2023 when adjusted for inflation. This economic expansion can be attributed to heightened household spending and an uptick in the export of goods and services. Notably, nominal GDP saw a substantial increase of 6.0% during the initial quarter.

With a more than doubling of tourist arrivals and notable increases in employment income in major industries such as international business, hotels and restaurants, as well as Banking, Insurance and Real estate, the economy continues to expand and show resilience.

Conversely, there is a growing policy concern regarding international spill overs in corporate taxation in recent years. This concern arises from the increasing recognition that the tax policies of one country can have repercussions on economic activity and tax revenues in other jurisdictions, potentially fostering detrimental tax competition. The collaborative effort led by the G20/OECD on Base Erosion and Profit Shifting (BEPS) resulted in a fundamental reform of the international tax framework, with the agreement of nearly 140 countries. A key component of this reform is the establishment of a global minimum effective corporate tax rate of 15%, scheduled to take effect in 2024. Given the global initiative to impose a minimum business tax and Bermuda's status as a territory with no corporate income tax, this global shift will impact the territory, historically used as a tax haven by many corporations. Consequently, the Bermudian government is contemplating legislation to introduce a corporate income tax, slated to commence in January 2025.

Despite the aforementioned factors, the government of the territory has maintained its concentration on a medium-term economic recovery plan aimed at diversifying Bermuda's economy through the expansion of new industries. In light of these advancements, Clarien is positioned to persist in leveraging opportunities by providing specialised services and solutions to the market as the country progresses further along its transformation journey.

It is important to highlight that in April 2023, Clarien Bank completed the acquisition of Omnium Trust Company Limited, a boutique firm specializing in high-quality trust and corporate administration services. This acquisition aims to integrate operations from Omnium into Clarien's Trust and Corporate Services activities, enhancing the overall service delivery to our clients. With these newly acquired capabilities, we are well-positioned

CONTINUED

Financial Snapshot

MD&A Cont'd

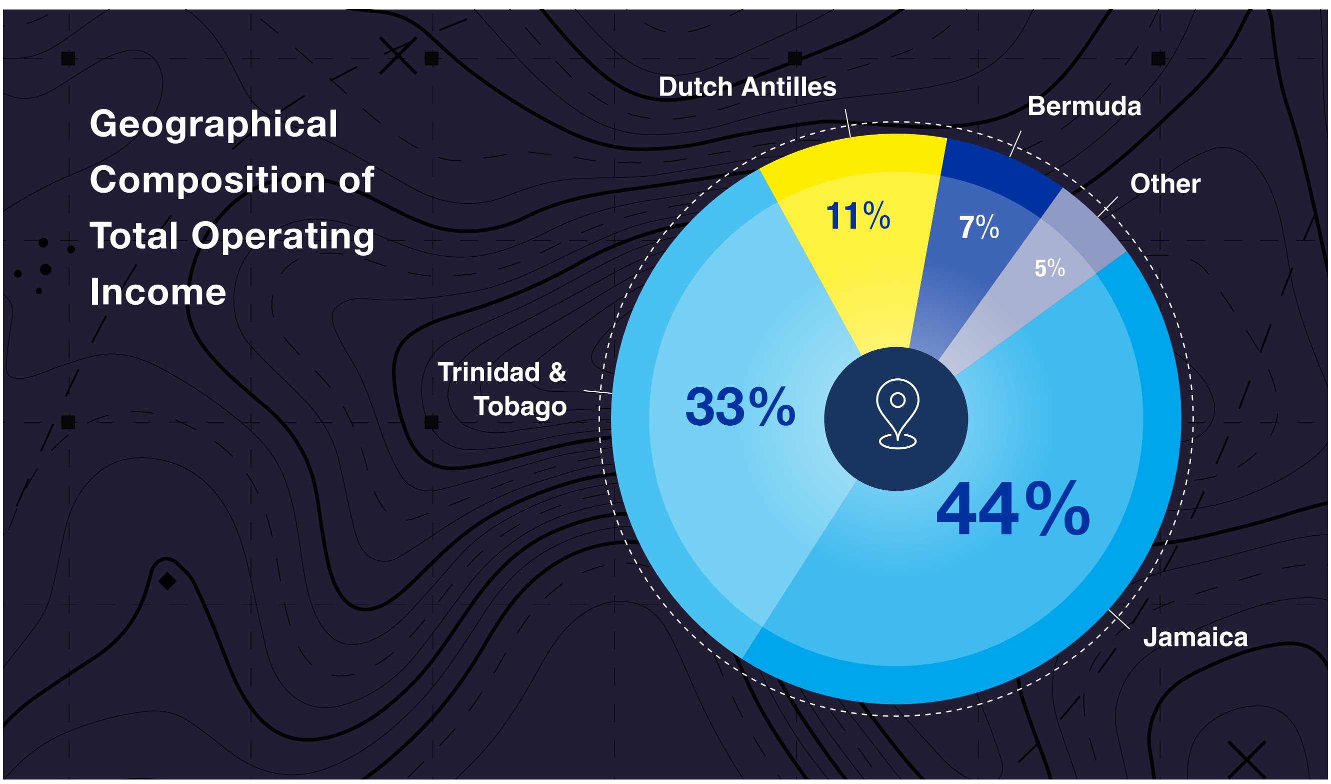
to expand our operations, reinforcing our goal to become a leading provider of wealth management services.

Clarien Bank seeks to be a leader in the development and deployment of digital banking services and solutions in Bermuda, as it drives the transition away from face-to-face and manual interactions to greater use of online and self-service models. Clarien remains positioned to capture market share in the underserved segments especially given the digital options available to clients.

TRINIDAD AND TOBAGO, BARBADOS AND THE WIDER CARIBBEAN

Trinidad and Tobago's economic activity is recovering, supported by higher global energy prices and the rebound of the non-energy sector, with a well-capitalised, liquid, and profitable financial sector. NCBFG continues to capitalise on opportunities in the insurance industry through the Guardian Group, as we align the insurance business models to provide superior customer experience, ensure operational agility and provide technological innovation, within the challenging economic environment. Additionally, NCBFG plans to remain a niche player in Trinidad through NCB Merchant Bank (Trinidad and Tobago) Limited, with its branch in Port-of-Spain, with a focus on arranging financing transactions for the Government of Trinidad and Tobago and corporates, working with SMEs and focusing on synergies here in Jamaica and the Trinidadian market.

The Barbados economy has recovered strongly, with ten consecutive quarters of growth, driven by a rebound in tourism. Barbados continues to advance the implementation of its comprehensive economic reform program. The authorities are implementing their updated Economic Recovery and Transformation plan (BERT 2022) and an ambitious climate policy agenda. Improvements in both countries augur well for the NCBFG's regional outfits. We continue to monitor



other regional developments and opportunities to source additional opportunities to develop value for the Group.

Outlook

As we reflect on the financial year, several key factors have shaped the economic landscape, influencing businesses and financial markets globally. One of the hallmarks of the financial year was the rising cost of funding, where central banks around the world, in response to the concerning inflationary trends, implemented policies that led to an increase in interest rates. This may have significantly impacted investment opportunities for both businesses and consumers.

Geopolitical tensions in the Middle East and Europe also played a pivotal role during the financial year. Heightened political and military conflicts in these regions created an atmosphere of uncertainty, prompting a ripple effect across the global economy.

In addition to the broader economic challenges and geopolitical tensions, the insurance sector faced a significant change to an accounting standard during the year due to the implementation IFRS 17 – Insurance Contracts. This new standard replaces the incurred claims model with a more forward-looking approach. Insurers are now required to recognise profit over the coverage period, reflecting the timing of risks and benefits. This will have an impact on the timing and pattern of profit recognition compared to previous accounting practices. Our insurance subsidiary, Guardian Holdings Limited (GHL), adopted IFRS 17 effective January 1, 2023. The Group, however, will adopt IFRS 17 on October 1, 2023, as the standard is effective for annual periods beginning on or after January 1, 2023.

Despite the changes in our operating environment, the Group remains focussed and resolved in our execution of our strategic programme and the achievement of our aspirations. We remain optimistic about the future, with a strong leadership team, dedicated team members, we are poised for success which will deliver value to all stakeholders.

MD&A Cont'd

Operating Environment

MACROECONOMIC PERFORMANCE

Table 1: Regional Economic Growth

PERIOD	Barbados	Bermuda	Cayman	Jamaica	T&T
GDP Growth					
2019	0.3%	2.9%	3.8%	0.9%	0.1%
2020	-12.7%	-8.5%	-5.1%	-9.9%	-7.7%
2021	-1.3%	3.8%	4.0%	4.4%	-1.0%
2022	13.8%	3.0%	3.7%	5.2%	3.0%
2023 YTD	4.4%[1]	3.6%[2]	3.4%[3]	2.3%[4]	1.3%[5]
2023f	6.5%	2.3%	3.1%	3.0%	2.3%
2024f	2.9%	2.0%	2.2%	2.3%	1.9%
2025f	1.6%	2.8%	2.9%	1.9%	2.3%

Sources: Bermuda Government, S&P, Moody's, STATIN, Fitch Solutions, IMF, BOJ, ESO, CBTT

Economic Performance

After the robust post-pandemic rebound, growth in some of our operating territories began to slow during our financial year due to a combination of waning base effects and uncertainties such as elevated inflation, rising interest rates and fears of recession in major global economies. Importantly, labour markets have been strong, with falling unemployment, which has bolstered private consumption, despite the impact of inflation on disposable incomes. Favourable economic performances from our major trading partners, whose economies have been surprisingly resilient, with good growth, modest to low unemployment levels and rising disposable incomes, have also bolstered growth. This along with excess savings led to robust growth in visitor arrivals in our tourism-dependent territories - Jamaica, Barbados, Bermuda, and Cayman Islands (see Table 1). For energy-dependent Trinidad and Tobago (Trinidad or T&T), though crude oil and natural gas prices remain elevated and slowing hydrocarbon production growth moderated the economic growth outturn. Overall, the continued recovery in our operating territories augurs well for the performance of our businesses, though risks persist.

At the start of our financial year, economic growth varied across our operating markets as economic conditions normalised with the reopening of economies and tourism rebounded, with spillover effects other sectors. Specifically,

1. Between January and September 2023.
2. First quarter of 2023.
3. First quarter of 2023.
4. Second quarter of 2023.
5. First quarter of 2023.

for Jamaica, strong private consumption (due to record low unemployment), exports and tourism demand continued to sustain growth throughout the December 2022 quarter[6], with economic activity expanding by 3.8%. Barbados also grew by 9.5%, and Bermuda by 2.4% in the same quarter. These performances were supported by the positive impact of commerce and tourism-related activities. While data on the Cayman Islands is limited, it is estimated that the sovereign achieved strong growth during the December 2022 quarter as well, supported by a rebound in tourism after the 2022 lifting of COVID-19 restrictions and demand for the islands' key services - finance and insurance. The real estate market also showed great resilience, supported by strong consumer demand for properties in the country, despite higher prices. In contrast, economic activity remained depressed in Trinidad and Tobago during our first quarter, which was reflected in the 0.7% contraction as the energy sector continued to be adversely affected by low natural gas production as supply challenges persisted. However, the performance of the energy sector was partially offset by modest growth in the tourism and distribution sectors.

Since the start of 2023, growth in economic activity has been broad-based, with all major economies of operating territories growing on the back of robust international tourism and its spillover effects, along with resilient financial services sectors. Jamaica, Barbados, Trinidad and Tobago, the Cayman Islands, and Bermuda reported an improvement in real output for their respective periods[7] due to a significant uptick in tourism activity, robust local and global labour markets that bolstered private consumption, along with more stable natural gas productions[8]. In Barbados, increased marketing efforts and airlift expansion led to a significant improvement in visitors arrivals. Overall, between January and September, total visitor arrivals in Barbados increased by 18.7% year over year; reflecting approximately 89.9% of pre-pandemic levels. Similarly, the Bermuda Tourism Authority noted that leisure air arrivals increased by 88.1% and 25.7% year over year in Q1 and Q2 2023, respectively. Furthermore, total leisure visitors (air and sea) increased by 405.5% year over year in Q1 alone. In Jamaica, between January and June, the country recorded a significant increase in stopover visitor (26.8%) and cruise ship (143%) arrivals, which continued to result in increased foreign exchange earnings. Jamaica welcomed 2.18Mn visitors, a 49.6% increase over the previous corresponding period in 2022. Similarly, the Cayman Islands' economic performance was bolstered by the continuous recovery in tourism. Between January and June 2023, air visitors reflected 84% of 2019 figures. Cruise passenger arrivals for the first half of the year also displayed a robust performance, which is equivalent to 73% of the pre-pandemic cruise visitor numbers.

This robust recovery in the tourism sector across countries was buttressed by growth in other key sectors of the economy, such as construction, manufacturing, agriculture and in Jamaica, the rebound in mining activity given the reopening of the JAMALCO plant. Notably, the growth in Barbados' tourism industry boosted construction and other non-traded[9] activities, which contributed just over half of real GDP growth. Jamaica and the Cayman Islands also saw greater contributions to growth from goods and service exports, and the recovering economy supported employment growth and, with it, private consumption, which resulted in more broad-based growth. Furthermore, Jamaica's economic growth was bolstered by its good-producing industries; mining and quarrying grew by 164.2% and manufacturing by 3.1% in Q2 2023 alone. This growth was fueled by higher output of alumina from increased production at the JAMALCO plant, which was closed in the similar period in 2022 and an expansion in alumina capacity utilisation rate at Windalco. While the energy sector remains constrained, Trinidad and Tobago has seen growth in other sectors. Notably, the gradual revival in the non-energy sector witnessed in 2022 has continued. According to the most recently available data, real GDP grew by 1.3% for the first quarter of 2023, reflecting strong expansion in its non-energy sector (3.0%), accompanied by marginal contraction in the energy sector (-0.1%).

6. This is Q1 of NCBFG's financial year.
7. Barbados grew by 4.4% during the first 9M 2023. Bermuda and Cayman Islands recorded a growth rate of 3.6%, 3.4% for Q1 2023, Jamaica grew by 4.2% and 2.3% in Q1 and Q2 2023 while Trinidad and Tobago grew 1.3% in Q1 2023.
8. From January 2022 to April 2023, natural gas production remained stable with an average of 2,677 million cubic feet per day (mmcf/d) and the production was maintained by Shell's Colibri and Barracuda projects, bpTT's Matapal project, and DeNovo's Zandolie project.
9. Mining & Quarrying, Electricity, Gas & Water, Construction, Distribution, Transport, Finance and Other Services

CONTINUED

Operating Environment

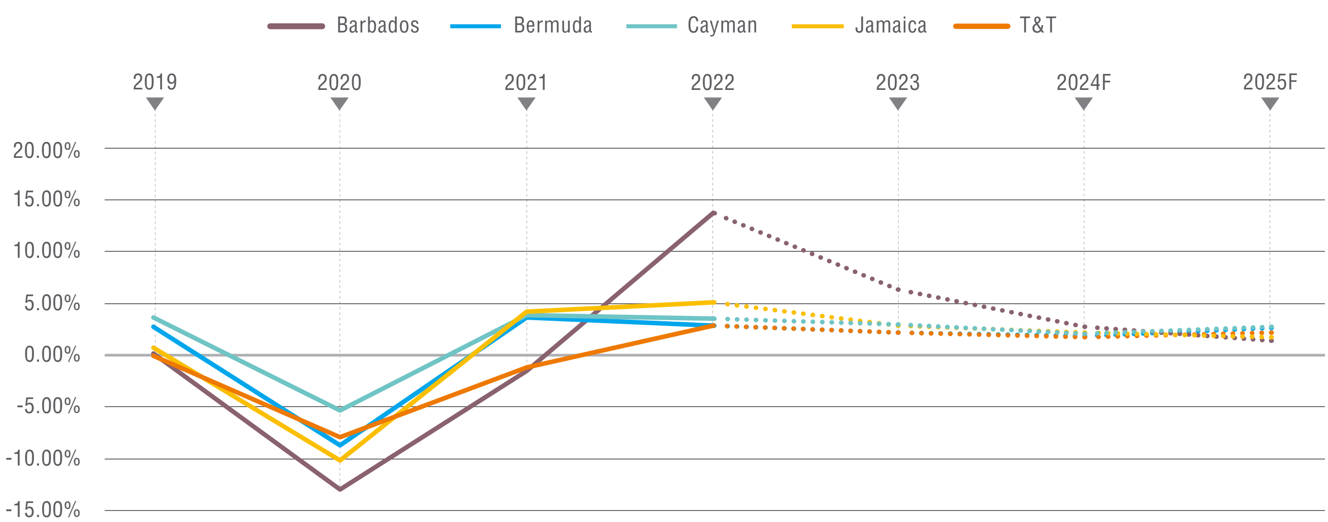
MD&A Cont'd

Overall, while economic recovery continued across our operating territories in the recently concluded financial year, headwinds persisted. The Group encountered challenges from the effects of several headwinds, including the heightened expectations in early 2023 for a global recession; persistent inflation, which led to higher interest rates. Furthermore, continuing monetary policy tightening, particularly in Jamaica and in the United States, weighed on capital markets activities and income from these sources. However, as time progressed, recovering economic activity, lower unemployment rates and increased corporate profitability spurred loan growth, while a higher market interest rate environment supported interest income growth. Further, improved gains from investing activities[10] along with higher transaction volumes in our banking and investment segments supported income growth throughout the year. That being said, the resumption of elective procedures previously postponed due to the pandemic led to increased health claim expenses. This, along with the decline in insurance premiums primarily due to a reduction in income generated by the segment, weighed on overall income growth. Nonetheless, the economy continues to show resilience, and the environment continues to create opportunities, which has positively impacted fee and commission income.

Outlook

The forecast is still for growth to moderate across the operating territories in our new financial year (see Table 1), with growth ranging from 1.9% on the low end for Trinidad & Tobago to 2.9% for Barbados on the higher end in 2024. This is in line with expectations for slowing global growth due to the effects of numerous headwinds, particularly in the first half of the year. Nonetheless, the major drivers of global growth

Figure 1: Economic Performance (2019-2025f)



Sources: Bermuda Government, S&P, Moody's, STATIN, Fitch Solutions, IMF, BOJ, ESO, CBTT

10. Including unrealised fair value gains from equity investments as the stock market slowly gained momentum.

- including productivity, trade, and investment growth – are expected to remain resilient. Given this, Jamaica, the Cayman Islands and Bermuda are projected to grow by 2.3%, 2.2% and 2.0%, respectively in 2024, supported by the normalisation of the tourism sector and growth in mining, manufacturing, construction and financial sectors. While tight monetary policy has continued to slow the pace of growth, overall, the global economy continues to reflect strength through still strong demand and low unemployment levels. High employment levels have bolstered consumption, and it is expected that this strong demand will continue contributing to growth, though at a moderated pace, as labour markets start to cool. Furthermore, deflation should also provide a favourable backdrop to the global economy and our operating territories. Notably, the World Bank kept its projection for global growth at 2.1% in 2023 and 2.4% in 2024. Tourism should remain resilient, as inflation starts to slow in key countries such as the US, UK, and Canada. This, along with investments to expand hotel capacity[11] and new airlifts, bodes well for the sector in Bermuda, Jamaica, Cayman, and Barbados. Overall, the expectation is that all countries will see tourist activities returning to 2019 levels by mid-2024[12]. Energy prices are expected to remain high by historic standards and contribute to further domestic GDP growth in Trinidad and Tobago. The country's hydrocarbons sector will remain a central driver of the growth trajectory in the coming years. Furthermore, elevated energy prices will benefit the gas sector as a whole, supporting production and investor interest in T&T's untapped reserves over the near term[13]. Local energy production is still poised to benefit from the start-up of several upstream projects from bpTT, Shell Trinidad and Tobago, EOG Resources Trinidad and Touchstone Exploration[14]. T&T should also benefit from OPEC+'s announcement that it would extend production cuts throughout 2024, which should keep prices elevated.

That being said, downside risks remain. If our major trading partners enter a recession, this could result in lower private consumption and investments, lower regional remittance flows, and a falloff in the tourism industry. Additionally, the slowdown in China's property sector, its local government debt sustainability issues, and its financially stressed regional and local governments pose broad downside risks to overall global growth, given China's significant contribution to global economic activity and trade. This could also depress commodity prices and lead to a tightening of financial market conditions. Furthermore, recent droughts[15] and geopolitical tensions could put upward pressure on key commodities and adversely impact trade. These factors could keep inflation elevated, slow growth, and negatively impact private consumption, given the open economies of most of our operating markets.

Inflation

During the fiscal year 2022/23, inflation in our operating environments eased at different velocities (see Figure 2). All operating environments, excluding Barbados and Bermuda, saw inflation peak in the first quarter of the fiscal year, followed by a gradual yet uneven deceleration in subsequent quarters as the costs of imported goods and energy-related costs normalised. Additionally, core inflation gradually followed a similar trajectory, albeit at a slower pace relative to headline inflation. Despite the general downturn in inflation between January and September, the BOJ kept its policy rate unchanged at 7.0%, given the upside risks to inflation. Inflation also trended downwards for the Cayman Islands and Trinidad, supported by the movement in international commodity prices and the ease of global supply chain pressures. However, Barbados' and Bermuda's inflation rates experienced lagged responses, with both peaking at the end of the second quarter (see Figure 2). Despite this, all operating environments experienced a decline in their respective inflation rates over the course of the financial year, driven by similar global factors alongside unique environmental and economic drivers affecting the speed at which each fell.

11. Jamaica is expected to see a rise in new hotels with approximately 5,000 new rooms slated for opening throughout the rest of the year. In Barbados there Wyndham Grand Resort is set to be completed and open in the fourth quarter of 2024 and Pendry Hotels and Resorts is slated for 2026. In Cayman there are at least five (5) new resorts slated to open between 2023 and 2025 (Source: Travel Age West).
12. As opposed to by the end of 2023 as previously expected given still high inflation and lingering effects of geopolitical tensions at the time.
13. Fitch Solutions.
14. On September 6, Touchstone Exploration safely delivered first production from its Cascadura natural gas and liquids facility in Trinidad. Touchstone intends to increase gross aggregate natural gas production from the Cascadura-1ST1 and Cascadura Deep-1 wells to 60 MMcf/d (10,000 boe/d) plus associated natural gas liquids. Further to this, the company has identified 205 development and 24 exploration drill locations in Trinidad and Tobago, according to CEO Paul Baay.
15. Panama Canal shipping delays due to the ongoing drought from the EL Nino Phenomenon and low sea levels could affect inflation in countries like Jamaica given the likelihood of scarcity in some goods driving up prices.

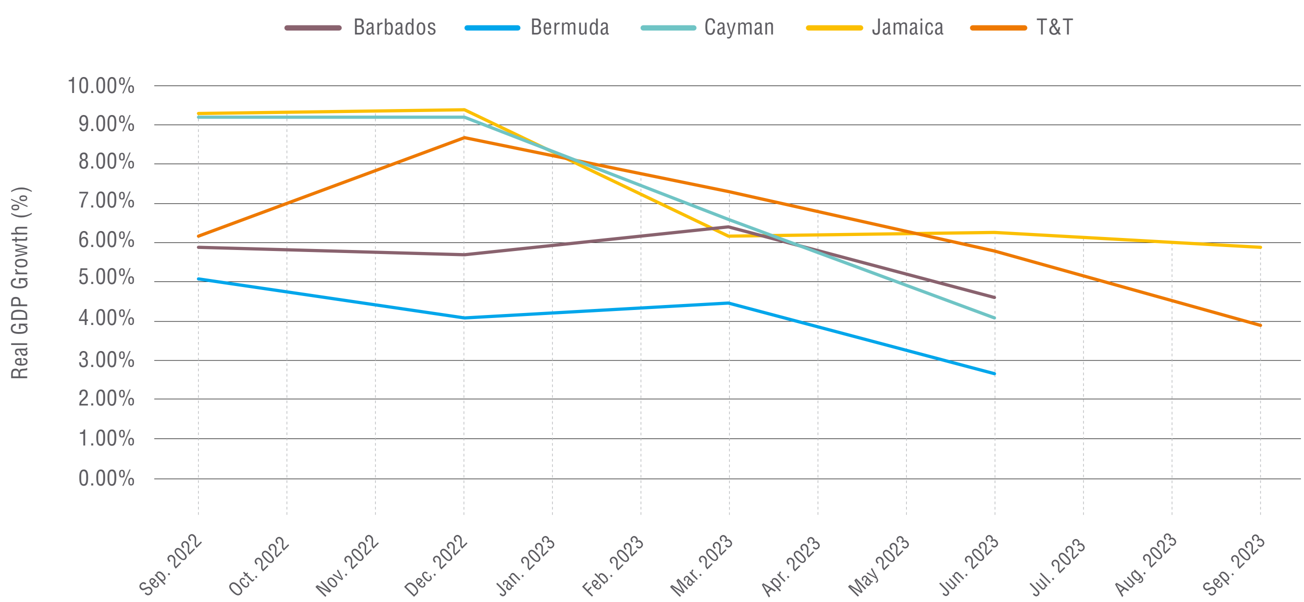
CONTINUED

Operating Environment

MD&A Cont'd

Several common factors have played pivotal roles in shaping inflationary trends across NCBFG's operating territories. High energy prices in the first quarter of our financial year have been a shared challenge in energy-importing countries, contributing to overall inflationary pressures. Additionally, higher food prices, influenced by both international food hikes and challenges with domestic agricultural output, have been common threads for all of our operating environments. Jamaica experienced sticky inflation, with headline inflation ranging between 9.4% and 10.3% in Q1 2023. Consumers were challenged by upward movements in food and non-alcoholic and alcoholic beverages and the restaurant and accommodation services division within the Consumer Price Index. That being said, declining costs for shipping and grains on the international market ultimately led to inflation moderating. However, it remained elevated and outside the BOJ's target range for much of the financial year due to higher telephone and internet rates, a hike in the national minimum wage, higher prices for agricultural products, and the surge in energy-related prices. Notably, by the end of the financial year, inflation had fallen to 5.9%, just within the BOJ's target range, aided by lower prices for some agricultural produce against the background of improving weather conditions. Trinidad and Tobago's inflation rate peaked at 8.7% in October 2022. During this time, T&T was strongly affected by similar external factors to those Jamaica; however, additional drivers led

Figure 2: Regional Inflation Rates



to further price increases, such as flooding and the impact of the reduction in subsidy on local fuel prices. Nevertheless, inflation declined to 3.9% by the end of the financial year, thanks to steadying international food prices, easing local produce costs, and the pass-through effects of higher fuel prices subsiding. Similarly, the Cayman Islands experienced a reduction in inflation from 5.9% in Q1 2022/23 to 4.1% in Q2 2023, driven by similar energy-related factors. However, both Bermuda's and Barbados' inflation rates rose at a slower pace, peaking at 6.6% and 4.5% in February and March 2023, respectively. Barbados' inflation rate slowed to 4.3% in July 2023, driven by lower international energy prices and associated freight costs. The decline in its inflation rate was aided by increased electricity generation from its domestic renewable sources. Bermuda's inflation rate moved in unison as base effects in 2023 faded, resulting in a 2.7% inflation for June 2023, the most recent period for which data is available. Even though both countries saw relatively late peaks, their highs were much lower than their peers.

Monetary Policy

In terms of monetary policy, there was a divergence in the response of central banks in each of our operating environments to inflationary pressures. Trinidad & Tobago and Barbados kept interest rates constant throughout the financial year, while Jamaica continued its policy rate hiking cycle into Q1 FY 2022/23. Differences in approaches originate from certain countries, like Jamaica, which has a floating exchange rate policy with a high reliance on fuel imports, and others which possess a fixed exchange regime with less reliance on fuels in their import mix, like Trinidad & Tobago. Jamaica would have seen higher inflation given the pass-through effects of higher energy prices, which warranted greater central bank intervention than T&T. Consequently, the Bank of Jamaica raised the policy rate from 6.50% to 7.00% in November 2022 and has since held the policy rate constant throughout the rest of the financial year, given the downward trend in inflation in Jamaica since January. The Central Bank's decision to keep the policy rate constant also to allow the impact of its previous rate hikes to filter through the economy. The Central Bank of Trinidad and Tobago maintained its policy rate at 3.5% throughout the financial year. This action was taken as it anticipated inflation would continue on a downward path, while healthy reserves shored up hard currency supplies and prevented capital flight, despite the negative USD-TTD interest rate differential. Barbados, the Cayman Islands, and Bermuda maintain a fixed currency peg to the USD and were, therefore, more focused on the preservation of high foreign exchange reserve levels to prevent capital flight, rather than targeting inflation.

Outlook

Expectations are for inflationary pressures to continue to ease across all our markets in FY 2023-24. This is supported by lower anticipated import costs due to lower grain prices and the continuous cooling of the US labour markets, followed by lower regional consumption levels. Short-term inflation expectations show a decline across the region, with projections indicating an average of 4.3% in 2023, down from 9.1% in 2022. Looking forward, inflation in Jamaica is expected to continue to stabilise, reaching an average of 4.9% in 2023 and dropping to 2.5% in 2024. Improved rainfall in Jamaica should also help to alleviate pressures on local produce and support lower inflation. The Central Bank of Trinidad and Tobago is of the same view as weak domestic consumption, and the gradual depreciation of its currency should continue to contain inflation and amount to 2.2% by 2024. However, there are upside and downside risks that could impact this forecast. These include escalation of the geopolitical tensions affecting commodity prices, the slower forecasted growth for China, and by extension, the global market, as well as adverse weather conditions.

CONTINUED

Operating Environment

MD&A Cont'd

These economic dynamics underscore the intricate relationship between global and domestic factors, shaping the monetary landscape in the Caribbean nations. Notably, provided that inflation continues on its downward trend, absent of any systematic risk, monetary policy actions could become more relaxed in the latter quarters of 2024 across most of our major operating territories. This will likely induce confidence in their bond markets, providing opportunities for capital appreciation for investors and increase in loan demand for NCBFG, given the lower market interest rate.

Overall, policy rates are expected to trend lower for Jamaica, Trinidad and Tobago, and Barbados in the near term; however, Bermuda and Cayman Island's monetary policy decision is centred on preserving the currency peg. The Bank of Jamaica's policy rate is expected to stay within the 4.0% to 6.0% range, while Bermuda and the Cayman Islands are expected to maintain their respective interest rates at 5.0%. On the other hand, the Central Bank of Trinidad and Tobago is anticipated to raise the repo rate to 4.00% in 2024, with subsequent increases in 2025 and 2026 due to increased import costs and currency devaluation. Nonetheless, moderating regional and international market rates will improve overall market volatility, along with the ease of hikes over time.

Table 2: Regional Debt & Fiscal Indicators

	2022			2023F			2024F		
Variables	**Primary Balance (% of GDP)**	**Fiscal Balance (% of GDP)**	**Debt -to- GDP (%)**	**Primary Balance (% of GDP)**	**Fiscal Balance (% of GDP)**	**Debt -to- GDP (%)**	**Primary Balance (% of GDP)**	**Fiscal Balance (% of GDP)**	**Debt -to- GDP (%)**
Barbados	-0.9	-4.8	121.8	2.5	-2.1	117.5	3.5	-1.7	117.5
Bermuda	0.3	-1.6	43.8	0.6	-1.1	40.8	0.6	-1.0	39.5
The Cayman Islands	N/A	N/A	10.5	0.6	0.3	9.9	N/A	N/A	9.2
Jamaica	6.8	0.9	94.2	5.8	0.3	77.1	6.0	0.3	74.2
Trinidad & Tobago	3.0	0.5	81.4	0.3	-2.3	79.0	0.5	-2.0	71.5

Sources: Economics and Statistics Office, S&P Global rating, World Bank, IMF, Fiscal Policy Paper 2023, PWC

Fiscal and Debt Dynamics

Supported by better revenues from improved economic activity, higher levels of employment, and the impact of higher consumer prices on tax revenues, NCBFG's operating territories recorded favourable fiscal performances during the year. All countries reported surpluses and improved fiscal balances, with Jamaica reporting the largest primary and fiscal surplus. For the government's fiscal year 2022/23 ended March 2023, the country reported fiscal and primary surpluses of 0.3% and 5.8%, respectively (see Table 2), both in line with its target. This positive outturn was underpinned by higher-than-expected revenues and grants (a110.4% increase relative to the original budget of $749.78Mn). Furthermore, it is expected to sustain its primary and fiscal surpluses, though at a slightly lower level in FY 2023/2024 (see Table 2). In fact, the government is already ahead of budget for the fiscal year[16] to July 2023, as there has been a robust revenue outturn, with revenues exceeding budgeted inflows by $6.2Bn (or 2.3%), coupled with a decline in expenditure. Fiscal discipline and macroeconomic improvements, which drove robust revenue growth, resulted in the positive performance of these key indicators. Similarly, Barbados, Bermuda, and T&T have seen revenue improvement arising from corporation taxes that have benefitted from the improved economic activity during the year, while personal income taxes were boosted by the pick-up in employment levels. There have also been increased tourism receipts and oil revenues, which helped to bolster fiscal results. So far in T&T, Central Government's fiscal position remained in surplus, albeit lower than the corresponding period one year earlier. The Central Government fiscal accounts recorded a surplus of $88.0Mn in the first nine months of fiscal year (FY) 2022/23 (October 2022 to June 2023), compared with a surplus of $3.0Bn in the same period a year earlier. Total revenue rose by $2.3Bn, while expenditure grew by $5.2Bn[17]. However, a deficit of 2.0% of GDP is expected for FY 2023-24. This expectation considers that higher energy revenues may not fully materialise due to softer crude oil and natural gas prices as a result of weakened global economic conditions[18]. Barbados, for its part, continues to make notable progress in enhancing fiscal performance and safeguarding fiscal sustainability. Barbados' fiscal performance improved significantly in FY2022/23, with a primary balance recorded a surplus of 2.5% of GDP in FY 2022/23[19]. As the economy recovered, a decline in COVID-related expenditure, prudent expenditure management, and higher revenue collection underpinned the favourable outturn. The improvement in the primary balance allowed the authorities to meet the fiscal target and accelerate debt reduction. The FY 2023/24 budget envisages an increase in the primary surplus to 3.5% of GDP and a smaller fiscal deficit of 1.7%, in line with targets under the IMF programme. Continued reduction in expenditure and modest growth in revenues should support the projected fiscal improvement. In the Cayman Islands, the budget is estimated to return to a small surplus in 2023 on stronger revenue growth, in line with a wider economic recovery[20].

Given favourable fiscal and economic performances, commitment to fiscal consolidation, and use of cheaper budgetary loans received from the IMF, World Bank, and the IDB, debt to GDP trended downwards for all territories (see Table 2). Jamaica's debt position has been improving, underpinned by the country's commitment to debt reduction and prudent fiscal management. Consequently, for FY 2022-23, the debt-to-GDP improved to 77.1% and is projected at 74.2% for FY 2024, as the GOJ sets out to reach its overarching debt target of 60% of GDP or less by FY 2027/2028. Similarly, in Cayman, it is anticipated that Government debt will remain on a downward trajectory, falling to 9.2% of GDP in 2024, from 9.9% of GDP in 2023, and total government debt will remain relatively stable through to 2032, averaging 7.8% of GDP over the coming 10 years[21].

16. Jamaica's fiscal year runs through April 1st to March of the following year
17. Trinidad and Tobago Central Bank
18. IMF 2023
19. Compared to a deficit of 1.0% of GDP recorded in both FY2020/21 and FY2021/22
20. Fitch Solutions 2023
21. Fitch Solutions 2023

CONTINUED

Operating Environment

MD&A Cont'd

T&T's debt-to-GDP ratio is expected to improve to 79.0% and 71.50% in 2023 and 2024, respectively, due to higher revenue collection. However, this will be tempered by sustained, though smaller, fiscal deficits. Of note, debt dynamics remain vulnerable to uncertain and volatile global energy prices. However, these vulnerabilities are mitigated by the country's large financial buffers and a strong debt profile, including low share of foreign currency debt and medium- to long-term maturities. Barbados' debt-to-GDP ratio is expected to improve to 117.5% in 2023 and 2024; however, despite the improvement, Barbados' debt-to-GDP will remain the highest across our operating territories. In our new financial year, modest improvements are expected in fiscal and debt performance in some of our operating territories (see Table 2), despite the risk of a recession in the region's major trading partners. Growth in the region is expected to moderate, reflecting the impact of the prolonged period of tighter policies to contain inflation. However, there is a risk of a weakening external environment, including slower growth in trading partners, tighter external financing conditions for much of the financial year and lower commodity prices[22]. However, as tourism continues to return to pre-pandemic levels and energy prices remain elevated, economic growth, though moderating, should bolster governments' revenue flows. Furthermore, as some countries, especially Jamaica and Barbados, work to reduce debt levels, a greater focus on fiscal consolidation will limit expenditure and reduce budget deficits or increase surpluses. According to projections, though lower, T&T will see a reduction in its fiscal deficit, given higher expenditure driven primarily by larger education and training ($8.022Bn) and health allocations ($7.409Bn). While Barbados has the highest debt burden among our operating territories, it remains committed to the Barbados Economic Recovery and Transformation (BERT) plan, supported by the IMF under the Extended Fund Facility (EFF), which aims to fix the country's balance of payments problem and reduce the current debt burden. There are, however, risks to the fiscal and debt projections, including T&T's exposure to the volatility of global oil prices, the impact of high inflation on spending and tourism receipts, and the threat of a recession in the region's major trading partners.

Stronger Fiscal Performance and Debt Reduction Support Credit quality

Stronger fiscal performances and expectations for further improvement have resulted in improved credit quality, as reflected in the largely positive rating actions across NCBFG's operating territories. With the robust rebound in economic activity, continued restraint on the fiscal front, and the downward trend in the debt trajectory, Jamaica's credit rating was upgraded by two international credit rating agencies. On September 13, 2023, Standard and Poor's (S&P) Global Rating upgraded Jamaica's credit rating, moving the sovereign from highly speculative to the 'non-investment grade speculative' rating category. S&P raised its long-term foreign and local currency sovereign credit ratings on Jamaica to 'BB-' from 'B+', and its transfer and convertibility assessment (T&C) to 'BB' from 'BB-'. This is the highest rating Jamaica has received

Table 3: Credit Rating

Country	Credit Rating
Jamaica	B+/Stable
Trinidad & Tobago	BBB-/Stable
Barbados	B-/Stable
The Cayman Islands	Aa3/Stable
Bermuda	A2/Sable

Sources: Moody's, Fitch Solutions and S&P Global

22. IMF 2023

Table 4: Regional Stock Exchanges

Regional Stock Market	2019-20	2020-21	2021-22
Jamaica Stock Exchange	-26.40%	10.50%	-9.80%
Trinidad & Tobago Stock Exchange	-6.00%	8.60%	-6.00%
Barbados Stock Exchange	-16.10%	-10.90%	1.70%

from S&P since the agency first began rating the country's debt in 1999. More recently, on October 18, 2023, Moody's Investors Service (Moody's) upgraded the Government of Jamaica's long-term issuer and senior unsecured ratings to B1 from B2 and senior unsecured shelf rating to (P) B1 from (P)B2. The outlook was also changed to positive from stable. Both ratings assume that small fiscal surpluses will sustain a decline in debt over the next one to two years and that tourism will continue to support external balances and GDP growth. The outlook is stable by S&P, reflecting the expectation that Jamaica will continue to pursue cautious macroeconomic policy and maintain its commitment to prudent public sector finances and debt reduction. This was also in line with the rationale given for the positive outlook by Moody's.

Both Barbados and Trinidad & Tobago had their credit rating affirmed, and the outlook changed to positive by at least one rating agency. Barbados had its 'B' & 'B' ratings affirmed by Fitch (October 2023) and S&P (October 2023), respectively, and was upgraded by Moody's to B3 from Caa1. Fitch and S&P revised the outlook to positive, while Moody's maintained its stable outlook. The positive outlook from Standard & Poor's (S&P) reflects its view that despite slowing global growth and higher interest rates, Barbados continues to make progress on institutional reforms supporting sustainable public finances and balanced economic growth. At the same time, high reserve levels will continue to provide external liquidity to support its balance of payment position. Additionally, the sovereign's return to large primary surpluses after the pandemic-induced relaxation of fiscal targets; a declining public debt trajectory, albeit still high; continued economic recovery; and structural reform efforts, including ones to state-owned enterprises (SOEs) and the pension system were the primary drivers of the change in the rating outlook from stable to positive by Fitch. In the case of Trinidad and Tobago, Moody's revised its rating outlook to Positive from Stable. The positive outlook was influenced by improved prospects that Trinidad & Tobago's fiscal consolidation momentum, triggered by energy price windfall gains, will be more sustained than projected in the baseline scenario, despite lower gas prices. Additionally, the implementation of structural spending and revenue measures aimed at reducing fiscal accounts' sensitivity to energy prices also supports the improved prospects for continued fiscal consolidation.

Moody's Investor Service also affirmed the Government of the Cayman Islands' rating (Aa3) and the Government of Bermuda's ratings (A2) and maintained its stable outlook on both sovereigns. The stable outlook balances the susceptibility to shocks and the concentration of economic activity in tourism and financial services against Cayman's high-income levels and prudent policy making, which mitigate challenges related to small size and exposure to weather-related shocks for the sovereign. The stable outlook for Bermuda reflects Moody's expectations that fiscal consolidation efforts will stabilise debt around current levels, supported by moderate growth due to a rebound in tourism activity and growth in the international business sector.

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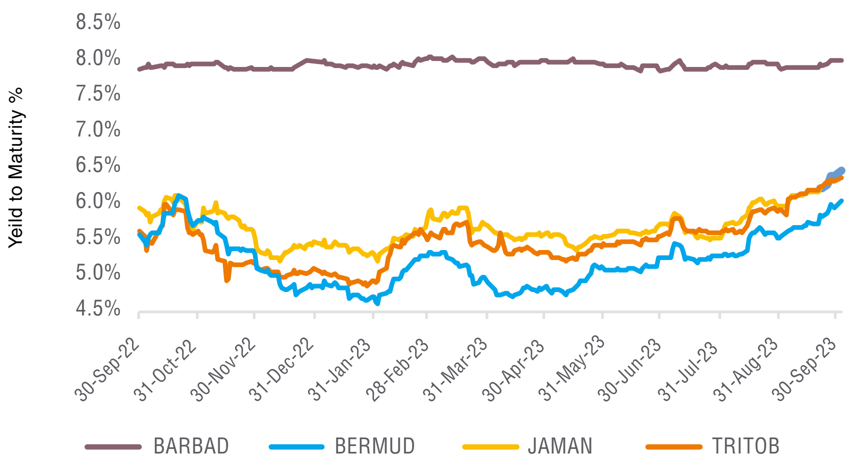
Operating Environment

MD&A Cont'd

Figure 3: Regional Bond Performance 2022-23 FY



Sources: Bloomberg

Global and Fixed-Income Performance

While 2023 was expected to be a solid year for fixed-income securities, emerging markets (EM) bond prices declined in the face of geopolitical tensions, persistent inflationary pressures, instability in the US banking sector, and still aggressive Federal Reserve Bank (Fed) tightening, albeit at a slower pace. This kept EM bond prices depressed during the year. Cumulatively, the Federal Reservsed Bank raised rates by 225bps in the year to September 2023. Consequently, some of the global bonds issued by governments of our operating territories, except the Barbados 2029s, recorded year-over-year increases in yields (see Figure 3) and reductions in prices (see Table 5). During the year, yields rose as high as 6.4% (from 5.2%[23]) for the JAMAN 2028s, 6.0% (from 4.6%[24]) for the BERMUD 2029, and 6.3% (from 4.9%[25] at the start of the FY) for TRITOB 2026, while BARBAD yield rose to 8.1% during the year (from 7.9% at the start of the FY). That being said, price declines in the most liquid JAMAN, BARBAD, BERMUD, and TRITOB bonds were marginal (see Figure 3). Notably, the rating affirmations (Bermuda) and positive changes in outlooks (Jamaica, Barbados, and T&T) during the financial year added some positive sentiments around the bonds, which tempered the impact of the rising interest rate environment.

Outlook

In the US, the Fed is projected to administer an additional rate hike before switching from tightening to rate cuts by mid-2024. The US economy has been resilient; however, mounting headwinds are expected to persist for at least the first half of our new financial year, including elevated, though falling, inflation, rising consumer debt, and the resumption of mandatory student loan repayments. However, the consensus is that the Fed is near the end of its aggressive rate hike cycle. Despite the imbalance between demand and supply, which has kept inflationary pressures at high levels, the US has been witnessing increasing signs of disinflation. Consequently, inflation is projected to ease in 2024 and eventually return to the Fed's target range. The expectation for lower inflation is primarily driven by the unwinding of price spikes owing to supply chain resolutions, along with a moderated pace of economic growth resulting from the impact of the Federal Reserve's tightening. Of note, the market has priced an additional 25 basis point rate hike increase in December to moderate inflation towards the Fed's 2.0% target. After this, the Fed is expected to pause rate hikes before beginning its rate cuts cycle in mid-2024.

23. December 2022
24. In February 3, 2023
25. January 17, 2023 - February 2, 2023

Table 5: Regional Bond Performance

Regional Stock Market	FY 2021	FY 2022	FY 2023
JSE (Combined Index)	10.5%	-9.8%	-9.3%
T & T Stock Exchange (Composite Index)	8.6%	-6.1%	-9.9%
Barbados Stock Exchange(Composite Index)	-10.9%	1.7%	6.1%

Sources: JSE, TTSE, BSE & NCBCM Research

Despite the outlook for inflation to moderate as the Fed moves from its rate hiking cycle, 2024 will be a year of conflicting forces for the EM hard currency bond market. However, some areas will continue to present opportunities for improved returns. Similar to the US, disinflation continues in EM economies, and with inflation potentially bottoming, EM central banks have plenty of room to cut rates to support EM growth[26]. Furthermore, bottom-up fundamentals generally have looked strong in emerging markets. That being said, there is still a degree of differentiation between individual countries. Countries rated higher (such as Bermuda) have the balance sheet strength and access to capital to withstand a prolonged slowdown. As a result, fiscal and current account balances continue to improve. Furthermore, other credits (such as Barbados and Jamaica) have shown signs of economic strength and improving credit and financial conditions. While elevated inflation and high interest rates will put downward pressure on returns, improving economic conditions and corporate performance in EM will help to temper the risks of default, thereby improving their attractiveness. This will especially be the case for EM sovereigns and corporates poised to continue benefitting from the recovery in services (such as tourism and financial services) and commodity exporters (such as oil, gas, and aluminium), that will benefit from OPEC+ production cuts and the rising demand for aluminium. Of note, global aluminium demand is likely to continue growing in response to the increase in global population and GDP, given that it is an important input to higher-value demand segments (e.g. vehicles and digital devices). Despite the persistence of headwinds, short-duration, high-yielding EM bonds will remain attractive to less risk-averse investors. Further, as the aggressive rate hikes ease and the Federal Reserve begins to ease monetary policy, yields should fall and bond prices begin to recover. This should support improvements in trading gains.

Stock Market Performance

Despite the growth in their economies, tight liquidity conditions, high-interest rates, and negative investor sentiment continue to weigh heavily on the performance of the Jamaica Stock Exchange (JSE) and the Trinidad & Tobago Stock Exchange (TTSE), which declined by 9.3% and 9.9% respectively, during the financial year. In Jamaica, stock market activity remains depressed as higher market interest rates have reduced the attractiveness of stocks relative to lower-risk money market instruments. Further, tight monetary policy has caused a sharp decline in liquidity and a reduction in the flow of funds to the stock market. While valuations are attractive at current levels, given the falloff in prices, institutional investors have not been able to take advantage at scale as JMD liquidity remains tight and the cost of funding remains high. This is evidenced by a 25.7% decline in the market volume and the 9.3%

26. JP Morgan- Emerging Market Debt Quarterly Strategy, 2023

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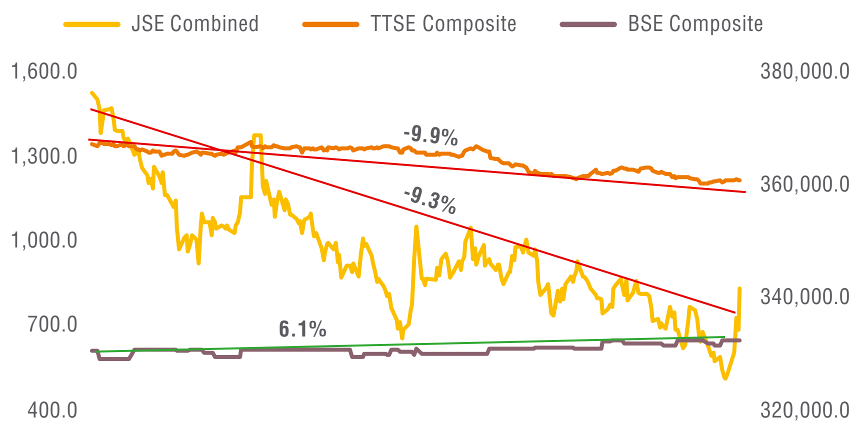
Operating Environment

Figure 4: JSE Combined, TTSE Composite, BSE Composite



Sources: JSE, TTSE, BSE & NCBCM Research

decline in the JSE Combined Index from October 2022 to September 2023. Consequently, the local stock market[27] remains depressed, declining for a second consecutive year, despite strong earnings growth in key sectors. Companies in the tourism and entertainment sectors have seen the largest increases on average in earnings. The strong performance of listed tourism-related companies is consistent with the general recovery in the sector. Growth in the entertainment sector was primarily due to the full removal of the COVID-19 restrictions and was supported by the low unemployment levels and increased wages, which generated strong results for these companies. Similarly, the TTSE[28] has experienced a falloff over the last two years and market activity also declined, as reflected in the more than 20% reduction in market volume relative to the previous year. The main declining stocks were from Manufacturing, Energy, and Finance (Banking and Non-Banking). The decline in the TTSE Composite Index was, however, tempered by increases in the stock prices of companies in the Trading Sector. While trading volumes were down, the TTSE's ongoing digital transformation made strides, as evidenced by the surge in retail investor participation. The combination of social media and improved accessibility has been revitalizing the interest of many investors who were previously inactive.

In contrast, the Barbados Stock Exchange (BSE) gained 6.1% during the financial year, its second consecutive year of improvement. The strengthening economy, bolstered by a strong winter tourist season and spillovers from robust construction activities, which resulted in broad-based increases in the non-traded economic sectors were the main drivers of the appreciation in the market. The main advancers were Cave Shepherd and Company Limited (25.0%) and Goddard Enterprise Limited (6.8%). Additionally, the market remains below pre-pandemic levels. While trading volumes have increased by about 40%, the market remains the least liquid among the three regional stock exchanges. However, the growth in the stock market is consistent with the country's favourable economic condition and growth prospects. Additionally, a collaboration among the Ministry of Energy and Business, the Caribbean Development Bank (CDB), the Barbados Stock Exchange (BSE), and the Small Business Association (SBA) of Barbados has been focused on providing a supportive framework that would enable SME's to raise capital by listing on the BSE.

Primary market activity in Jamaica, historically the region's most buoyant market, also remained subdued during our financial year. The uncertainty in the market, low liquidity, and high-interest rates caused companies to temporarily shelve plans to go public or to raise debt funding. The lack of liquidity in the market would also have prevented larger issuers from coming to market, given the inability of the market to absorb large equity transactions. Higher interest rates and the resulting

27. The JSE Combined Index is used as a proxy for Jamaican stock market.

28. The TTSE Composite Index is used as a proxy for Trinidad and Tobago stock market.

reduction in valuations were other factors causing companies to pause on initial public offerings. Consequently, there were only three listings (Regency Petroleum Ltd, Image Plus Consultants Limited, and One Great Studio) during the FY 2022/23 financial year, relative to the five that were listed in the previous year. Notably, all three were Junior market listings and were oversubscribed as the market continued to display an appetite for and the ability to absorb the much smaller issue sizes of SME listings. Similarly, APOs were limited, with 138SL being the only company that sought additional capital. Notably, the offer was undersubscribed reflecting tight market conditions. In the primary debt markets, more corporates sought to use internally generated capital to fund investment activities or chose to delay them in the face of the high cost of debt financing, given elevated market interest rates. Furthermore, in the SME space, private equity capital became an attractive proposition as the environment made this form of patient capital even more attractive, relative to debt. Furthermore, there was an increase in the number of funds and securities dealers offering this type of financing.

Outlook

Despite a challenging year for the JSE and TTSE, the outlook is optimistic, particularly in Jamaica, in light of the expectation of lower rates stemming from lower inflation, as well as booms and spillover effects in various sectors. The BSE Composite Index is also expected to see upward movements, supported by the boom in tourism and construction sectors, which will also spill over to other sectors and boost companies' earnings.

While interest rates are expected to remain elevated in the Jamaican market, over much of our 2023-24 financial year, easing inflationary pressures should allow rates to begin to decline by the end of the June quarter. Given the positive outlook, activity is expected to increase both in primary and secondary markets. In terms of IPO activity, we remain optimistic that new companies will resume listing on the Jamaica Stock Exchange in the new financial year, especially as liquidity conditions ease. As such, the primary market is expected to improve, though remains below pre-pandemic levels. In the secondary market, the stock market remains below that of the last two years and many companies with strong fundamentals are undervalued. We anticipate that investors will begin to take advantage of these opportunities. Furthermore, we foresee some rebound in stock prices given expectations that interest rates should begin to decline this year, which should support higher valuations and reduce the rate of return that is required by investors. Falling inflation also augurs well for corporate earnings and the performance of listed companies, a positive for equity investors.

In Trinidad and Tobago, positive economic growth, lower unemployment, and initiatives to boost market activity augur well for listed companies and by extension, TTSE, as investor confidence is restored. Additionally, there have been increased efforts to raise awareness about the opportunities for local investors, and small and medium enterprises (SMEs), through recent tailor-made campaigns, which should support new listings and overall market activity. Notably, there has been a surge in retail participation, despite a fall in overall volume as retail investors continue to embrace the TTSE Online Platform (TOP). The TTSE is also proposing a change to its regulations to make it easier for Small and Medium Enterprises to list on the stock market. This involves introducing a new level of public float to make the entry point for SMEs more attainable while maintaining regional and international standards, which Is expected to increase overall market activity.

Favourable macroeconomic conditions and government initiatives are likely to boost activities on the BSE. The spillover effect from the growth in the tourism and construction sector in Barbados is likely to positively impact the growth of companies listed on BSE. Additionally, with inflation decelerating, direct costs and indirect costs will increase at a slower rate which augurs well for profitability and profit margins. The improvements in these metrics could increase trading activities as investors buy-in, which could improve the overall liquidity in the market.

Financial Performance

MD&A
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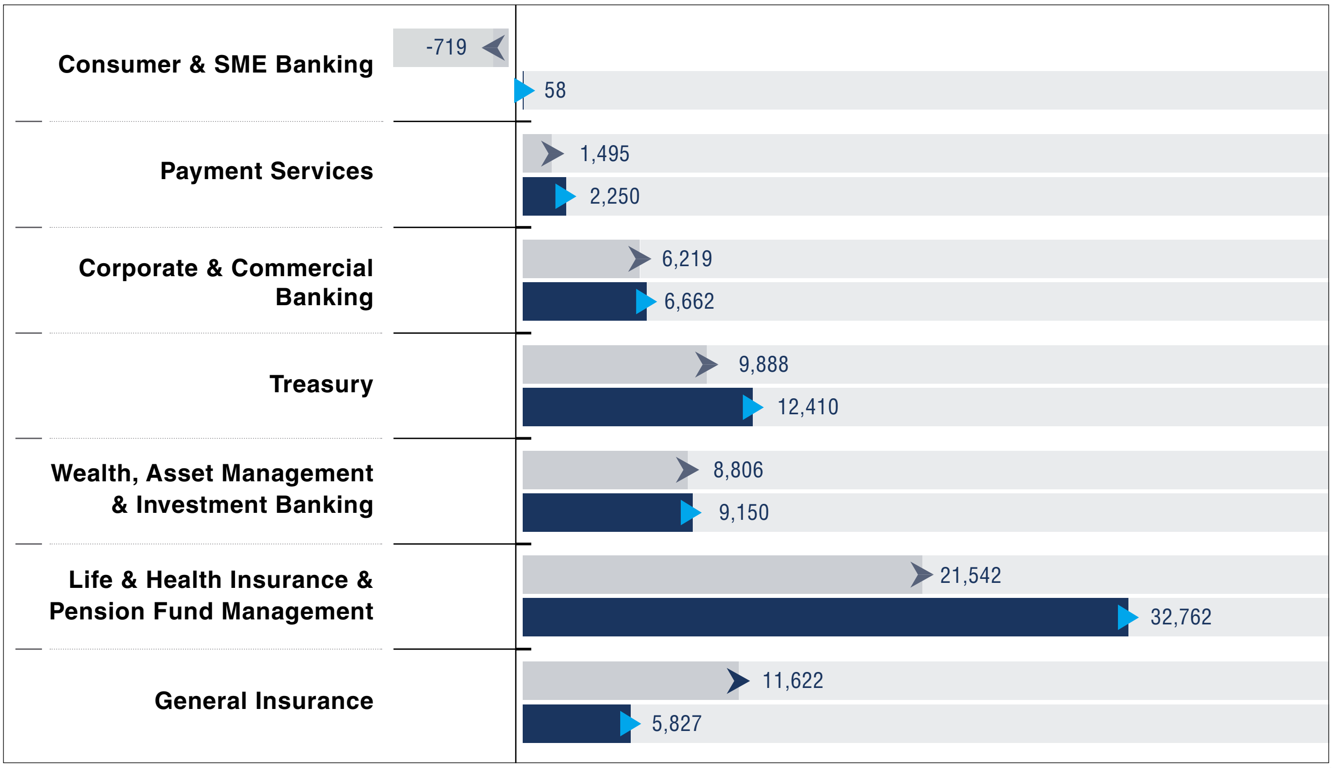


Segment Operating Profit (J$'M)

2023 | 2022

Segment Performance

The Group is managed and reported through two main types of business activities – banking and wealth management, and insurance services. These business activities comprise a total of seven operating segments. Six of our seven operating segments recorded a reduction in performance relative to the prior year. Despite facing challenges which affected our core performance across business segments, we continue to demonstrate resilience and adaptability to the evolving business landscape. We remain focussed on providing improved customer experience, delivering exceptional financial services and digitally enabling service to foster operational efficiency.

Consumer and SME Banking (CSME)

This operating segment serves mass and small & medium business customers in Jamaica, Bermuda, the Cayman Islands, and the United Kingdom via our NCBJ and Clarien subsidiaries. The consumer and SME banking segment recorded net operating loss of $719 million, a decline of $777 million when compared to a net profit of $58 million recorded in the prior year. The decline in performance was primarily driven by a $2.6 billion decline in other operating income due to one-off gains reported in the prior year from the implementation of the branch optimisation strategy, which resulted in the sale of a few locations housing branch operations. There was also a $1.6 billion or 77% increase in credit impairment losses primarily due to the prior year including credit impairment reversals booked to reflect the improved economic outlook following the COVID-19 pandemic. The adverse performance was partially offset by an increase in external revenues of $3.2 billion or 9%, to end the year at $38.3 billion. The improvement in external revenue was due primarily to a 12% growth in the net loans portfolio, which resulted in a $3.9 billion or 15% improvement in net interest income and a $716 million or 15% improvement in net fee and commission income over the prior year.

This segment remains dedicated to meeting the changing demands of its customers, emphasising resilience and adaptability, by transitioning various services to digital platforms, upgrading ABMs and the online banking platform which enhances the convenience for customers.

Payment Services

Our payments services segment consists of our Card Issuing and Card Acquiring business, and TFOB (2021) Limited (TFOB). This segment recorded an operating profit of $1.5 billion, a $755 million or 34% decline when compared to the prior year. The underperformance relative to prior year was due primarily to increased expenses to support digital enhancements made within the Payment Services segment coupled with an increase in credit impairment provisions. Notwithstanding these increases in cost, the operating segment continued to experience an uptick in revenues given increased transaction volumes and values. The increased business and consumer activities led to improved net interest income of $2.1 billion or 38% and net fee and commission income of $1.1 billion or 13%.

We are committed to consistently providing world-class digital payment solutions to our customers, including digital wallet, card and various payment options. Our strategy also involves making a wide range of e-commerce products available while investing in platform upgrades, fostering business expansion and enhancing performance. Effective October 1, 2023 NCBJ and TFOB entered into an agreement for NCBJ to take over the management of the Lynk platform. This is congruent with the strategy to create synergies within the Group by forming an ecosystem to deepen interactions between individuals and businesses which will in effect broaden our customer base. This partnership allows the Group to provide services to the underserved segments through a digital-centric model offering superior user experience for acquisition, onboarding, servicing and operations that expands access and lowers the cost to serve for key demographics.

Corporate & Commercial Banking

Our corporate and commercial banking segment offers banking services, including loans and other credit facilities, to commercial and large corporate clients. The segment recorded net operating profit of $6.2 billion, a decline of $443 million or 7% from the prior year. The prior year included reversals in credit provisioning of $236 million compared to expected credit losses of $418 million in the current year. The decline in performance was heightened by increased operating expenses and allocated costs from support services. The increased expenses were partially offset by a $885 million or 10% increase in net interest income.

This segment will continue to offer commercial entities and large corporations innovative financial solutions providing opportunities for these entities to attain their goals. Additionally, efforts are being made to diversify income streams by developing additional products and services, which are expected to be launched in the 2024 financial year.

Treasury and Correspondent Banking

Within our treasury and correspondent banking segment, we manage liquidity and balance sheet management functions for our banking operations in Jamaica

CONTINUED

Financial Performance

MD&A Cont'd

Table 5 Segment Selected Financial Data [1]

	Consumer & SME Banking			Payment Services			Corporate & Commercial Banking		
Year ended September 30	2021	2022	**2023**	2021	2022	**2023**	2021	2022	**2023**
Segment's Contribution of Performance (%)									
{Segment Result as a percentage of Consolidated Statement Result}									
Total revenue	11.6%	11.9%	**12.4%**	6.6%	7.9%	**8.7%**	4.6%	4.7%	**5.6%**
Net interest income	50.1%	43.0%	**46.7%**	11.8%	9.5%	**12.3%**	15.5%	14.8%	**15.3%**
Total operating income	22.3%	21.2%	**22.7%**	10.1%	9.8%	**12.1%**	8.6%	7.0%	**7.6%**
Total operating expenses	17.3%	17.4%	**16.5%**	6.8%	7.7%	**7.7%**	1.3%	1.9%	**1.9%**
Operating profit	6.4%	0.1%	**-3.7%**	8.9%	5.7%	**7.6%**	21.3%	16.8%	**31.8%**
Total assets	25.0%	23.1%	**25.8%**	1.6%	2.1%	**2.1%**	10.0%	8.8%	**8.8%**
Selected Segment Performance Indicators (%)									
Cost-to-income ratio	84.8%	93.4%	**91.3%**	80.1%	83.8%	**85.2%**	50.8%	35.5%	**38.5%**
Operating profit as a percentage of average assets	0.4%	0.0%	**(0.1%)**	8.2%	6.0%	**3.3%**	3.2%	3.6%	**3.3%**
Selected Segment Financial Data (in millions)									
Total revenue	33,742	38,128	**43,321**	19,162	25,315	**30,263**	13,369	15,127	**19,394**
Total operating income	27,047	30,785	**31,187**	12,181	14,219	**16,638**	10,403	10,206	**10,365**
Net interest income, net of credit impairment losses	21,471	23,304	**25,553**	5,640	5,549	**6,584**	8,472	8,982	**9,213**
Net insurance activities	-	-	**-**	-	-	**-**	-	-	**-**
Other income	5,576	7,481	**5,634**	6,541	8,670	**10,054**	1,930	1,225	**1,153**
Total direct operating expense	16,376	18,441	**19,372**	6,466	8,101	**9,055**	1,232	1,997	**2,202**
Staff costs	8,835	9,539	**10,073**	1,067	1,518	**1,793**	443	649	**733**
Operating profit	1,673	58	**-719**	2,346	2,250	**1,495**	5,601	6,662	**6,219**
Segment assets	480,660	479,573	**572,507**	30,121	44,280	**47,175**	192,517	182,203	**195,370**
Segment liabilities	422,702	455,122	**498,846**	4,600	26,685	**20,004**	152,284	167,154	**184,901**

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

Treasury & Correspondent Banking			Wealth, Asset Management & Investment Banking			Life & Health Insurance & Pension Fund Management			General Insurance		
2021	2022	**2023**	2021	2022	**2023**	2021	2022	**2023**	2021	2022	**2023**
7.7%	8.0%	**9.4%**	8.9%	7.6%	**8.4%**	39.5%	39.6%	**37.6%**	27.4%	26.5%	**26.4%**
7.1%	8.1%	**4.8%**	13.3%	13.0%	**10.0%**	21.0%	28.6%	**27.9%**	1.7%	1.7%	**2.1%**
10.8%	10.3%	**9.7%**	14.1%	11.0%	**11.4%**	30.4%	36.2%	**28.9%**	13.1%	13.2%	**17.6%**
1.5%	1.7%	**2.0%**	6.3%	6.5%	**5.9%**	18.2%	18.8%	**15.4%**	11.6%	12.7%	**10.7%**
40.7%	31.3%	**50.5%**	42.5%	23.1%	**45.0%**	74.6%	82.7%	**110.0%**	18.5%	14.7%	**59.3%**
20.1%	21.1%	**17.8%**	20.1%	20.1%	**20.3%**	24.8%	29.8%	**29.4%**	5.7%	5.7%	**5.9%**
18.3%	16.9%	**26.4%**	34.2%	44.4%	**44.2%**	45.1%	36.9%	**44.7%**	70.5%	69.2%	**52.3%**
2.8%	3.0%	**2.4%**	3.1%	2.3%	**2.0%**	3.8%	6.0%	**3.4%**	4.7%	5.1%	**9.3%**
22,406	25,613	**32,838**	26,136	24,424	**29,317**	115,367	126,408	**130,831**	80,031	84,652	**91,920**
13,037	14,919	**13,258**	17,103	16,009	**15,711**	36,867	52,580	**39,624**	15,855	19,250	**24,217**
3,641	4,853	**3,530**	6,254	8,274	**6,353**	8,722	15,798	**16,663**	1,113	877	**1,445**
-	-	-	-	-	-	10,914	23,892	**6,593**	12,091	14,021	**17,183**
9,396	10,066	**9,728**	10,848	7,735	**9,358**	17,231	12,890	**16,368**	2,652	4,352	**5,589**
1,385	1,800	**2,301**	5,935	6,858	**6,905**	17,291	19,818	**18,082**	10,990	13,424	**12,595**
231	293	**337**	2,979	3,198	**3,708**	8,129	8,834	**8,459**	6,153	6,298	**6,420**
10,686	12,410	**9,888**	11,168	9,150	**8,806**	19,576	32,762	**21,542**	4,865	5,827	**11,622**
386,144	437,530	**395,857**	385,479	417,792	**451,569**	477,088	620,212	**654,428**	109,491	118,597	**130,401**
418,110	412,217	**416,148**	331,618	375,163	**401,922**	415,185	466,161	**488,202**	72,162	77,902	**84,361**

CONTINUED

Financial Performance

MD&A Cont'd

and Bermuda. This encompasses foreign currency activities and the management of correspondent banking relationships, as well as relationships with other financial institutions. The segment reported net operating profit of $9.9 billion, a $2.5 billion or 20% decline when compared to the prior financial year. This was driven by a $1.7 billion or 36% decline in net interest income, coupled with increased operating expenses. The performance in net interest income was influenced by the high interest rate environment which led to margin compression within the segment due to higher cost of funding experienced during the financial year.

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 operating profit of $8.8 billion, representing a $344 million or 4% decline from the prior year's results. The performance was adversely impacted by a $298 million or 2% decline in operating income coupled with a marginal increase of $46 million or 1% in operating expenses. Net interest income and net fees and commissions income both registered reduced performances of $1.4 billion or 19% and $752 million or 18% when compared to the prior year, respectively. The fall-off in the aforementioned income lines were influenced by reduced investment activities amid tight market conditions. Expected credit reversals stood at $90 million, a $486 million or 84% decline when compared to reversals recorded in the prior year. The underperformance was partially offset by an increase in other operating income owing to property disposals, coupled with a $731 million or 27% increase in gain on foreign currency and investment activities driven by unrealised fair value gains on equity investments designated as fair value through profit and loss.

Throughout the financial year, the segment remained resolute in delivering distinctive products and wealth management and corporate finance services to our customers. Simultaneously, we are actively striving for increased operational efficiency, aimed to enhance the quality and convenience of services offered to our clients.

Life & Health Insurance and Pension Fund Management

This segment incorporates the results of the life and health insurance and pension fund management services of the Group across 21 countries within the region, with largest geographical contributors being Trinidad & Tobago, Jamaica and the Dutch Caribbean.

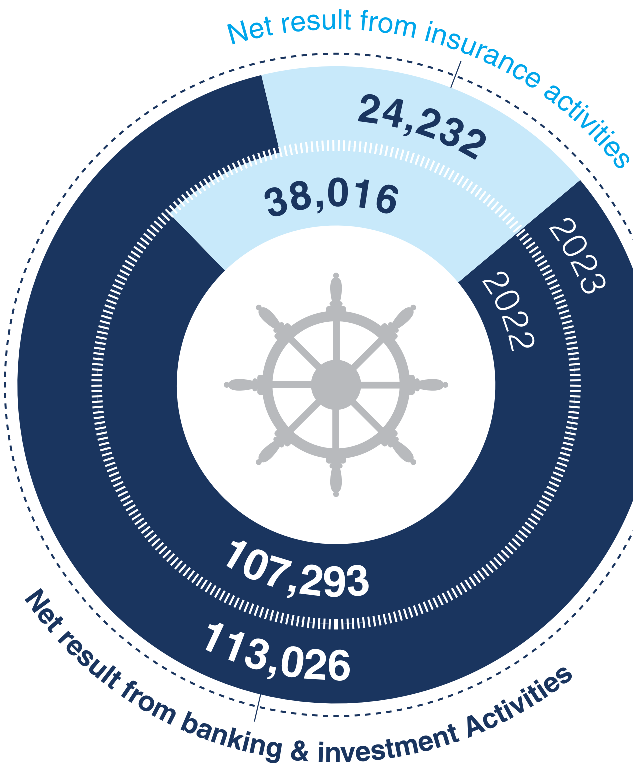
The segment generated an operating profit of $21.5 billion, representing a decline of $11.2 billion or 34% when compared to the prior year. This segment experienced a rise in net insurance costs attributed to an increase in net claims, particularly health claims, primarily due to the resumption of elective procedures previously postponed due to the pandemic. Consequently, net results from insurance activities declined by $17.3 billion or 72% when compared to the prior year. The underperformance was further exacerbated by a $1.7 billion or 9% rise in operating expenses, due to investments in the team, sales-related expenses, investment in IFRS 17 implementation related costs and technological expenses.

The segment remains focussed on deriving synergies and effecting long-term cost savings to support its growth trajectory. It is anticipated that the implementation of several initiatives across the segment will gradually provide returns on various customer-centric investments to optimise performance.

General Insurance

This business segment reports the results of general insurance, which incorporates property and casualty insurance from GHL. The segment reported operating profit of $11.6 billion which represents a $5.8 billion or 99% increase when compared to the prior year. The performance was largely influenced by a $5.0 billion or 26% increase in operating income coupled with a $828 million or 6% decline in operating expenses. The increase in operating income was primarily driven by a $3.2 billion or 23% increase in net results from insurance activities. The improved performance was driven by the maintenance of policies coupled with new business, principally from operations in the Dutch Caribbean and Bermuda. This was partially offset by a decrease in reinsurance claim benefits, stemming from a large insurance claim in the prior year, which was reinsured resulting in a higher reinsurer's share of the claim (claim recovery) in 2022.

Income Mix FY 2022 & 2023 (J$'M)



INCOME STATEMENT ANALYSIS

NET OPERATING INCOME

Net operating income declined to $137.3 billion, down 6% or $8.0 billion compared to the prior year. The decline was driven by net revenues from insurance activities, which reported a $13.8 billion or 36% reduction relative to the prior year. This was, however, partially offset by a $5.7 billion or 5% increase in net revenues from banking and investment activities.

Gross revenues of $348.2 billion grew by $28.8 billion or 9% over the prior year mainly due to increased business activity and associated revenues from the banking and wealth segments, partially offset by the decline in net revenues from the LHP segment. This resulted in the proportion of net operating income derived from banking and investment activities increasing from 74% of consolidated net operating income in 2022 to 82% for 2023.

Net interest income, net of credit impairment losses, contributed 42% of the total, reflecting a three percentage point increase relative to 2022; this continues to be a significant source of operating income for the Group. Net fee and commission income contributed 20% of net operating income, up from 18% in the prior year. The growth in the contribution of fee and commission income reflected improved net fees from payment services and brokerage transactions. Net revenues from insurance activities and gain on foreign currency and investment activities accounted for 18% and 15% of net operating income, respectively. The Group's resilience and adaptability are highlighted by its diverse revenue structure, underscoring the importance of each segment and the crucial role played in the overall financial performance.

NET INTEREST INCOME

The Group generated net interest income, net of credit impairment losses, of $57.5 billion, an increase of $1.0 billion, or 2%.

- Interest income from loans increased by $6.8 billion or 14% to $55.0 billion due to the combination of portfolio growth and rising interest rates.
- Interest income from investment securities, reverse repurchase agreements and deposits totalled $46.3 billion, which reflected a $9.6 billion or 26% increase over the $36.8 billion booked in the prior year.
- Interest expense grew by $12.8 million, or 50%, to $38.5 billion for the year. The increase in interest expense was representative of the general market conditions, largely characterised by rising market rates.

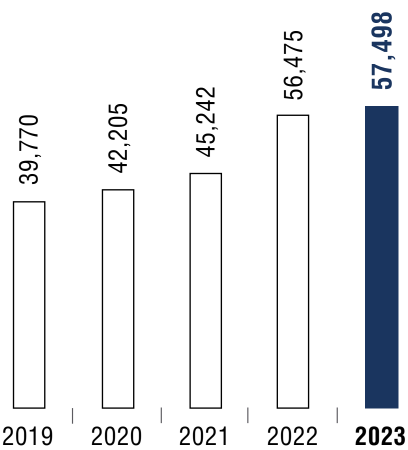
  [More details on net interest income item can be found in note 6 of the financial statements – see page 199].

- Credit impairment losses were $5.3 billion, reflecting a $2.6 billion or 95% increase over the $2.7 billion booked in the prior year. The reversal of previously booked provisions in the prior year was the main contributing factor to this

Financial Performance

Net Interest Income, net of impairment losses ($'M)

4 YR CAGR*: 9.65%



increase. These reversals booked in the 2022 financial year were effected as a result of the improvement in the macroeconomic outlook that was associated with the gradual reopening of the economy. Our delinquency management teams continue to effectively and proactively manage and monitor our exposures to ensure that losses are minimised and portfolio quality is maximised.

[A summary of this expense item can be found in note 13 of the financial statements – see page 204].

OTHER REVENUE ITEMS

Non-interest income fell by $9.1 billion or 10%, down to $79.8 billion, compared to the prior year.

- Net revenues from insurance activities totalled $24.2 billion, a decline of $13.8 billion or 36% from the prior year. The reduction was mainly due to a decline in net underwriting income and an increase in net insurance costs primarily resulting from higher claims.

    - Net underwriting income declined by 2% or $2.9 billion to $121.0 billion, mainly driven by an increase in reinsurance costs which grew by $8.5 billion or 17%. This increase reflected the general trend of rising reinsurance costs observed across the industry.

      [Additional details on this income item can be found in note 9 of the financial statements – see page 201].

    - Net policyholders' and annuitants' benefits and reserves increased by $8.8 billion or 13% to $78.0 billion.

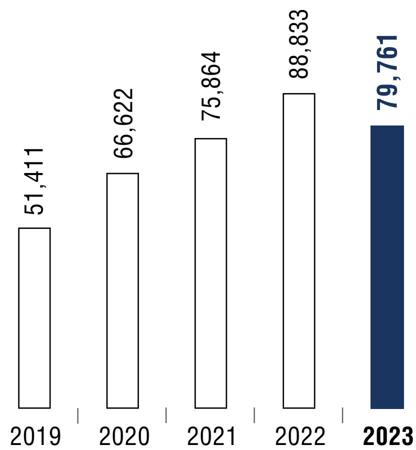
      [Further details on this expense item can be found in note 10 of the financial statements – see page 201].

    - Commission and other selling expenses incurred in providing insurance services reflected a $2.0 billion or 12% increase to close the year at $18.7 billion.

- Net fee and commission income totalled $28.1 billion, up $1.9 billion or 7% over 2022. The growth of this income stream was due to increased lending activities together with the continued growth of card and investment banking transaction in terms of both value and volumes.

Non-Interest Income ($'M)

4 YR CAGR*: 11.61%



[A summary by segment can be found in note 7 of the financial statements – see page 200].

- Gains on foreign currency and investment activities grew by $4.9 billion or 30% over the prior year's result of $5.7 billion. This growth was comprised of an $821 million improvement in exchange income together with a $2.8 billion increase in unrealised gains on fair value through the profit and loss instruments.

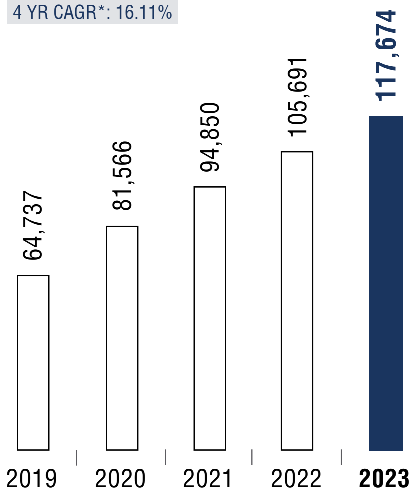
  [Further details on this income item can be found in note 8 of the financial statements – see page 200].

OPERATING EXPENSES

Operating expenses totalled $117.7 billion, up $12.0 billion or 11% over the prior year, driven primarily by higher staff costs.

Operating Expenses ($'M)

4 YR CAGR*: 16.11%



- Staff costs of $60.6 billion, increased by $10.3 billion, or 20%, primarily due to the restructuring activities and annual negotiated increases in salaries, wages and allowances.

  [Further details on staff costs can be found in note 12 of the financial statements – see page 203].

- Depreciation and amortisation charges totalled $7.4 billion, reflecting a $1.5 billion or 17% reduction compared to the prior year. The decrease was as a result of a change in the property, plant and equipment and intangible assets policy, adjusting the useful life estimates of specific asset categories. Finance costs grew by 5% or $98 million to close the year at $2.1 billion.

  [Additional details on these expenses can be found in notes 28, 29 and 55 of the financial statements – see pages 216, 219 and 333].

- Other operating expenses totalled $47.5 billion, up $3.1 billion or 7% over the prior year. The main contributors to the increase were:

  - Operational losses reflecting an increase of $2.1 billion related the provision for the write-off certain amounts deemed irrecoverable.

  - There was also a $700 million or 7% increase in costs related to property, vehicle and ABM maintenance and utilities, which was mainly attributable to support costs associated with the various technological systems and applications.

  - These increases were tempered by technical, consultancy and professional fees, which declined by $1.6 billion due to a decrease in external support services given the completion of certain strategic initiatives.

    [A list of other operating expenses can be found in note 14 of the financial statements – see page 204].

With our renewed focus on efficiency, governance and customer experience, the Group is making the necessary adjustments to the operating framework to ensure that a solid foundation is created to facilitate future growth and improvements.

STATEMENT OF FINANCIAL POSITION PERFORMANCE OVERVIEW

ASSETS OVERVIEW

Our asset base totalled J$2.22 trillion, an increase of 7% or $144.6 billion when compared to September 2022. The growth in our asset base was primarily driven by a 15% or $143.2 billion increase in our investment portfolio and a 6% or $32.8 billion increase in our loan portfolio. Return on assets (ROA) declined to 0.71% compared to 1.76% in the prior year, stemming primarily from the lower net profit coupled with the increased asset base.

CASH IN HAND AND BALANCES AT CENTRAL BANKS

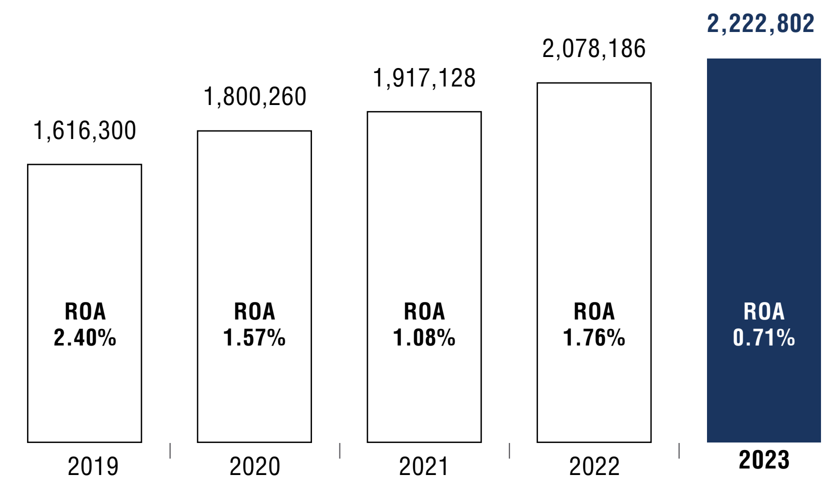
Cash in hand and balances held at Central Banks increased by 14% or $10.1 billion to $81.0 billion. This comprises cash held by our banks, statutory reserves, operational balances and short-term investments with Central Banks. Statutory reserves with the Central Banks represent the required ratio of prescribed functional and foreign currency liabilities, which are not available for investment, lending or other use by the Group.

CONTINUED

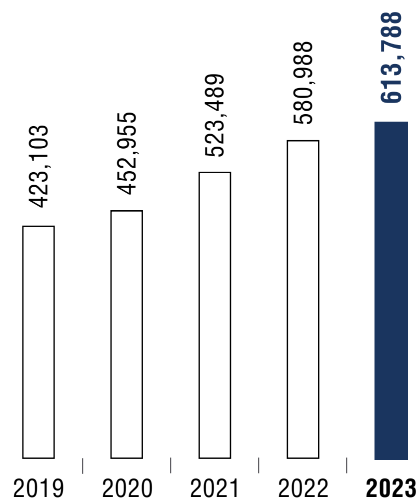
Financial Performance

MD&A Cont'd

Total Assets
($'M)
4 YR CAGR*: 8.29%



Net Loans
($'M)
4 YR CAGR*: 9.75%



DUE FROM BANKS

Balances due from banks decreased by 25% or $46.3 billion to $139.5 billion when compared to the prior year. These balances comprise of placements with banks, short-term deposits and other balances held with correspondent banks. These amounts are held to facilitate the payment of wire transfers, bank drafts, treasury related activities and to satisfy liquidity requirements.

INVESTMENT SECURITIES & PLEDGED ASSETS

Total investment securities and pledged assets totalled $1.1 trillion, marking a 15% increase of $143.1 billion compared to the previous year. Our investment portfolio remains the largest interest-bearing asset portfolio for the Group, constituting 50% of total assets (compared to 47% in September 2022). This portfolio encompasses various instruments, including debt securities (government securities and corporate bonds), equity securities (both quoted and unquoted) and collective investment schemes. These instruments are categorised as fair value through profit and loss, fair value through other comprehensive income, and carried at amortised cost.

NET LOANS

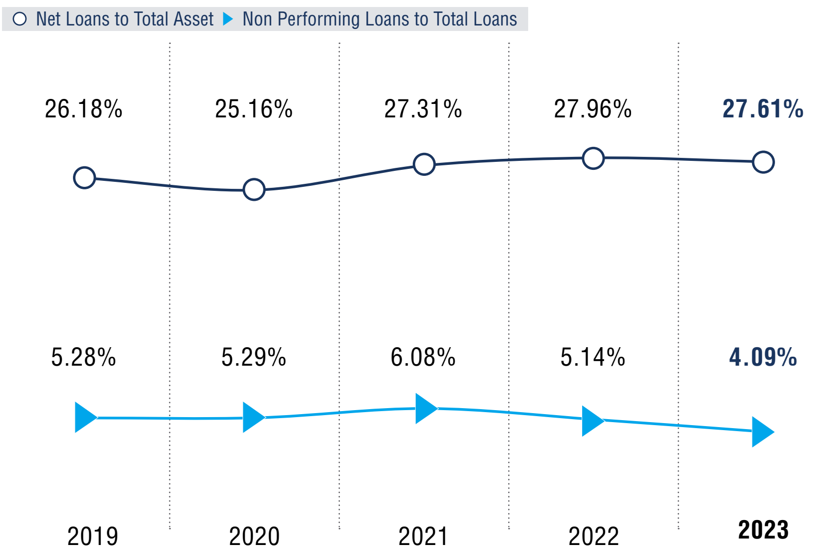
Loans and advances, net of credit impairment losses, totalled $613.8 billion up from $581.0 billion, representing an 6% or $32.8 billion increase compared to the prior year. This asset category represents the second largest asset on our balance sheet, accounting for 28% of total assets (September 2022 – 28%). Non-performing loans amounted to $25.7 billion, a decline of 15% or $4.7 billion when compared to the prior year. Non-performing loan ratio improved to 4.1% at September 2023 down from 5.1% in the prior year. The currency profile of the portfolio remained relatively stable during the financial year, as at September 30, 2023, 56% of our loan portfolio was denominated in Jamaican dollar currency (September 30, 2023 – 55%) and 25% denominated in United States dollar currency (September 30, 2022 – 25%).

LIABILITIES OVERVIEW

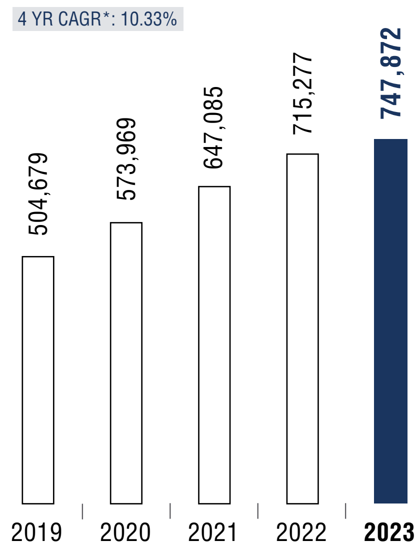
FUNDING

Our funding portfolio is made up 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

Loans to Assets



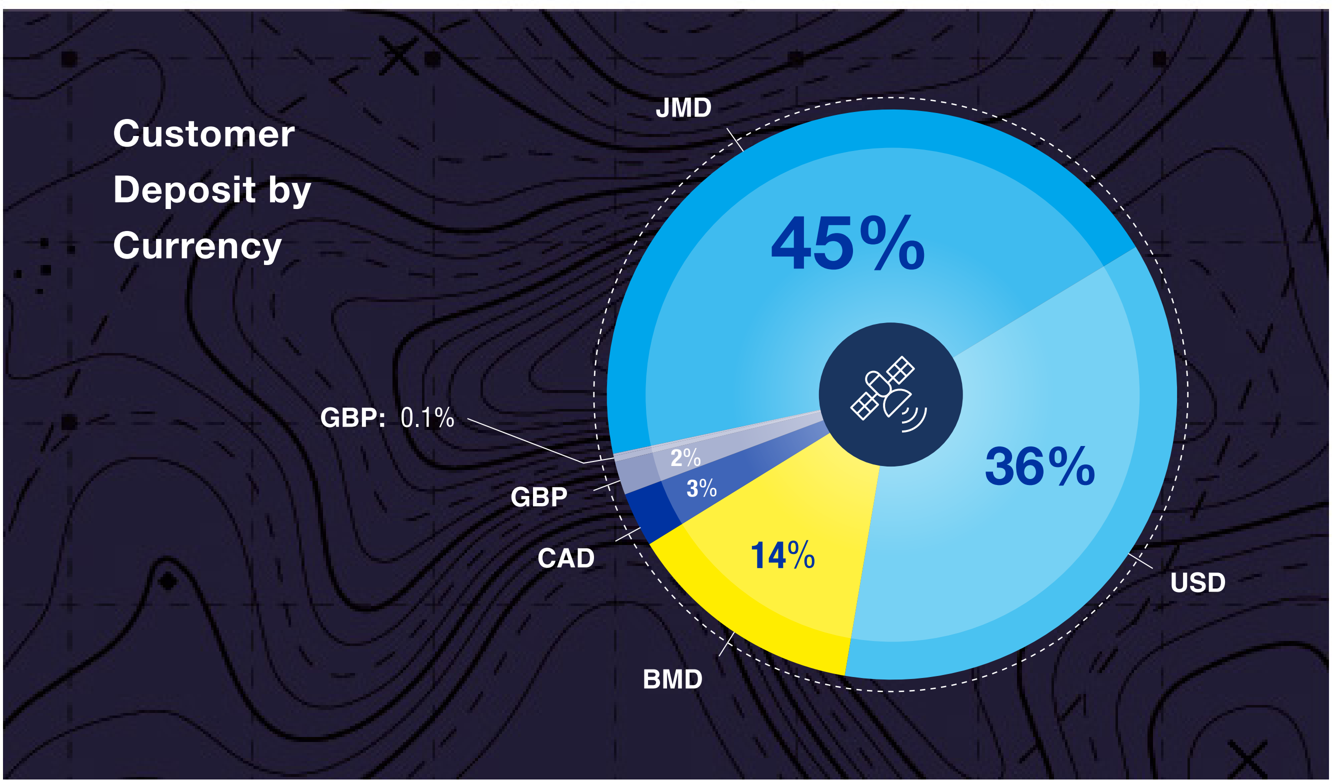
Customer Deposits ($'M)



borrowed funds, mutual funds, segregated fund liabilities, investment contract liabilities and liabilities under annuity and insurance contracts.

CUSTOMERS DEPOSITS

Customer deposits continues to be our largest source of funding, representing 37% of total liabilities (September 2022 – 38%). Customer deposits amounted to $747.9 billion, reflecting a 5% or $32.6 billion increase when compared to the prior year. Of our total customer deposits, 45% is denominated in Jamaica dollar currency and 36% is denominated in United States dollar currency.



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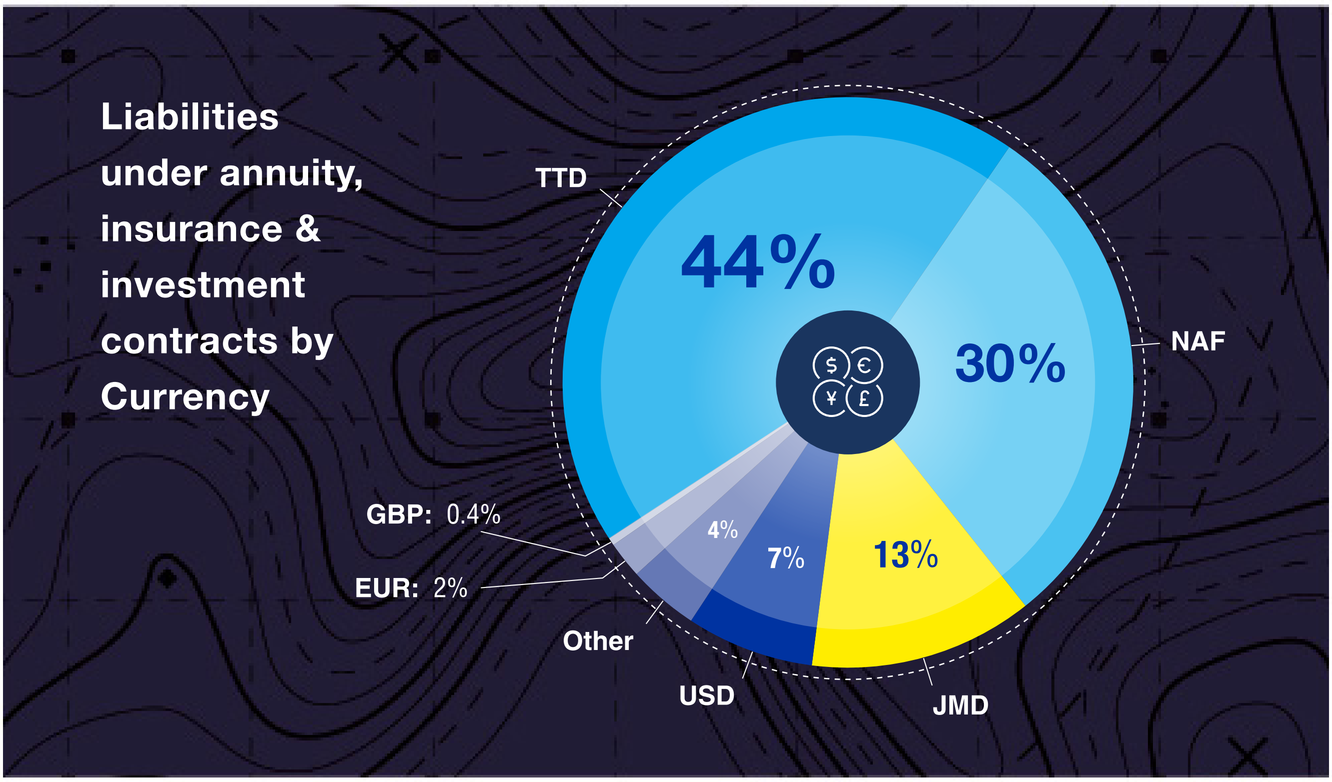
Financial Performance



LIABILITIES UNDER ANNUITY & INSURANCE CONTRACTS AND INVESTMENT CONTRACT LIABILITIES

Liabilities under annuity & insurance contracts increased to $459.5 billion from $441.5 billion, representing an increase of 4% or $18.1 billion over the prior year. Our life insurance subsidiaries issue life and health insurance and annuity contracts that insure human life against death, survival or critical illness over the life of the contract. Our general insurance subsidiaries issue property and casualty insurance contracts that protects our customers against the risk of causing harm to third parties while undergoing legitimate activities. Both contractual and non-contractual events are covered if harm or damage has been done. As per our property insurance contracts, customers are compensated for the value of damage suffered or for the value of the property lost. Liabilities under life and health insurance and annuity contracts accounted for 87% of the balance at the end of the year (September 2022 – 88%). Investment contracts are those contracts that transfer financial risk with no significant insurance risk. The Group issues investment contracts including deposit administration contracts. Premiums under these contracts are recognised directly as liabilities. At the end of the financial year, investment contract liabilities totalled $47.1 billion up from $46.2 billion in the prior year. Investment contract liabilities carry floating rates of interest and therefore the carrying amounts approximate their fair values.

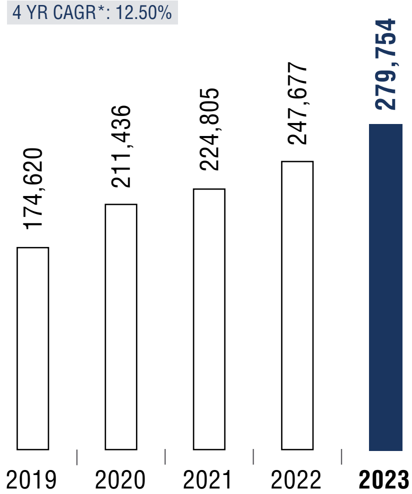
[Additional details on these liabilities can be found in notes 37 and 39 of the financial statements – see pages 230 - 231].

REPURCHASE AGREEMENTS

Repurchase agreements involve the sale of securities with a subsequent agreement for repurchase. Recognised as collateralised financing transactions, these agreements serve as a means of short-term funding and are offered as a product for both corporate and individual wealth clients by the Group. Repurchase agreements funding rose by 13%, amounting to a $32.1 billion increase over the prior year, totalling $279.8 billion. This category constituted 14% of total liabilities compared to 13% in September 2022.

Repurchase Agreements ($'M)

4 YR CAGR*: 12.50%



OBLIGATIONS UNDER SECURITISATION ARRANGEMENTS

Obligations under securitisation arrangements decreased by 1% or $891 million to $98.2 billion when compared to the prior year. These arrangements include Diversified Payments Rights (DPR) securitisation with an outstanding principal balance of US$250 million (September 2022: US$250 million) and the Merchant Voucher Receivables (MVR) securitisation with an outstanding principal balance of US$384.8 million (September 2022: US$406.1 million). Under the DPR arrangement, NCBJ assigns its rights to all present and future DPRs (NCBJ's right to receive payments from correspondent banks based overseas) to an offshore special purpose vehicle. This transaction was rated by Fitch Ratings at BB+ with stable outlook. Under the MVR arrangement, NCBJ entered into a structured financing transaction involving 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. This transaction was rated by Fitch ratings at BBB- with a stable outlook.

[Additional details on these liabilities can be found in notes 33 and 35 of the financial statements – see pages 224 - 227].

OTHER BORROWED FUNDS

Other borrowed funds, which comprise of various funding sources, totalled $179.7 billion, reflecting an 17% or $26.4 billion increase over the prior year. Each source of funding has different terms, tenures and interest rates which were primarily accessed for the benefit of our customers. The most significant balance in this portfolio was corporate notes totalling $152.5 billion, an increase of 16% or $21.1 billion increase over the prior year.

[Additional details on these liabilities can be found in note 34 of the financial statements – see page 226].

STOCKHOLDERS' EQUITY

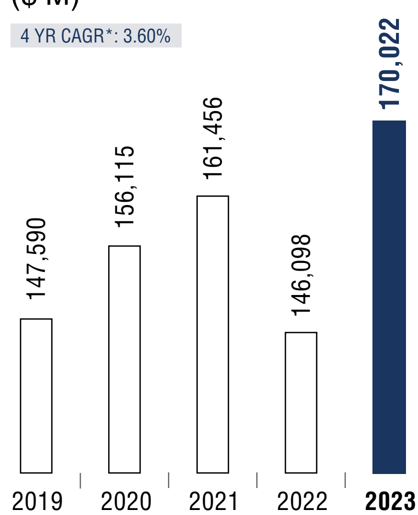
Total stockholders' equity was $223.4 billion, reflecting an increase of 16% or $30.2 billion when compared to the prior year. Equity attributable to stockholders of the parent increased to $170.0 billion, an increase of $23.9 billion, or 16% over the prior year. Return on average equity declined to 4.80% from 15.53% in the previous financial year.

CAPITAL MANAGEMENT

We are committed to safeguarding the strength and financial soundness of the Group, which is encompassed in our capital management strategy. The maintenance of sufficient capital is vital for the sustainability of any financial institution, and its effective management includes meeting regulatory standards, strategic goals and shareholder expectations on an ongoing basis. Each regulated entity within the Group is obligated individually to maintain a minimum capital standard specified by the relevant regulator in its jurisdiction. To fulfil these obligations, a capital management plan, guided by the Group's capital management policy is devised. The capital management plans concentrate on sustaining adequate capital levels, optimising the Group's portfolio, balancing risk return objectives for shareholders and building in flexibility to evolving market conditions. Throughout the year,

Equity attributable to stockholders' of the parent ($'M)

4 YR CAGR*: 3.60%



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Financial Performance

MD&A Cont'd

all regulated entities either met or surpassed the minimum regulatory requirements.

[A summary on capital management can be found in note 49 (f) to the financial statements – page 318 - 322].

The closing share price on the Jamaica Stock Exchange as at September 30, 2023 was J$68.49 per share (September 30, 2022: J$$89.89) which resulted in a price earnings ratio (current share price as a percentage of per share earnings) of 20.75 (September 2022: 8.65). The share price on the Trinidad & Tobago Stock Exchange as at September 30, 2023 was TT$2.77 per share (September 30, 2022 – TT$4.50).

The global economy continues to face a range of challenges, that have served to dampen economic growth in some sectors and regions across the world. Some of these challenges include:

- High inflation across a number of major economies and the ensuing impact
- The Israel/Hamas war and the possible spread to other countries and interests
- The ongoing war between Russia and Ukraine and the continued implications on commodities prices
- Regulatory developments in some of our operating territories
- Notwithstanding the headwinds, we are confident that we have laid a solid foundation for further improvements in all aspects of our performance.

With institutional resilience and capital adequacy of the upmost importance, we continue to work on strengthening the Group to support business development and expansion and improve shareholder value.

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

NCBFG Total Shareholder Return							
For The Year Ended September 30	**2019**	**2020**	**2021**	**2022**	**2023**	**Three-Year CAGR (%)**	**Five-Year CAGR (%)**
Closing Price of Common Shares ($ per share)	208.79	130.90	127.52	89.89	68.49	(19%)	(11%)
Dividend Paid ($ per share)	3.40	1.90	0.50	0.00	0.00	(100%)	(100%)
						Three-Year Shareholder Return	**Five-Year Shareholder Return**
NCBFG Shareholder Return (%)	**70%**	**(36%)**	**(2%)**	**(30%)**	**(24%)**	**(47%)**	**(40%)**
JSE Index Annual Movement (%)	**44%**	**(26%)**	**9%**	**(13%)**	**(10%)**		

- Directors and key management personnel and their families
- Companies controlled by directors and related by virtue of common directorship.
- 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 may 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 the 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 submitted to 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, 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.

[A summary of related party transactions and balances can be found in note 48 of the financial statements - see page 259].

Segments

Empowering our customers through our business segments.

Banking ➤ Payment Services ➤ Wealth, Asset Management & Investment Banking ➤ Treasury & Correspondent Banking ➤ Insurance & Pension Fund Management.

We provide a unique advantage to each customer by delivering financial services through our five segments. With the might of our regional reach and expertise of one team, pursuing a unified purpose, we work across every segment to empower people, unlock dreams, and build communities through our strategic focus on accelerated growth - inspired people and culture - delighted customers - digital to the core.

Banking

NCBFG banking services subsidiaries NCBJ and Clarien Bank Limited (CBL) serve the dynamic financial needs of clients.

With a focus on the strategic outcomes of the Group, both NCBJ and CBL made significant strides in large-scale corporate and commercial financing solutions, simplified customer relations feedback, contact and service options and a commitment to providing robust support for businesses which was evident through numerous achievements.

Accelerated Growth

NCBJ witnessed substantial growth with a $1.2 billion increase in-branch SME new loans bookings, an unprecedented achievement. The Digital Sales Unit achieved a remarkable milestone, posting its highest-ever quarterly revenue of $289 million in Q3 since the launch of Digital Loan products.

The Mortgage Unit also surpassed quarterly sales targets by over 160% in Q3. These accomplishments reflect NCBJ's unwavering dedication to business expansion, capital expenditure, and facilitating accessible financing options for customers' needs and convenience.

Commercial Banking at NCBJ has yielded positive results with a noteworthy increase of J$1.3 billion in the average JMD deposits over Q1. Key initiatives, such as waiving cash counting fees and implementing a tiered interest rate compensation structure in Current Accounts, have contributed significantly to this growth and provided customers with cost-effective options.

CBL, focused on reducing its non-performing loan (NPL) portfolio and succeeded in achieving a milestone, realising reductions below US$55 million in Q1, being the most significant for the period under review. CBL's NPL ratio now stands at approximately 6.7%, signaling a clear path towards further reductions and resolutions.

Digital to the Core

The service model of NCBJ and CBL has undergone significant transformations for FY23. In Q3, the Business Development Representatives (BDR) deployed in the Digital Access Unsecured Loan Pilot achieved an impressive 129% increase in its monthly average sales. This pilot offers customers a simple and convenient way to view their digital loan offers through the new 'WhatsApp Check For Offer' journey.

NCBJ successfully completed the first major phase of the Liquidity Management System (LMS)/Virtual Account Management (VAM) and Digital Engagement Hub (DEH) projects. These solutions have significantly enhanced our cash management value proposition which augurs for greater efficiency in handling day-to-day transactions and providing sufficient funds for lending activities.

NCBJ branches have implemented Robotic Process Automation (RPA) technology for the Business Online Banking Application form. This has resulted in the submission of application forms in a digital format and an impressive 80% reduction in processing time to onboard customers. A new automated consumer lending platform was also rolled out to drive efficiency and create a solid foundation to achieve our revenue targets.

CBL has made great strides in its digital offerings. This includes the launch of a client digital self-service account opening for GBP, EUR, and CAD Savings accounts which now allows clients to open new foreign currency accounts using CLB's digital tools.

CBL received top honors at the TechAwards for Mobile App of the Year 2022, further solidifying its position as Bermuda's Digital Bank of Choice. The accolade was a testament to CBL's innovative digital onboarding solution, enabling clients to apply for bank accounts online in under 15 minutes.

These updates demonstrate the continuous efforts of NCBJ and CLB to enhance our service model, improve efficiency, and provide a seamless and convenient experience for our customers. By embracing innovative technologies and optimising our processes, we are confident in our ability to deliver value to our stakeholders and achieve our financial goals.

Segments

Delighted Customers

NCBFG and its subsidiaries have undertaken various initiatives to enhance customer experiences. CBL, for instance, launched a preapproved credit card limit increase campaign aimed at fostering card loyalty and boosting the usage of the Clarien Visa® credit card among qualifying clients. Simultaneously, complementary marketing campaigns were introduced to encourage clients to make the Clarien Visa® card their preferred choice and utilise Clarien's innovative solutions, including Clarien Alerts and Controls app, Clarien My Rewards®, and Pay with Points.

CBL also introduced the new Save More CD, offering clients higher rates, with higher returns, and expanding options for wealth growth and financial planning.

These endeavors, coupled with the enhancement of biometric identity processes for digital onboarding, reflect the commitment of NCBFG and its subsidiaries to providing customers with seamless, convenient, and efficient banking experiences that prioritise their unique needs and preferences.

For FY24, NCBFG recommits to ensuring that shareholders are treated as partners and whilst we are striving for predictable and growing cash flow, operational excellence, customer service excellence, and a culture of accountability and ownership; we do this on the heel of acknowledging the mixed returns achieved in FY23.

NCBFG is poised for a transformative voyage anchored by our Efficiency, Governance, and Customer Experience (EGC) framework.

Payment Services

Payment solutions need to be a fast, simple, intuitive, and secure experience for customers and merchants. To meet the diverse needs of today's payment landscape, NCBFG's Payments segment provides several products, including:

- **Point of Sale (POS) Terminals**
- **NCB e-Commerce Solutions**
- **Digital Wallets**
- **Credit, Debit, and Pre-paid Cards**

We continue to innovate and enable key features and functions to our Payment Solutions, including:

- **Contactless Payments** – Leveraging the power of near-field communication (NFC) technology for swift and secure contactless transactions.
- **Real-Time Payments** – Utilising peer-to-peer (P2P) and global network infrastructure technologies to enable fast, secure, and convenient money transfers and payments.
- **Enhanced Security Measures** – Implementing advanced security measures/protocols such as tokenisation to safeguard our customers' financial transactions.

By integrating these features into our Payment Portfolio through proprietary or partnership systems, we aim to elevate the overall customer experience, foster financial inclusion, and reinforce our commitment to being a leader in the digital transformation of financial services.

Accelerated Growth

In the last financial year, NCBJ achieved a significant milestone by integrating American Express (AMEX) card acceptance across all NCBJ POS terminals, broadening the acceptance network for our merchants. This strategic move resulted in NCBJ processing over 187,000 AMEX transactions at an approximate value of $6.4B.

Continuing our commitment to modernisation, NCBJ's upgraded VeriFone Terminal models were deployed to replace the legacy fleet, processing an impressive $136B of the $550B in transaction value executed by the POS channel for FY23. Beyond the financials, these terminals offer enhanced connectivity, seamless failover capabilities, and robust security measures, ensuring our consistent compliance with PCI standards. With over 60% of POS terminals already replaced, this initiative is set to conclude early next year.

Cross-border spending increased by 32% year-over-year. This was supported by the migration of NCBJ's KEYCARD brand to Visa and MasterCard, as well as the migration from Midas to Visa Debit cards. The Midas to Visa Debit migration strategy, supported by robust communication and expanded collection channels, achieved a remarkable 92% migration rate among active Midas cardholders, accompanied by a notable 52% growth in cross-border transactions year-over-year.

Utilising strategic marketing campaigns, NCBJ increased its focus on business cardholders. This yielded a 40% increase in new users for the fiscal year, with the MSME segment receiving a boost in working capital support with an additional $2.2B in unsecured limits extended.
NCBJ embarked on a monumental union having entered into a lease agreement with TFOB (2021) Limited at the close of the fiscal year. NCBJ will assume full control over the administration of Lynk platform, commencing from October 1, 2023. NCBFG aspires to establish a centralised ecosystem platform, simplifying access for all customers to a wide range of banking and insurance solutions, financial products, and payment alternatives. This development showcases our commitment to expanding our operational capabilities while forging stronger connections with our underbanked and unbanked customers.

Solidifying its position as a trailblazer in the digital financial landscape, Lynk has experienced remarkable surge in user engagement and transactional activity. Lynk concluded FY23 with a user base of 250,000. Each active user averaged 3.8 transactions per month, encompassing remittances, mobile top-ups, P2P transfers, and bill payments. The integration of remittances by integrating MoneyGram into the Lynk mobile wallet was a major catalyst for this growth.

CBL continued to optimise the card experience, focussing on delivery, activation, and validations. Strategic campaigns increased card usage, resulting in higher net spend and interchange income. Acquiring new merchants and driving sales growth positioned CBL as the second-largest player in the Bermuda market after the migration of competitors and the acquisition of 98% of supermarket entities.

CBL demonstrated notable achievements by securing new lending mandates within the commercial sector in Bermuda and the public sector. Opportunities in select Caribbean regions were identified, and the company maintains a solid pipeline of upcoming transactions.

CONTINUED

Segments

Delighting Customers

NCBJ partnered with Market at the Lawn, a retail therapy initiative for NCBJ merchants to participate free-of-charge, enjoy increased sales, whilst providing shoppers the convenience to spend with cashless payment options. NCBJ also provided exclusive training sessions on scaling their businesses and enhancing digital marketing skills for Merchant Appreciation Day.

NCBJ merchants now receive expedited payments, next-day even on weekends, for in-store and online transactions. This rapid settlement enhances cash flow management and business agility, with no extra fees, as merchants are automatically enrolled in the Next Day Settlement programme. Our merchants continued to benefit from the speed and security of contactless transactions, with FY23 demonstrating a 40% year-over-year increase in the value of contactless transactions.

In the last fiscal year, over 75% of new credit card accounts and 45% of prepaid cards were digitally onboarded, marking a 7% increase from the previous year. This represents approximately 40,000 Credit and Prepaid customers having enjoyed a seamless onboarding experience through our digital channels. Digital onboarding enables customers to apply for credit cards online, utilising our mobile-friendly credit card onboarding portal or through telesales, providing a convenient, paperless, and efficient process.

Approximately 80% and 58% of NCBJ's consumer and business card customers respectively have transitioned to e-statements, offering greater efficiency, enhanced security, convenience, and faster access to account information. Ongoing engagement efforts aim to encourage more customers to update their email addresses and enjoy these benefits.

Our NCB Miles loyalty solution, a fully automated programme, allows customers to redeem rewards seamlessly with the NCB Miles virtual card. The platform experienced a notable 44% growth in users redeeming rewards. Additionally, NCBJ's credit card insurance coverage was expanded to include 'involuntary loss of job,' offering cardholders a valuable safety net for uncertain times.

Successful collaborations with the Government's Constituency Development Fund have facilitated payments for holiday workers through Lynk. LynkBiz empowers merchants to accept Lynk as a payment option, enhancing financial inclusion for both the banked and unbanked. This platform offers advanced functionality, enabling multiple users, consolidation, refunds, and more, positioning Lynk as an invaluable partner for businesses.

CBL initiated a transformative campaign to educate Visa Infinite and Platinum clients about the advantages of utilising My Rewards. The campaign's vision is to demystify My Rewards' features, providing a step-by-step guide to setup and usage. This strategic move empowers clients to embrace a new way of shopping, where points replace cash for purchases.

Navigating the Future: A Forward-Looking Fiscal Year Outlook

NCBFG has exciting plans for the next fiscal year that promise to elevate shareholder value. We will be expanding the business premium line for our valued business cardholders and expand the digital onboarding process for an end-to-end seamless experience. To deepen engagement, we are optimising our loyalty programmes. For merchants, we are launching the innovative Tap on Phone solution, broadening AMEX acceptance across platforms, and expanding our Integrated POS system. These strategic moves underscore our dedication to growth and innovation.

Wealth, Asset Management & Investment Banking

NCBFG subsidiary businesses in Wealth, Asset Management, and Investment Banking segment navigated a year of economic challenges with notable resilience.

While the sector contended with rising interest rates that impacted net interest income and a cautious market that led to reduced fee and commission revenues, its strategic portfolio realignment has positioned it well to capitalise on new opportunities in the evolving market landscape.

Comprising of Guardian Asset Management and Investment Services Limited, Guardian Group Trust Limited, NCB Capital Markets Limited, NCB Merchant Bank (Trinidad and Tobago) Limited and Clarien Investments Limited, NCB's Wealth, Asset Management and Investment Banking segment continues to harness the synergies of an expansive regional network to deliver tailored, efficient, and innovative wealth management solutions to its portfolio of high net worth individuals, corporate and government clients across the Caribbean region. This includes the drive towards creating a financial ecosystem that is sophisticated, agile, digitally enabled, and borderless.

Strong performance, right across the region

Despite the challenging economic environment, NCBFG continued to distinguish itself as a strong force within the Caribbean region, with the achievement of several significant transactions and strategic milestones.

In Trinidad and Tobago, NCB Merchant Bank (Trinidad and Tobago) Limited (NCBMBTT) raised the bar by co-arranging with Guardian Group Trust Limited a record-breaking TT$2 billion Government bond, a first of its magnitude for any NCB Capital Markets entity, reflecting a year-over-year increase in transaction value of over 260%. The pioneering spirit continued as NCBMBTT also embarked on its inaugural IPO during the period.

CONTINUED

Segments

In Guyana, NCBFG – through its TT-based NCBMBTT arm - secured three significant mandates amounting to US$75 million, marking a year of expansion and increased influence. Moving to Barbados, NCB Capital Markets (Barbados) Limited, in collaboration with the Inter-American Development Bank (IDB), secured a BD$40 million mandate, promising to boost the nation's economic vigor through enhanced port logistics. Furthermore, the investment portfolio of NCB Capital Markets (Barbados) Limited triumphed, exceeding budget expectations by 104%.

The trend of surpassing targets was mirrored by NCBCM Cayman, which outperformed its investment portfolio budget by 2908% by mid-2023. In Jamaica, the Stratus Alternative Fund SCC - under NCBCM's management - strategically invested US$1.5 million in the country's first full-service cancer treatment facility, signifying a deep commitment to societal and SME growth. Meanwhile, Bermuda's Clarien fortified its service range through the strategic acquisition of Omnium Trust Company Limited and Omnium Corporate Services Limited, poised to enhance the quality of wealth and investment services offered in Bermuda and beyond.

Fulfilling the EGC Commitment

With an eye on the EGC commitment, NCBFG's efforts to improve efficiency, governance and customer experience within this segment are already evident and at play through several key initiatives. These include digital advancements like the launch of the GoIPO platform's new bond portal, designed to help streamline investment in local bonds. Likewise, customer satisfaction and operational superiority received keen attention, with upgrades to the segment's governance structure through key policy updates, and the launch of features like instant transaction alerts to bolster security and build customer confidence.

As we focus ahead in light of our strategies for 2024 and beyond, the central theme of delivering on a mission propelled by our EGC framework will be the force that drives us all.

Treasury & Correspondent Banking

In alignment with our enduring commitment to our EGC mandate - our Treasury and Correspondent Banking function has continued to adapt and innovate throughout the financial year in review.

Asset & Liability Management

Treasury and Correspondent Banking remains at the forefront of financial stewardship, advancing NCBJ's financial positioning by maximising returns and maintaining a robust, sustainable funding structure. This strategic balance underpins our dedication to fulfilling commercial and prudential obligations, upholding a steadfast liquidity risk management framework that stands resilient in the face of shifting market dynamics.

Foreign Exchange Services

March 2023 marked a key milestone achievement for the business, with the rollout of our sophisticated Treasury Services platform. A significant leap for both Business and Personal online banking customers, this technology redefines foreign exchange (FX) service delivery—minimising the need for in-branch-based transaction support, while enabling customers to execute FX transactions autonomously.

This enhancement has not only optimised customer experience by granting the convenience of transactions 'anywhere, anytime' but also streamlined the process flow, reduced transaction times, and provided businesses with direct access to hedging products and customisable rate negotiations. The recognition of our efforts by Global Finance and Global Banking Review as the Best Foreign Exchange Bank for Jamaica in 2023 stands as evidence of our focus on customer-centric innovation and service excellence.

Relationship Management

Treasury's commitment to our financial institution clientele is stronger than ever. We continue to refine operational efficiency through innovative solutions like Straight Through Processing (STP). By fostering close collaboration with clients and banking partners, we ensure smooth cross-border payments, ushering in a new era of digital, real-time financial services. Our tailored solutions and trusted advisory services underscore our promise to support client growth with superior service.

While Treasury continues to be the leading entity within the Banking and Investment business segment, despite a decline in the current period. This downturn is chiefly due to margin compression from rising market rates, which saw the cost of repriced funding outpacing the growth of interest income.

Nevertheless, the Treasury and Correspondent Banking segment remains integral to the realisation of NCBFG's strategic goal: to be the premier financial services ecosystem in the region. Amidst market uncertainties, we have maintained liquidity, and led successful international funding initiatives. Our digitisation efforts and customer-centric innovations from the previous financial year have also laid a solid foundation for ongoing operational excellence and customer satisfaction.

As we navigate the future, we remain resolute in our commitment to efficiency, governance, and the customer experience, with strategic enhancements on the horizon to further streamline and enrich our services.

CONTINUED

Segments

Life, Health, Insurance, Pensions and Pension Fund Management

NCBFG's insurance business is anchored by two subsidiaries: Guardian Holdings Limited, and NCB Insurance Agency & Fund Managers Limited (NCBIA), which serves as an insurance agent for Guardian Life Limited (GLL), and Guardian General Jamaica Limited (GGJ) and is also the largest segregated pension fund manager in Jamaica.

NCBIA has copped the Best Pension Manager in the Caribbean Award every year for the last 9 years – including 2023 – from World Finance in the United Kingdom; and has focused on exclusive marketing of GLL and GGJ's products and offering award winning pension administration, enhancing the Group's service delivery across the expansive Caribbean market.

Delivering on the 2023 Financial Year's strategic imperatives and in addition to its increasing alignment to the Group's EGC framework, NCBFG's Life, Health, and Pensions (LHP) segment demonstrated strong financial results amidst shifting economic terrain. Despite a decline in operating profits, it stood out as the largest contributor to the Group's operating profits. In a commendable upturn, the General Insurance business almost doubled its performance in operating profit – thanks to strong policy retentions new business growth in the Dutch market, increased profits from our Bermuda entity, and improved operational efficiencies.

Delighting Customers

Enhancing the customer experience was a key priority for this business segment during the financial year and this saw GLL spearheading the deployment of a Customer Relationship Management (CRM) system using MS Dynamics, which is expected to deliver a consistent and holistic view of the customer across various lines of business and territories.

Similarly, the segment has made notable progress with the implementation of the Oracle Insurance Policy Administration (OIPA) system for new business in the Group Health portfolio, signalling a commitment to driving efficiency through modernised core systems. The conversion and migration of the existing Individual Health portfolio to OIPA are set to eradicate the need for manual processing, marking a transition to more automated and streamlined operations.

Governance and Compliance with IFRS17

The Group's governance structure was also strengthened in anticipation of IFRS 17, with GHL proactively adapting its systems and educating both internal stakeholders and the wider public on the impending standard. The Group fortified its governance framework in preparation for the new international accounting standard, IFRS 17, which changes how insurance contracts are reported to provide greater transparency. GHL also took proactive measures by updating its systems and conducting educational initiatives for internal stakeholders and the public to understand the forthcoming changes and their impact on financial reporting.

Moving forward, the segment is strategically poised to broaden its market presence in the Northern Caribbean, targeting an 8 per cent market share. With increased promotion of the GHL Flexi-Term series and Group Creditor Life products, the segment aims to significantly increase its policy portfolio across the region.

Business Enablers

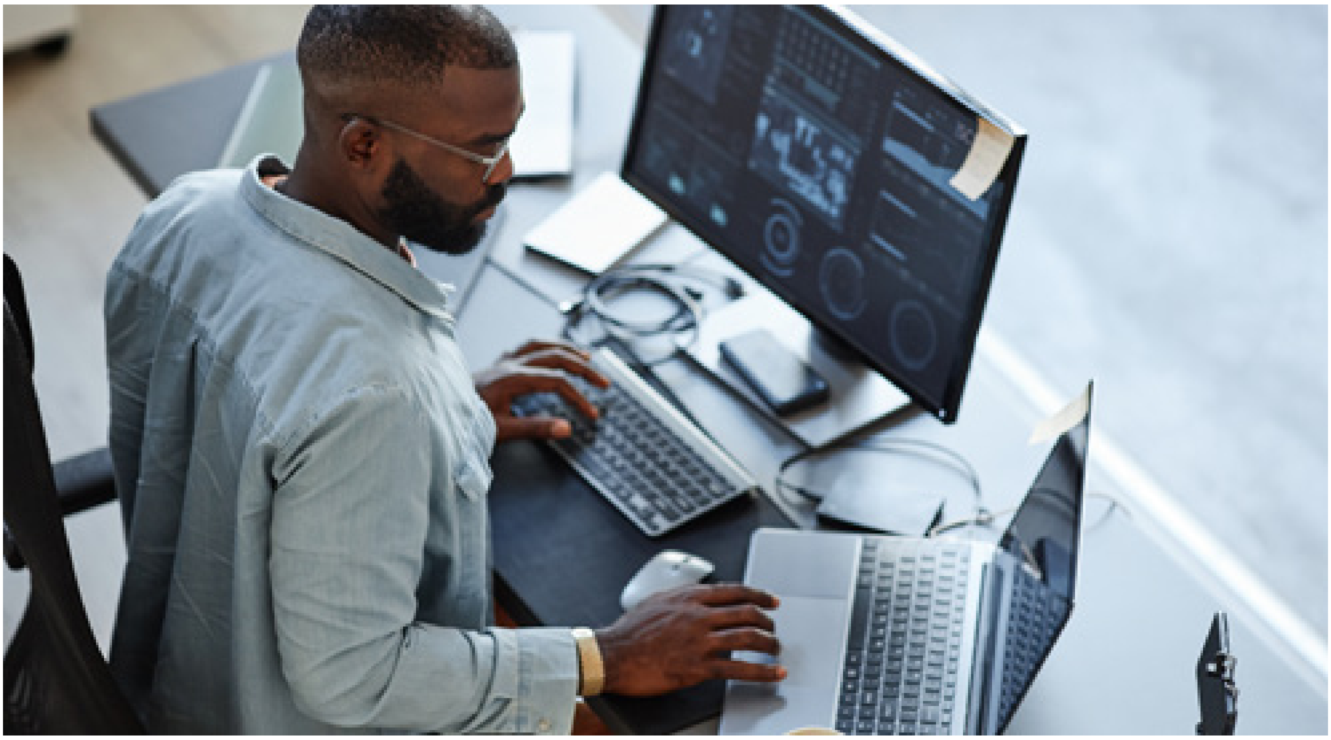
MD&A Cont'd

Our People

We firmly believe that our people are a source of competitive advantage in serving our customers and communities, and are the purveyors of our innovation and growth as they deliver on our strategic objectives. Our people continuously display resilience, adaptability, and dedication in the face of a rapidly changing business environment.

Our approach to human capital development has been holistic, addressing not only the professional development of our team but also their personal well-being. As we navigated the complexities of the fiscal year, our primary areas of focus were:

- Deepening leadership effectiveness through mentorship and coaching



- Delivering comprehensive learning & development initiatives
- Fostering diversity and inclusion
- Engendering a culture of empowerment, collaboration and transparency

Embracing Change with Foresight and Unity

Change in the leadership heralded the rapid reimagination of the business and the implementation of the Efficiency, Governance and Customer Experience (EGC) model. To ensure stability and continuity of purpose, we engaged in proactive dialogue through a series of town halls and company-wide communication led by our Chairman, Interim Group CEO, and the newly appointed CEO of NCBJ. These platforms created vital channels for open dialogue, addressing concerns while reinforcing our commitment to collaboration and collective success.

A few of our initiatives undertaken across the NCBFG subsidiaries included, but were not limited to the following:

LEADERSHIP AND EMPLOYEE DEVELOPMENT

Using Clarien's leadership coaching and NCBJ's AVID Leader programme we launched the Leadership Connect sessions to create alignment around the profile of the AVID Leader and the Leadership Connection Pods to foster leadership development and focused dialogue to enable collective improvement by navigating challenges and opportunities together.

We also introduced the Leadership Summit, a forum for new leaders to build awareness and understanding of the following:

- Company strategic objectives
- Leadership expectations
- Learning and Development Strategy

NCBJ implemented inclusive talent development initiatives, of which the Analyst Development Plan for Enterprise Information Management (EIM) was a prime example. This comprehensive plan was designed to equip our staff with advanced, future-oriented skills, particularly in data analysis, digital innovation, and strategic information management. Investing in such skill development ensures our team remains at the forefront of industry trends and technological developments. This initiative enhanced our employees' competencies, positioning NCBJ as a digital transformation leader in the financial sector.

CONTINUED

Business Enablers

MD&A Cont'd

Guardian placed significant emphasis on developing transformational leaders through the Leadership Circles programme and Coaching Excellence initiatives. These programmes were designed to develop leaders who are adept at managing teams and capable of inspiring change and driving organisational success. The Leadership Circles programme, in particular, provided a platform for leaders at various levels to engage in collaborative learning, share best practices, and develop the skills needed to lead effectively in a rapidly changing environment. Meanwhile, the Coaching Excellence initiative focused on empowering leaders to become effective coaches. The programme provides them with tools and techniques to support their teams, enhancing overall team engagement and performance.

EMPLOYEE ENGAGEMENT AND FULFILMENT: WE BELIEVE THAT A HIGHLY ENGAGED WORKFORCE IS PIVOTAL TO OUR SUCCESS.

Under the theme “Empowered to Grow”, we hosted several Empowerment Sessions focused on helping the employee to master his/her voice and take charge of his/her career development. In addition, a series of State of the Business Townhalls were held to deepen employee understanding of the Company’s financials and areas of business growth for 2023.

NCBJ introduced initiatives like the monthly Analyst Community Engagement sessions to build a more cohesive and engaged workforce. These sessions provided a platform for our analysts and other team members to interact, exchange ideas, and collaborate on various projects and initiatives. We significantly improved team dynamics and employee satisfaction by fostering this sense of community and belonging. These sessions also served as an opportunity for team members to voice their opinions and contribute to the decision-making process, thereby making them feel more valued and involved in the organisation’s growth and success.

NCBIA’s Kudos Korner and quarterly rewards have been instrumental in keeping our teams motivated and connected. These initiatives, coupled with regular team-building activities, have played a significant role in sustaining morale and fostering a cohesive and collaborative work culture.

TALENT MOBILITY AND DIVERSITY MANAGEMENT

To develop bench strength and ensure business continuity, supporting developmental plans were crafted for the roles identified as mission critical. A talent mobility strategy was crafted to assist with the rotation and ongoing development of employees. Other initiatives implemented as part of the talent development process were:

- Internship programme
- Career counselling

- Guidance sessions
- Résumé preparation
- Interview preparation

As part of our diversity management programme and to increase staff awareness of the Disabilities Act (2014), we completed a year-long information campaign (to include the development of a disabilities micro-site) to increase staff understanding of the Act. Staff were also trained in Jamaican Sign Language to prepare our in-branch personnel to better communicate with hearing-impaired customers. Over the course of the year, 46 employees of NCBJ were trained over the year.

HEALTH AND WELLNESS INITIATIVES:

The implementation of health and wellness programmes to address mental and physical health ensured a balanced and holistic approach to well-being. From workshops targeting mental health to physical fitness challenges and Island-wide health and wellness checks, we provided our employees with the resources and support they need to select better life options.

REWARD AND RECOGNITION PROGRAMMES

Celebrating and recognising excellence has always been an integral aspect of our culture. NCBJ's flagship reward and recognition event, Pinnacle, provided the opportunity to recognise and appreciate the hard work and successes of our team members. This year's event, dubbed as a 'A Celebration of Excellence and Service' successfully combined our Pinnacle and Long Service Awards functions. These programmes are designed to acknowledge the outstanding contributions of our employees, reinforcing their sense of belonging and value within the Organisation.

Clarien hosted various reward and recognition programmes that served as a platform to appreciate team members' contributions and reinforce the importance of their hard work and dedication. Recognising employee achievements in this way has been vital in maintaining high morale and motivation.

One of the year's key highlights was the recognition of individual talents and their contributions. The Citywealth Future Leaders Award, which was bestowed upon our team members from NCB (Cayman) Limited and NCBCM Cayman Ltd., is a prime example. These awards have acknowledged our employees' exceptional skills and dedication and underscored our commitment to nurturing and promoting top talent in the financial industry.

EMBRACING DIGITAL TRANSFORMATION IN HUMAN RESOURCES

The Group Human Resources (HR) Division has always been committed to utilising technology to drive innovation and efficiency in the delivery of HR services and operations so as to provide a world class employee experience. This year we introduced Halle, an artificially intelligent digital assistant. This innovative tool transformed the management of HR queries and process flows.

Among other things, Halle offers three important areas of value:

- She automatically answers employee queries, streamlines day-to-day HR operations, quickly resolves employee tickets, and manages employee requests on the go
- She brings the entire HR helpdesk on a single interface by seamlessly integrating with the existing HRIS and other internal systems
- The analytical reports she produces give accurate insight to the HR Team about the employee queries, resolution time and handling of employee tickets so as to drive further enhancements

In optimising Halle, her use has expanded to other areas of the business such as Group Risk Management and AML/CFT with other emerging areas currently requiring talent focus.

As we look ahead, we are inspired by the potential and promise of our people. We are confident that their diverse talents, relentless drive, and shared vision will propel us forward and ensure our sustainability.

CONTINUED

Business Enablers

Technology and Analytics

NCBFG in FY2023 made significant strides in digitisation, data-driven decision making, and customer-centric technological innovations as part of our commitment to integrating cutting-edge technology to enhance our operational capabilities and deliver superior service and solutions and position us at the vanguard of the digital revolution sweeping the financial services industry.

By focusing on exceeding stakeholders' expectations, we have strategically positioned ourselves to leverage technological advancements, ensuring we remain agile, responsive, and innovative. This year's achievements show our ability to adapt to the evolving technological landscape while delivering on our vision.

Enhanced Customer Experience

Strategic digitisation and the enhancement of customer experiences have been key drivers of our transformation. Our initiatives in this realm have streamlined our operations and significantly elevated the customer journey. By embracing emerging technologies and focusing on customer-centric solutions, we've achieved critical milestones that reflect our dedication to digital excellence.

NCBJ

LIQUIDITY MANAGEMENT AND DIGITAL ENGAGEMENT

These projects have revolutionised our cash management services, offering our customers convenience, efficiency, and personalisation - Liquidity Management System (LMS), Virtual Account Management (VAM), and Digital Engagement Hub (DEH) have been among the cornerstones of our digital strategy.

ENHANCING PLATFORM STABILITY AND UPTIME

Our dedication to improving platform stability and uptime has resulted in exceptional success. The improvement of uptime from 97.76% to 99.41% is testament to our commitment to operational excellence and reliability, significantly enhancing customer satisfaction and trust in our digital offerings.

INNOVATIVE CREDIT PROCESSING SYSTEM

The implementation of a new credit processing system has substantially accelerated our credit assessment processes. The system increases speed, accuracy and efficiency in our credit operations, contributing to a more seamless customer experience.

AUTOMATING KYC AND COMPLIANCE PROCESSES

The automation of the KYC Financial Disclosure System and the development of a Compliance Dashboard to monitor risk profiles and transaction alerts are significant advances in our compliance and risk management efforts. These tools help maintain high regulatory compliance standards while providing a more streamlined experience for our customers.

CONTINUED

Business Enablers

MD&A Cont'd

ADVANCEMENTS IN DIGITAL BANKING SERVICES

We have made considerable progress in automating and digitising various banking services, such as the messaging management for incoming wires, reconciliation for internal accounts, and vendor payments.

Lynk Digital Wallet: Ground-breaking developments in our digital offerings underscored our commitment to financial inclusion and digital transformation.

SUBSTANTIAL ADOPTION

One of our most notable successes has been the exponential growth of TFOB's digital wallet. This year's substantial adoption of Lynk by users and merchants indicates a robust expansion of our fintech capabilities. The digital wallet has become a pivotal part of our strategy to democratise financial services and offer inclusive banking solutions. Its user-friendly interface, combined with advanced security features, has made it a popular choice with a growing number of customers, contributing to our vision of a more financially inclusive ecosystem.

INNOVATIVE FEATURES

Furthermore, Lynk's innovative features, like facilitation of payments for government programmes and integration with JAM-DEX, Jamaica's Central Bank Digital Currency, have set new standards in the fintech space, positioning us as an innovation leader in digital finance.

EDUCATIONAL AND BRAND RECOGNITION INITIATIVES

Lynk has grown in terms of user base and brand recognition. The implementation of educational initiatives to drive usage and understanding of the digital wallet has played a critical role in this growth. These initiatives, along with our robust marketing strategies, including the Lynk World Cup activations, have significantly enhanced Lynk's brand presence and appeal, attracting partnership requests and expanding our reach in the market.

NCBIA: Technological advancements have resulted in streamlined processes and an enriched customer journey.

PENSIONS PORTAL ENHANCEMENTS

The Pensions Portal has seen several enhancements, including an upgrade to the Agent Admin and account creation with eKYC verification for non-POB enabled customers. These changes have made the portal more accessible and easier to use, providing a more user-friendly experience, and improving the onboarding process for new customers.

DIGITAL DOCUMENT MANAGEMENT FOR PENSIONS

Digital document management for the pensions business has significantly reduced paperwork and has greatly improved the efficiency and security of our operations. It has also streamlined processes and improved the speed and accuracy of our services.

CONTINUED

Business Enablers

MD&A Cont'd

CHATBOT FOR LEADS GENERATION AND PRE-QUALIFICATION

An innovation in pensions customer engagement that assists with leads generation and pre-qualification, this digital tool provides instant responses, guides customers through pre-qualification, and enhances the quality of their interactions with us.

STREAMLINING THE RETAIL LENDING JOURNEY

Integrating general and life insurance sales with the retail lending journey has been a key development in insurance and retail lending. This integration reduces the number of touchpoints needed for customers to get coverage, making it simpler and quicker to secure financial products. With this strategic move, that demonstrates our innovative approach to service delivery, we have minimised customer effort and maximised convenience.

Guardian: The group has embarked on several strategic initiatives, using technology to enhance customer experiences and streamline internal operations.

COMPREHENSIVE CRM IMPLEMENTATION

By providing a unified view of customer interactions across a range of touchpoints, this system has revolutionised the way we serve and interact with customers. With the CRM system, we gain deeper insights into customer behaviours and preferences, enabling us to offer more efficient personalised service. The CRM platform also enhances our ability to respond to client queries and provides data that drives product development and marketing strategy.

OIPA SYSTEM IMPLEMENTATION

The implementation of the Oracle Insurance Policy Administration (OIPA) system for our Group Health and Individual Health portfolios was a transformative step in the modernisation of our policy administration processes. The system streamlines and automates key aspects of policy management, from underwriting and billing to claims processing and customer service. It has boosted operational efficiency, resulting in a more agile, responsive, and effective operation. Modernising our policy administration also allows us to bring new and innovative insurance products to the market faster.

ENHANCING CUSTOMER EXPERIENCE AND OPERATIONAL EFFICIENCY

The CRM and OIPA systems represent the alignment of processes with our customer-centric philosophy. The increased efficiency brought about by these systems allows us to allocate resources more effectively, focusing on innovation and growth while maintaining the high standards of service our clients expect from Guardian.

FOSTERING A CULTURE OF INNOVATION

The integration of advanced systems signifies our dedication to a culture of innovation. In a rapidly evolving insurance industry, staying ahead requires new technologies and an environment where innovation is encouraged and embraced. These initiatives have set a precedent for continuous improvement, ensuring we remain industry leaders in service delivery and operational excellence.

Clarien: Clarien has continued to solidify its top position in digital banking with several notable achievements.

SELF SERVICE FX

The launch of self-service platforms for foreign currency accounts marked a significant milestone in the provision of more accessible and diverse banking services. Clients can now open and manage foreign currency accounts more easily.

MOBILE APP OF THE YEAR

Clarien's recognition as Mobile App of the Year signals our dedication to delivering an elevated digital banking experience. The app's innovative design and user-friendly interface have garnered widespread acclaim, setting a high standard in mobile banking services.

PAPERLESS ONBOARDING

Clarien's introduction of paperless onboarding processes represents a significant leap in the digital transformation journey. The move has streamlined the account opening process,making it eco-friendlier and more convenient.

CREDIT CARD INNOVATIONS

Targeted credit card campaigns have been instrumental in driving card loyalty and usage, demonstrating our ability to create appealing tailored offerings for our clients. These campaigns, coupled with innovative credit card features like Clarien My Rewards® and Pay with Points solutions, have enhanced the overall customer experience, providing more value and flexibility.

Moving forward, we will continue to explore and invest in emerging technologies, drive innovations that matter, and build a foundation that will sustain our growth and leadership in the financial industry, while delivering superior solutions and service to our customers for years to come.

Environment, Social and Governance Practices

Sustainable Finance in Action

In an era marked by rapid environmental changes and evolving social dynamics, operating with robust Environmental, Social, and Governance (ESG) practices has never been more critical in shaping sustainable business models. At NCBFG, our approach to ESG is not just a component of our business strategy; it forms the cornerstone of our corporate ethos and decision-making processes.

From pioneering green financing solutions and embracing digital transformation for environmental benefits to nurturing community partnerships and upholding the highest standards of corporate governance, our ESG agenda is comprehensive, forward-looking and extends beyond the conventional scope of financial services.

Our approach encompasses being a proactive agent for positive change in the communities we serve and the environment we inhabit. The challenges of our time, including climate change, economic inequality, and social justice, are complex and interconnected and as a leading financial conglomerate in the Caribbean, we recognise our unique position to lend our strength in addressing these challenges head-on, leveraging our resources, expertise, and network to make a substantial impact and drive meaningful change.

Our commitment is steadfast: to do well and do good. We understand that the journey toward sustainable development is ongoing. It requires a continuous dedication to advancing our ESG goals, drawing lessons from our experiences, and evolving our strategies to meet the challenges of tomorrow. This resolve is evident in our Fiscal Year 2023 ESG Report, which stands as a testament to our belief that responsible business is not just beneficial but essential. It reaffirms our dedication to integrating ESG considerations into every aspect of our operations, from strategic decision-making to the nuances of delivering on our purpose in our daily activities.

Our efforts this year have spanned a broad spectrum, from advancing green financing solutions to supporting renewable energy projects and implementing resource-efficient operational practices and were pursued and visible throughout the businesses across our Group.

Operational Sustainability and Resource Management

Our commitment to environmental sustainability is reflected in our operational strategies and business practices:

NCBJ

- Eco-Friendly Terminal Packaging for Card Acquiring: Within our Payments segment we have implemented environmentally friendly packaging for our POS terminals, demonstrating our commitment to reducing waste and embracing sustainable practices. This initiative aligns with global efforts to minimise the environmental impact of business operations.
- Switch to mPOS Campaign: To reduce the environmental impact of payment processing, we have encouraged merchants to migrate from traditional POS terminals to mobile, digital card acceptance solutions. This campaign is a testament to our dedication to reducing our carbon footprint and promoting eco-friendly business models.
- Eco-Friendly Transactions: Our platform's support for electronic payments and digital transactions aligns with environmentally friendly practices, minimising the use of paper and reducing the carbon footprint associated with traditional banking activities.

Guardian Holdings Limited

- Paperless Operations: Within Guardian Holdings Limited our focus was on transitioning towards a paperless organisation significantly modernising operations and reducing environmental impact.
- Energy Conservation Efforts: Implementing an Electricity Conservation initiative across locations led to a decrease in the company's carbon footprint and an 18% year-on-year cost saving.

Environment, Social and Governance Practices

Green Financing Initiatives

NCBCM has played a critical role in financing environmentally focused projects, particularly in the renewable energy sector:

- Support for Wind/Solar Energy Projects: facilitated significant funding for wind and solar energy plants in Jamaica and the Cayman Islands, highlighting our commitment to alternative energy sources.
- Funding for Sustainable Infrastructure Development: The involvement in funding the Morant Bay Urban Centre project, a public-private sector partnership, exemplifies our support for sustainable infrastructure development.

Clarien efforts focused on promoting ecological sustainability and environmental education via:

- Partnership with Bermuda National Trust is a collaboration, which included planting 100 native and endemic trees annually for three years, enhancing biodiversity and combating climate change effects.
- Sustainable Investment Strategy: The relaunch of Clarien's Global Voyager International Equity fund with a Sustainable Development strategy demonstrates a strong commitment to responsible investing.
- Hosting at the Bermuda National Gallery, Clarien hosted an event with keynote speaker Bryan Naqqi Manco, a noted conservationist. This event marked the official launch of Clarien+ - a suite of tailored solutions and was aimed at raising awareness about the importance of environmental sustainability and how individuals and businesses can contribute positively.

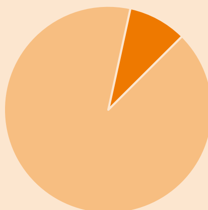
Empowering Communities and Unlocking Potential: NCB Financial Group's Social Impact

With a focus on creating opportunities and enhancing lives, our social programmes this year were a blend of innovation, compassion, and strategic collaboration to drive meaningful change. From supporting educational institutions and nurturing young minds to engaging in environmental conservation and digital inclusivity alongside major macro transformational agendas, our actions have been guided by a sustainable and inclusive growth vision.

In every initiative, from small-scale local projects to large-scale partnerships, we strived to leave a positive and enduring imprint on society; and as we contend with prevailing socio-economic challenges, we made sure that Corporate Social Responsibility is practiced across all our businesses and within the communities in which we serve. Both NCBJ and Guardian operate a Foundation. This provides an opportunity for us to meaningfully attend to the needs directly associated across our operating jurisdictions. N.C.B. Foundation operates as a key philanthropic arm of our business implemented impactful programs and initiatives across Jamaica with efforts focused on reflecting the Foundation's mandate to nurturing a more promising future.

N.C.B. Foundation (NCBF)

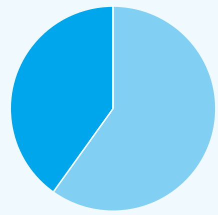
Here are some highlights for the year in review:



10% increase in spend Y/Y

2022 J$250M

2023 J$274M



J$183M or 67% of 2023 spend

used to support projects captured under two main streams:

Digital and Community Development

No.	Main Initiatives	Details	Donation (J$M)	Beneficiaries
1	CSEC Bursary Programme	Provided funding to secondary students island-wide for CSEC exams, especially in business and digital subjects	4.2	2,284 students
2	Grant-a-Wish	A community-engaging Christmas event for fulfilling public-nominated family and individual wishes	15.0	9 adults, 3 organizations & 30 children
3	NCBF Scholarships & Grants	Scholarships and grants across all educational levels to promote academic excellence	73.0	201 tertiary & 211 primary & secondary students
4	Level Up	Digital skill-building courses for the unemployed and underemployed	30.0	2,850 individuals, including disabled and prisoners
5	FIRST Tech Robotics Challenge	STEM education and innovation through a robotics challenge for secondary students	9.0	200 secondary school students
6	FIRST Lego League Exhibition	Robotics workshop for younger students to spark interest in technology and engineering	9.0	86 primary & high school students
7	AMBER Coding Academy	Software coding and development training for youth, offering valuable technological skills	12.0	50 workforce youth for employment

CONTINUED

Environment, Social and Governance Practices

MD&A Cont'd

No.	Main Initiatives	Details	Donation (J$M)	Beneficiaries
8	Junior Achievement Jamaica	Digital Literacy Partnership Program to provide financial and digital literacy training to Grades 4 to 6 students in primary schools across the country - to educate and motivate students to develop a business mind while they are exposed to ways of earning, spending, and saving as well as become more digitally savvy.	10.2	120 Contact Hours, 1022 students 4.2 engagement rating
9	Youth Empowerment Summit	Summit for the Foundation's beneficiaries focusing on life skills and personal development	3.8	364 individuals
10	Labour Day Initiative	Beautification and renovation projects at children's homes	2.3	39 wards

Guardian Foundation

Guardian's commitment to Corporate Social Responsibility (CSR) in Fiscal Year 2023 saw endeavours that highlighted Guardian's dedication to social well-being and its holistic approach which encompass community support, educational empowerment, health and wellness, and environmental stewardship. Key projects that delivered on the cause were:

COMMUNITY SUPPORT AND DEVELOPMENT

- Annual Shoebox Project: A heartwarming initiative where Guardian organised a toy and gift collection drive. Aimed at bringing Christmas cheer to less fortunate children in the communities surrounding Guardian's operations.
- Caravan Initiatives: The 'Rock your Hamper' and 'Grow Your Own Garden' programmmes, an innovative approach to CSR, were specifically designed to actively engage the communities that we serve. These initiatives not only supported families in need but also promoted sustainable practices.

EDUCATIONAL INITIATIVES AND PARTNERSHIPS

- Partnership with Arthur Lok Jack Graduate School of Business at UWI, St. Augustine Campus. This significant collaboration targeted secondary school students, providing them with career guidance and insights into future educational paths. A cornerstone partnership effort to support and nurture future professionals and leaders.

HEALTH AND WELLNESS PROGRAMMES

- Promotion of Preventative Care: Guardian focussed on programmes that emphasised both physical and mental well-being. This holistic approach to health underscores Guardian's commitment to the overall resilience and wellness of the communities it serves.
- Support for Health Initiatives: Guardian's involvement in supporting initiatives like the Caribbean Women Honours and Empowerment and the National Secondary School Entrepreneurship Competition 2022 illustrates its dedication to societal health and empowerment.

Clarien's Social Responsibility and Community Engagement:

Additionally, Clarien's Bank social initiatives illustrated its strong commitment to community development and well-being reinforcing Clarien's understanding of its role as a community partner and a responsible corporate citizen.

SUPPORT FOR EDUCATIONAL AND HEALTH INITIATIVES:

- Engagement in Health-Related Fundraising Events: Clarien's active participation in events such as Relay for Life demonstrates its dedication to health and wellness. This engagement in health-related initiatives underlines its commitment to societal well-being.

- Support for Organisations Focussed on Health and Wellness: Clarien extended its support to organisations like the National Museum of Bermuda and Action on Alzheimer's & Dementia, highlighting its commitment to addressing a broad spectrum of health and wellness issues within the community.

EMPLOYEE ENGAGEMENT IN SOCIAL CAUSES:

- Denim Day for Relief Efforts: Clarien organised a staff denim day to raise funds for relief efforts. This initiative, coupled with Clarien's contribution matching, showcases the bank's culture of compassion and collective responsibility towards both global and local issues.

Excellence in Governance

NCBFG reaffirmed its commitment to exemplary governance practices, recognising that strong governance is the bedrock of sustainable business success and stakeholder trust.

Governance is the central pillar that connects our focus in ESG as well as EGC.

Our approach to governance is not just about adhering to rules and regulations; it is about building a culture of integrity, transparency, and accountability throughout our organisation. This year, we continued to evolve our governance framework to address the ever-changing landscape of the financial sector, ensuring that our practices not only meet but exceed industry standards.

We focused on	
	strengthening our internal controls
	enhancing risk management strategies
	ensuring that our decision-making processes are robust and forward-thinking
	reinforcing our compliance infrastructure

Environment, Social and Governance Practices

We undertook significant measures to refine risk rating parameters for customers, enhance real-time risk assessments, and develop comprehensive compliance monitoring systems. These efforts reflect our continued commitment to operating ethically, responsibly, and in the best interests of our customers, shareholders, and the broader community.

Key Governance Initiatives and Highlights:

- Stratified Due Diligence & Real-Time Risk Rating: NCB implemented refined risk rating parameters for both personal and non-personal customers, significantly improving the accuracy of customer classification. The introduction of Real-Time Risk Rating and reclassification by risk levels marked a significant advancement in the bank's risk management framework, leading to more efficient customer onboarding and monitoring processes.
- Compliance Dashboard: NCB developed and deployed a Compliance Dashboard that strengthens compliance oversight. This tool provided the ability to monitor various risk factors and compliance metrics, ensuring heightened vigilance and proactive management of compliance across the bank's operations.
- Review of ABM Deployment Strategy: NCBJ's review of its Automated Banking Machine (ABM) deployment strategy was a key governance initiative. NCBJ developed an asset registry and an ABM risk rating system to aid in deploying new ABM locations. Decommissioning 26 high-risk ABMs was a crucial step in mitigating threats and reducing theft, showcasing a proactive approach to risk management.
- Operational Efficiency: NCB focused on optimising operational efficiency through branch consolidations. For example, consolidating operations at specific branches, like St. Ann's Bay, involved returning unused space to the lessors. This initiative demonstrated effective asset management and cost control, crucial aspects of sound corporate governance.
- Incorporation of Insurance in Retail Lending Journeys: NCBIA's initiative to integrate insurance into the bank's retail lending journeys simplified customer liability protection coverage. This integration not only enhanced customer service but also reflected a responsible approach to protecting clients' interests.
- Preparative Measures for IFRS17: Guardian Holdings Limited took proactive steps in anticipation of the new global accounting standard for insurance contracts, IFRS 17. Despite the Central Bank of Trinidad and Tobago (CBTT) not yet adjusting insurance regulations for IFRS 17, GHL began implementing systems and processes to ensure seamless compliance once the regulations came into effect. This forward-thinking approach exemplifies GHL's commitment to staying ahead in regulatory compliance and financial reporting standards.
- Strategic Planning for Risk Culture: Clarien engaged in planning discussions centred around creating a robust organisational risk culture. This initiative signifies the importance NCBFG places on identifying, assessing, and managing risks effectively, an integral aspect of good governance.
- Proactive Measures for Future Compliance Standards: GHL's early adoption and preparation for new financial and environmental regulations signified its proactive compliance and risk management stance, even before they were mandated. This forward-looking approach ensured GHL was well-prepared for future regulatory changes, underscoring its commitment to high governance standards.
- These measures reinforce our dedication to operating ethically, responsibly, and in the best interests of our clients, shareholders, and the broader community.

Our unwavering focus on governance excellence continues to be a driving force behind our sustainable growth and the trust our stakeholders place in us.

For more on NCBFG's corporate governance, please refer to Corporate Governance on page 27- 44.

Risk Management and Governance

MD&A Cont'd

The Risk Management infrastructure was tested this financial year by several continuing and emerging risk factors, both globally and locally, which impacted NCBFG. These were: the persistency in inflation levels above Central Bank targets; continued geopolitical uncertainty occasioned by the Ukraine/ Russia conflict, heightened cybersecurity risks due to digital innovations/innovators, regulatory changes which seek to ensure the resiliency of the financial services industry and significant changes in the top leadership that occurred in the last quarter of the financial year.

With the uncertainty wrought on the global financial landscape by ongoing global disruption, financial institutions have had to reassess the resilience of operational frameworks and business models. At NCBFG we recognised the need to move efficiently and to proactively identify potential obstacles to the achievement of Group strategic objectives. In addition to developing an effective suite of threat responses, the three lines of defence model played a critical role in ensuring the Group's ability to respond to the challenges of a post-pandemic landscape. Financial risks took centre stage as central banks responded to inflationary pressures with aggressive rate hikes to dampen liquidity and tame inflation. Liquidity contingency plans and strategies for market risk management were employed to manage the increased risk exposure. Our Enterprise Risk Management framework continued to play a key role in the identification and assessment of all material and emerging risks as we implemented strategies designed to ensure the Group's operational resilience.

The Risk Governance Framework

Our Risk governance framework is fundamental to ensuring the stability and resilience of our businesses in the face of uncertainties and accords with requirements of regulators in the jurisdictions in which we operate. The NCBFG Board of Directors maintains oversight of the Group's risk management framework, which utilises the Three Lines of Defence model, requiring all employees to play a role in the management of risks which fall within their respective areas of responsibility.

Types of Risk Support Provided by Management Committees

Type of Risk	Support Provided by Management Committees
Capital Adequacy	The relevant committees are responsible for setting and monitoring overall capital management principles in line with the Group's risk appetite and the enterprise-wide framework.
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 oversight of the strategies, policies and procedures in place to manage risks such as fraud, information technology and information security. 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 execution of the Group's 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.

The Group and Board Committees comprise the Board Risk committee, The Audit committee, and The Corporate Governance and Nomination Committee. There are also management committees across the Group which support risk management oversight for strategic risk; operational risk; IT security and fraud risks; capital adequacy; market and liquidity risks; and legal and regulatory risks.

Risk Management Principles

The Group's Risk philosophy is guided by a number of risk management principles to include:

- The Group pursuing risk-taking activities geared to increasing shareholder value by the effective management of the risk return relationship.
- The Group ensuring that any risks undertaken are clearly understood, measured and appropriately managed.
- The Group requiring the establishment of an independent central risk oversight as part of its enterprise risk management infrastructure.
- Business Unit managers' responsibility as owners of risk and therefore accountable for effective risk management practices within their respective business units.

CONTINUED

Risk Management and Governance

MD&A Cont'd

Risk Management Architecture

The Group's Integrated Risk Management approach is built along a number of dimensions including:

- A Risk culture incorporating values & behaviours which shape risk decisions.
- A Risk Governance structure which defines the roles and responsibilities in the risk management process.
- A clear articulation of the Group's risk appetite.
- An effective risk management programme which requires risks to be identified, measured, monitored and reported.
- Risk decision-making which is to be guided by up-to-date policies and procedures

Significant Risks

Credit Risk

Includes the possibility of a customer or borrower defaulting on promised payments (e.g. principal, interest, or margin), or of a trading partner failing to fulfil obligations on a transaction or a portfolio of transactions, forcing NCBFG to terminate the trade, or replace the counterparty at a loss.

The management of credit risk is undertaken in accordance with the three lines of defence model, with the Business Units and Centralised underwriting unit operating as the first line of defence with responsibility for owning and managing key risks associated with the lending process, including risk identification and assessment; identifying risk mitigation strategies and escalating significant risks, initiatives, products or processes to the Group Centralised Risk Oversight function (GCROF). The GCROF acts as the second line of defence and is responsible for ensuring the implementation and adherence to the Board approved risk appetite and Approval authorities in addition providing support, recommendations, advice and counsel on policies and procedures that are integral to the credit risk management process.

Liquidity Risk

Defined as the potential for loss if the Group is unable to meet payment obligations when they fall due, we have taken steps to safeguard NCB Financial Group against liquidity risk; while ensuring the Group's ability to honour obligations and liabilities to depositors and suppliers, while taking advantage of any profitable opportunities that might arise. The Group's Enterprise Risk Management Policy requires that liquidity be managed within established policy guidelines and benchmarks.

One of the Group's principal liquidity strategies is the maintenance of diverse and stable sources of funding. Accordingly, the Group's liquidity funding providers include NCBJ's diverse range of retail and corporate customers, as well as repurchase agreements and long-term secured funding sources, which include Diversified Payment Rights Securitisation. We also monitor the credit rating of the Group to ensure access to credit at a good price. The Group Risk Committee also closely monitors the Group's liquidity risk positions and reviews all relevant information including:

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

Market Risk

Measures are in place to address the Group's 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 the Group's market risk involves the definition, approval and monitoring of limits, as well as stress testing, and qualitative risk assessments.

Operational Risk

This is defined as the risk of loss, direct and indirect, arising from disruptions to an institution's operations due to inadequate or failed processes, people, systems or from external events. The Group continues to progress with the medium- to long-term strategy of becoming "digital to the core", the results of which include faster decision making; the employment of new and emerging technologies; and the development of an elastic workforce. Our risk infrastructure continues to employ a robust risk assessment framework to efficiently identify inherent risks, as well as controls to ensure any residual risks remain consistent with the organisation's risk appetite.

CONTINUED

Risk Management and Governance

MD&A Cont'd

We continue to focus on operational resilience with the following operational risks being the ongoing subject of review and close oversight by our Board Risk committees. These risks included:

- Cybersecurity risks
- Third Party risks
- Business Continuity risks
- Information Technology risks
- Fraud risk
- Model Risks
- Data risks

To manage our information technology risks, we constantly examine how information is processed, accessed, transmitted, stored and retrieved during a disaster. This examination is done across business processes and activities. Our risk reduction processes are continually being updated to ensure world-class defence mechanisms are in place to respond to any potential exposures. In addition to a robust cybersecurity policy, protocols are also in place to assess, prevent and effectively respond to disruptive cyber events. Given the importance of cybersecurity, the Group also maintains cybersecurity insurance coverage.

Insurance Risk

The Group's primary exposure to insurance risk is through Guardian Holdings Limited (GHL). Insurance risk is defined as the risk that future claims and expenses will exceed expected allowances for claims and expenses in the measurement of policyholders' liabilities and product pricing. This category includes underwriting, reserving and catastrophe risks.

For long- and short-term business operations, insurance risk arises from uncertainty regarding the timing and volume of future cash flows from insurance contracts. It results from inadequate or inappropriate pricing, underwriting and monitoring of actual claims and reserving experience, inappropriate policy terms and conditions, less than consistent application/ unsuitability of delegated authorities and limits for underwriting and inappropriate/ inadequate reinsurance arrangements.

We maintain mitigation of insurance risk through:

- Defined delegated authorities in underwriting and claims
- Robust actuarial controls and reviews in product development, pricing, asset-liability management, reserving,
- Maintenance of AM-Best-rated reinsurance partners
- Strict adherence to regulatory guidelines, including scenario and stress testing for mortality and morbidity, pricing adequacy and overall capital adequacy

Catastrophe reinsurance cover is part of Guardian's overall reinsurance protections. With increased focus on climate change and the continuing intensification of climate-related events in the Caribbean, this area is robustly monitored. Of particular interest is exposure to floods, windstorms and earthquakes. In collaboration with reinsurance brokers, property and casualty actuaries perform detailed modelling and, based on these results, the reinsurance programme is designed. It is then approved by GHL's Board of Directors with an understanding of the Net Probable Maximum Loss (PML) and resulting impact on capital. The programme is also subject to regulatory review.

Legal Risk

The Group is subject to legal risk, which has the potential to adversely impact its business. Legal risk is associated with failure to comply with legal obligations, including ineffective management of disputes and litigation as well contractual breaches. The Group is expected to meet and maintain high standards in all business dealings and transactions. Failure to adequately do so or to address the relevant obligations can lead to financial loss and/or reputational damage.

Business units – the first line of defence – are responsible for managing day-to-day regulatory and legal risk, while the Group's Legal team acts as the second line of defence. The risk is managed through a combination of activities, including:

- Ongoing compliance with, review and updating of the various procedures and transaction documents throughout the Group to comply with current legislation and regulation
- Incorporation of legal guidance into processes and conduct
- Review and updating of standard transaction documentation
- The use of transaction-specific advice and documentation for transactions involving higher levels of risk or financial exposure

When required, the legal team's risk management processes are bolstered by the retention of external counsel, a relationship that is internally managed by the Group's legal team.. Reporting, particularly in relation to disputes, is done to the relevant boards or risk committees within the Group, with consolidated reporting to the Group Risk Committee and the board of NCBFG.

Regulatory Risk

The Group is also subject to regulatory risk, which could negatively impact its businesses. Regulatory risk arises from a failure to comply with regulatory requirements, or changes in regulations and laws that might affect aspects of the Group's operations, including risks related to financial crimes compliance. The Group must therefore continuously assess and monitor such risks and be prepared to react if they materialise.

Adopting the 'three lines of defence' model, the business units are the first line of defence responsible for managing day-to-day regulatory risk. The Group's compliance function acts as the second line of defence, providing advice, monitoring and oversight, and reporting to management committees, the Group Risk Committee and the Group's board of directors. The third line is the Group Internal Audit team, which provides independent assessment and assurance for the regulatory compliance programme.

Measures to mitigate regulatory risk include:

- The maintenance of the governance framework for compliance.
- A comprehensive training programme.
- Maintenance of relevant policies and procedures.
- Automated and manual transaction monitoring.
- Sanction screening and procedures for identifying, reporting and remediating regulatory risk events.

Reputational Risk

Reputational risk is the potential for negative publicity, whether true or not, regarding an institution's business practices, actions or inactions. It can cause a decline in the institution's value, liquidity, or customer base. All risks have the potential to impact the Group's reputation, which in turn could negatively affect the brand, earnings and capital.

Our organisational culture and the Enterprise Risk Management Framework support the management of this risk. In effect, the Framework outlines the approach to be taken with the management of the more significant risks - credit, market, operational, insurance, regulatory and legal risks - which acts to safeguard the reputation of the organisation.

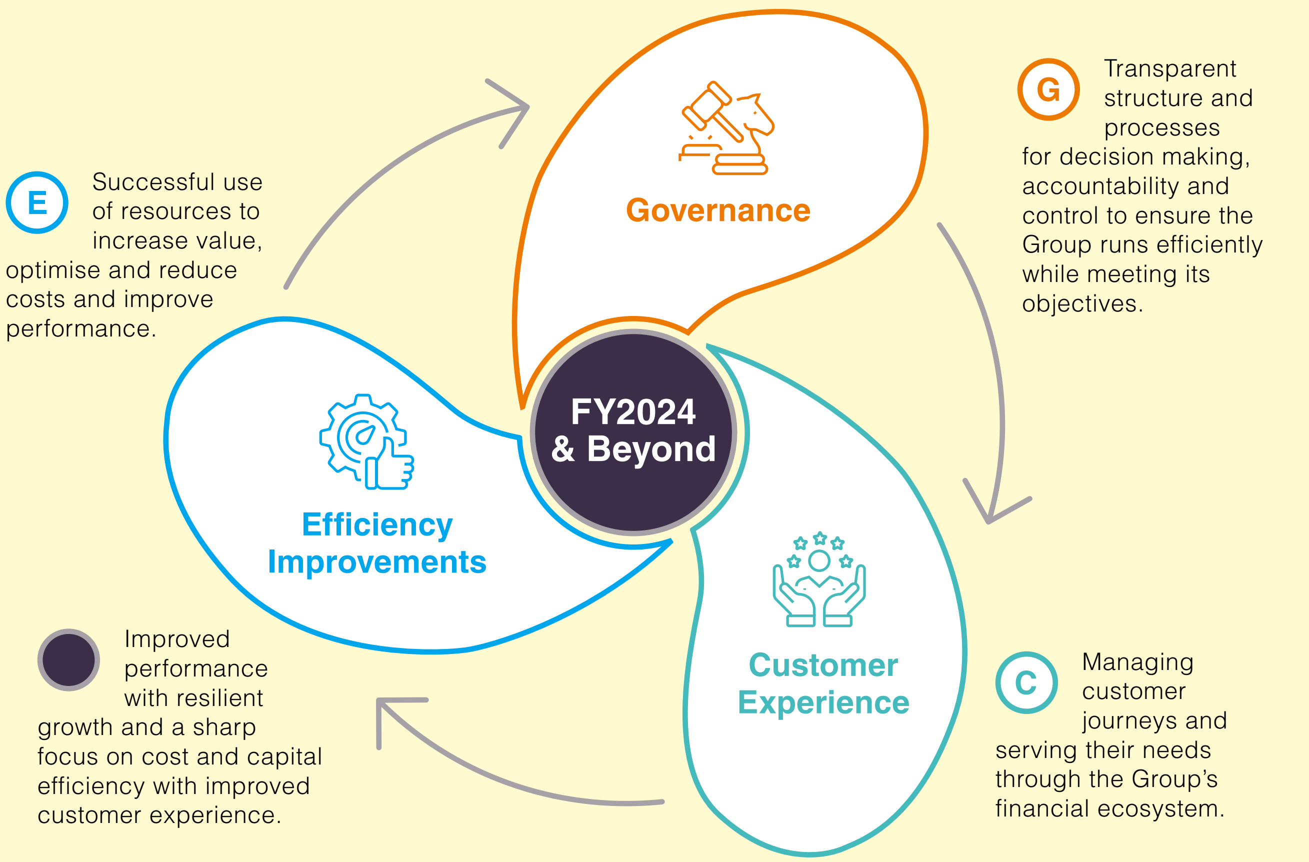
Strategic Outlook 2024

NCBFG embarked on a unique transformation in 2023, where its prevailing strategic focus of:

were bolstered by the implementation of the EGC framework. This is as we executed plans for future-proofing the business to ensure the Group continued the progressive management of seen and unseen changes. Therefore, a pivot was taken to sharpen the focus on cost and capital efficiency, with improved customer experience and governance.

As we navigate the dynamic landscape of the financial services sector, our strategic outlook is rooted in the Efficiency, Governance, and Customer Experience (EGC) Framework and aims to position us a model of excellence as well as to bolster our position as a leader in the industry by optimising operations, strengthening governance structures, and delivering an exceptional customer experience.

For 2024, all the entities within NCBFG will further refine and embark on strategies designed to leverage their unique points of strengths, with a collaborative and singular design to ultimately deliver on our EGC agenda. The approach will see:

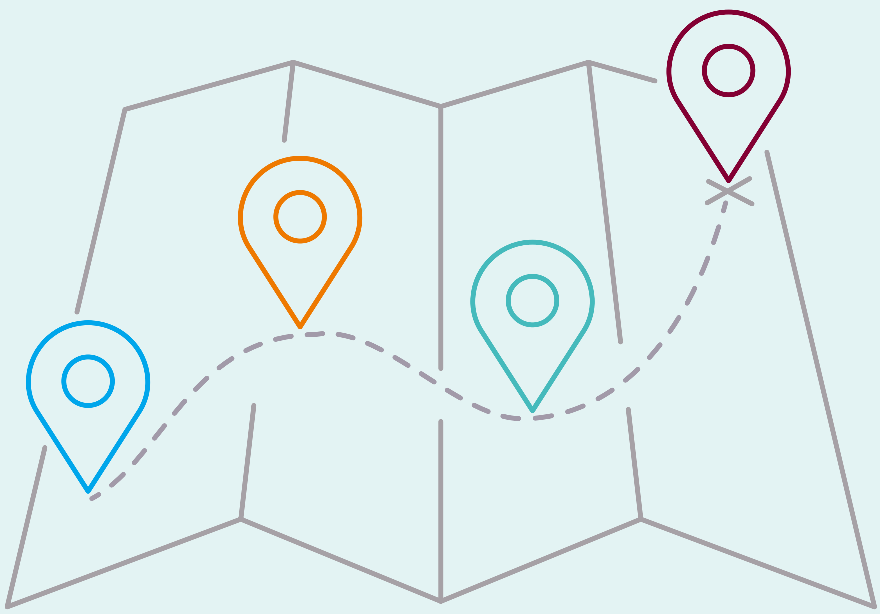


Team members are being continuously empowered to actively participate as EGC Champions with clearly defined roles and accountabilities as part of the enterprise's key stakeholders:

EGC Champions Role

Identifying the highest value-add that can be given to enrich the lives and success of our customers, colleagues, organisation, families and region

In applying our strategies we will ensure that we:

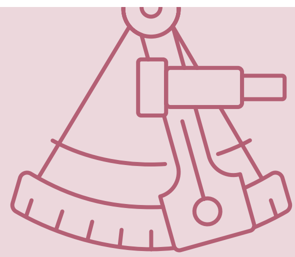


Enable and execute on a strategic plan that improves performance and shareholder value

Harness value: Improve productivity and empower employees

Make the right decisions

Transform the business



Our success measures will be centered on:

1. Achieving a cost to income ratio of 60% or lower
2. Consistent dividend payments
3. ROE in mid-high teens
4. Improved customer experience metrics

Our Strategic Outlook under EGC signifies our commitment to elevating the financial services experience of our customers, fostering a continued culture of governance excellence and driving operational efficiency in a rapidly evolving financial landscape.

Financial STATEMENTS

NCB FINANCIAL GROUP LIMITED **SEPTEMBER 30, 2023**

Index

Index

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, 2023, together with the Consolidated Statement of Financial Position as at that date:

Operating Results

	$'000
Gross operating revenue	348,178,047
Profit before taxation	19,961,884
Taxation	(4,625,957)
Net profit	15,335,927

Dividends

No dividend was paid during the year.

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 – Interim Group Chief Executive Officer (appointed to the role July 24, 2023)
- Professor the Honourable Alvin G. Wint, OJ, CD - Lead Independent Director
- Mrs Sandra A.C. Glasgow
- Mrs Sanya M. Goffe
- Mrs Thalia G. Lyn, OD

(Messrs Hylton and Cohen resigned as directors and officers effective November 13, 2023.)

Corporate Secretary

The Corporate Secretary is Mr Dave L. Garcia.

Pursuant to Articles 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 Interim Group Chief Executive Officer) and Deputy Managing Director will retire at the Annual General Meeting and shall then be eligible for re-election. The Directors retiring are Mrs Sandra Glasgow and Prof. the Hon. Alvin Wint, OJ, CD, and Mrs Glasgow, being eligible, offers herself 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
Corporate Secretary

BACK TO INDEX

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, 2023, 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, 2023;
- 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 company statement of financial position as at September 30, 2023;
- the company statement of comprehensive income for the year then ended;
- the company statement of changes in equity for the year then ended;
- the company 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.

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.

PricewaterhouseCoopers, Scotiabank Centre, Duke Street, Box 372, Kingston, Jamaica
T: (876) 922 6230, F: 876) 922 7581, www.pwc.com/jm

B.L. Scott B.J. Denning G.A. Reece P.A. Williams R.S. Nathan C.I. Bell-Wisdom G.K. Moore T.N. Smith DaSilva K.D. Powell.

BACK TO INDEX

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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 53 reporting components of which we selected 25, which mainly represent the principal business units within the Group and are located in Jamaica, Bermuda, Trinidad and Tobago and the Dutch Antilles. Full scope audits were performed for 15 components, while audits of one or more financial statement line items were performed for 10 components. The audit work performed covered 94% of the Group's total assets and 98% of total revenue. For in-scope business units located in the Dutch Antilles, we used component auditors from a non-PwC firm who are familiar with the local laws and regulations to perform this audit work.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
IFRS 9 'Financial Instruments' – ***Probabilities of Default, Forward Looking Information and Significant Increase in Credit Risk (Group)*** *See notes 2(i), 21 and 22 to the financial statements for disclosures of related accounting policies, judgements, estimates and balances.*	
As at September 30, 2023, the Group's loans and advances totalled $629 billion. The Group's investment securities measured at amortised cost and fair value through other comprehensive income (FVOCI) totalled $864 billion. The resultant impairment recorded under the expected credit loss (ECL) impairment model amounted to $16 billion for loans and advances and $705 million for debt securities. In aggregate, the above exposures represent 67% of total assets at the reporting date. 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). PDs represent the likelihood of a borrower defaulting on its obligation over the next twelve months or over the remaining lifetime of the obligation. The twelve month and lifetime PDs are determined differently for loans and investments. For investment securities, which include debt securities comprising sovereign and corporate securities, PDs are developed by reference to external data collated by Standard & Poor's (S&P) with adjustments for industry and country specific risks, where appropriate. For loans and advances, management developed PDs based on the Group's specific historical default rates for each industry classification. In performing historical analyses, management identified economic variables impacting credit risk and ECLs for each portfolio.	Our approach to addressing the matter, with the assistance of our valuation specialist, involved the following procedures, amongst others: • Updated our understanding of management's ECL model including any changes to source data and assumptions. • Tested the completeness of all loans and advances and debt securities to determine whether all items were included in the ECL models by agreeing the models to detailed loans and securities listings. • Evaluated the reasonableness of management's judgements pertaining to PD, SICR and forward looking information, including macroeconomic factors, impacting the weighting of the scenarios as follows: **Debt securities** PD: • Tested the critical data fields used in the ECL model, such as the maturity date, amortised cost, accrued interest, credit rating and interest rate by tracing data back to relevant source documents. • Agreed the credit ratings and historical default rates used to calculate the PDs, on a sample basis, to external sources such as external rating agencies. 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.

BACK TO INDEX

Key audit matter	How our audit addressed the key audit matter
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. 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). The consideration of days past due as well as adverse changes in a borrower's credit rating, industry or the economic environment are factors considered in determining whether there has been a SICR. 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 derived from macroeconomic forecasts which are publicly available. Upside and downside scenarios are set relative to the base case scenario adjusted for reasonably possible alternative macroeconomic conditions. We focused on this area due to the complexity of the techniques used to determine PDs and the number of significant judgements made by management regarding SICR and possible future economic scenarios as it pertains to debt securities and loans and advances.	• Performed an independent qualitative assessment for a sample of borrowers to determine if there was any adverse public information affecting the criteria used to perform the staging. **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, on a sample basis, the staging of loans and advances and compared our results to those identified and classified by management. **Forward Looking Information (Debt Securities & Loans and advances)**: • Assessed the reasonableness of the Group's methodology for determining economic scenarios considering industry and component specific facts and circumstances within each of the jurisdictions that the Group operates. • Evaluated the reasonableness of the increase in the weighting used for the worst case scenario by agreeing the forward looking economic information to external sources published or pronounced by reputable third parties. • Sensitized the probability weightings used in the ECL calculation. The results of our procedures indicated that the assumptions used by management for determining the probability of default, significant increase in credit risk and forward looking information were not unreasonable.

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Key audit matter	How our audit addressed the key audit matter
Methodologies and assumptions used for determining insurance contract liabilities for life and health 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, 2023, reserves for life and health insurance and annuity contracts account for $400 billion or 20% of the total liabilities of the Group. Economic assumptions such as investment return, associated discount rates and borrowing rates, policy expenses and assumptions such as mortality and persistency are key inputs used to estimate these long-term liabilities. Management used internal and external actuarial experts to assist in determining these assumptions and in valuing these actuarial liabilities. 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 significantly impact the valuation of these liabilities.	Our approach to addressing the matter, with the assistance of our internal actuarial experts , involved the following procedures, amongst others: • Tested the completeness, accuracy and reliability of the underlying data utilised by management to support the actuarial valuation. Tested a sample of contracts to assess whether contract features and demographic data corresponded to the data file used by management's actuarial experts. • Evaluated the methodologies and assumptions utilised by management's actuarial experts considering industry and component specific facts and circumstances. Tested the key inputs and assumptions including investment return, associated discount rates and borrowing rates, policy expenses and mortality and persistency by reference to entity experience and relevant public information. The results of our procedures indicated that the assumptions used by management for determining insurance contract liabilities for life and health insurance and annuity contracts were not unreasonable and that the methodologies used were actuarially established, accepted and appropriate in the circumstances.

BACK TO INDEX

pwc

Key audit matter	How our audit addressed the key audit matter
Goodwill *impairment (Group)* *See notes 2(o)(i) and 28 to the financial statements for disclosures of related accounting policies, judgements, estimates and balances.* The total carrying value of goodwill is $20 billion or 1% of total assets as at September 30, 2023. 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, 2023. 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 potential impact of the increased volatility of prices in various markets on those key assumptions. The key assumptions were assessed by management as being: • revenue growth rate; • reinsurance rate; • claims ratio; • expenses ratio; • policy acquisition expenses ratio; and • discount rate.	Our approach to addressing the matter, with the assistance of our internal valuation expert, involved the following procedures, amongst others: • Updated our understanding of management's approach to performing their annual impairment assessment. This included updating our understanding of the process by which management's key assumptions and methodologies were developed and assessing their appropriateness. • Compared previous forecasts to actual results in order to assess the performance of the business and the extent to which reliance could be placed on management's ability to forecast. • Assessed whether the four-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. • Evaluated the revenue growth rate and the discount rate against valuations of similar companies. • Compared the key assumptions, revenue growth rate, reinsurance rate, claims ratio, expense ratio, policy acquisition expense ratio and discount rate to externally derived data where available. • Agreed the claims, acquisition expenses and expenses ratios and reinsurance rate 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.

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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(a), 23 and 50 to the financial statements for disclosures of related accounting policies, judgements, estimates and balances.*	
As at September 30, 2023, 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 $14 billion or 1% 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 internal valuation expert, involved the following procedures, amongst others: • Updated our understanding of management's approach to performing the fair value assessment. This included updating our understanding of the process by which management's key assumptions and methodologies were developed and assessing their appropriateness. • Tested the source data inputs used in the valuation model by performing confirmation procedures on a sample basis, and agreed the issuance date, maturity date, coupon rate and risk premium at issuance to source documentation. • Developed independent territory specific yield curves using industry data and experience and compared to management's yield curves. • Tested, on 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 and pledged assets were not unreasonable.

BACK TO INDEX

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Other information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

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

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

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

PricewaterhouseCoopers

Chartered Accountants
6 December 2023
Kingston, Jamaica

NCB Financial Group Limited

Consolidated
Income Statement

Year ended September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

	Note	2023 $'000	Restated (Note 59) 2022 $'000
Operating Income			
Banking and investment activities			
Interest income		101,296,273	84,923,549
Interest expense		(38,495,233)	(25,724,687)
Net interest income	6	62,801,040	59,198,862
Fee and commission income		39,329,099	35,302,748
Fee and commission expense		(11,251,530)	(9,169,997)
Net fee and commission income	7	28,077,569	26,132,751
Gain on foreign currency and investment activities	8	21,503,653	16,576,264
Credit impairment losses	13	(5,303,309)	(2,723,555)
Dividend income	11	2,830,951	2,498,263
Other operating income		3,116,540	5,610,038
		22,147,835	21,961,010
Net revenues from banking and investment activities		113,026,444	107,292,623
Insurance activities			
Premium income	9	168,071,055	164,690,753
Insurance premium ceded to reinsurers	9	(59,130,877)	(50,583,005)
Reinsurance commission income		12,030,503	9,801,164
Net underwriting income		120,970,681	123,908,912
Gross policyholders' and annuitants' benefits and reserves	10	(89,940,266)	(117,857,141)
Reinsurance on policyholders' and annuitants' benefits and reserves	10	11,913,924	48,670,360
Commission and other selling expenses		(18,711,910)	(16,706,258)
Net result from insurance activities		24,232,429	38,015,873
Net operating income		137,258,873	145,308,496
Operating Expenses			
Staff costs	12	60,617,081	50,337,084
Depreciation and amortisation		7,394,097	8,892,804
Finance cost		2,146,374	2,048,822
Other operating expenses	14	47,516,054	44,412,709
		117,673,606	105,691,419
Operating Profit		19,585,267	39,617,077
Share of profit of associates	24	376,617	732,513
Profit before Taxation		19,961,884	40,349,590
Taxation	15	(4,625,957)	(5,217,209)
NET PROFIT		15,335,927	35,132,381
Attributable to:			
Stockholders of the parent		7,592,226	23,889,103
Non-controlling interest	53	7,743,701	11,243,278
		15,335,927	35,132,381
Earnings per stock unit			
Restated - basic and diluted (expressed in $)	16	3.30	10.39
As previously stated – basic and diluted (expressed in $)		-	11.89

BACK TO INDEX

NCB Financial Group Limited

Consolidated Statement of Comprehensive Income

Year ended September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

	Note	2023 $'000	Restated (Note 59) 2022 $'000
Net Profit		15,335,927	35,132,381
Other Comprehensive Income, net of tax -			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations		(2,065,100)	4,596,111
Other		249,278	-
		(1,815,822)	4,596,111
Items that may be reclassified subsequently to profit or loss			
Currency translation losses		(784,190)	(3,191,404)
Expected credit reversals/(losses) on debt instruments at fair value through other comprehensive income (FVOCI)		609,235	(366,683)
Unrealised gains/(losses) on securities designated as FVOCI		16,756,260	(52,250,534)
Realised fair value losses on sale and maturity of securities designated as FVOCI		966,553	3,649,163
		17,547,858	(52,159,458)
Total other comprehensive income/(loss)		15,732,036	(47,563,347)
TOTAL COMPREHENSIVE INCOME/(LOSS)		31,067,963	(12,430,966)
Total comprehensive income/(loss) attributable to:			
Stockholders of parent		23,280,953	(15,821,276)
Non-controlling interest	53	7,787,010	3,390,310
		31,067,963	(12,430,966)

NCB Financial Group Limited

Consolidated Statement of **Financial Position**

September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

	Note	2023	Restated (Note 59) 2022
		$'000	$'000
ASSETS			
Cash in hand and balances at Central Banks	17	80,955,771	70,856,440
Due from banks	18	139,474,690	185,806,679
Derivative financial instruments	19	826,738	874,471
Reverse repurchase agreements	20	8,765,450	8,300,133
Loans and advances, net of provision for credit losses	21	613,788,134	580,987,814
Investment securities	22	827,118,517	711,734,420
Pledged assets	23	284,366,064	256,614,981
Investment in associates	24	7,330,319	7,051,463
Investment properties	25	36,593,390	38,713,587
Intangible assets	28	56,501,199	54,690,029
Property, plant and equipment	29	29,143,058	29,077,875
Right-of-use assets	55	4,979,316	5,111,594
Properties for development and sale	26	4,152,048	2,008,010
Reinsurance assets	27	34,576,550	30,312,857
Deferred income tax assets	30	21,891,961	26,198,921
Income tax recoverable		7,838,875	2,558,641
Letters of credit and undertaking		5,179,547	6,451,165
Other assets	31	59,319,885	60,837,179
Total Assets		2,222,801,512	2,078,186,259

BACK TO INDEX

NCB Financial Group Limited

Consolidated Statement of **Financial Position** (Continued)

September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

	Note	2023	Restated (Note 59) 2022
		$'000	**$'000**
LIABILITIES			
Due to banks	32	31,908,336	37,501,992
Customer deposits		747,872,120	715,276,682
Repurchase agreements		279,754,087	247,676,853
Obligations under securitisation arrangements	33	98,195,007	99,085,658
Derivative financial instruments	19	9,192	-
Other borrowed funds	34	179,671,743	153,272,229
Deferred income tax liabilities	30	9,080,065	9,126,008
Third party interest in mutual funds	36	38,910,757	33,587,741
Segregated fund liabilities	38	14,848,093	14,436,764
Investment contract liabilities	37	47,062,613	46,176,282
Liabilities under annuity and insurance contracts	39	459,549,252	441,463,531
Post-employment benefit obligations	40	7,811,461	4,091,822
Letters of credit and undertaking		5,179,547	6,451,165
Lease liabilities	55	5,002,345	5,173,159
Other liabilities	41	74,549,922	71,657,388
Total Liabilities		1,999,404,540	1,884,977,274
STOCKHOLDERS' EQUITY			
Share capital	42	153,827,330	153,827,330
Treasury shares	42	(25,674,883)	(26,652,675)
Reserves from scheme of arrangement	43	(147,034,858)	(147,034,858)
Fair value and capital reserves	43	(9,775,379)	(26,945,082)
Loan loss reserve	44	5,753,840	6,349,934
Banking reserve fund	45	6,933,385	6,897,231
Retained earnings reserve	46	75,270,000	67,170,000
Retained earnings		110,722,655	112,486,311
Equity attributable to stockholders of the parent		170,022,090	146,098,191
Non-controlling interest	53	53,374,882	47,110,794
Total stockholders' equity		223,396,972	193,208,985
Total stockholders' equity and liabilities		2,222,801,512	2,078,186,259

Approved for issue by the Board of Directors on December 4, 2023 and signed on its behalf by:

Robert Almeida	Interim Group Chief Executive Officer	Malcolm Sadler	Chief Financial Officer
Professor, the Hon. Alvin Wint OJ, CD	Lead Independent Director	Dave Garcia	Corporate Secretary

NCB Financial Group Limited

Consolidated Statement of **Changes in Equity**

Year ended September 30, 2023 (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 September 30, 2021		153,827,330	(27,198,690)	(147,034,858)	17,361,407	2,269,374	6,795,733	65,320,000	90,115,895	45,208,835	206,665,026
Total comprehensive income :											
Net profit – Restated (Note 59)		-	-	-	-	-	-	-	23,889,103	11,243,278	35,132,381
Other comprehensive income / (loss)		-	-	-	(44,306,489)	-	-	-	4,596,111	(7,852,969)	(47,563,347)
Transfer to Loan Loss Reserve		-	-	-	-	4,080,560	-	-	(4,080,560)	-	-
Transfer to Banking Reserve Fund		-	-	-	-	-	101,498	-	(101,498)	-	-
Transfer to Retained Earnings Reserve		-	-	-	-	-	-	1,850,000	(1,850,000)	-	-
Disposal of treasury shares	42	-	546,015	-	-	-	-	-	(82,740)	-	463,275
Dividends paid to non-controlling interest		-	-	-	-	-	-	-	-	(1,488,350)	(1,488,350)
Balance at September 30, 2022 - Restated		153,827,330	(26,652,675)	(147,034,858)	(26,945,082)	6,349,934	6,897,231	67,170,000	112,486,311	47,110,794	193,208,985
Total comprehensive income:											
Net profit		-	-	-	-	-	-	-	7,592,226	7,743,701	15,335,927
Other comprehensive income		-	-	-	17,169,703	-	-	-	(1,815,822)	43,309	15,397,190
Transfer to Loan Loss Reserve		-	-	-	-	(596,094)	-	-	596,094	-	-
Transfer to Banking Reserve Fund			-	-	-	-	36,154	-	(36,154)	-	-
Transfer to Retained Earnings Reserve		-	-	-	-	-	-	8,100,000	(8,100,000)	-	-
Disposal of treasury shares	42	-	977,792	-	-	-	-	-	-	-	977,792
Dividends paid to non-controlling interest		-	-	-	-	-	-	-	-	(1,522,922)	(1,522,922)
Balance at September 30, 2023		153,827,330	(25,674,883)	(147,034,858)	(9,775,379)	5,753,840	6,933,385	75,270,000	110,722,655	53,374,882	223,396,972

BACK TO INDEX

NCB Financial Group Limited

Consolidated Statement of Cash Flows

Year ended September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

	Note	2023 $'000	Restated (Note 59) 2022 $'000
Cash Flows from Operating Activities			
Net profit		15,335,927	35,132,381
Adjustments to reconcile net profit to net cash provided by operating activities		60,385,853	14,356,450
Net cash provided by operating activities	47	75,721,780	49,488,831
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment	29	(3,153,249)	(3,093,060)
Acquisition of intangible assets – computer software	28	(5,620,030)	(8,640,526)
Proceeds from disposal of property, plant and equipment		1,396,972	3,459,229
Purchase of investment property	25	(666,198)	(1,209,841)
Proceeds from disposal of investment property		417,705	952,088
Purchase of investment securities		(709,734,489)	(533,056,538)
Sales / maturities of investment securities		584,115,583	438,687,607
Net cash used in investing activities		(133,243,706)	(102,901,041)
Cash Flows from Financing Activities			
Proceeds from securitisation arrangements		-	45,187,455
Repayment of securitisation arrangements		(2,745,242)	(9,089,479)
Proceeds from other borrowed funds		43,074,294	64,458,635
Repayments of other borrowed funds		(17,858,116)	(49,767,061)
Due to banks		(9,808,195)	8,654,988
Proceeds from disposal of treasury shares	42	-	463,275
Lease liabilities		(1,729,837)	(1,633,705)
Dividends paid		(1,522,922)	(1,488,350)
Net cash provided by financing activities		9,409,982	56,785,758
Net increase in exchange rate changes on cash and cash equivalents		782,376	3,375,153
Net (decrease)/increase in cash and cash equivalents		(47,329,568)	6,748,701
Cash and cash equivalents at beginning of period		202,491,841	195,743,140
Cash and Cash Equivalents at End of Period		155,162,273	202,491,841
Comprising:			
Cash in hand and balances at Central Banks	17	32,053,927	25,364,556
Due from banks	18	136,588,502	183,381,829
Reverse repurchase agreements	20	4,303,162	1,870,664
Investment securities	22	6,386,437	11,894,607
Due to banks	32	(24,169,755)	(20,019,815)
		155,162,273	202,491,841

NCB Financial Group Limited

Company Statement of Comprehensive Income

Year ended September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

	Note	2023 $'000	Restated (Note 59) 2022 $'000
Income			
Management fees	7	5,500,000	3,500,000
Dividend income	11	15,506,267	1,229,820
Credit impairment losses /(recovered)	13	6,597	(9,699)
Losses on foreign currency activities	8	(742,429)	(2,529,690)
		20,270,435	2,190,431
Expenses			
Staff costs	12	9,396,196	5,603,916
Depreciation		176	-
Finance cost		269,976	125,084
Other operating expenses	14	1,493,636	1,936,300
		11,159,984	7,665,300
Operating profit/(loss)		9,110,451	(5,474,869)
Interest income	6	2,507,319	2,219,338
Interest expense	6	(8,086,709)	(6,224,453)
Profit/(loss) before Taxation		3,531,061	(9,479,984)
Taxation	15	-	2,182,620
NET PROFIT/(LOSS)		3,531,061	(7,297,364)
Other comprehensive income/(loss)			
Changes in unrealised gains/(losses) on securities designated as FVOCI		223	(361)
TOTAL COMPREHENSIVE INCOME/(LOSS)		3,531,284	(7,297,725)

BACK TO INDEX

NCB Financial Group Limited

Company Statement of Financial Position

September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

	Note	2023 $'000	Restated (Note 59) 2022 $'000
ASSETS			
Due from banks	18	3,016,047	280,630
Loan to related party	21	52,052,907	50,395,070
Investment securities	22	7,126,192	7,126,192
Investment in subsidiaries		177,583,096	167,811,096
Property, plant & equipment		880	-
Right-of-use assets		109,312	176,987
Deferred income tax assets	30	10,746,562	10,746,669
Income tax recoverable		578,416	618,345
Other assets	31	16,132,074	7,015,876
Total Assets		267,345,486	244,170,865
LIABILITIES			
Due to banks	32	19,234,934	18,639,756
Other borrowed funds	34	93,511,913	80,816,324
Derivative financial liability		-	402,695
Lease liabilities		63,637	121,489
Other liabilities	41	12,903,302	6,090,185
Total Liabilities		125,713,786	106,070,449
EQUITY			
Share capital	42	153,827,330	153,827,330
Treasury shares		(11,232,294)	(11,232,294)
Fair value reserves		1,266	1,043
Accumulated deficit		(964,602)	(4,495,663)
Total Equity		141,631,700	138,100,416
Total Equity and Liabilities		267,345,486	244,170,865

Approved for issue by the Board of Directors on December 4, 2023 and signed on its behalf by:

Robert Almeida	Interim Group Chief Executive Officer	Malcolm Sadler	Chief Financial Officer
Professor, the Hon. Alvin Wint OJ, CD	Lead Independent Director	Dave Garcia	Corporate Secretary

BACK TO INDEX

NCB Financial Group Limited

Company Statement of **Changes in Equity**

Year ended September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital	Treasury Shares	Fair Value Reserves	Retained Earnings / Accumulated Deficit	Total
		$'000	$'000	$'000	$'000	$'000
Balance at September 30, 2021		153,827,330	(11,778,309)	1,404	2,884,440	144,934,865
Total comprehensive income						
Net loss – restated (Note 59)		-	-	-	(7,297,364)	(7,297,364)
Other comprehensive income		-	-	(361)	-	(361)
Disposal of treasury shares	42	-	546,015	-	(82,739)	463,276
Balance at September 30, 2022 - restated		153,827,330	(11,232,294)	1,043	(4,495,663)	138,100,416
Total comprehensive income						
Net profit		-	-	-	3,531,061	3,531,061
Other comprehensive income		-	-	223	-	223
Balance at September 30, 2023		153,827,330	(11,232,294)	1,266	(964,602)	141,631,700

NCB Financial Group Limited

Company Statement of Cash Flows

Year ended September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

	Note	2023 $'000	Restated (Note 59) 2022 $'000
Cash Flows from Operating Activities			
Net profit/(loss)		3,531,061	(7,297,364)
Adjustments to reconcile net profit to cash used in operating activities			
Finance cost		269,976	125,084
Interest income	6	(2,507,319)	(2,219,338)
Interest expense	6	8,086,709	6,224,453
Income tax expense	15	-	(2,182,620)
Foreign exchange losses	8	742,429	2,529,690
Amortisation of upfront borrowing fees		393,328	128,704
Non-cash dividend received		(9,772,000)	-
Provision for credit losses		(6,597)	9,699
Changes in operating assets and liabilities:			
Loans and advances		(1,651,240)	(2,110,457)
Other		(1,579,260)	(215,504)
		(6,023,974)	2,289,711
Interest received		2,507,319	2,219,338
Interest paid		(7,827,060)	(6,462,866)
Income tax paid		40,036	(124,441)
		(11,303,679)	(2,078,258)
Net cash used in operating activities		(7,772,618)	(9,375,622)
Cash Flows from Investing Activities			
Outflow of cash to inject capital in subsidiary		-	(18,965)
Acquisition of property, plant & equipment		(1,056)	-
Net cash used in investing activities		(1,056)	(18,965)
Cash Flows from Financing Activities			
Proceeds from disposal of treasury shares			463,276
Proceeds from other borrowed funds		17,018,780	39,312,323
Repayment of other borrowed funds		(5,718,076)	(44,840,559)
Repayment of lease liabilities		(199,952)	(177,840)
Due to banks		406,468	2,225,452
Net cash provided by/(used in) financing activities		11,507,220	(3,017,348)
Net decrease of exchange rate changes on cash and cash equivalents		(998,129)	(3,104,567)
Net increase/(decrease) in cash and cash equivalents		2,735,417	(15,516,502)
Cash and cash equivalents at beginning of period		280,630	15,797,132
Cash and Cash Equivalents at End of Period	18	3,016,047	280,630

BACK TO INDEX

NCB Financial Group Limited

Notes to the Financial Statements

September 30, 2023 (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 51.15% (2022 – 52.68%) owned by AIC (Barbados) Limited. The ultimate parent company is Portland Holdings Inc., incorporated in Canada. Portland Holdings Inc. is controlled by Hon. Michael A. Lee-Chin, OJ, Chairman of the Company.

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

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

NCB Financial Group Limited

Notes to the Financial Statements

September 30, 2023 (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	Jamaica	Dormant		100
NCB Capital Markets Limited	Jamaica	Securities Dealing and Stock Brokerage Services		100
NCB Capital Markets (Cayman) Ltd.	Cayman	Securities Dealing		100
NCB Merchant Bank (Trinidad and Tobago) Limited	Trinidad & Tobago	Merchant Banking		100
NCB Capital Markets (Barbados) Limited	Barbados	Brokerage Services		100
NCB Capital Markets SA	Dominican Republic	Inactive		100
NCB Capital Markets (Guyana) Inc	Guyana	Inactive		100
NCB (Cayman) Limited	Cayman	Commercial Banking		100
NCB Trust Company (Cayman) Limited	Cayman	Dormant		100
NCB Employee Share Scheme	Jamaica	Dormant		100
NCB Insurance Agency & Fund Managers Limited	Jamaica	Insurance Agency and Pension Fund Management Services		100
N.C.B. (Investments) Limited	Jamaica	Dormant		100
N.C.B. Jamaica (Nominees) Limited	Jamaica	Dormant		100
NCB Remittance Services (Jamaica) Limited	Jamaica	Dormant		100
NCB Financial Services UK Limited	United Kingdom	Dormant		100
West Indies Trust Company Limited	Jamaica	Trust and Estate Management Services		100
NCB Global Holdings Limited	Trinidad & Tobago	Holding Company	100	
Guardian Holdings Limited	Trinidad & Tobago	Holding Company		61.77
Guardian Life of the Caribbean Limited	Trinidad & Tobago	Life and Health Insurance and Pensions Services		100
Guardian Life Limited	Jamaica	Life and Health Insurance and Pensions Services		100
Fatum Life Insurance N.V.	Curacao	Life and Health Insurance and Pensions Services		100
Fatum Life Aruba N.V.	Aruba	Life and Health Insurance and Pensions Services		100
Fatum Health N.V.	Curacao	Life and Health Insurance and Pensions Services		100
Guardian Life (OECS) Limited	Grenada	Life and Health Insurance and Pensions Services		100
Guardian General Insurance	T&T	Property and Casualty Insurance Services		100

BACK TO INDEX: NOTES TO THE FINANCIAL STATEMENTS

NCB Financial Group Limited
Notes to the Financial Statements
September 30, 2023 (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
Guardian Group Nederland N.V	Netherlands	Property and Casualty Insurance Services		100
Fatum General Insurance Aruba N.V.	Aruba	Property and Casualty Insurance Services		100
Fatum Brokers Holding B.V.	Curacao	Property and Casualty Insurance Services		100
Thoma Exploitatie B.V.	Netherlands	Property and Casualty Insurance Services		100
Guardian Re (S.A.C) Limited	Bermuda	Property and Casualty Insurance Services		100
Guardian General (OECS) Limited	Grenada	Property and Casualty Insurance Services		100
Guardian Group Trust Limited	Trinidad & Tobago	Asset Management		100
Guardian Asset Management and Investment Services Limited	Trinidad & Tobago	Asset Management		100
Laevulose Inc. Limited	Trinidad & Tobago	Strategic Alternative Investments		100
Clarien Group Limited	Bermuda	Holding Company	50.10	
Clarien Bank Limited	Bermuda	Commercial Banking		100
First Bermuda Group Limited	Bermuda	Holding Company		100
Onshore Nominees Limited	Bermuda	Nominee Entity of First Bermuda Group Limited		100
Offshore Nominees Limited	Bermuda	Nominee Entity of First Bermuda Group Limited		100
Clarien Investments Limited (“CIL”)	Bermuda	Investment Management		100
Clarien Brokerage Limited	Bermuda	Brokerage Services		100
Clarien Nominees Limited	Bermuda	Nominee Entity of CIL		100
Clarien Trust Limited	Bermuda	Trust administration		100
Clarien UK Limited	Bermuda	Inactive		100
Clarien BSX Services Limited	Bermuda	Trading member of Bermuda Stock Exchange		100
TFOB (2021) Limited	Jamaica	Digital/Electronic Payments		100

BACK TO INDEX: NOTES TO THE FINANCIAL STATEMENTS

NCB Financial Group Limited
Notes to the **Financial Statements**
September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities (Continued)

The shareholdings for all subsidiaries are the same as they were in the prior year.

The Group's associates are as follows:

	Principal Activities	Percentage ownership
RGM Limited	Property investment	33.33
Royal Star Holdings	Insurance	26.32
Elite Diagnostic Limited	Medical Imaging Services	18.69
Mundo Finance Limited	Micro Financing	50.00

The Group's associates are incorporated either 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.

The Group and the Company restated the 2022 financial statements. See Note 59 for further details.

Standards, interpretations, impact from adoption and amendments to existing standards effective during the current year

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The Group has assessed the relevance of all such new interpretations and amendments, and has adopted the following, which are relevant to its operations:

Amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on, IFRS 9 and IFRS 16, (effective for annual periods beginning on or after 1 January 2022). Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making. Annual improvements make minor amendments to, IFRS 9, 'Financial instruments' and the Illustrative examples accompanying IFRS 16, 'Leases'.

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

Amendments to IAS 1, 'Presentation of financial statements', on classification of liabilities, (effective for annual periods beginning on or after 1 January 2024). Amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. The Group is currently assessing the impact of this amendment.

Amendments to IAS 1, Practice statement 2 and IAS 8, (effective for annual periods beginning on or after 1 January 2023). The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. The Group is currently assessing the impact of this amendment.

Amendment to IAS 12 – deferred tax relates to assets and liabilities arising from a single transaction. (effective for annual periods beginning on or after 1 January 2023). These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences. The Group is currently assessing the impact of this amendment.

Amendment to IAS 16- Leases on sales and leaseback (effective for annual periods beginning on or after 1 January 2024). These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

IFRS 17, 'Insurance contracts', (effective for annual periods beginning on or after 1 January 2023). This standard will replace IFRS 4 Insurance Contracts and will materially change the recognition and measurement of insurance contracts and the corresponding presentation and disclosures in the Group's financial statements. In June 2020, the IASB released amendments which, among other things, addressed concerns raised on the initial release of the standard, dealt with some implementation challenges and confirmed the deferral of the standard's effective date as 1 January 2023. The Group will implement IFRS 17 effective 1 October 2023. Refer to further details in Note 58.

NCB Financial Group Limited
Notes to the Financial Statements
September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(b) Basis of consolidation

Subsidiaries
Subsidiaries are those entities which the Group controls because the Group (i) has power to direct relevant activities of the entities that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the entities, and (iii) has the ability to use its power over the entities to affect the amount of the entities' returns. The existence and effect of substantive rights, including substantive potential voting rights, are considered when assessing whether the Group has power over another entity. For a right to be substantive the holder must have practical ability to exercise that right when decisions about the direction of the relevant activities of the entities need to be made. The Group may have power over an entity even when it holds no ownership interests in the entity, or when it holds less than a majority of voting power in an entity. In such cases, the Group exercises judgment and assesses its power to direct the relevant activities of the entity, as well as its voting rights relative to the size and dispersion of holdings of the other vote holders to determine if it has de-facto power over the entity. Protective rights of other investors, such as those that relate to fundamental changes in the entity's activities or apply only in exceptional circumstances, do not prevent the Group from controlling an entity. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets and liabilities acquired and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the cost of the acquisition, the non-controlling interest recognised and the fair value of any previously held equity interest in the acquiree, over the fair value of the net identifiable assets acquired is recorded as goodwill. If there is no excess and there is a shortfall, the Group reassesses the net identifiable assets acquired. If after reassessment, a shortfall remains, the acquisition is deemed to be a bargain purchase and the shortfall is recognised in income as a gain on acquisition. Any non-controlling interest balances represent the equity in a subsidiary not attributable to NCBFG's stockholders.

Intercompany transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed, where necessary, to ensure consistency with the policies adopted by the Group. In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment.

Associates
Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. The Group's investments in associates include goodwill identified on acquisition.

2. Significant Accounting Policies (Continued)

(b) Basis of consolidation (continued)

Associates (continued)

The Group's share of its associates' post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The Group determines at each reporting date whether there is any objective evidence that investments in associates are impaired. If this is the case, the Group recognises an impairment charge in the income statement for the difference between the recoverable amount of the associate and its carrying value.

The results of associates with financial reporting year-ends that are different from the Group are determined by using the results for the most recent audited period as well as the period covered by management accounts to ensure that a year's result is accounted for where applicable.

Investments in associates are accounted for using the equity method of accounting (as described above), and are initially recognised at cost.

In the Company's separate financial statements, investments in associates are accounted for at cost less impairment.

(c) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it earns revenues and incurs expenses and whose operating results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment. Operating segments are reported in a manner consistent with the internal reporting to the chief operating decision maker. The chief operating decision maker is the President and Group Chief Executive Officer.

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.

BACK TO INDEX: NOTES TO THE FINANCIAL STATEMENTS

2. Significant Accounting Policies (Continued)

(e) Revenue recognition

Interest income

Interest income are recognised in the income statement for all interest-bearing instruments on an accrual basis using the effective interest method based on the actual purchase price. Interest income includes coupons earned on fixed income investments and accrued discounts on treasury bills and other discounted instruments.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expenses over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering the contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

The Group accounts for interest income on loans in accordance with the regulations in the various territories. These regulations stipulate that, where collection of interest is considered doubtful or where the loan is in non-performing status (payment of principal or interest is outstanding for 90 days or more), interest should be taken into account on the cash basis and all previously accrued but uncollected interest be reversed in the period that collection is doubtful or the loan becomes non-performing. IFRS require that when loans are impaired, they are written down to their recoverable amounts and interest income is thereafter recognised by applying the original effective interest rate to the recoverable amount. The difference between the regulatory and IFRS bases of interest recognition was assessed to be immaterial.

Fee and commission income

Fee and commission income is generally recognised on an accrual basis when the service has been provided. Fees and commissions arising from negotiating or participating in the negotiation of a transaction for a third party are recognised on completion of the underlying transaction.

Premium income

Premium income is recognised on the accrual basis in accordance with the terms of the underlying contracts as outlined in Note 2(v).

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.

BACK TO INDEX: NOTES TO THE FINANCIAL STATEMENTS

NCB Financial Group Limited
Notes to the
Financial Statements
September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

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
Cash and cash equivalent are carried on the statement of financial position at cost. 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.

BACK TO **INDEX**: NOTES TO THE FINANCIAL STATEMENTS

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.

BACK TO INDEX: NOTES TO THE FINANCIAL STATEMENTS

NCB Financial Group Limited

Notes to the
Financial Statements

September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

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. Purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

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.

BACK TO INDEX: NOTES TO THE FINANCIAL STATEMENTS

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.

BACK TO INDEX: NOTES TO THE FINANCIAL STATEMENTS

NCB Financial Group Limited
Notes to the Financial Statements
September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

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.

BACK TO INDEX: NOTES TO THE FINANCIAL STATEMENTS

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, 2022 and September 30, 2023 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.

NCB Financial Group Limited
Notes to the Financial Statements
September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(i) Financial assets (continued)

Modification of loans
The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers and debt instruments. When this happens, the Group assesses whether or not the new terms are substantially different to the original terms. The Group does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flow to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Change in the currency in which the loan is denominated.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Group derecognises the original financial asset and recognises a new asset at fair value and recalculates the new effective interest rate for the asset. The date of negotiation is consequently considered to be the date of initial recognition for impairment calculation purposes and the purpose of determining if there has been a significant increase in credit risk. At this point the Group will assess if the asset is POCI.

Acceptance, guarantees, indemnities, letters of credit and undertakings
Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The amount of the loss allowance; and,
- The premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

Loan commitments provided by the Group are measured as the amount net of loss allowance for the portfolio. The Group has not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the Group cannot separately identify the excepted credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the ECL is recognised as a provision.

2. Significant Accounting Policies (Continued)

(j) Derivative financial instruments

Derivatives are financial instruments that derive their value from the price of underlying items such as equities, bonds, interest rates, foreign exchange, credit spreads, commodities or other indices. Derivatives enable users to increase, reduce or alter exposure to credit or market risk. The Group transacts derivatives to manage its own exposure to interest rate and foreign exchange risk.

Derivative instruments are initially recognised at fair value on the date a derivative contract is entered into, and subsequently are re-measured at their fair value at the date of each statement of financial position. Fair values are obtained from quoted market prices and discounted cash flow models as appropriate. Derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Assets and liabilities are set off where the contracts are with the same counterparty, a legal right of set off exists and the cash flows are intended to be settled on a net basis.

Gains and losses from changes in the fair value of derivatives are included in the income statement.

(k) Repurchase and reverse repurchase transactions

Securities sold under agreements to repurchase (repurchase agreements) and securities purchased under agreements to resell (reverse repurchase agreements) are treated as collateralised financing transactions. The difference between the sale/purchase and repurchase/resale price is treated as interest and accrued over the life of the agreements using the effective yield method.

(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.

BACK TO INDEX: NOTES TO THE FINANCIAL STATEMENTS

NCB Financial Group Limited
Notes to the
Financial Statements
September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

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 properties

Investment property is held for long-term rental yields and is, therefore, treated as a long-term investment. Investment property is measured initially at cost, including transaction costs, and is subsequently carried at fair value, representing open market value determined annually by the directors or by independent valuators. Changes in fair values are recorded in the income statement.

If investment properties become owner-occupied, they are reclassified as property, plant and equipment, and their fair value at the date of reclassification becomes its cost for subsequent accounting periods. Alternatively, where properties classified as held for use become investment properties because of a change in use, these properties are accounted for as investment properties and any differences arising between the carrying amount and the fair value of these items at the date of transfer are recognised in the consolidated statement of comprehensive income. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the consolidated statement of income.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Upon disposal, any surplus previously recorded in the property revaluation reserve in equity is transferred to retained earnings.

2. Significant Accounting Policies (Continued)

(n) 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.

BACK TO INDEX: NOTES TO THE FINANCIAL STATEMENTS

NCB Financial Group Limited
Notes to the Financial Statements
September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(o) 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.

(p) 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 income statement.

(q) 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)

(r) 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(v); 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.

(s) 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.

(t) Structured products

Structured products are recognised initially at the nominal amount when funds are received. Derivatives are separately accounted for at FVPL (Note 19) and subsequently measured at fair value. The non-derivative elements are stated at amortised cost using the effective interest method.

NCB Financial Group Limited

Notes to the Financial Statements

September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(u) Leases

The Group has changed its accounting policy for leases where the Group is the lessee.

As lessee

The Group leases various buildings and equipment. Rental contracts are typically made for fixed periods of 1-10 years but may have extension options as described below.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

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 are 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 are 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.

BACK TO INDEX: NOTES TO THE FINANCIAL STATEMENTS

2. Significant Accounting Policies (Continued)

(u) 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.

The Group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review; there were no onerous contracts;
- accounting for operating leases with a remaining lease term of less than 12 months is classified as short-term leases;
- excluding initial direct costs for the measurement of the right-of-use assets at the date of initial application; and,
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and Interpretation in determining whether an Arrangement contains a Lease.

NCB Financial Group Limited
Notes to the Financial Statements
September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(v) 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 dependents to maintain his/her current level of income.

Health insurance contracts provide for both unexpected and preventative medical treatment and drugs. On these contracts, the benefits paid on occurrence of the specified insurance event are either fixed or linked to the extent of the economic loss suffered by the policyholder. There are no maturity or surrender benefits.

For all these contracts, premiums are recognised as revenue (earned premiums) proportionally over the period of coverage. The portion of premiums received on contracts in force that relate to unexpired risks at the date of the statement of financial position is reported as an unearned premium liability. Premiums are shown before deduction of commissions payable to agents and brokers and exclude any taxes or duties levied on such premiums. Premium income includes premiums collected by agents and brokers not yet received by the Group.

2. Significant Accounting Policies (Continued)

(v) 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.

BACK TO **INDEX:** NOTES TO THE FINANCIAL STATEMENTS

2. Significant Accounting Policies (Continued)

(v) 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)

(v) Insurance and investment contracts – classification, recognition and measurement (continued)

Recognition and measurement (continued)

Long-term duration insurance contracts (continued)

Insurance liabilities (continued)
Long duration insurance contract liabilities are calculated by independent actuaries at each statement of financial position date using the varying methods, each prescribed by the regulators in the respective jurisdictions. The change in these liabilities are recognised in the income statement.

For the Trinidad and Tobago life insurance subsidiary, actuarial liabilities are calculated using the Caribbean Policyholder Premium Method (CPPM) outlined in draft regulations issued by the Central Bank of Trinidad and Tobago. The Jamaican life insurance subsidiary use a very similar Policyholder Premium Method (PPM) as required under the Insurance Act 2001 of Jamaica. For the Dutch Caribbean life insurance subsidiaries, reserves are calculated on a Modified Net Premium Method in accordance with the requirements of the Central Bank of Curacao and St. Maarten and the Central Bank of Aruba.

Premiums
Premiums are shown before deduction of commission and are recognised as revenue when they become payable by the policyholder except for the following:

(a) The 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) The 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.

BACK TO **INDEX:** NOTES TO THE FINANCIAL STATEMENTS

NCB Financial Group Limited
Notes to the Financial Statements
September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(v) 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.

NCB Financial Group Limited

Notes to the **Financial Statements**

September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(v) 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.

(w) 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.

(x) Post-employment benefits

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans and post-employment medical plans.

Pension benefits

The Group and its subsidiaries operate a number of retirement plans, the assets of which are generally held in separate trustee administered funds. The pension plans are funded by payments from employees and by the relevant companies, taking into account the recommendations of independent qualified actuaries. The Group has both defined benefit and defined contribution plans.

Defined benefit pension plans

A defined benefit pension plan is a plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation.

The amount recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the statement of financial position date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates on sovereign and corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension obligation.

The current service cost of the defined benefit plan, included in staff costs in the income statement, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. The cost is included in staff costs in the income statement.

Past-service costs are recognised immediately in expenses.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

NCB Financial Group Limited
Notes to the Financial Statements
September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(x) Post-employment benefits (continued)

Pension benefits (continued)

Defined contribution pension plans
A defined contribution pension plan is a plan under which the Group pays fixed contributions into a separate fund. The Group has no legal or constructive obligations to pay further contributions. The contributions are charged to the income statement in the period to which they relate.

Other post-employment benefit obligations
The Group provides post-employment health care benefits to its retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using an accounting methodology similar to that for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited in other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

Termination benefits
Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the statement of financial position date are discounted to present value.

Annual leave
Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the year end date.

Other employee benefits
The Group makes loans to employees at interest rates below the comparable market rate. The loans revert to market rate if the employee leaves either the Group or the related party company. Reduced rate employee loans are financial assets and under IFRS 9, they are initially recognised at fair value and thereafter at amortised cost. For the Group's employees, the difference between fair value and the amount of the loan is recorded as a prepaid benefit with a corresponding decrease in the carrying value of loans and advances. The benefit is recognised as an expense over the expected service life of the employee, with a corresponding increase in interest income.

2. Significant Accounting Policies (Continued)

(y) 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 56.

NCB Financial Group Limited

Notes to the Financial Statements

September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(z) 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.

(aa) Offsetting of financial instruments

Financial assets and liabilities are offset with the net amount presented in the statements of financial position, only if the Group holds a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis or to realise assets and settle the liability simultaneously. The legal right to set off the recognised amounts must be enforceable in both the normal course of business, and in the event of default, insolvency or bankruptcy of both the Group and its counterparty. In all other situations they are presented gross. When financial assets and financial liabilities are offset in the statement of financial position, the associated income and expense items will also be offset in the income statements, unless specifically prohibited by an applicable accounting standard.

(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.

(ac) Interest expense

Interest expense is computed by applying the effective interest rate based to the gross carrying amount of a financial asset (liability), except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (i.e. after deduction of the loss allowance). Interest includes coupon interest and accrued discount and premium on financial instruments.

NCB Financial Group Limited

Notes to the Financial Statements

September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

3. Critical Accounting Estimates and Judgments in Applying Accounting Policies

The Group's financial statements and its financial results are influenced by accounting policies, assumptions, estimates and management judgment, which necessarily have to be made in the course of preparation of the financial statements.

The Group makes estimates and assumptions that may affect the reported amounts of assets and liabilities within the next financial year. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard.

Estimates and judgments are continuously evaluated and are based on past experience and other factors, including expectations with regard to future events. Accounting policies and management's judgments for certain items are especially critical for the Group's results and financial position due to their materiality.

(a) ***Fair value of investment securities***
Management uses its judgment in selecting appropriate valuation techniques to determine fair value of investment securities. These techniques are described in Note 50.

(b) ***Income taxes***
There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for actual and anticipated tax audit issues based on estimates of whether additional taxes will be due. In determining these estimates, management considers the merit of any tax audit issues raised, based on their interpretation of the taxation laws, and their knowledge of any precedents established by the taxation authorities. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences could materially impact the current tax and deferred tax provisions in the period in which such determination is made.

NCB Financial Group Limited
Notes to the Financial Statements
September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

3. Critical Accounting Estimates and Judgments in Applying Accounting Policies (Continued)

(c) Impairment of financial assets

In determining ECL, management is required to exercise judgment in defining what is considered a significant increase in credit risk and in making assumptions and estimates to incorporate relevant information about past events, current conditions and forecasts of economic conditions. Further information about the judgments involved is included in the sections 'Measurement of ECL' and 'Forward-looking information'.

Establishing staging

The Group establishes staging for different categories of financial assets according to the following criteria:

Debt securities and Deposits

The Group uses its internal credit rating model to determine which of the three stages an asset is to be categorised 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.

BACK TO INDEX: NOTES TO THE FINANCIAL STATEMENTS

NCB Financial Group Limited

Notes to the Financial Statements

September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

3. Critical Accounting Estimates and Judgments in Applying Accounting Policies (Continued)

(d) ***Estimates of future benefit payments and premiums arising from long duration insurance contracts***

The determination of the liabilities under insurance contracts represents the liability for future benefits payable by the Group based on contracts for the life assurance business in force at the date of the statement of financial position. These liabilities represent the amount which, together with future premiums and investment returns will, in the opinion of the actuary, be sufficient to pay future benefits relating to contracts of insurance in force, as well as meet the expenses incurred in connection with such contracts. For the Trinidad and Tobago life insurance subsidiary, actuarial liabilities are calculated using the CPPM. The Jamaican life insurance subsidiary use PPM. Both the CPPM and PPM valuations are based on assumptions of mortality, persistency, investment income, renewal expenses and other assumptions considered appropriate to be included in the basis for the determination of the liabilities of the Group under the terms of its life insurance policy contracts in force. A margin for risk or uncertainty (adverse deviations) in these assumptions is added to the liability. The assumptions are examined each year in order to determine their validity in light of current best estimates or to reflect emerging trends in the Group's experience.

For the Dutch Caribbean life insurance subsidiary, reserves are calculated on a Modified Net Premium Method. The Net Premium Method values liabilities as the present value of future benefits minus the present value of future net premiums.

The main source of uncertainty is that epidemics and wide-ranging lifestyle changes, such as in eating, smoking and exercise habits, could result in future mortality being significantly worse than in the past for the age groups in which the Group has significant exposure to mortality risk. However, continuing improvements in medical care and social conditions could result in improvements in longevity in excess of those allowed for in the estimates used to determine the liability for contracts where the Group is exposed for longevity risk.

Sensitivity analyses for key estimates used in determining the actuarial liabilities are included in Notes 39 and 49 (e).

3. Critical Accounting Estimates and Judgments in Applying Accounting Policies (Continued)

(e) *The ultimate liability arising from claims made under short duration insurance contracts*

For the property and casualty insurance business, outstanding claims comprise estimates of the amount of reported losses and loss expenses and a provision for losses incurred but not reported (IBNR) based on the historical experience of the Group and industry data. These claims are analysed separately between those arising from damage to insured property and consequential losses. Claims arising from damage to insured property can be estimated with greater reliability, and the Group's estimation processes reflect all the factors that influence the amount and timing of cash flows from these contracts. The shorter settlement period for these claims allow the Group to achieve a higher degree of certainty about the estimated cost of claims, and relatively little IBNR is held at year-end. However, the longer time needed to assess the emergence of claims arising from consequential losses makes the estimation process more uncertain for these claims. Significant delays may occur in the notification of claims and a substantial measure of experience and judgment is involved in assessing outstanding liabilities, the ultimate cost of which cannot be known with certainty as at the reporting date. The reserve for claims outstanding is determined on the basis of information currently available; however, it is inherent in the nature of the business written that the ultimate liabilities may vary as a result of subsequent developments.

Sensitivity analyses for key estimates used in determining the actuarial liabilities are included in Note 49.

(f) *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.

(g) Interests in structured entities

Unit Trust Scheme

A subsidiary of the Group manages a Unit Trust Scheme comprising seven portfolios – the JMD Money Market Portfolio, the JMD High Yield Portfolio, the High Yield Asset and Loans Portfolio, the Caribbean Equity Portfolio, the USD Money Market Portfolio, the USD Indexed Bond Portfolio and the USD Bond Portfolio. The Unit Trust has an independent trustee. A subsidiary of the Group is the investment manager of the Unit Trust. Determining whether the Group controls the Unit Trust requires judgment. This would include a consideration of the investors' rights to remove the investment manager and an assessment of the exposure to variability arising from the aggregate economic interests of the Group in the Trust.

One of the Group's subsidiaries, as investment manager, earns income from preliminary charges ranging from 0-4% and management fees ranging from 1.5-1.75% on these Unit Trust portfolios. The Group owns 0.47% (2022 – 0.45%) of the units in the Unit Trust at September 30, 2023.

BACK TO INDEX: NOTES TO THE FINANCIAL STATEMENTS

3. Critical Accounting Estimates and Judgments in Applying Accounting Policies (Continued)

(g) Interests in structured entities (continued)

Unit Trust Scheme (continued)
In addition, pending the availability of investments consistent with the investment objective of each portfolio, a significant portion of the Unit Trust funds are invested in cash equivalent instruments issued by the Group. These are short-term fixed rate instruments with maturities of 90 days or less, collateralised by Government of Jamaica securities, that face an insignificant risk of changes in fair value. The interest margin earned by the Group on these instruments is immaterial to the results of its operations.

Management has concluded that, although the contractual terms provide the Group with power over the Unit Trust, the Group is acting as an agent for the investors in the Unit Trust as management does not consider the Group's aggregate economic exposure and interest in the Unit Trust to be significant. Management does not believe that the investment of Unit Trust funds in cash equivalent instruments issued by the Group changes this conclusion as (i) this investment is intended to be temporary and not representative of the Unit Trust's purpose or investment objective (ii) the investment is in cash equivalent instruments subject to an insignificant risk of changes in fair value that bear interest at market rates and (iii) the investment does not expose the Group to any additional variability of returns from the Unit Trust beyond its insignificant aggregate interest through fees and unit holdings. The Unit Trust has therefore not been consolidated.

Mutual Funds
The Group manages a series of mutual funds through its trust and asset management subsidiaries, Guardian Group Trust Limited and Guardian Asset Management and Investment Services Limited. These funds invest mainly in equity securities, debt securities and cash and cash equivalents. As at the consolidated statement of financial position date, the Group has determined that it controls specific funds by virtue of an entrenched management contract. Similar to the Group's consolidation of its subsidiaries, the assets and liabilities of these funds have been consolidated in the financial statements on a line-by-line basis. The carrying value of the total investments and cash held by the funds are recorded as investment securities of mutual fund unit holders and cash and cash equivalents of mutual fund unit holders respectively on the consolidated statement of financial position. Interests held by external parties in the funds that are consolidated are recorded as third party interest in mutual funds measured at net assets value on the consolidated statement of financial position.

4. Responsibilities of the Appointed Actuaries and External Auditors

The Boards of Directors of the insurance subsidiaries, pursuant to the legislation in the various jurisdictions where the Group operates, appoint the Actuaries. Their responsibility is to carry out an annual valuation of the Group's policyholders' liabilities in accordance with accepted actuarial practice and regulatory requirements and report thereon to the policyholders and shareholders. In performing the valuations for life insurance policies and annuities, the Actuaries make assumptions as to the future rates of interest, asset defaults, mortality, morbidity, claims experience, policy termination, inflation, reinsurance recoveries, expenses and other contingencies, taking into consideration the circumstances of the Group and the insurance policies in force. In performing valuations for the general insurance company's assumptions are also made in relation to loss ratios, earned income ratios, loss development factors etc.

The shareholders pursuant to the legislation in the various jurisdictions where the Group operates appoint the external auditors. Their responsibility is to conduct an independent and objective audit of the financial statements in accordance with International Standards on Auditing and report thereon to the shareholders. In carrying out their audit, the auditors also make use of the work of the Appointed Actuaries and their reports on the policyholders' liabilities.

5. Segment Reporting

The Group is organised into the following business segments:

(a) Consumer & SME banking – This incorporates the provision of banking services to individual and small and medium business clients.

(b) Payment services – This incorporates the provision of card related and digital/electronic payment services.

(c) Corporate & commercial banking – This incorporates the provision of banking services to large corporate clients.

(d) Treasury & correspondent banking – This incorporates the Group's liquidity and investment management function, management of correspondent bank relationships, and relationships with other financial institutions as well as foreign currency dealing activities.

(e) Wealth, asset management & investment banking – This incorporates stock brokerage, securities trading, investment management and other financial services provided by certain overseas subsidiaries.

(f) Life and health insurance & pension fund management – This incorporates life insurance, health insurance, pension and investment management services.

(g) General insurance – This incorporates property and casualty insurance services.

The Group's trustee services and the outstanding transactions and balances of certain inactive subsidiaries are classified as unallocated for segment reporting.

Unallocated assets and liabilities
Unallocated assets and liabilities comprise current income tax payable and recoverable, deferred income tax assets and liabilities and assets and liabilities of support units of the Group that are not allocated to the banking segments.

Direct allocated costs and unallocated corporate expenses
Costs incurred by the support units of National Commercial Bank Jamaica Limited ("NCBJ") are allocated to the business segments based on certain criteria determined by management. These criteria include staff complement, square footage and time spent providing the service to the business segment. The expenses that are allocated are mainly staff costs, depreciation and amortisation and other operating expenses and are treated as direct allocated costs.

Costs allocated to the banking segments are reported directly by those segments to the President & Group Chief Executive Officer and Board of Directors. Costs allocated to the non-banking segments are not included in the individual internal reports presented by those segments and are treated as unallocated corporate expenses.

Eliminations
Eliminations comprise inter-segment transactions.

NCB Financial Group Limited

Notes to the Financial Statements

September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

5. Segment Reporting (Continued)

Year ended September 30, 2023	Consumer & SME Banking $'000	Payment Services $'000	Corporate & Commercial Banking $'000	Treasury & Correspondent Banking $'000	Wealth, Asset Management & Investment Banking $'000	Life &Health Insurance & Pension Fund Management $'000	General Insurance $'000	Other & Consolidation Adjustments $'000	Total $'000
External revenue	38,311,614	30,246,812	15,205,650	22,456,491	23,448,286	129,884,272	91,596,909	(2,971,960)	348,178,074
Revenue from other segments	5,009,751	15,902	4,187,952	10,381,632	5,868,712	946,705	322,877	(26,733,531)	-
Total revenue	43,321,365	30,262,714	19,393,602	32,838,123	29,316,998	130,830,977	91,919,786	(29,705,491)	348,178,074
Net interest income	29,310,802	7,722,957	9,630,633	3,034,358	6,262,955	17,507,370	1,327,753	(12,095,435)	62,701,393
Net fee and commission income	5,529,968	9,724,148	1,164,308	619,700	3,519,850	4,061,110	4,307,894	(2,726,593)	26,200,385
Gain/(loss) on foreign currency and investment activities	32,086	327,055	(3,955)	9,094,156	3,392,185	10,851,178	(127,103)	(2,061,949)	21,503,653
Net result from insurance activities	-	-	-	-	-	6,593,393	17,182,978	456,058	24,232,429
Credit impairment (losses)/reversals	(3,757,322)	(1,138,745)	(418,064)	495,948	89,819	(844,772)	117,253	152,574	(5,303,309)
Other operating income and dividend income	71,907	3,048	(7,540)	14,209	2,446,004	1,455,429	1,408,637	2,658,447	8,050,141
Total operating income/(loss)	31,187,441	16,638,463	10,365,382	13,258,371	15,710,813	39,623,708	24,217,412	(13,616,898)	137,384,692
Staff costs	10,072,604	1,792,877	732,674	337,011	3,707,944	8,459,209	6,420,401	11,287,266	42,809,986
Depreciation and amortisation	1,227,907	522,181	208	11,615	145,329	1,155,608	494,316	2,245,704	5,802,868
Finance cost	490,447	11,112	16,863	6,489	55,836	55,939	432,711	292,886	1,362,283
Other operating expenses	7,580,813	6,728,763	1,452,754	1,946,331	2,995,391	8,411,024	5,247,945	(4,096,407)	30,266,614
Total operating expenses	19,371,771	9,054,933	2,202,499	2,301,446	6,904,500	18,081,780	12,595,373	9,729,449	80,241,751
Operating profit/(loss) before allocated costs	11,815,670	7,583,530	8,162,883	10,956,925	8,806,313	21,541,928	11,622,039	(23,346,347)	57,142,941
Allocated costs	(12,534,722)	(6,088,122)	(1,944,078)	(1,068,850)	-	-	-	-	(21,635,772)
Operating (loss)/profit c/fwd	(719,052)	1,495,408	6,218,805	9,888,075	8,806,313	21,541,928	11,622,039	(23,346,347)	35,507,169

Notes to the Financial Statements

September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

5. Segment Reporting (Continued)

Year ended September 30, 2023	Consumer & SME Banking $'000	Payment Services $'000	Corporate & Commercial Banking $'000	Treasury & Correspondent Banking $'000	Wealth, Asset Management & Investment Banking $'000	Life & Health Insurance & Pension Fund Management $'000	General Insurance $'000	Other & Consolidation Adjustments $'000	Total $'000
Operating (loss)/ profit b/fwd	(719,052)	1,495,408	6,218,805	9,888,075	8,806,313	21,541,928	11,622,039	(23,346,347)	35,507,169
Unallocated corporate expenses									(15,921,902)
Share of profit of associates									376,617
Profit before Taxation									19,961,884
Taxation									(4,625,957)
Net Profit									15,335,927
Segment assets	572,506,912	47,175,056	195,370,365	395,857,316	451,568,890	654,427,906	130,401,224	(261,567,312)	2,185,740,357
Associates									7,330,319
Unallocated assets									29,730,836
Total assets									2,222,801,512
Segment liabilities	498,846,315	20,004,426	184,901,331	416,147,633	401,921,713	488,201,912	84,361,447	(104,060,302)	1,990,324,475
Unallocated liabilities									9,080,065
Total liabilities									1,999,404,540
Capital expenditure	3,413,205	2,275,712	225,386	445,110	593,188	791,487	290,135	739,056	8,773,279

BACK TO INDEX: NOTES TO THE FINANCIAL STATEMENTS

NCB Financial Group Limited

Notes to the Financial Statements

September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

5. Segment Reporting (Continued)

Year ended September 30, 2023	Total per segment report $'000	Allocated expenses $'000	Unallocated corporate expenses $'000	Total per income statement $'000
Reconciliation to income statement				
Net interest income	62,701,392	79,511	20,137	62,801,040
Net fee and commission income	26,200,386	495,898	1,381,285	28,077,569
Gain on foreign currency and investment activities	21,503,653	-	-	21,503,653
Net result from insurance activities	24,232,429	-	-	24,232,429
Other operating income and dividend income	8,050,140	205,076	(2,307,725)	5,947,491
Credit impairment losses	(5,303,309)	-	-	(5,303,309)
Staff costs	(42,809,983)	(13,739,957)	(4,067,141)	(60,617,081)
Depreciation and amortisation	(5,802,867)	(1,227,794)	(363,436)	(7,394,097)
Finance cost	(1,362,280)	(605,007)	(179,087)	(2,146,374)
Other operating expenses	(30,266,620)	(6,843,499)	(10,405,935)	(47,516,054)
Operating profit	57,142,941	(21,635,772)	(15,921,902)	19,585,267

BACK TO INDEX: NOTES TO THE FINANCIAL STATEMENTS

5. Segment Reporting (Continued)

Year ended September 30, 2022	Consumer & SME Banking $'000	Payment Services $'000	Corporate & Commercial Banking $'000	Treasury & Correspondent Banking $'000	Wealth, Asset Management & Investment Banking $'000	Life &Health Insurance & Pension Fund Management $'000	General Insurance $'000	Other & Consolidation adjustments $'000	Total $'000
External revenue	35,110,907	25,311,620	14,187,839	18,812,960	20,319,067	125,563,983	84,252,249	(4,155,846)	319,402,779
Revenue from other segments	3,016,992	3,240	939,631	6,799,649	4,104,917	844,009	399,986	(16,108,424)	-
Total revenue	38,127,899	25,314,860	15,127,470	25,612,609	24,423,984	126,407,992	84,652,235	(20,264,270)	319,402,779
Net interest income	25,428,512	5,613,374	8,746,029	4,767,546	7,697,635	16,941,929	1,019,295	(10,950,912)	59,263,408
Net fee and commission income	4,814,277	8,609,725	1,225,185	535,219	4,271,601	3,805,385	3,859,244	(2,531,389)	24,589,247
Gain/(loss) on foreign currency and investment activities	41,459	56,131	56	9,530,478	2,661,435	5,835,059	394,528	(1,942,882)	16,576,264
Net result from insurance activities	-	-	-	-	-	23,892,395	14,021,234	102,244	38,015,873
Credit impairment (losses)/reversals	(2,124,246)	(64,358)	235,580	85,364	575,985	(1,144,037)	(142,554)	(145,289)	(2,723,555)
Other operating income and dividend income	2,625,017	4,301	(447)	16	801,866	3,249,652	98,337	1,638,533	8,417,275
Total operating income	30,785,019	14,219,173	10,206,403	14,918,623	16,008,522	52,580,383	19,250,084	(13,829,695)	144,138,512
Staff costs	9,538,785	1,518,248	649,039	293,460	3,197,537	8,834,068	6,298,156	7,229,248	37,558,541
Depreciation and amortisation	1,317,336	718,548	52	29,295	111,514	997,830	755,062	2,301,636	6,231,273
Finance cost	527,010	11,223	24,590	7,202	64,192	190,145	130,785	374,599	1,329,746
Other operating expenses	7,057,635	5,853,000	1,323,305	1,469,975	3,484,781	9,795,897	6,239,515	(4,024,933)	31,199,175
Total operating expenses	18,440,766	8,101,019	1,996,986	1,799,932	6,858,024	19,817,940	13,423,518	5,880,550	76,318,735
Operating profit/(loss) before allocated costs	12,344,253	6,118,154	8,209,417	13,118,691	9,150,498	32,762,443	5,826,566	(19,710,245)	67,819,777
Allocated costs	(12,286,723)	(3,867,886)	(1,547,565)	(708,533)	-	-	-	-	(18,410,707)
Operating profit/(loss) c/fwd	57,530	2,250,268	6,661,852	12,410,158	9,150,498	32,762,443	5,826,566	(19,710,245)	49,409,070

NCB Financial Group Limited

Notes to the Financial Statements

September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

5. Segment Reporting (Continued)

Year ended September 30, 2022	Consumer & SME Banking $'000	Payment Services $'000	Corporate & Commercial Banking $'000	Treasury & Correspondent Banking $'000	Wealth, Asset Management & Investment Banking $'000	Life & Health Insurance & Pension Fund Management $'000	General Insurance $'000	Other & Consolidation Adjustments $'000	Total $'000
Operating (loss)/profit b/fwd	57,530	2,250,268	6,661,852	12,410,158	9,150,498	32,762,443	5,826,566	(19,710,245)	49,409,070
Unallocated corporate expenses									(9,791,993)
Share of profit of associates									732,513
Profit before Taxation									40,349,590
Taxation									(5,217,209)
Net Profit									35,132,381
Segment assets	479,573,398	44,280,064	182,202,778	437,530,022	417,792,263	620,211,568	118,597,422	(257,810,281)	2,042,377,234
Associates									7,051,463
Unallocated assets									28,757,562
Total assets									2,078,186,259
Segment liabilities	455,122,313	26,684,561	167,154,220	412,216,949	375,163,174	466,160,855	77,902,010	(104,552,816)	1,875,851,266
Unallocated liabilities									9,126,008
Total liabilities									1,884,977,274
Capital expenditure	4,030,621	3,749,372	143,438	338,097	600,457	1,197,029	1,240,268	434,305	11,733,586

NCB Financial Group Limited

Notes to the
Financial Statements

September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

5. Segment Reporting (Continued)

Year ended September 30, 2022	Total per segment report $'000	Allocated expenses $'000	Unallocated corporate expenses $'000	Total per income statement $'000
Reconciliation to income statement				
Net interest income	59,263,408	(49,806)	(14,740)	59,198,862
Net fee and commission income	24,589,247	376,410	1,167,094	26,132,751
Gain on foreign currency and investment activities	16,576,264	-	-	16,576,264
Net result from insurance activities	38,015,873	-	-	38,015,873
Other operating income and dividend income	8,417,275	185,773	(494,747)	8,108,301
Credit impairment losses	(2,723,555)	-	-	(2,723,555)
Staff costs	(37,558,541)	(9,859,926)	(2,918,617)	(50,337,084)
Depreciation and amortisation	(6,231,273)	(2,053,636)	(607,895)	(8,892,804)
Finance cost	(1,329,746)	(334,839)	(384,237)	(2,048,822)
Other operating expenses	(31,199,175)	(6,674,683)	(6,538,851)	(44,412,709)
Operating profit	67,819,777	(18,410,707)	(9,791,993)	39,617,077

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 44.09% (2022 – 56.93%), Trinidad & Tobago represents 32.93% (2022 – 15.89%), Bermuda represents 7.06% (2022 – 6.72%) and Dutch Antilles represents 10.85% (2022 – 10.22%) of total operating income.

The Group's geographic information:

	Jamaica	Trinidad &Tobago	Dutch Antilles	Bermuda	Other	Total
			2023			
	$'000	$'000	$'000	$'000	$000	$'000
Revenue	150,035,379	85,491,810	50,577,483	14,897,279	47,176,123	348,178,074
Total assets	1,130,189,089	392,064,420	202,016,174	215,610,928	282,920,901	2,222,801,512
			2022			
Revenue	130,052,971	84,818,336	50,450,121	12,111,227	41,970,124	319,402,779
Total assets	1,048,310,704	364,913,475	194,713,926	214,757,574	255,490,580	2,078,186,259

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.

BACK TO INDEX: NOTES TO THE FINANCIAL STATEMENTS

NCB Financial Group Limited

Notes to the Financial Statements

September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

6. Net Interest Income

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Interest income				
Loans and advances	54,962,465	48,164,902	1,955,010	1,714,115
Investment securities –				
Fair value through other comprehensive income	24,766,532	26,509,689	550,208	501,920
Amortised cost	19,824,886	9,234,075	-	-
Reverse repurchase agreements	442,639	378,849	-	-
Deposits and other	1,299,751	636,034	2,101	3,303
	101,296,273	84,923,549	2,507,319	2,219,338
Interest expense				
Customer deposits	6,178,144	3,832,068	-	-
Repurchase agreements	12,353,710	7,982,564	-	-
Policyholders' benefits	1,357,850	697,152	-	-
Securitisation arrangements	5,865,349	3,589,540	-	-
Other borrowed funds and amounts due to banks	12,740,180	9,623,363	8,086,709	6,224,453
	38,495,233	25,724,687	8,086,709	6,224,453
Net interest income/(expense)	62,801,040	59,198,862	(5,579,390)	(4,005,115)

NCB Financial Group Limited
Notes to the Financial Statements
September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

7. Net Fee and Commission Income

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Fee and commission income				
Consumer & SME Banking	5,017,309	4,437,249	-	-
Payment services	19,080,051	16,226,604	-	-
Corporate & commercial banking	3,456,896	3,451,749	-	-
Management fees	-	-	5,500,000	3,500,000
Treasury and correspondent banking	619,931	535,564	-	-
Wealth, asset management & investment banking	3,544,122	3,450,800	-	-
Life and health insurance & pension fund management	3,265,919	3,622,355	-	-
Brokerage fees	3,651,822	3,143,747	-	-
General insurance	-	174,955	-	-
Other	693,049	259,725	-	-
	39,329,099	35,302,748	5,500,000	3,500,000
Fee and commission expense				
Payment services	(11,251,530)	(9,169,997)	-	-
	28,077,569	26,132,751	5,500,000	3,500,000

8. Gain on Foreign Currency and Investment Activities

	The Group		The Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Net foreign exchange gains/(losses)	6,810,460	5,989,054	(742,429)	(2,529,690)
Gain on sale of debt securities held for trading	119,352	443,678	-	-
Gain on sale of debt securities at FVOCI	3,209,737	5,230,918	-	-
Unrealised gains/(losses) on FVPL instruments	2,849,790	(2,857,896)	-	-
Interest income on FVPL instruments	6,995,128	6,658,069	-	-
(Loss)/gain on sale of equity securities	(701,261)	154,882	-	-
Gain on sale of investment properties	1,262,279	279,853	-	-
Fair value gain on revaluation of investment property (Note 25)	1,653,758	1,050,588	-	-
Other	(695,590)	(372,882)	-	-
	21,503,653	16,576,264	(742,429)	(2,529,690)

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.

BACK TO INDEX: NOTES TO THE FINANCIAL STATEMENTS

NCB Financial Group Limited

Notes to the Financial Statements

September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

9. Premium Income

	The Group	
	2023	2022
	$'000	$'000
Annuity contracts	34,522,913	39,981,281
Life and Health insurance contracts	60,042,604	57,774,798
General insurance contracts	73,505,538	66,934,674
	168,071,055	164,690,753
Insurance premium income		
Short term insurance contracts	100,933,361	91,440,414
Long term insurance contracts	67,137,694	73,250,339
	168,071,055	164,690,753
Insurance premium ceded to reinsurers		
Short term insurance contracts	56,682,926	48,040,321
Long term insurance contracts	2,447,951	2,542,684
	59,130,877	50,583,005
Net insurance premium	108,940,178	114,107,748

10. Net Policyholders' and Annuitants' Benefits and Reserves

	The Group	
		Restated
	2023	2022
	$'000	$'000
Gross:		
Benefits and reserves under Life and Health insurance and Annuity contracts:	73,210,583	62,844,547
Claims and loss adjustment reserves under General insurance contracts	16,729,683	55,012,594
	89,940,266	117,857,141
Reinsurance:		
Benefits and reserves under Life and Health insurance and Annuity contracts:	(2,990,406)	(2,471,718)
Claims and loss adjustment reserves under General insurance contracts	(8,923,518)	(46,198,642)
:	(11,913,924)	(48,670,360)
Net	78,026,342	69,186,781

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

	The Group	
		Restated
	2023	2022
	$'000	$'000
Annuity contracts	39,503,526	34,441,243
Life and Health insurance contracts	30,716,651	25,931,606
General insurance contracts	7,806,165	8,813,932
	78,026,342	69,186,781

	The Group		
	2023		
	Gross	Reinsurance	Net
Benefits and reserves for life and annuity contracts	$'000	$'000	$'000
Long-term insurance contracts with fixed and guaranteed terms and without DPF:			
Death, maturity and surrender benefits	19,429,110	(233,575)	19,195,535
Increase in liabilities	2,697,977	-	2,697,977
Long-term insurance contracts without fixed terms:			
Death, maturity and surrender benefits	22,425,773	(933,868)	21,491,905
Increase in liabilities	8,674,103	-	8,674,103
Long-term insurance contracts with fixed and guaranteed terms and with DPF:			
Death, maturity and surrender benefits	137,297	-	137,297
Increase in liabilities	27,710	-	27,710
Short-term insurance contracts - life	19,818,613	(1,822,963)	17,995,650
	73,210,583	(2,990,406)	70,220,177

	2022		
	Restated		
	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	25,172,391	(101,785)	25,070,606
Decrease in liabilities	(1,809,239)	-	(1,809,239)
Long-term insurance contracts without fixed terms:			
Death, maturity and surrender benefits	23,886,208	(962,253)	22,923,955
Decrease in liabilities	(2,660,712)	-	(2,660,712)
Long-term insurance contracts with fixed and guaranteed terms and with DPF:			
Death, maturity and surrender benefits	82,699	-	82,699
Increase in liabilities	18,608	-	18,608
Short-term insurance contracts - life	18,154,592	(1,407,680)	16,746,912
	62,844,547	(2,471,718)	60,372,829

NCB Financial Group Limited
Notes to the Financial Statements
September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

11. Dividend Income

	The Group		The Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Subsidiaries	-	-	15,506,267	1,229,820
Other equity securities	2,830,951	2,498,263	-	-
	2,830,951	2,498,263	15,506,267	1,229,820

In June 2023, National Commercial Bank Jamaica Limited paid a special interim dividend of $4.514 per share, totaling $11,135,000,000, from retained earnings. NCB Financial Group Limited re-invested an amount of $9,772,000,000 to purchase 149,796,888 ordinary shares in National Commercial Bank Jamaica Limited. These shares were allotted to NCB Financial Group Limited at $65.235 per share.

12. Staff Costs

	The Group		The Company	
		Restated		Restated
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Wages, salaries, allowances and benefits	44,893,763	40,152,406	3,469,996	5,321,463
Payroll taxes	3,822,730	3,680,669	1,069,954	250,493
Pension costs – defined contribution plans	1,280,342	1,233,167	29,886	31,960
Pension costs – defined benefit plans (Note 40 (a))	592,631	499,309	-	-
Staff profit share	1,926,473	2,965,397	-	-
Separation/termination benefits	7,451,761	863,661	4,826,360	-
Other post-employment benefits (Note 40 (b))	649,381	942,475	-	-
	60,617,081	50,337,084	9,396,196	5,603,916

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.

NCB Financial Group Limited

Notes to the
Financial Statements

September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

13. Credit Impairment Losses / (recovered)

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Investment securities	(1,518,044)	(297,871)	(6,597)	(537)
Loans and advances (Note 21)	5,742,647	1,914,114	-	10,236
Premium	1,078,706	1,107,312	-	-
	5,303,309	2,723,555	(6,597)	9,699

14. Other Operating Expenses

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Auditors' remuneration - current year	631,000	609,579	11,977	9,993
Credit card rebates	2,167,978	1,892,830	-	-
Insurance and premiums	1,368,180	1,246,668	5,132	2,597
Irrecoverable general consumption tax and asset tax	5,803,267	5,858,191	75,575	72,944
License and transaction processing fees	2,306,512	2,294,709	75,887	352,488
Marketing, customer care, advertising and donations	5,228,449	5,016,429	6,930	9,253
Operating lease rentals	287,326	381,489	1,310	-
Property, vehicle and ABM maintenance and utilities	11,092,279	10,392,614	112,873	133,543
Stationery	721,304	521,548	-	96
Technical, consultancy and professional fees	8,964,762	10,605,621	298,637	400,197
Travelling, courier and telecommunication	4,033,097	3,831,968	82,117	82,084
Management and royalty fees	849,374	854,782	386,975	553,870
Operational losses	2,724,872	636,414	-	-
Other	1,337,654	269,867	436,223	319,235
	47,516,054	44,412,709	1,493,636	1,936,300

BACK TO INDEX: NOTES TO THE FINANCIAL STATEMENTS

NCB Financial Group Limited
Notes to the Financial Statements
September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

15. Taxation

	The Group		The Company	
	2023 $'000	Restated 2022 $'000	2023 $'000	Restated 2022 $'000
Current:				
Income tax	8,523,843	9,142,965	-	-
Prior year over provision	(1,617,239)	(113,435)	-	-
Business levy and green funds levy	107,900	199,956	-	-
Deferred income tax (Note 30)	(2,388,547)	(4,012,277)	-	(2,182,620)
	4,625,957	5,217,209	-	(2,182,620)

Income tax is calculated at rates of 25% for the Jamaican life insurance subsidiary, 33⅓% for the Company and other Jamaican regulated companies. Taxation for subsidiaries in other jurisdictions is calculated at the rates prevailing in the relevant jurisdiction. The theoretical charge for the year can be reconciled as follows:

	The Group		The Company	
	2023 $'000	Restated 2022 $'000	2023 $'000	Restated 2022 $'000
Profit / (loss) before tax	19,961,884	40,349,590	3,531,061	(9,479,984)
Tax calculated at actual tax rates	6,041,359	13,453,110	1,177,095	(2,432,454)
Income not subject to tax	(19,142,676)	(19,341,051)	-	-
Expenses not deductible for tax purposes	17,106,816	11,809,596	3,991,735	552,302
Effect of share of profit of associates included net of tax	7,085	(8,024)	-	-
Effect of change in tax rate applicable to life insurance subsidiary	(475,802)	(1,145,024)	-	-
Effect of different tax rates applicable to dividend income	783,328	391,080	(5,168,830)	(482,581)
Deferred tax not recognised	(83,279)	17,839	-	-
Prior year over provision	(1,617,239)	(113,435)	-	-
Business Levy	233,887	61,183	-	-
Other	1,772,478	91,935	-	180,113
Taxation	4,625,957	5,217,209	-	(2,182,620)

BACK TO INDEX: NOTES TO THE FINANCIAL STATEMENTS

15. Taxation (Continued)

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

	The Group		
	2023		
At the year end	**Before Tax $'000**	**Tax $'000**	**After Tax $'000**
Currency translation gains	(784,190)	-	(784,190)
ECL and fair value gains on FVOCI investments, net of gains recycled to profit or loss	26,005,106	(8,007,905)	17,997,201
Remeasurement of post-employment benefit obligation	(3,423,441)	1,358,341	(2,065,100)
Other comprehensive income	21,797,475	(6,649,564)	15,147,912
Recyclable			(8,007,904)
Non-recyclable			1,358,340
Deferred income tax (Note 30)		(6,649,564)	

	The Group		
	2022		
At the year end	**Before Tax $'000**	**Tax $'000**	**After Tax $'000**
Currency translation gains	(3,191,404)	-	(3,191,404)
ECL and fair value gains on FVOCI investments, net of gains recycled to profit or loss	(62,482,434)	13,514,384	(48,968,050)
Remeasurement of post-employment benefit obligation	5,977,021	(1,380,910)	4,596,111
Other comprehensive income	(59,696,817)	12,133,474	(47,563,343)
Recyclable			13,514,384
Non-recyclable			(1,380,909)
Deferred income tax (Note 30)		12,133,475	

BACK TO **INDEX**: NOTES TO THE FINANCIAL STATEMENTS

NCB Financial Group Limited
Notes to the Financial Statements
September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

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
	2023	**2022**
Net profit attributable to stockholders of the parent ($'000)	7,592,226	23,889,103
Weighted average number of ordinary stock units in issue ('000)	2,299,327	2,298,277
Restated - Basic and diluted earnings per stock unit ($)	3.30	10.39
As previously stated - Basic and diluted earnings per stock unit ($)	-	11.89

17. Cash in Hand and Balances at Central Banks

	The Group	
	2023	**2022**
	$'000	**$'000**
Cash in hand	29,672,432	21,597,939
Balances with central banks other than statutory reserves	2,381,495	3,766,617
Included in cash and cash equivalents	32,053,927	25,364,556
Statutory reserves with central banks – non-interest-bearing	48,901,844	45,491,884
	80,955,771	70,856,440

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.

BACK TO **INDEX**: NOTES TO THE FINANCIAL STATEMENTS

18. Due from Banks

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Placements with NCBJ	-	-	654,864	280,630
Items in course of collection from banks	(361,666)	(612,147)	-	-
Placements with banks	146,305,275	193,421,257	2,358,754	-
	145,943,609	192,809,110	3,013,618	280,630
Expected credit losses	(487,372)	(564,615)	(51)	-
Interest receivable	2,861,211	2,424,850	2,480	-
	148,317,448	194,669,345	3,016,047	280,630
Less: Placements pledged as collateral for letters of credit (Note 23)	(8,842,758)	(8,862,666)	-	-
	139,474,690	185,806,679	3,016,047	280,630

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	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Placements with NCBJ	-	-	654,864	280,630
Placements with other banks	138,904,136	185,266,378	2,358,754	-
Less: amounts restricted to the settlement of obligations under securitisation arrangements	(2,315,634)	(1,884,549)	-	-
	136,588,502	183,381,829	3,013,618	280,630

19. Derivative Financial Instruments

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

	The Group	
	2023	2022
	$'000	$'000
Assets		
Equity indexed options	826,738	874,471
Liabilities		
Equity indexed options	9,192	-

NCB Financial Group Limited
Notes to the Financial Statements
September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

19. Derivative Financial Instruments (Continued)

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

	The Company	
	2023	2022
	$'000	$'000
Liabilities		
Equity indexed options	-	402,695

Derivatives are carried at fair value and carried in the statement of financial position as separate assets and liabilities. Asset values represent the cost to the Group of replacing all transactions with a fair value in the Group's favour assuming that all relevant counterparties default at the same time, and that transactions can be replaced instantaneously. Liability values represent the cost to the Group counterparties of replacing all their transactions with the Group with a fair value in their favour if the Group was to default. Derivative assets and liabilities on different transactions are only set off if the transactions are with the same counterparty, a legal right of set-off exists and the cash flows are intended to be settled on a net basis.

Equity indexed options
The derivative liability represents the equity index option element of principal protected notes issued by the Group and is carried at fair value.

The embedded derivative asset represents equity index options purchased by the Group to match the liability. The terms of the purchased options are identical to those included in the principal protected notes issued by the Group. The Group is exposed to credit risk on purchased options to the extent of the carrying amount, which is their fair value.

20. Reverse Repurchase Agreements

The Group entered into collateralised reverse repurchase agreements which may result in credit exposure in the event that the counterparty to the transaction is unable to fulfill its contractual obligations. Included within reverse repurchase agreements is related accrued interest receivable of $63,512,000 (2022 – $19,799,000) for the Group.

At September 30, 2023, the Group held $8,592,132,000 (2022 – $9,017,130,000) of securities, mainly representing Government of Jamaica debt securities, as collateral for reverse repurchase agreements. Of amounts received as collateral for reverse repurchase agreements, the Group has pledged $Nil (2022 – $Nil) as collateral for some of their own repurchase agreements.

Included in reverse repurchase agreements for the Group are securities with an original maturity of less than 90 days amounting to $4,303,162,000 (2022 – $1,870,664,000) which are regarded as cash equivalents for purposes of the statement of cash flows.

BACK TO INDEX: NOTES TO THE FINANCIAL STATEMENTS

NCB Financial Group Limited
Notes to the Financial Statements
September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

21. Loans and Advances

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Gross loans and advances, includes mortgage loans	625,899,052	591,262,070	51,074,760	50,166,303
Provision for credit losses	(15,628,131)	(13,713,686)	(3,150)	(10,007)
	610,270,921	577,548,384	51,071,610	50,156,296
Interest receivable	3,517,213	3,439,430	981,297	238,774
	613,788,134	580,987,814	52,052,907	50,395,070

The current portion of loans and advances amounted to $171,244,496,000 (2022 – $38,343,743,000) for the Group.

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

	The Group	
	2023	2022
	$'000	$'000
Balance at beginning of year	13,713,686	15,493,835
Provided during the year	6,740,480	3,304,321
Recoveries	(997,833)	(1,390,207)
Net charge to the income statement (Note 13)	5,742,647	1,914,114
Write-offs	(3,828,202)	(3,694,263)
Balance at end of year	15,628,131	13,713,686

The provision for credit losses at the end of the year includes $5,442,247,000 (2022 - $4,784,056,000) 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, 2023 was $25,666,004,000 (2022 – $25,930,464,000) for the Group.

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

	The Group	
	2023	2022
	$'000	$'000
Specific provision	16,198,792	16,192,007
General provision	5,183,179	3,868,613
	21,381,971	20,060,620
Excess of regulatory provision over IFRS provision recognised in NCBJ reflected in non-distributable loan loss reserve (Note 44)	5,753,840	6,349,934

NCB Financial Group Limited

Notes to the Financial Statements

September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

22. Investment Securities

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Investment Securities Classified as FVPL:				
Government of Jamaica debt securities	18,304,905	18,961,569	-	-
Other Government securities	106,251,838	79,296,930	-	-
Corporate debt securities	14,794,432	15,291,000	-	-
Quoted and unquoted equities	95,925,872	91,738,953	-	-
Collective Investment Schemes	2,600,940	2,073,047	-	-
Interest receivable	1,930,960	1,588,345	-	-
	239,808,947	208,949,844	-	-
Investment securities at FVOCI:				
Government of Jamaica debt securities	182,640,589	281,896,741	-	-
Other Government securities	156,001,667	107,988,174	-	-
Corporate debt securities	137,528,641	133,029,443	7,000,000	7,000,000
Interest receivable	6,544,404	7,600,774	126,192	126,192
	482,715,301	530,515,132	7,126,192	7,126,192
Investment securities at Amortised Cost:				
Government of Jamaica debt securities	201,375,294	38,009,311	-	-
Other Government Securities	149,734,094	161,524,295	-	-
Corporate Debt Securities	23,913,624	18,434,348	-	-
Interest receivable	5,799,627	3,087,021	-	-
	380,822,639	221,054,975	-	-
Expected credit losses	(705,064)	(1,033,216)		-
	1,102,641,823	959,486,735	7,126,192	7,126,192
Total investment securities, as above	1,102,641,823	959,486,735	7,126,192	7,126,192
Less: Pledged securities (Note 23)	(275,523,306)	(247,752,315)	-	-
Amount reported on the statement of financial position	827,118,517	711,734,420	7,126,192	7,126,192

The current portion of total investment securities amounted to $149,932,101,000 (2022 - $146,350,664,000) for the Group. Included in investment securities are debt securities with an original maturity of less than 90 days amounting to $6,386,437,000 (2022 - $11,894,607,000) for the Group which are regarded as cash equivalents for purposes of the statement of cash flows.

23. Pledged Assets

	The Group	
	2023	2022
	$'000	$'000
Investment securities classified as FVOCI and amortised cost pledged as collateral for:		
Repurchase agreements	266,938,697	235,432,156
Clearing services	1,308,563	1,769,198
Investment securities held as security in respect of life insurance subsidiary	7,276,046	10,550,961
	275,523,306	247,752,315
Placements with banks pledged as collateral for letters of credit (Note 18)	8,842,758	8,862,666
	284,366,064	256,614,981

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	
	2023	2022
	$'000	$'000
At the beginning of the year	7,051,463	5,950,188
Share of profits	376,617	732,513
Dividends received:		
Other	(212,762)	(100,235)
Movement in other reserves and exchange rate adjustments	115,001	468,997
At end of year	7,330,319	7,051,463

NCB Financial Group Limited
Notes to the
Financial Statements
September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

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
2023				
Current assets	2,409,332	11,118,458	281,283	13,809,073
Non-current assets	17,915,958	9,548,050	1,247,924	28,711,932
Current liabilities	878,763	5,062,430	235,643	6,176,836
Non-current liabilities	6,264,754	4,428,490	771,424	11,464,668
Revenue	4,119,051	5,106,036	884,294	10,109,381
Profit from continuing operations	317,406	1,240,280	(114,013)	1,443,673
Other comprehensive income	(6,544)	-	-	(6,544)
Total comprehensive income	310,862	1,240,280	(114,013)	1,437,129
Percentage ownership	33%	26%		
Net assets of the associate - 100%	13,181,773	11,175,588		
Group share of net assets	4,393,924	2,930,239		

	RGM Limited $'000	Royal Star Holdings $'000	Other individually immaterial associates $'000	Total $'000
2022				
Current assets	2,297,533	9,051,681	376,791	11,726,005
Non-current assets	17,800,743	8,719,868	1,007,274	27,527,885
Current liabilities	584,035	3,907,689	144,552	4,636,276
Non-current liabilities	6,567,131	3,783,033	593,145	10,943,309
Revenue	3,476,893	6,867,424	695,742	11,040,059
Profit / (loss) from continuing operations	492,638	2,140,794	(50,025)	2,583,407
Other comprehensive income	9,347	-	-	9,347
Total comprehensive income	501,985	2,140,794	(50,025)	2,592,754
Percentage ownership	33.33%	26.32%		
Net assets of the associate - 100%	12,947,110	10,080,827		
Group share of net assets	4,315,272	2,653,274		

BACK TO INDEX: NOTES TO THE FINANCIAL STATEMENTS

25. Investment Properties

	The Group	
	2023	**2022**
	$'000	**$'000**
Balance at beginning of year	38,713,587	38,218,322
Additions	666,198	1,209,841
Disposals	(417,705)	(952,088)
Fair value gains (Note 8)	1,653,758	1,050,588
Foreign exchange adjustments	1,150,384	(814,246)
Re-classification to / from properties for development and sale (Note 26)	(5,278,206)	308,214
Unit-linked adjustments	105,374	(307,044)
Balance at end of year	36,593,390	38,713,587
Income earned from the properties	1,817,091	1,554,929
Expenses incurred by the properties	(1,133,070)	(1,388,594)

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. 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.

NCB Financial Group Limited
Notes to the Financial Statements
September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

26. Properties for Development and Sale

	The Group	
	2023	2022
	$'000	$'000
At the beginning of the year	2,008,010	2,794,053
Additions	628,292	2,761
Reclassification from investment properties (Note 25)	5,278,206	(459,104)
Foreign exchange adjustments	248,990	(329,700)
Disposals	(4,011,450)	-
At the end of the year	4,152,048	2,008,010

27. Reinsurance Assets

	The Group	
	2023	2022
	$'000	$'000
This represents the Group's net contractual rights under reinsurance contracts:		
Long-term insurance contracts:		
With fixed and guaranteed terms	575,479	576,359
Short-term insurance contracts:		
Claims reported and loss adjustment expenses	11,480,182	9,946,575
Claims incurred but not reported	2,902,675	3,208,758
Short-term claims(Note 39)	14,382,857	13,155,333
Group life	23	378
Unearned premiums (Note 39)	19,618,191	16,580,787
	34,001,071	29,736,498
Total reinsurers' share of insurance liabilities	34,576,550	30,312,857
Current	29,163,120	25,501,693
Non-current	5,413,430	4,811,164
Total reinsurers' share of insurance liabilities	34,576,550	30,312,857

NCB Financial Group Limited

Notes to the Financial Statements

September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

28. Intangible Assets

	The Group					
	Trade name $'000	Core deposit & other customer relationships $'000	Computer software $'000	Goodwill $'000	Other $'000	Total $'000
	2023					
Net book value, at beginning of year	3,365,382	8,889,260	21,938,927	20,350,796	145,664	54,690,029
Additions	-	-	5,620,030	-	-	5,620,030
Disposals	-	-	(108,596)	-	-	(108,596)
Translation adjustments	-	28,443	487,508	-	293,514	809,465
Reclassification & adjustments	(55,936)	(1,048,075)	(1,325,559)	-	2,790,904	361,333
Amortisation charge	(55,691)	(1,850,297)	(2,552,804)	-	(412,270)	(4,871,062)
Net book value, at end of year	3,253,753	6,019,331	24,059,506	20,350,796	2,817,812	56,501,199
Cost	3,627,504	19,849,792	50,035,000	20,350,796	3,952,309	97,815,402
Accumulated amortisation	(373,751)	(13,830,461)	(25,975,494)	-	(1,134,497)	(41,314,203)
Closing net book value	3,253,753	6,019,331	24,059,506	20,350,796	2,817,812	56,501,199

BACK TO INDEX: NOTES TO THE FINANCIAL STATEMENTS

NCB Financial Group Limited

Notes to the Financial Statements

September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

28. Intangible Assets (Continued)

	The Group					
	Trade name $'000	Core deposit & other customer relationships $'000	Computer software $'000	Goodwill $'000	Other $'000	Total $'000
			2022			
Net book value, at beginning of year	3,423,224	10,502,982	17,652,488	20,350,796	617,382	52,546,872
Additions	-	65,943	8,574,583	-	-	8,640,526
Disposals	-	-	(229,693)	-	-	(229,693)
Translation adjustments	-	(77,708)	296,138	-	(33,024)	185,406
Reclassification & adjustments	-	359,777	327,468	-	(20,340)	666,905
Amortisation charge	(57,842)	(1,961,734)	(4,682,057)	-	(418,354)	(7,119,987)
Net book value, at end of year	3,365,382	8,889,260	21,938,927	20,350,796	145,664	54,690,029
Cost	3,627,504	18,763,754	41,199,685	20,350,796	546,572	84,488,311
Accumulated amortisation	(262,122)	(9,874,494)	(19,260,758)	-	(400,908)	(29,798,282)
Closing net book value	3,365,382	8,889,260	21,938,927	20,350,796	145,664	54,690,029

Computer software for the Group at year end include items with a cost of $4,618,216,000 (2022 - $5,461,945,000) on which no amortisation has yet been charged as these software applications are in the process of implementation.

Impairment tests for goodwill

The Group determines whether goodwill is impaired at least on an annual basis or when events or changes in circumstances indicate that the carrying value may be impaired. This requires an estimation of the recoverable amount of the cash generating unit (CGU) to which the goodwill is allocated. The recoverable amount is usually determined by reference to the value in use. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose an appropriate discount rate in order to calculate the present value of those future cash flows.

28. Intangible Assets (Continued)

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

	The Group	
	2023	**2022**
	$'000	**$'000**
Guardian Holdings Limited:	20,350,796	20,350,796

The Group determines whether goodwill is impaired at least on an annual basis or when events or changes in circumstances indicate that the carrying value may be impaired. This requires an estimation of the recoverable amount of the cash generating unit (CGU) to which the goodwill is allocated. The recoverable amount is usually determined by reference to the value in use. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose an appropriate discount rate in order to calculate the present value of those future cash flows. No impairment was identified.

The recoverable amount of a CGU is determined based on value in use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the industry in which the CGU operates. Key assumptions used for value in use calculations:

Expenses ratio	31.7%
Claims ratio	69.9%
Policy acquisition expenses ratio	17.4%
Reinsurance rate	29.6%
Revenue growth rate	5.0%
Discount rate	11.3%

NCB Financial Group Limited

Notes to the Financial Statements

September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

29. Property, Plant and Equipment

	Freehold Land and Buildings and Leasehold Improvements $'000	Motor Vehicles, Furniture & Equipment $'000	Work-in-Progress $'000	Total $'000
Cost -				
At September 30, 2021	25,088,017	31,966,036	2,434,516	59,488,569
Reclassification and adjustments	-	837,457	-	837,457
Additions	1,502,221	1,718,368	756,532	3,977,121
Disposals	(1,517,739)	(467,658)	44,914	(1,940,483)
Transfers	(2,435,323)	2,994,651	(559,328)	-
Reclassifications and adjustments	-	27	(9,195)	(9,168)
Exchange rate adjustments	492,986	(560,331)	(58,707)	(126,052)
At September 30, 2022	23,130,162	36,488,550	2,608,732	62,227,444
Reclassification and adjustments	-	(387,441)	-	(387,441)
Additions	258,013	2,054,505	840,731	3,153,249
Disposals	(1,423,439)	(1,964,449)	(147,808)	(3,535,696)
Transfers	296,417	371,170	(667,587)	-
Reclassification and adjustments	13,786	(27,568)	-	(13,782)
Exchange rate adjustments	(61,893)	702,214	17,259	657,580
At September 20, 2023	22,213,046	37,236,981	2,651,327	62,101,354
Accumulated Depreciation -				
At September 30, 2021	7,110,002	25,659,340	-	32,769,342
Charge for the year	329,543	1,443,274	-	1,772,817
Disposals	(649,412)	(341,474)	-	(990,886)
Exchange rate adjustments	(414,553)	12,993	-	(401,560)
Reclassifications and adjustments	-	(144)	-	(144)
At September 30, 2022	6,375,580	26,773,989	-	33,149,569
Charge for the year	668,621	1,854,414	-	2,523,035
Disposals	(1,404,509)	(1,131,025)	-	(2,535,534)
Reclassifications and adjustments	(40,208)	(138,566)	-	(178,774)
At September 30, 2023	5,599,484	27,358,812	-	32,958,296
Net Book Value -				
September 30, 2023	16,613,562	9,878,169	2,651,327	29,143,058
September 30, 2022	16,754,582	9,714,561	2,608,732	29,077,875

30. Deferred Income Taxes

Deferred income taxes are calculated on all temporary differences under the liability method using a tax rate of 25% for the Jamaican life insurance subsidiary, 33⅓% for the Company and other Jamaican regulated companies, 21% for the subsidiary incorporated in the United Kingdom, 30% for subsidiaries incorporated in Montserrat, St Lucia and Trinidad (non-life), 22% for subsidiaries incorporated in Curacao, 32.5% for the subsidiary incorporated in St Vincent, 28% for the subsidiary incorporated in Grenada, and 25%, for all other subsidiaries with the exception of the subsidiaries incorporated in Cayman Islands and Bermuda which are not subject to income tax.

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

	The Group		The Company	
	2023	Restated 2022	2023	2022
	$'000	$'000	$'000	$'000
Deferred tax assets	(21,891,961)	(26,198,921)	(10,746,562)	(10,746,669)
Deferred tax liabilities	9,080,065	9,126,008	-	-
Net asset at end of year	(12,811,896)	(17,072,913)	(10,746,562)	(10,746,669)

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

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Net asset at beginning of year	(17,072,913)	(927,161)	(10,746,669)	(8,563,874)
Deferred tax credited in the income statement (Note 15)	(2,388,547)	(4,012,277)	-	(2,182,620)
Deferred tax charge / (credited) to other comprehensive income (Note 15)	6,649,564	(12,133,475)	107	(175)
Net asset at end of year	(12,811,896)	(17,072,913)	(10,746,562)	(10,746,669)

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

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Deferred tax assets to be recovered after more than 12 months	(6,947,112)	(2,468,356)	-	-
Deferred tax liabilities to be settled after more than 12 months	6,688,498	6,929,340	-	-

NCB Financial Group Limited
Notes to the
Financial Statements
September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

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	
		Restated		
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Deferred income tax assets:				
Property, plant and equipment	2,744,615	2,468,356	-	-
Investment securities classified as FVOCI	2,158,291	9,947,516	-	-
Credit impairment losses	270,373	184,691	-	-
Pensions and other post-retirement benefits	2,536,151	1,141,002	-	-
Interest payable	829,113	603,578	193,547	193,547
Unrealised foreign exchange losses	3,018,623	2,319,181	134,231	134,231
Unutilised tax losses	11,279,061	11,359,787	10,392,469	10,392,469
Other temporary differences	4,348,993	2,414,267	106,535	106,535
	27,185,220	30,438,378	10,826,782	10,826,782
Deferred income tax liabilities:				
Future distribution	214,329	-	-	-
Property, plant and equipment	5,308,112	5,912,656	-	-
Intangible assets	132,239	162,452	-	-
Investment securities at FVPL	2,620,242	2,647,185	-	-
Investment securities classified as FVOCI	131,663	130,232	-	-
Interest receivable	426,444	321,172	79,591	79,591
Unrealised foreign exchange gains	1,726,621	1,145,154	-	-
Credit Impairment Losses	491,948	86,434	-	-
Other temporary differences	3,321,726	2,960,180	629	522
	14,373,324	13,365,465	80,220	80,113
Net deferred tax asset	(12,811,896)	(17,072,913)	(10,746,562)	(10,746,669)

BACK TO INDEX: NOTES TO THE FINANCIAL STATEMENTS

30. Deferred Income Taxes (Continued)

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

	The Group		The Company	
		Restated		
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Property, plant and equipment	(773,868)	(325,447)	-	-
Intangible assets	(73,825)	(54,177)	-	-
Investment securities	(524,490)	159,629	-	-
Credit impairment losses	(455,245)	1,244,101	-	-
Pensions and other post-retirement benefits	393,456	(403,504)	-	-
Future distributions	26,111	-	-	-
Interest receivable	98,478	120,702	-	79,591
Interest payable	(225,501)	9,014	-	190,866
Accrued profit share	67,327	(17,280)	-	-
Accrued vacation leave	(26,991)	(27,891)	-	-
Unrealised foreign exchange gains and losses	(102,200)	(1,791,128)	-	(134,231)
Unutilised tax losses	(367,403)	(2,160,552)	-	(2,287,164)
Other temporary differences	(424,396)	(765,744)	-	(31,682)
	(2,388,547)	(4,012,277)	-	(2,182,620)

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

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Unrealised gains / (losses) on FVOCI	7,447,669	(11,596,696)	106	(175)
Realised fair value gains on sale and maturity of investments	560,236	1,004,700	-	-
Remeasurement of the post-employment benefit obligation	(1,358,341)	(1,541,478)	-	-
	6,649,564	(12,133,474)	106	(175)

BACK TO INDEX: NOTES TO THE FINANCIAL STATEMENTS

NCB Financial Group Limited
Notes to the
Financial Statements
September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

31. Other Assets

	The Group		The Company	
		Restated		Restated
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Due from merchants, financial institutions, clients and payment systems providers	25,862,249	14,226,718	11,162,375	1,570,841
Prepayments	5,927,058	5,614,539	171,821	352,679
Shares held for incentive	4,236,471	4,236,471	-	-
Due from Related Parties	-	-	4,797,878	4,518,066
Due from policyholders	19,328,567	27,314,468	-	-
Deferred acquisition costs	3,740,593	3,388,611	-	-
Reinsurance recoverable	4,121,176	3,185,383	-	-
Repossessed assets	680,532	1,027,586	-	-
Other	87,666	6,040,592	-	574,290
	63,984,312	65,034,368	16,132,074	7,015,876
Less ECL on receivables	(4,664,427)	(4,197,189)	-	-
	59,319,885	60,837,179	16,132,074	7,015,876

The fair values of other assets approximate carrying values. The current portion of other assets for the Group is $59,922,724,000 (2022 - $61,001,634,000).

32. Due to Banks

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Items in course of payment	3,733,828	4,019,801	-	-
Borrowings from other banks	27,348,270	32,985,643	18,607,900	17,901,432
Deposits from banks	160,070	139,591	-	-
	31,242,168	37,145,035	18,607,900	17,901,432
Interest payable	666,168	356,957	627,034	738,324
	31,908,336	37,501,992	19,234,934	18,639,756

The current portion of due to banks is $29,689,326,000 (2022 - $23,032,674,000)

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 2.77% – 5.96% per annum.

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

	The Group	
	2023	2022
	$'000	$'000
Total due to banks	31,908,336	37,501,992
Less: amounts with original maturities of greater than 90 days	(7,738,581)	(17,482,177)
	24,169,755	20,019,815

BACK TO INDEX: NOTES TO THE FINANCIAL STATEMENTS

33. Obligations Under Securitisation Arrangements

	The Group	
	2023	2022
	$'000	$'000
Diversified payment rights		
Principal outstanding – US$250,000,000 (2022 – US$250,000,000)	38,693,000	38,004,775
Merchant voucher receivables		
Principal outstanding – US$384,800,000 (2022 – US$406,136,000)	59,556,337	61,740,497
	98,249,337	99,745,272
Unamortised transaction fees	(962,281)	(1,182,065)
	97,287,056	98,563,207
Interest payable	907,951	522,451
Net liability	98,195,007	99,085,658

The current portion of obligations under securitisation arrangements amounted to $12,640,593,000 (2022 – $3,243,477,000).

Diversified Payment Rights

NCBJ has entered into a structured financing transaction involving securitisation of its Diversified Payment Rights. A Diversified Payment Right ("DPR") is a right of NCBJ to receive payments from correspondent banks based overseas whenever a payment order is initiated by a person or entity situated overseas in favour of a person or entity situated in Jamaica. Under these securitisation transactions, NCBJ assigns its rights to all present and future DPRs to an offshore special purpose vehicle, Jamaica Diversified Payment Rights Company Limited ("JDPR") (Note 35), which then issues notes which are secured by the DPR flows. The cash flows generated by the DPRs are used by JDPR to make scheduled principal and interest payments to the note holders and any excess cash is transferred to NCBJ, provided no early amortisation event or default has occurred under the terms of the notes.

On September 30, 2020, NCBJ raised US$250 million through the DPR Securitisation (Series 2020-1 Notes). The transaction was structured on a mortgage-style amortisation basis with an interest-only period of 3.25-year (13 quarters) and thereafter quarterly principal amortisation, 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.

NCB Financial Group Limited
Notes to the Financial Statements
September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

33. Obligations Under Securitisation Arrangements (Continued)

Merchant Voucher Receivables

NCBJ has entered into a structured financing transaction involving securitisation of its Merchant Voucher Receivables (MVR). This arrangement involves the sale of future flows due from Visa International Service Association (Visa) and MasterCard International Incorporated (MasterCard) related to international merchant vouchers acquired by NCBJ in Jamaica.

A merchant voucher is created when an international Visa or MasterCard cardholder pays for goods or services at a NCB merchant. NCB approves the charge, pays the merchant under contractual terms, and submits the merchant voucher information to Visa or MasterCard for settlement. Upon approval and receipt of the charge information, Visa or MasterCard is obligated to pay the amounts due, and this represents a receivable under the transaction.

Arising from this arrangement, NCBJ transferred its rights to all future receivables to an off-shore special purpose company (SPC), Jamaica Merchant Voucher Receivables Limited ("JMVR"), which then issues notes which are secured by the MVR flows. The cash flows generated by the MVR are used by JMVR to make scheduled principal and interest payments to the note holders and any excess cash is transferred to NCBJ, provided no early amortisation event or default has occurred under the terms of the notes.

On November 21, 2016, NCBJ raised an additional US$150 million through the MVR securitisation transaction (Series 2016-1 Notes). The transaction was structured on a mortgage-style amortisation basis with an interest-only period of forty-one months and thereafter quarterly principal amortisation, beginning July 7, 2022 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, 2021.

On August 30, 2022, NCBJ raised an additional US$300 million through the MVR securitisation transaction (Series 2023-1 Notes). The transaction was structured on a mortgage-style amortisation basis with an interest-only period of thirty-nine months and thereafter quarterly principal amortisation, beginning April 7, 2026 to final maturity on October 7, 2032. Interest is due and payable on a quarterly basis calculated at a rate of 6.12% beginning October 7, 2022.

34. Other Borrowed Funds

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
(a) Development Bank of Jamaica	6,421,132	5,787,155	-	-
(b) Corporate notes	152,461,493	131,390,449	78,519,655	69,653,005
(c) National Housing Trust	5,346,511	3,857,865	-	-
(d) Other	-	-	14,703,340	11,401,431
(e) Other	14,568,383	11,862,700	-	-
	178,797,519	152,898,169	93,222,995	81,054,436
Unamortised transaction fees	(652,233)	(749,722)	(390,854)	(546,945)
Interest payable	1,526,457	1,123,782	679,772	308,833
	179,671,743	153,272,229	93,511,913	80,816,324

The current portion of other borrowed funds amounted to $66,242,157,000 (2022 – $30,228,604,000) for the Group and $36,837,000,000 (2022- 7,344,574,000) 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 2022 and 2025. The fixed rate notes attract interest between 4.25% and 9.75% and the variable rate notes attract interest based on weighted average treasury bill yield plus 2.25% - 2.5% per annum.

(c) The loans from National Housing Trust (NHT) are granted as part of the Joint Financing Mortgage Programme. Under the partnership agreement, NHT contributors are able to access their NHT loans directly from NCBJ at the prevailing interest rate offered by NHT. These loans are for the terms up to 40 years at rates ranging from 0% - 4%.

(d) On March 31, 2022, NCB Global Holdings Limited extended an unsecured loan of US$55 million to NCB Financial Group Limited. Interest is due and payable on a semi-annual basis calculated at a rate of 7.35% per annum beginning December 31, 2022. Principal is due and payable at maturity on March 31, 2025

On March 31, 2023, NCB Global Holdings Limited extended an unsecured loan of US$10 million to NCB Financial Group Limited. Interest is due and payable on a semi-annual basis calculated at a rate of 8.24% per annum beginning December 31, 2023. Principal is due and payable at maturity on March 31, 2024.

On March 27, 2023, NCB Global Holdings Limited extended an unsecured loan of US$25.47 million to NCB Financial Group Limited. Interest is due and payable on a semi-annual basis calculated at a rate of 8.24% per annum beginning December 27, 2023. Principal is due and payable at maturity on March 27, 2024.

On March 27, 2023, NCB Global Holdings Limited extended an unsecured loan of US$4.5 million to NCB Financial Group Limited. Interest is due and payable on a semi-annual basis calculated at a rate of 9.12% per annum beginning December 27, 2023. Principal is due and payable at maturity on March 27, 2025.

NCB Financial Group Limited
Notes to the Financial Statements
September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

34. Other Borrowed Funds (Continued)

(e) On May 8, 2023, NCB Financial Group Limited accessed a secured non-revolving 3-year term loan of US$75 million from FirstCaribbean International Bank (Trinidad & Tobago) Limited, and a group of lenders. Interest is due and payable on a semi-annual basis calculated at a rate of 8.50% per annum beginning November 8, 2023. Principal is due and payable in two equal balloon payments of US$12.5 million at the end of months twelve (12) and twenty-four (24) respectively, the remaining US$50 million is to be repaid at the of end of year three on May 8, 2026.

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

(i) Unit Trust

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)**

(i) Unit Trust (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	
	2023	**2022**
	$'000	**$'000**
Total assets of the Unit Trust	34,852,298	34,840,666
The Group's interest – Carrying value of units held	162,695	165,601
Maximum exposure to loss	162,685	165,601
Liability to the Unit Trust in relation to investment in repurchase obligations (included in repurchase obligations on the consolidated statement of financial position)	494,844	190,000
Total income from the Group's interests	790,091	750,258

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.

(ii) Stratus Alternative Funds SCC

Stratus Alternative Funds SCC ("the Company") is a segregated cell company duly incorporated under the laws of Barbados. The Company was incorporated to provide a superstructure to facilitate the creation of a variety of alternative funds for investments.

The company operates five funds. NCB Capital Markets Limited, a wholly owned subsidiary of the Group manages all the funds, except for one fund that is jointly managed by Paynter (Jamaica) Limited, a wholly owned subsidiary of Eppley Limited.

The fund managers are entitled to management fees based on a fixed fee above set hurdle rates as well as the performance of the assets under management. The powers of appointment and removal of the investment manager are also vested in the directors of the alternative investment company. Subsidiaries in the Group hold investments in some of the portfolio funds established and operated by company.

NCB Financial Group Limited
Notes to the Financial Statements
September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

35. Interests in Structured Entities (Continued)

***Unconsolidated Structured Entity* (continued)**

(ii) Stratus Alternative Funds (continued)

The table below shows the total assets of the company, the Group's interest in and income arising from involvement with the company 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 company 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	
	2023	2022
	$'000	$'000
Total assets of the company	11,004,579	9,871,208
Maximum exposure to loss	773,619	1,931,996
Investments by the Group:		
Preference shares	697,251	1,267,061
Management fees earned by the Group	164,702	141,979

The Group has not provided any non-contractual financial support during the period and does not anticipate providing non-contractual financial support to the alternative investment segregated cell company in the future.

36. Third Party Interests in Mutual Funds

	The Group	
	2023	2022
	$'000	$'000
Opening balance	33,587,741	33,699,975
Share of net income	817,684	370,150
Unrealised losses	(436,603)	(1,712,639)
Net change in mutual fund holder balances	4,936,529	388,281
Distributions	(565,536)	(535,108)
Exchange rate adjustment	570,942	1,377,082
Balance at end of year	38,910,757	33,587,741

37. Investment Contract Liabilities

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

	The Group	
	2023	2022
	$'000	$'000
The movements in the liabilities arising from investment contracts are summarised below:		
Opening balance	46,176,282	43,772,829
Premiums received	3,982,633	3,873,279
Fees deducted from account balances	(90,058)	(341,227)
Account balances paid on surrender and other terminations in the year	(3,780,221)	(3,703,535)
Interest credited through income	1,481,843	1,342,692
Other movements	(1,167,880)	(169,722)
Exchange rate adjustments	460,014	1,401,966
Balance at end of year	47,062,613	46,176,282

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	
	2023	2022
	$'000	$'000
Instruments:		
Government of Jamaica securities	6,407,694	6,980,925
Equity securities and unit trust	5,209,434	5,695,176
Short term securities	708,659	13,705
Investment property	489,508	380,830
	12,815,295	13,070,636
Other assets	2,032,798	1,366,128
Balance at end of year	14,848,093	14,436,764

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
	2023	2022
	$'000	$'000
Liabilities under life and health insurance and annuity contracts	400,152,608	389,369,211
Liabilities under general insurance contracts	59,396,644	52,094,320
	459,549,252	441,463,531

Insurance Contracts

Liabilities under insurance contracts comprise the following:

	The Group	
		Restated
	2023	2022
	$'000	$'000
Long-term insurance contracts:		
With fixed and guaranteed terms and without DPF (Note 39 (a))	242,454,693	242,378,791
With fixed and guaranteed terms and with DPF (Note 39 (b))	1,412,152	1,498,190
Without fixed terms (Note 39 (c))	138,813,709	129,158,201
	382,680,554	373,035,182
Participating policyholders' share of the surplus from long-term insurance business (Note 39 (d))	12,466,959	11,798,659
Group health insurance	2,547,198	2,421,714
Group life (Note 39 (f))	2,457,943	2,113,656
	400,152,608	389,369,211
Short-term insurance contracts:		
Property and casualty claims reported and loss adjustment expenses (Note 39(e)	22,030,440	21,502,607
Property and casualty claims incurred but not reported (Note 39 (e))	6,448,245	6,395,580
Property and casualty unearned premiums (Note 39 (g))	30,917,959	24,196,133
	59,396,644	52,094,320
Total insurance liabilities	459,549,252	441,463,531

NCB Financial Group Limited

Notes to the Financial Statements

September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

39. Liabilities under Annuity and Insurance Contracts (Continued)

	The Group	
		Restated
	2023	2022
	$'000	$'000
Current	54,495,386	48,896,936
Non-current	405,053,866	392,566,595
Total gross insurance liabilities	459,549,252	441,463,531

Movements in long term insurance contracts

	The Group	
		Restated
	2023	2022
	$'000	$'000
(a) Long-term insurance contracts with fixed and guaranteed terms and without DPF		
At beginning of year	242,378,791	235,016,961
Exchange rate adjustments	3,062,801	7,928,666
Premiums received (net)	2,106,185	2,450,885
Claims and benefits settled in the year	(30,972,012)	(21,791,227)
Accretion of interest	878,075	885,118
Increase in liabilities	28,277,169	17,503,363
Changes in assumptions	(11,340,754)	(13,883,788)
Other movement	8,064,438	14,268,813
At end of year	242,454,693	242,378,791

NCB Financial Group Limited

Notes to the
Financial Statements

September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

39. Liabilities under Annuity and Insurance Contracts (Continued)

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

		The Group	
		2023	2022
		$'000	$'000
(b)	**Long-term insurance contracts with fixed and guaranteed terms and with DPF**		
	At beginning of year	1,498,190	1,587,637
	Exchange rate adjustments	20,529	43,832
	Changes in assumptions	(47,692)	(64,642)
	Normal changes	(58,875)	(68,637)
	At end of year	1,412,152	1,498,190

		The Group	
		2023	2022
		$'000	$'000
(c)	**Long-term insurance contracts without fixed terms**		
	At beginning of year	126,673,652	130,330,085
	Exchange rate adjustments	(5,213,172)	(17,485,024)
	Premiums received	5,967,784	18,857,126
	Claims and benefits settled in the year	219,303	(7,281,131)
	Increase in liabilities	9,156,122	(2,395,794)
	Changes in assumptions	2,119,072	5,283,801
	Other changes	(111,053)	(634,411)
	At end of year	138,813,709	129,158,201

		The Group	
		2023	2022
		$'000	$'000
(d)	**Participating policyholders' share of the surplus from long-term insurance business**		
	At beginning of year	11,798,659	10,945,522
	Exchange rate adjustments	200,560	447,267
	Surplus/Deficit arising from operations	495,616	458,703
	Other movements	(27,876)	(52,833)
	At end of year	12,466,959	11,798,659

NCB Financial Group Limited
Notes to the **Financial Statements**
September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

39. Liabilities under Annuity and Insurance Contracts (Continued)

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

For insurance contracts, the assumptions used to determine the liabilities are updated at each reporting date to reflect the latest best estimates. The assumptions used for valuing the insurance contracts disclosed in this note are as follows:

Mortality and morbidity
Mortality estimates are made as to the expected number of deaths for each of the years in which the Group's life insurance subsidiaries are exposed to risk. These assumptions are based on North American standard industry mortality tables adjusted to reflect recent local historical experience. Assumptions vary by sex, underwriting class and type of insurance contract. The main source of uncertainty is that epidemics and wide ranging lifestyle changes, such as eating, smoking and exercise habits could result in future mortality being significantly worse than in the past for age groups in which the Group's life insurance subsidiaries have significant exposure to mortality risk. Conversely, improvements in longevity in excess of those allowed for in determining the liabilities, could result in a lessening of future liabilities.

Morbidity relates to the frequency of illness, sickness and diseases contracted. The rate of recovery from such afflictions is derived from industry experience studies, adjusted where appropriate from the Group's life insurance subsidiaries own experience.

Investment yields
The computation of policyholders' liabilities takes into account projected net investment income on assets supporting policyholders' liabilities and income expected to be earned or foregone on reinvestment or financing of mismatched cash flows. In the absence of robust market information, long-term yields are determined using recent asset returns, current market expectations and relevant regulatory guidelines. Other information, such as macro-economic data and projections, is considered where available.

The following table summarises the rates of return used for the valuation of policyholders' liabilities:

	2023	**2022**
Trinidad & Tobago	3.80% - 6.9%	3.3% - 7.0%
Jamaica	8% - 12.6%	8% - 12.6%
Dutch Caribbean	4.96% - 5.68%	4.37% - 5.34%

The main source of uncertainty is the fluctuation in the economy. Lower yields would result in higher reserves and reduced income.

39. Liabilities under Annuity and Insurance Contracts (Continued)

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

Voluntary terminations and persistency
Persistency assumptions are made in relation to the time since inception that a policy exists before it lapses or is surrendered. Lapses relate to termination of policies due to non-payment of premiums. Surrenders relate to voluntary termination of policies by the policyholders. Policy terminations are based on the Group's life insurance subsidiaries own experience adjusted for expected future conditions. Statistical studies are performed in order to determine an appropriate persistency rate and best estimates of future rates are determined by examining any trends in the data. The main source of uncertainty derives from changes in policyholder behaviour as these relate to changes in economic conditions.

Policy maintenance expense and inflation
Amounts are included in policyholders' liabilities to provide for the future costs of administering policies in force. The expense base is determined from a review of current, recent and expected Group expense levels and allowance is made for future expense inflation.

The inflation rates assumed are summarised in the following table.

	2023	**2022**
Trinidad & Tobago	2.0%	2.0%
Jamaica	4% - 4.5%	4% - 4.5%
Dutch Caribbean	1%	1%

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.

NCB Financial Group Limited
Notes to the
Financial Statements
September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

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 impact of changes in assumptions:

Long-term insurance contracts with fixed and guaranteed terms and without DPF

	The Group	
	2023	**2022**
	$'000	**$'000**
For the Trinidadian life insurance subsidiary:		
Changes in expense assumptions	201,822	(2,211,340)
Changes in lapse assumptions	(171,173)	77,717
Changes in investment returns	(1,319,454)	(267,063)
Other assumptions	627,783	(254,366)
Decrease in liabilities	(661,022)	(2,655,052)
For the Jamaican life insurance subsidiary:		
Changes in expense assumptions	166,377	(842,938)
Changes in lapse assumptions	(94,437)	(36,662)
Changes in investment returns	(764,811)	(4,893,519)
Other assumptions	(1,065,236)	(2,177,869)
Decrease in liabilities	(1,758,107)	(7,950,988)
For the Dutch Caribbean life insurance subsidiary:		
Changes in expense assumptions	(157,846)	12,510,353
Changes in lapse assumptions	(1,372,285)	(2,602,420)
Changes in investment returns	(2,623,421)	(22,533,634)
Other assumptions	(479,941)	5,059,831
Decrease in liabilities	(4,633,493)	(7,565,870)

39. Liabilities under Annuity and Insurance Contracts (Continued)

Changes in assumptions (continued)
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 impact of changes in assumptions:

Long-term insurance contracts with fixed and guaranteed terms and with DPF

	The Group	
	2023	**2022**
	$'000	**$'000**
For the Trinidadian life insurance subsidiary:		
Changes in expense assumptions	(2,304)	(36,567)
Changes in lapse assumptions	1,160	(1,997)
Changes in investment returns	(31,476)	(8,329)
Decrease in liabilities	(32,620)	(46,893)
For the Jamaican life insurance subsidiary:		
Changes in expense assumptions	329	(4,423)
Changes in lapse assumptions	-	(13,381)
Changes in investment returns	(2,499)	(17,687)
Other assumptions	(2,886)	8,458
Decrease in liabilities	(5,056)	(27,033

Long-term insurance contracts without fixed terms

For the Jamaican life insurance subsidiary:		
Changes in expense assumptions	1,081,521	(5,386,607)
Changes in lapse assumptions	(352,581)	444,181
Changes in investment returns	(203,326)	(1,443,790)
Other assumptions	(243,311)	(894,915)
Decrease in liabilities	219,303	(7,281,131)

BACK TO INDEX: NOTES TO THE FINANCIAL STATEMENTS

NCB Financial Group Limited
Notes to the
Financial Statements
September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

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**
	2023		**2022**	
	%	**$'000**	**%**	**$'000**
Long-term insurance contracts with fixed and guaranteed terms and without DPF:				
For the Trinidadian life insurance subsidiary:				
Worsening of mortality	+10.0%	1,193,506	+10.0%	930,817
Improvement of annuitant mortality	+0.5%	997,547	+0.5%	872,294
Lowering of investment returns	-1.0%	5,877,749	-1.0%	4,867,745
Worsening of base renewal expense level	+5.0%	232,056	+5.0%	185,640
Worsening of expense inflation rate	+1.0%	450,289	+1.0%	349,152
For the Jamaican life insurance subsidiary:				
Worsening of mortality	+10.0%	1,066,273	+10.0%	1,076,854
Lowering of investment returns	-2.0%	7,839,042	-2.0%	7,338,274
Worsening of base renewal expense level	+5.0%	430,243	+5.0%	401,015
Worsening of expense inflation rate	+1.0%	791,300	+1.0%	655,338
For the Dutch Caribbean life insurance subsidiary:				
Worsening of mortality	+10.0%	(5,626)	+10.0%	(7,902)
Improvement of annuitant mortality	+10.0%	383,997	+10.0%	395,167
Lowering of investment returns	-10.0%	(186,155)	-10.0%	(174,328)
Worsening of base renewal expense level	+10.0%	(394,537)	+10.0%	(372,002)

BACK TO **INDEX**: NOTES TO THE FINANCIAL STATEMENTS

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
	2023		2022	
	%	$'000	%	$'000
Long-term insurance contracts with fixed and guaranteed terms and with DPF:				
For the Trinidadian life insurance subsidiary:				
Worsening of mortality	+10.0%	7,715	+10.0%	7,677
Lowering of investment returns	-1.0%	116,510	-1.0%	125,265
Worsening of base renewal expense level	+5.0%	1,286	+5.0%	1,422
Worsening of expense inflation rate	+1.0%	1,883	+1.0%	2,077
For the Jamaican life insurance subsidiary:				
Worsening of mortality	+10.0%	6,361	+10.0%	6,141
Lowering of investment returns	-2.0%	42,756	-2.0%	43,080
Worsening of base renewal expense level	+5.0%	2,710	+5.0%	2,935
Worsening of expense inflation rate	+1.0%	3,995	+1.0%	3,793

NCB Financial Group Limited

Notes to the Financial Statements

September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

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
	2023		2022	
	%	$'000	%	$'000
Long-term insurance contracts without fixed terms:				
For the Trinidadian life insurance subsidiary:				
Worsening of mortality	+ 10.0%	1,526,229	+ 10.0%	1,581,346
Improvement of annuitant mortality	+5.0%	466,385	+5.0%	520,658
Lowering of investment returns	-1.0%	4,829,043	-1.0%	5,210,169
Worsening of base renewal expense level	+5.0%	755,273	+5.0%	680,378
Worsening of expense inflation rate	+1.0%	1,212,772	+1.0%	1,096,046
For the Dutch Caribbean life insurance subsidiary:				
Worsening of mortality	+10.0%	9,506	+10.0%	7,902
Improvement of annuitant mortality	+10.0%	383,997	+10.0%	395,167
Lowering of investment returns	-10.0%	41,860	-10.0%	174,328
Worsening of base renewal expense level	+10.0%	21,355	+10.0%	372,002

BACK TO INDEX: NOTES TO THE FINANCIAL STATEMENTS

NCB Financial Group Limited

Notes to the
Financial Statements

September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

39. Liabilities under Annuity and Insurance Contracts (Continued)

Liabilities under Short Term Contracts

	The Group	
	2023	**2022**
	$'000	**$'000**
Gross:		
Claims outstanding	30,936,628	30,011,841
Unearned premiums	33,465,110	29,271,405
	64,401,738	59,283,246
Reinsurance ceded		
Claims outstanding (Note 27)	(14,382,857)	(13,155,733)
Unearned premiums (Note 27)	(19,618,191)	(16,580,787)
	(34,001,048)	(29,736,520)
Net:		
Claims outstanding	16,553,772	16,856,108
Unearned premiums	13,846,918	12,690,618
	30,400,690	29,546,726

NCB Financial Group Limited
Notes to the
Financial Statements
September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

39. Liabilities under Annuity and Insurance Contracts (Continued)

Liabilities under Short term contracts (continued)

(e) The movement in and composition of claims outstanding are as follows:

	The Group			The Group		
	2023			2022		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	$'000	$'000	$'000	$'000	$'000	$'000
Notified claims	21,502,607	(9,946,575)	11,556,032	20,480,112	(9,844,480)	10,635,632
Claims incurred but not reported	6,395,580	(3,209,091)	3,186,489	4,922,088	(1,529,265)	3,392,823
Balance at beginning of year	27,898,187	(13,155,666)	14,742,521	25,402,200	(11,373,745)	14,028,455
Exchange rate adjustment	1,326,127	(833,296)	492,831	(1,112,583)	846,814	(265,769)
Claims incurred	(36,998,074)	10,372,141	(26,625,933)	(67,548,770)	44,628,804	(22,919,966)
Claims paid	36,252,446	(10,766,034)	25,486,412	71,157,340	(47,257,539)	23,899,801
Balance at end of year	28,478,686	(14,382,855)	14,095,831	27,898,187	(13,155,666)	14,742,521
Comprising:						
Notified claims	22,030,440	(11,480,180)	10,550,261	21,502,607	(9,946,575)	11,556,032
Claims incurred but not reported	6,448,245	(2,902,675)	3,545,570	6,395,580	(3,209,091)	3,186,489
	28,478,686	(14,382,855)	14,095,831	27,898,187	(13,155,666)	14,742,521

(f) The movement in and composition of Group Life contracts are as follows:

	The Group			The Group		
	2023			2022		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at beginning of year	2,113,654	(67)	2,113,587	2,226,402	(43)	2,226,359
Claims settled during the year	(279,427)	73,571	(205,856)	(1,616,726)	28,878	(1,587,848)
Exchange rate adjustment	(5,793)	2	(5,791)	35,549	(2)	35,547
Increase in liabilities	629,509	(73,505)	555,984	1,468,431	(28,900)	1,439,531
Balance at end of year	2,457,943	1	2,457,944	2,113,656	(67)	2,113,589
	30,936,629	(14,382,853)	16,553,776	30,011,843	(13,155,733)	16,856,110

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.

(g) The movement in and composition of unearned premiums are as follows:

	The Group			The Group		
	2023			2022		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at beginning of year	29,271,405	(16,580,787)	12,690,618	27,547,994	(14,697,632)	12,850,362
Exchange rate adjustments	272,519	(161,529)	110,990	691,375	(293,929)	397,446
Net increase/(release) in the period	3,921,186	(2,875,876)	1,045,310	1,032,036	(1,589,226)	(557,190)
Balance at end of year	33,465,110	(19,618,192)	13,846,918	29,271,405	(16,580,787)	12,690,618
Comprising, by type of business:						
Liability insurance contracts	1,933,221	(931,921)	1,001,300	1,666,737	(828,537)	838,200
Motor insurance contracts	4,991,867	(390,197)	4,601,670	4,781,360	(366,267)	4,415,093
Pecuniary loss insurance contracts	90,976	(41,240)	49,736	95,461	(42,289)	53,172
Property insurance contracts	22,041,324	(17,134,623)	4,906,701	18,575,250	(14,403,281)	4,171,969
Health insurance contracts	2,547,174	(132,630)	2,414,544	2,421,714	(133,032)	2,288,682
Marine insurance contracts	1,639,226	(947,535)	691,691	1,526,955	(772,317)	754,638
Personal accident insurance contracts	221,322	(40,046)	181,276	203,928	(35,064)	168,864
	33,465,110	(19,618,192)	13,846,918	29,271,405	(16,580,787)	12,690,618

BACK TO INDEX: NOTES TO THE FINANCIAL STATEMENTS

NCB Financial Group Limited
Notes to the Financial Statements
September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

40. Post-employment Benefits

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

	The Group	
	2023	**2022**
	$'000	**$'000**
Pension schemes	(2,264,877)	(1,712,592)
Other post-employment benefits	10,076,338	5,804,414
	7,811,461	4,091,822

The amounts recognised in the income statement are as follows:

	The Group	
	2023	**2022**
	$'000	**$'000**
Pension schemes (Note 12)	592,631	499,309
Other post-employment benefits	649,381	942,475
	1,242,012	1,441,784

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

	The Group	
	2023	**2022**
	$'000	**$'000**
Pension schemes	414,215	1,275,544
Other post-employment benefits	3,847,033	4,450,876
	4,261,248	5,726,420

BACK TO INDEX: NOTES TO THE FINANCIAL STATEMENTS

40. Post-employment Benefits (Continued)

(a) Pension schemes

The Group's subsidiaries have established the following pension schemes covering all permanent employees. The assets of funded plans are held independently of the Group's assets in separate trustee administered funds. The Group's pension schemes are regulated by the respective regulators in the jurisdictions where they operate.

National Commercial Bank Staff Pension Fund 1986

This is a defined benefit scheme, which comprises the following pension funds which were merged on September 30, 1999:

- National Commercial Bank Staff Pension Fund 1975 (NCB 1975 Fund)
- National Commercial Bank Staff Pension Fund 1986 (NCB 1986 Fund)
- Mutual Security Bank Superannuation Scheme (MSB Fund)
- Computer Service and Programming Limited Pension Fund (CSP Fund).

Members' rights under each of the funds as at the date of merger were fully preserved in the NCB 1986 Fund and members of the merged funds receive pension benefits from the NCB 1986 Fund in respect of service up to the date of merger. The scheme was closed to new members effective October 1, 1999.

No asset has been recognised in relation to the NCBJ defined benefit scheme as, under the rules of the scheme, the employer would not benefit from any surplus on the winding up of the scheme. No additional current service cost has been incurred since closure of the scheme and the employer only makes a nominal contribution in order to retain the tax exempt status of the fund.

National Commercial Bank Staff Pension Fund 1999

This is a defined contribution scheme which is funded by payments from employees and by the employers of the relevant companies. Participating Group companies contribute an amount equivalent to 5% of employees' salary to the scheme each pay cycle and employees must contribute at least 5% and up to a maximum of 15%. Contribution to the scheme for the year was $585,876,000 (2022 – $498,922,000).

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 is established. Responsibility for the governance of the plans, including investment strategies, lies with the Board of Trustees/Foundation. Contribution to the plans for the year was $586,751,000 (2022 - $508,350,000)

NCB Financial Group Limited
Notes to the
Financial Statements
September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

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:

	2023		2022	
	NCBJ $'000	GHL $'000	NCBJ $'000	GHL $'000
Present value of funded obligations	21,558,089	20,486,117	25,504,708	19,866,885
Fair value of plan assets	(25,477,003)	(22,750,994)	(29,896,611)	(21,579,477)
(Over)/under – funded obligations	(3,918,914)	(2,264,877)	(4,391,903)	(1,712,592)
Limitation on pension assets	3,918,914	-	4,391,903	-
	-	(2,264,877)	-	(1,712,592)

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, 2023 for the Bank and GHL schemes.

The movement in the defined benefit obligation is as follows:

	2023		2022	
	NCBJ $'000	GHL $'000	NCBJ $'000	GHL $'000
At beginning of year	25,504,708	19,866,885	31,904,868	21,127,639
Foregin exchange	-	317,968	-	839,402
Employee's contributions	-	45,534	-	35,307
Service cost	-	570,037	-	505,608
Interest cost	2,805,298	1,183,908	2,777,937	1,130,456
Remeasurements:				
Experience losses/(gains)	66,963	(40,712)	(345,690)	(464,860)
Gains from changes in financial assumptions	(4,373,345)	(496,512)	(6,754,576)	(2,425,459)
Demographic assumptions	(223,916)	85,511	-	26,592
Benefits paid	(2,221,619)	(1,046,502)	(2,077,831)	(907,800)
At end of year	21,558,089	20,486,117	25,504,708	19,866,885

BACK TO INDEX: NOTES TO THE FINANCIAL STATEMENTS

40. Post-employment Benefits (Continued)

(a) Pension schemes (continued)

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

	2023		2022	
	NCBJ $'000	GHL $'000	NCBJ $'000	GHL $'000
At beginning of year	29,896,611	21,579,477	35,159,398	21,369,700
Exchange	-	342,593	-	828,010
Interest on plan assets	3,310,367	1,191,256	3,070,844	1,171,542
Remeasurement – return on plan assets, excluding amounts included in interest on plan assets.	(5,508,357)	(123,009)	(6,255,800)	(1,588,182)
Contributions	-	741,702	-	741,018
Administration fees	-	(29,942)	-	(34,787)
Benefits paid	(2,221,618)	(960,991)	(2,077,831)	(907,823)
At end of year	25,477,003	22,741,085	29,896,611	21,579,477

The amounts recognised in the income statement are as follows:

	2023	2022
	GHL $'000	GHL $'000
Current service cost	570,037	505,608
Administration fees	29,942	34,787
Net interest expense	(7,348)	(41,086)
Total, included in staff costs	592,631	499,309

NCB Financial Group Limited
Notes to the
Financial Statements
September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

40. Post-employment Benefits (Continued)

(a) Pension schemes (continued)

The amounts recognised in other comprehensive income are as follows:

	2023		2022	
	NCBJ	GHL	NCBJ	GHL
	$'000	$'000	$'000	$'000
(Gain)/loss on present value of funded obligations	(4,530,298)	537,224	(7,100,266)	2,863,726
Loss/(gain) on fair value of plan assets	5,508,357	(123,009)	6,255,800	(1,588,182)
Change in effect of asset ceiling	(978,059)	-	844,466	-
Net loss	-	414,215	-	1,275,544

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

	2023		2022	
	$'000	%	$'000	%
Debt securities	8,920,016	35.01	16,556,118	55.38
Equity securities	13,060,088	51.26	10,085,254	33.73
Real estate	3,496,902	13.73	2,711,402	9.07
Other	-	-	543,837	1.82
	25,477,006	100.00	29,896,611	100.00

These plan assets included:

- Ordinary stock units of the Company with a fair value of $4,455,087,000(2022 – $7,298,705,000).
- Repurchase obligations, promissory notes and lease obligations of the Group aggregating $75,916,000 (2022 – $82,831,000).
- Properties occupied by the Group with a fair value of $905,000,000 (2022 - $677,900,000).

40. Post-employment Benefits (Continued)

(a) Pension schemes (continued)

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

	2023		2022	
	$'000	%	$'000	%
Debt securities	10,880,616	47.82%	10,376,033	48.08%
Equity securities	4,115,607	18.09%	4,161,055	19.28%
Real estate and other	7,754,771	34.09%	7,042,389	32.64%
	22,750,994	100.00%	21,579,477	100.00%

Expected contributions to NCBJ's and GHL's defined benefit pension schemes for the year ending September 30, 2024 are nil and $379,175,000 respectively.

The principal actuarial assumptions used are as follows:

	2023		2022	
	NCBJ	GHL	NCBJ	GHL
Discount rate	11.50%	5.6% - 8%	11.50%	5.38% -10.0%
Future salary increases	9.50%	5.3%	6.00%	4.9%
Future pension increases	2.50%	3.5%	5.00%	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, 2023 is 8.1 years (2022 – 9.5 years) for NCBJ's defined benefit scheme and 15 years for the GHL scheme.

NCB Financial Group Limited

Notes to the Financial Statements

September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

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

	2023		
	Increase/(decrease) in defined benefit obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
		$'000	$'000
Discount rate	1%	(1,456,220)	1,667,224
Future salary increases	1%	33,977	(32,969)
Future pension increases	1%	1,632,499	(1,443,082)
Life expectancy	1 year	396,000	(389,000)

GHL

	Increase/(decrease) in defined benefit obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
		$'000	$'000
Discount rate	1%	(1,928,641)	2,360,193
Future salary increases	1%	414,674	(365,329)
Life expectancy	1 year	429,049	(833,115)

40. Post-employment Benefits (Continued)

(a) Pension schemes (continued)

NCBJ

	2022		
	Increase/(decrease) in defined benefit obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
		$'000	$'000
Discount rate	1%	(2,021,077)	2,357,440
Future salary increases	1%	48,372	(46,754)
Future pension increases	1%	2,276,226	(1,980,487)
Life expectancy	1 year	682,000	(696,000)

GHL

	Increase/(decrease) in defined benefit obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
		$'000	$'000
Discount rate	1%	(1,978,365)	2,441,442
Future salary increases	1%	463,303	(408,288)
Life expectancy	1 year	437,093	(452,805)

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.

NCB Financial Group Limited

Notes to the Financial Statements

September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

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 (2022 – 2.0 percentage points above CPI).

The average duration of the other post-employment benefits obligation at September 30, 2023 is 20.7 years for the NCBJ, and between 14.8 & 22.7 years for GHL.

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

	The Group	
	2023	2022
	$'000	$'000
Present value of unfunded obligations	10,076,338	5,804,414

The movement in the defined benefit obligation is as follows:

	The Group	
	2023	2022
	$'000	$'000
At beginning of the year	5,804,414	9,726,626
Curtailment	-	35,864
Employer contributions	(138,416)	(129,241)
Service costs	127,293	208,550
Interest cost	522,088	733,925
Remeasurements:		
Experience gains	49,833	(600,635)
Demographic assumptions (loss) / gain	450,651	(1,494,245)
Loss / (Gain) from changes in financial assumptions	3,337,029	(2,749,092)
Exchange movement	38,668	164,152
Benefits paid	(115,222)	(91,490)
At end of year	10,076,338	5,804,414

The amounts recognised in the income statement are as follows:

	The Group	
	2023	2022
	$'000	$'000
Service cost	127,293	208,550
Net interest expense	522,088	733,925
Total, included in staff costs (Note 12)	649,381	942,475

NCB Financial Group Limited
Notes to the Financial Statements
September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

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:

	2023		
NCBJ	**Increase/(decrease) in obligation**		
	Change in Assumption	**Increase in Assumption**	**Decrease in Assumption**
		$'000	**$'000**
Discount rate	1%	(1,244,181)	1,623,797
Medical cost inflation	1%	1,602,497	(1,250,438)
Life expectancy	1 year	236,520	(236,520)
GHL	**Increase/(decrease) in obligation**		
	Change in Assumption	**Increase in Assumption**	**Decrease in Assumption**
		$'000	**$'000**
Discount rate	1%	(301,241)	378,371
Medical cost inflation	1%	380,116	(307,556)
Life expectancy	1 year	1,010	(1,240)

	2022		
NCBJ	**Increase/(decrease) in obligation**		
	Change in Assumption	**Increase in Assumption**	**Decrease in Assumption**
		$'000	**$'000**
Discount rate	1%	(444,917)	558,576
Medical cost inflation	1%	570,680	(459,768)
Life expectancy	1 year	83,920	(83,920)
GHL	**Increase/(decrease) in obligation**		
	Change in Assumption	**Increase in Assumption**	**Decrease in Assumption**
		$'000	**$'000**
Discount rate	1%	(334,513)	420,817
Medical cost inflation	1%	424,497	(342,708)
Life expectancy	1 year	(4,944)	4,344

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.

NCB Financial Group Limited
Notes to the Financial Statements
September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

40. Post-employment Benefits (Continued)

(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	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Accrued staff benefits	13,515,778	6,251,473	5,988,842	693,957
Due to customers, merchants and clients	14,455,725	17,026,815	-	-
Accrued other operating expenses	15,948,658	12,593,023	1,200,500	1,985,823
Due to reinsurers	15,687,234	15,840,544	-	-
Due to Governments	1,759,318	1,502,607	2,304	-
Due to related party	-	-	5,711,656	3,410,405
Other	13,183,209	18,442,925	-	-
	74,549,922	71,657,387	12,903,302	6,090,185

42. Share Capital

	The Group		The Company	
	2023	2022	2023	2022
	$'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	(25,674,883)	(26,652,675)	(11,232,294)	(11,232,294)
	128,152,447	127,174,655	142,595,036	142,595,036

As at September 30, 2023 entities within the Group and the Company held NCBFG ordinary stock units totalling 168,435,437 (2022: 168,435,437) and 75,339,470 (2022: 75,339,470), 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, 2023, the scheme held 1,255,751 (2022: 1,255,751) stock units of the Company's ordinary stock.

As at September 30, 2023 a total of 26,066,735 (2022: 26,066,735) 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.

NCB Financial Group Limited
Notes to the Financial Statements
September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

43. Fair Value and Capital Reserves

	The Group	
	2023	2022
	$'000	$'000
Fair value reserve	(38,262,033)	(55,458,993)
Capital reserve (excluding scheme of arrangement)	28,486,654	28,513,911
	(9,775,379)	(26,945,082)
Reserves from the scheme of arrangement	(147,034,858)	(147,034,858)
	(156,810,237)	(173,979,940)
Capital reserve comprises:		
Realised –		
Surplus on revaluation of property, plant and equipment	92,991	92,991
Retained earnings capitalised	98,167	98,167
Share redemption reserve	1,095,381	1,095,381
Unrealised –		
Translation reserve	6,692,475	7,476,720
Surplus on revaluation of property, plant and equipment	292,755	448,821
Contributed surplus	18,711,658	18,378,837
Other	1,503,227	922,994
	28,486,654	28,513,911
Reserve from the scheme of arrangement	(147,034,858)	(147,034,858)
	(118,548,204)	(118,520,947)

44. Loan Loss Reserve

This is a non-distributable reserve for NCBJ representing the excess of the provision for credit losses determined using the Bank of Jamaica's regulatory requirements over the amount determined under IFRS (Note 21).

45. Banking Reserve Fund

This fund is maintained in accordance with the Banking Services Act, 2014, enacted in Jamaica, which requires that a minimum of 15% of the net profits, as defined by the Act, of NCBJ be transferred to the reserve fund until the amount of the fund is equal to 50% of the paid-up capital of the Bank and thereafter 10% of the net profits until the amount of the fund is equal to the paid-up capital of the Bank. The amount of the fund has surpassed the paid-up capital of the Bank and therefore no further mandatory transfers were required.

The Financial Institutions Act, 2008, enacted in Trinidad and Tobago, which is applicable for the Group's regulated subsidiary in that country, requires that a minimum of 10% of the profit for the year in each period be transferred to a statutory reserve account until the balance on this reserve is not less than the paid-up capital.

NCB Financial Group Limited

Notes to the Financial Statements

September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

46. Retained Earnings Reserve

The Banking Services Act 2014 permits the transfer of any portion of NCBJ's net profit to a retained earnings reserve. This reserve constitutes a part of the capital base and regulatory capital of NCBJ.

47. Cash Flows from Operating Activities

	Note	The Group	
		2023	Restated 2022
		$'000	$'000
Net profit		15,335,927	35,132,381
Adjustments to reconcile net profit to net cash flow provided by operating activities:			
Depreciation	29	2,523,035	1,772,817
Amortisation of intangible assets	28	4,871,062	7,119,987
Credit impairment losses	13	5,303,309	2,723,555
Share of after tax profits of associates	24	(376,617)	(732,513)
Interest income	6	(101,296,273)	(84,923,549)
Interest expense	6	38,495,233	25,724,687
Income tax expense	15	4,625,957	5,946,340
Unrealised exchange gains on securitisation arrangements		1,249,307	380,473
Amortisation of upfront fees on securitisation arrangements		219,783	153,252
Amortisation of upfront fees on other borrowed funds		393,328	128,704
Unrealised exchange losses on other borrowed funds		668,081	1,816,625
Change in post-employment benefit obligations	40	621,987	(13,750,849)
Foreign exchange gains	8	(6,810,460)	(5,983,712)
Gain on disposal of property, plant and equipment and intangible assets		(1,329,712)	(2,509,631)
Fair value and foreign exchange gains on investment property	25	1,627,921	(1,050,588)
Fair value losses on derivative financial instruments		56,925	(152,258)
Changes in operating assets and liabilities:			
Statutory reserves at Central Bank		(3,409,960)	(4,244,223)
Pledged assets included in due from banks		1,799,539	(2,218,527)
Restricted cash included in due from banks		(431,085)	1,702,870
Reverse repurchase agreements		2,010,894	(1,434,277)
Loans and advances		(38,035,589)	(60,843,806)
Customer deposits		31,519,287	68,352,496
Repurchase agreements		31,085,258	22,161,245
Liabilities under annuity and insurance contracts		18,085,721	8,406,733
Other		7,852,896	1,642,606
Cash generated from / (used in) operations		1,319,827	(31,269,845)
Interest received		99,172,461	84,425,920
Interest paid		(35,849,422)	(25,181,601)
Income tax paid		(4,257,013)	(13,618,024)
		60,385,853	14,356,450
Net cash provided by operating activities		75,721,780	49,488,831

Notes to the Financial Statements

September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

48. Related Party Transactions and Balances

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operational decisions. Related party transactions are in the ordinary course of business. The volumes of related party transactions, outstanding balances at the year end and related expenses and income for the year are as follows:

	The Group							
	Parent and companies controlled by major shareholder		Associated companies of the Group		Directors and key management personnel (and their families)		Companies controlled by directors and related by virtue of common directorship	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Loans and advances								
Balance at September 30	3,154	5,194	1,799,706	1,510,949	1,554,333	1,536,707	1,297,567	1,864,162
Interest income earned	514	514	45,729	25,867	77,509	71,969	71,132	74,344
Investment securities								
Balance at September 30	-	-	6,876,108	7,071,735	-	-	2,781,114	3,519,422
Interest income earned	-	-	82,249	293,197	-	-	38,302	50,440
Reverse repurchase agreements								
Balance at September 30	-	-	-	-	-	-	-	-
Interest income earned	-	-	-	-	-	-	-	-
Other assets								
Balance at September 30	-	488	-	-	-	225,174	208,555	-
Fee and commission income	104	1,268	49	63	82	-	397,670	397,181
Other operating income	-	-	-	-	3,989	-	975,501	86,499
						-		
Dividend income	-	-	68,170	42,949	-	-	66,234	20,420

48. Related Party Transactions and Balances (Continued)

	The Group (Continued)							
	Parent and companies controlled by major shareholder		Associated companies of the Group		Directors and key management personnel (and their families)		Companies controlled by directors and related by virtue of common directorship	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Customer deposits								
Balance at September 30	650,816	1,005,067	109,277	58,613	1,581,783	3,088,658	5,328,144	6,455,983
Interest expense	95	989	74	116	12,846	5,126	17,278	4,333
Repurchase agreements								
Balance at September 30	568,333	-	-	-	4,288,000	4,580,675	474,913	1,900,102
Interest expense	7,977	-	-	-	261,523	105,482	20,429	87,633
Borrowed Funds								
Balance at September 30	-	-	-	-	564,035	-	80,823	3,387
Interest expense	-	-	-	-	32,258	-	6,698	169
Other liabilities								
Balance at September 30	-	-	-	-	10,944	11,553	8.640	14,898
Operating expenses	457,043	596,217	-	-	653,187	628,454	940,318	1,151,031

NCB Financial Group Limited

Notes to the Financial Statements

September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

48. Related Party Transactions and Balances (Continued)

	The Company					
	Parent, subsidiaries and companies controlled by major shareholder		Directors and key management personnel (and their families)		Companies controlled by directors and related by virtue of common directorship	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Loans and advances						
Balance at September 30	52,056,057	50,405,077	-	-	-	-
Interest income earned	1,955,050	1,714,115	-	-	-	-
Investment securities						
Balance at September 30	7,126,192	7,126,192	-	-	-	-
Interest income earned	490,000	490,000	-	-	-	-
Deposits with related party						
Balance at September 30	2,978,915	244,116	-	-	-	-
Interest income earned	62,309	15,223	-	-	-	-
Other assets						
Balance at September 30	14,310,732	5,076,973	-	-	-	-
Fee and commission income	5,500,000	3,500,000	-	-	-	-
Dividend income	15,506,267	1,229,820	-	-	-	-
Borrowed funds						
Balance at September 30	33,066,513	30,378,873	564,035	632,039	80,823	3,387
Interest expense	2,085,769	1,842,999	32,258	21,901	6,698	169
Other liabilities						
Balance at September 30	6,120,199	4,561,771	-	-		-
Operating Expenses	468,910	850,197	72,305	5,796	34,077	12,549

48. Related Party Transactions and Balances (Continued)

	The Group		The Company	
	2023	Restated 2022	2023	Restated 2022
	$'000	$'000	$'000	$'000
Key management compensation:				
Salaries and other short-term benefits	17,922,217	9,124,401	9,904,067	5,174,862
Post-employment benefits	439,668	513,876	57,342	29,332
	18,361,886	9,638,277	9,961,409	5,204,194
Directors' emoluments:				
Fees	25,025	17,996	17,925	12,152
Management remuneration:				
Share benefits – cash settlement	2,011,180	2,579,622	2,168,586	2,551,088
Salaries and other benefits	4,730,227	2,466,539	2,700,137	2,328,425
Separation cost:				
Share benefits – allotment	4,826,360	-	4,826,360	-
Cash settlement	1,025,000	-	-	-
	12,592,767	5,046,161	9,605,083	4,879,513

49. Financial Risk Management

The Group takes an enterprise-wide approach to the identification, measurement, monitoring, reporting and management of all its risks. The principal financial risks faced by the organisation are identified as: credit, market, interest rate and liquidity risks.

The Group's risk management framework guides its risk-taking activity and ensures that it is in conformity with regulatory requirements, applicable laws, the Group's risk appetite, shareholder expectations and standards of best practice. The framework incorporates a comprehensive risk governance structure and appropriate policies and procedures.

Risk Governance Structure

The Group's risk governance structure seeks to manage risk/reward by ensuring that revenue-generation activities are compliant with the Group's standards and risk tolerance, while maximising long term shareholder value. The Group's comprehensive risk governance structure incorporates: (a) oversight effected through the Board, Board committees and relevant management committees, (b) administrative controls effected through the establishment of policies, and (c) organisational controls effected through segregation of duties. These controls are reviewed on an ongoing basis to ensure that they provide effective governance of the Group's risk-taking activities.

BACK TO INDEX: NOTES TO THE FINANCIAL STATEMENTS

49. Financial Risk Management (Continued)

Risk limits and benchmarks are integral to the risk management process, as they characterise the Group's risk tolerance and conform to regulatory requirements. Limits are established for:

(i) Credit and Counterparty risk - exposures to individuals, groups, counterparty, country;
(ii) Market risk - rate gap exposure, currency exposure, market value exposure; and
(iii) Liquidity risk - liquidity gaps, funding exposures/liability diversification and liquid assets levels.

Limits and benchmarks are monitored on an ongoing basis and reported to the relevant governance committees.

Policies & Procedures
Rigorous policies and operational procedures are established throughout the organisation and are approved by the relevant management personnel and/or governance committees.

These policies and procedures incorporate requirements for compliance monitoring, maintenance of contingency plans and the provision of reports to management and the relevant governance committees and/ or the Board of Directors.

(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.

49. Financial Risk Management (Continued)

(a) Credit risk (continued)

Credit-related commitment risks arise from guarantees which may require payment on behalf of customers. Such payments are collected from customers based on the terms of the letters of credit. They expose the Group to risks similar to loans and these are mitigated by the same control policies and processes.

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
(ii) 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.

BACK TO INDEX: NOTES TO THE FINANCIAL STATEMENTS

NCB Financial Group Limited

Notes to the Financial Statements

September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

49. Financial Risk Management (Continued)

(a) Credit risk (continued)

	The Group 2023			
	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held
Credit-impaired assets	$000	$000	$000	$000
Loans and advances	26,416,157	(11,753,479)	14,662,678	150,707,583
Debt securities	6,334,375	(186,155)	6,148,220	294,789
Total credit-impaired assets	32,750,532	(11,939,634)	20,810,898	151,002,372

	The Group 2022			
	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held
Credit-impaired assets	$000	$000	$000	$000
Loans and advances	25,930,464	(10,407,464)	15,523,000	170,479,657
Debt securities	5,885,137	(157,324)	5,727,813	-
Total credit-impaired assets	31,815,601	(10,564,788)	21,250,813	170,479,657

49. Financial Risk Management (Continued)

(a) Credit risk (continued)

Impairment loss provision methodology
Provisions for impairment losses are assessed under three categories as described below:

Sub-standard, Doubtful or Loss rated loans
The Group identifies substandard, doubtful or loss rated loans as determined by Bank of Jamaica Regulations. The calculated provision is adjusted by the future cash flow from the realisation of the related collateral.

Individually Significant, Standard and Special Mention loans
Individually significant loans are reviewed to determine whether the loans show objective evidence of impairment and to determine the extent of provision required. Impairment may be determined through assessment of a number of factors, which include:

(i) Any significant financial difficulty being experienced by the borrower.
(ii) Breach of contract, such as default term, delinquency in principal and interest.
(iii) High probability of bankruptcy or other financial reorganisation by the borrower.

Collectively assessed provisions
All loans, excluding those that are impaired, are assessed on a portfolio basis where possible, in order to reflect the homogenous nature of the loans. The provision is determined by a quantitative review of the respective portfolios.

The tables below show the loans and the associated impairment provision for each internal rating class:

	The Group			
	2023		2022	
	Loans $'000	Impairment provision $'000	Loans $'000	Impairment provision $'000
Standard	583,998,499	3,797,037	536,461,105	2,746,041
Special Mention	15,065,884	199,623	19,456,146	430,260
Sub-Standard	3,773,847	199,422	12,522,327	138,478
Doubtful	9,252,061	3,550,759	9,695,448	3,223,224
Loss	13,808,761	7,881,290	13,127,044	7,175,683
	625,899,052	15,628,131	591,262,070	13,713,686

NCB Financial Group Limited

Notes to the Financial Statements

September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

49. Financial Risk Management (Continued)

(a) Credit risk (continued)

The credit quality of loans is summarised as follows:

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Unimpaired	601,453,977	565,331,605	51,074,760	50,166,303
Impaired	24,445,075	25,930,465	-	-
Gross	625,899,052	591,262,070	51,074,760	50,166,303
Less: provision for credit losses	(15,628,131)	(13,713,686)	(3,150)	(10,007)
Net	610,270,921	577,548,384	51,071,610	50,156,296

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

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Less than 30 days	115,276,920	76,035,726	-	-
31 to 60 days	6,491,789	4,562,079	-	-
61 to 90 days	3,475,489	9,669,182	-	-
Greater than 90 days	47,832	76,471	-	-
	125,292,030	90,343,458	-	-

Of the aggregate amount of gross past due but not impaired loans $79,280,845,000 was secured as at September 30, 2023 (2022 – $72,135,940,000).

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.

49. Financial Risk Management (Continued)

(a) Credit risk (continued)

Restructured loans (continued)

The determination of whether a loan would qualify for renegotiation is made only if all factors indicate that the borrower is able to repay in full (including interest). In making this assessment, the Group takes its historic experience with the borrowers, their expected future cash flows, collateral valuations and any guarantees into consideration. Therefore, at the time of modification, all renegotiated loans are interest bearing with interest being calculated using the terms of the modified loan.

All renegotiated loans are individually assessed for impairment as the active renegotiation of a loan as a result of borrower difficulty, is considered a trigger for determining whether the loan should be tested for impairment. In carrying out its assessment, the Group uses the same methodology as with any other loan in the portfolio that exhibits other objective evidence of impairment. These loans are, however, actively monitored for at least 12 months from the time of renegotiation to determine whether circumstances have changed that would result in the loan being impaired or whether there should be an increase in the current level of impairment.

Credit risk exposure

The table below represents a worst case scenario of credit risk exposure of the Group and the Company at the date of the statement of financial position, without taking account of any collateral held or other credit enhancements. For on-statement of financial position assets, the exposures set out below are based on net carrying amounts as reported in the statement of financial position.

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Credit risk exposures relating to on- statement of financial position assets:				
Balances with Central Banks	80,955,771	70,856,440	-	-
Due from banks	148,317,448	194,669,345	3,016,047	280,630
Derivative financial instruments	826,738	874,471	-	-
Reverse repurchase agreements	8,765,450	8,300,133	-	-
Loans and advances, net of credit impairment losses	613,788,134	580,987,814	-	-
Investment securities	1,102,641,823	959,486,735	7,126,192	7,126,192
Customers' liability – letters of credit and undertaking	5,179,547	6,451,165	-	-
Reinsurance assets	34,576,550	30,312,857	-	-
Other assets	51,232,462	50,806,443	11,334,196	7,994,832
	2,046,283,923	1,902,745,402	21,476,435	15,401,654
Credit risk exposures relating to off- statement of financial position items:				
Credit commitments	84,090,053	88,572,516	-	-
Acceptances, guarantees and indemnities	17,921,277	15,229,253	-	-
	102,011,330	103,801,769	-	-

NCB Financial Group Limited

Notes to the Financial Statements

September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

49. Financial Risk Management (Continued)

(a) Credit risk (continued)

Credit exposures

(i) Loans

The majority of loans are made to customers in Jamaica and Bermuda. The following table summarises the credit exposure for loans at their carrying amounts, as categorised by the industry sectors:

	The Group		The Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Agriculture	6,145,978	7,559,371	-	-
Public Sector	34,634,517	34,349,897	-	-
Construction and land development	22,057,848	20,994,220	-	-
Other financial institutions	15,861,604	16,205,622	51,074,760	50,166,303
Distribution	62,613,610	59,015,491	-	-
Electricity, water and gas	9,449,522	11,151,648	-	-
Entertainment	550,456	873,525	-	-
Manufacturing	8,373,425	8,745,699	-	-
Mining and processing	70,185	133,787	-	-
Personal	309,517,377	288,730,151	-	-
Professional and other services	43,043,224	39,079,518	-	-
Tourism	71,458,157	59,739,897	-	-
Transportation storage and communication	2,608,082	5,374,078	-	-
Overseas residents	39,515,067	39,309,166	-	-
Total	625,899,052	591,262,070	51,074,760	50,166,303
Expected credit losses	(15,628,131)	(13,713,686)	(3,150)	(10,007)
	610,270,921	577,548,384	51,071,610	50,156,296
Interest receivable	3,517,213	3,439,430	981,297	238,774
Net	613,788,134	580,987,814	52,052,907	50,395,070

(ii) Debt securities

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

	The Group	
	2023 $'000	2022 $'000
Government of Jamaica and Bank of Jamaica	402,320,788	338,867,621
Other corporate bonds	176,236,697	166,754,791
Foreign governments	411,987,599	348,809,399
	990,545,084	854,431,811
Expected credit losses	(705,064)	(1,033,216)
Interest receivable	14,274,992	12,276,140
	1,004,115,012	865,674,735

BACK TO INDEX: NOTES TO THE FINANCIAL STATEMENTS

49. Financial Risk Management (Continued)

(a) Credit risk (continued)

Maximum exposure to credit risk

The following tables contain an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised at September 30, 2023.

	The Group				
	ECL staging				
	2023				
	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	407,961,943	-	-	-	407,961,943
Medium	436,596,005	6,721,483	1,630	642,620	443,961,738
High	3,704,112	2,084,958	227,601	-	6,016,671
Default	-	232,263	109,438	5,255,587	5,597,588
Gross carrying amount	848,262,060	9,038,704	338,669	5,898,207	863,537,940
Loss allowance on amortised cost	(382,005)	(263,174)	(59,885)	-	(705,064)
Carrying amount	847,880,055	8,775,530	278,784	5,898,207	863,832,876

	The Group				
	ECL staging				
	2022				
	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	338,926,848	49,130	-	-	338,975,978
Medium	395,410,237	6,074,991	35,651	601,376	402,122,255
High	2,608,795	2,248,811	217,091	-	5,074,697
Default	-	12,554	110,070	4,823,085	4,945,709
Gross carrying amount	736,945,880	8,385,486	362,812	5,424,461	751,118,639
Loss allowance on amortised cost	(670,512)	(304,154)	(58,546)	-	(1,033,212)
Carrying amount	736,275,368	8,081,332	304,266	5,424,461	750,085,427

NCB Financial Group Limited

Notes to the Financial Statements

September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

49. Financial Risk Management (Continued)

(a) Credit risk (continued)

Maximum exposure to credit risk(continued)

	The Group				
	ECL staging				
	2023				
	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	485,694,465	11,727,657	244,559	-	497,666,681
Medium	94,151,367	4,620,779	614,462	-	99,386,608
High	1,015,572	2,407,747	10,361,831	-	13,785,150
Default	-	-	15,060,613	-	15,060,613
Gross carrying amount	580,861,404	18,756,183	26,281,465	-	625,899,052
Loss allowance	(3,114,351)	(760,301)	(11,753,479)	-	(15,628,131)
Carrying amount	577,747,053	17,995,882	14,527,986	-	610,270,921

	The Group				
	ECL staging				
	2022				
	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	467,743,374	14,280,467	1,129	-	482,024,970
Medium	67,010,391	12,042,547	515,327	-	79,568,265
High	1,342,913	2,302,476	11,271,304	-	14,916,693
Default	-	-	14,752,142	-	14,752,142
Gross carrying amount	536,096,678	28,625,490	26,539,902	-	591,262,070
Loss allowance	(2,303,450)	(719,399)	(10,690,837)	-	(13,713,686)
Carrying amount	533,793,228	27,906,091	15,849,065	-	577,548,384

BACK TO INDEX: NOTES TO THE FINANCIAL STATEMENTS

49. Financial Risk Management (Continued)

(a) Credit risk (continued)

Maximum exposure to credit risk(continued)

	The Group				
	ECL staging				
	2023				
	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	116,421,757	8,759,505	-	-	125,181,262
Medium	48,904,802	13,797,986	-	-	62,702,788
High	464,273	6,561,380	24,684	-	7,050,337
Default	-	-	1,218,099	-	1,218,099
Gross carrying amount	165,790,832	29,118,871	1,242,783	-	196,152,486
Loss allowance	(435,159)	(3,530,025)	(1,242,760)	-	(5,207,944)
Carrying amount	165,355,673	25,588,846	23	-	190,944,542

	The Group				
	ECL staging				
	2022				
	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	196,728,551	7,349,924	-	-	204,078,475
Medium	50,769,384	14,282,509	-	-	65,051,893
High	527,228	12,030,946	24,723	-	12,582,897
Default	-	-	1,236,529	-	1,236,529
Gross carrying amount	248,025,163	33,663,379	1,261,252	-	282,949,794
Loss allowance	(511,620)	(3,009,227)	(1,240,909)	-	(4,761,756)
Carrying amount	247,513,543	30,654,152	20,343	-	278,188,038

BACK TO INDEX: NOTES TO THE FINANCIAL STATEMENTS

NCB Financial Group Limited
Notes to the
Financial Statements
September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

49. Financial Risk Management (Continued)

(a) Credit risk (continued)

Maximum exposure to credit risk(continued)

	The Company				
	ECL staging				
	2023				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
DEBT SECURITIES	**$000**	**$000**	**$000**	**$000**	**$000**
Risk rating					
Low	7,126,192	-	-	-	7,126,192
Gross carrying amount	7,126,192	-	-	-	7,126,192

	The Company				
	ECL staging				
	2022				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
DEBT SECURITIES	**$000**	**$000**	**$000**	**$000**	**$000**
Risk rating					
Low	7,126,192	-	-	-	7,126,192
Gross carrying amount	7,126,192	-	-	-	7,126,192

49. Financial Risk Management (Continued)

(a) Credit risk (continued)

Maximum exposure to credit risk(continued)

	The Company				
	ECL staging				
	2023				
	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	51,074,760	-	-	-	51,074,760
Gross carrying amount	51,074,760	-	-	-	51,074,760
Loss allowance	(3,150)	-	-	-	(3,150)
Carrying amount	51,071,610	-	-	-	51,071,610

	The Company				
	ECL staging				
	2022				
	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	50,166,303	-	-	-	50,166,303
Gross carrying amount	50,166,303	-	-	-	50,166,303
Loss allowance	(10,007)	-	-	-	(10,007)
Carrying amount	50,156,296	-	-	-	50,156,296

NCB Financial Group Limited
Notes to the Financial Statements
September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

49. Financial Risk Management (Continued)

(a) Credit risk (continued)

Maximum exposure to credit risk(continued)

	The Company				
	ECL staging				
	2023				
	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	19,148,123	-	-	-	19,148,123
Gross carrying amount	19,148,123	-	-	-	19,148,123
Loss allowance	-	-	-	-	-
Carrying amount	19,148,123	-	-	-	19,148,123

	The Company				
	ECL staging				
	2022				
	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	6,943,927	-	-	-	6,943,927
Gross carrying amount	6,943,927	-	-	-	6,943,927
Loss allowance	-	-	-	-	-
Carrying amount	6,943,927	-	-	-	6,943,927

BACK TO INDEX: NOTES TO THE FINANCIAL STATEMENTS

NCB Financial Group Limited

Notes to the Financial Statements

September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

49. Financial Risk Management (Continued)

(a) Credit risk (continued)

The following tables contain an analysis of the expected credit losses. For debt securities, the amounts disclosed include instruments at amortised cost (ECL disclosed in maximum exposure to credit risk) and FVOCI:

	The Group				
	ECL staging				
	2023				
	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	148,951	-	-	-	148,951
Medium	498,646	244,332	23	-	743,001
High	266,349	162,117	9,552	-	438,018
Default	-	23,651	50,310	-	73,961
Loss allowance	913,946	430,100	59,885	-	1,403,931

	The Group				
	ECL staging				
	2022				
	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	225,226	-	-	-	225,226
Medium	2,038,308	377,755	316	-	2,416,379
High	200,663	292,242	9,822	-	502,727
Default	-	12,554	48,408	-	60,962
Loss allowance	2,464,197	682,551	58,546	-	3,205,294

NCB Financial Group Limited

Notes to the Financial Statements

September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

49. Financial Risk Management (Continued)

(a) Credit risk (continued)

	The Group				
	ECL staging				
	2023				
	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	2,566,542	298,215	42,953	-	2,907,710
Medium	522,554	324,646	8,909	-	856,109
High	25,254	137,441	3,663,763	-	3,826,458
Default	-	-	8,037,854	-	8,037,854
Loss allowance	3,114,350	760,302	11,753,479	-	15,628,131

	The Group				
	ECL staging				
	2022				
	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	1,736,266	255,392	3,603	-	1,995,261
Medium	544,969	329,684	15,106	-	889,759
High	22,215	134,323	3,529,123	-	3,685,661
Default	-	-	7,143,005	-	7,143,005
Loss allowance	2,303,450	719,399	10,690,837	-	13,713,686

49. Financial Risk Management (Continued)

(a) Credit risk (continued)

	The Group				
	ECL staging				
	2023				
	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	120,209	121,172	-	-	241,381
Medium	293,618	2,320,813	-	-	2,614,431
High	21,332	1,088,040	24,684	-	1,134,056
Default	-	-	1,218,076	-	1,218,076
Loss allowance	435,159	3,530,025	1,242,760	-	5,207,944

	The Group				
	ECL staging				
	2022				
	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	127,967	39,061	-	-	167,028
Medium	353,691	2,094,237	-	-	2,447,928
High	29,962	875,929	24,723	-	930,614
Default	-	-	1,216,186	-	1,216,186
Loss allowance	511,620	3,009,227	1,240,909	-	4,761,756

BACK TO **INDEX:** NOTES TO THE FINANCIAL STATEMENTS

NCB Financial Group Limited
Notes to the Financial Statements
September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

49. Financial Risk Management (Continued)

(a) Credit risk (continued)

	The Company				
	ECL staging				
	2023				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
DEBT SECURITIES	**$000**	**$000**	**$000**	**$000**	**$000**
Risk rating					
Low	1,266	-	-	-	1,266
Loss allowance	1,266	-	-	-	1,266

	The Company				
	ECL staging				
	2022				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
DEBT SECURITIES	**$000**	**$000**	**$000**	**$000**	**$000**
Risk rating					
Low	1,568	-	-	-	1,568
Loss allowance	1,568	-	-	-	1,568

49. Financial Risk Management (Continued)

(a) Credit risk (continued)

	ECL staging				
	2023				
	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	3,150	-	-	-	3,150
Loss allowance	3,150	-	-	-	3,150

	ECL staging				
	2022				
	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	10,007	-	-	-	10,007
Loss allowance	10,007	-	-	-	10,007

NCB Financial Group Limited

Notes to the Financial Statements

September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

49. Financial Risk Management (Continued)

(a) Credit risk (continued)

Loss allowance

The following tables explain the changes in the loss allowance between the beginning and the end of the annual period due to these factors:

	The Group				
	ECL staging				
	2023				
	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, 2022	2,464,197	682,551	58,546	-	3,205,294
Transfers:					
Transfer from Stage 1 to Stage 2	(91,264)	91,264	-	-	-
Transfer from Stage 1 to Stage 3	(37,635)	-	37,635	-	-
Transfer from Stage 2 to Stage 1	67,922	(67,922)	-	-	-
New financial assets originated or purchased	271,731	4,771	-	-	276,502
Financial assets derecognised during the period	(99,758)	(20,253)	-	-	(120,011)
Changes to principal	(49,129)	-	-	-	(49,129)
Changes to input to ECL model	(1,402,347)	(216,990)	(964)	-	(1,620,301)
Foreign exchange movement	(209,771)	(43,321)	(35,332)	-	(288,424)
Loss allowance as at September 30, 2023	913,946	430,100	59,885	-	1,403,931

	The Group				
	ECL staging				
	2022				
	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, 2021	2,517,449	942,930	12,061	-	3,472,440
Transfers:					
Transfer from Stage 1 to Stage 2	(59,900)	59,900	-	-	-
Transfer from Stage 2 to Stage 3	(154,820)	139,173	15,647	-	-
Transfer from Stage 2 to Stage 1	32,423	(32,423)	-	-	-
New financial assets originated or purchased	480,911	723	-	-	481,634
Financial assets derecognised during the period	(351,433)	(610)	-	-	(352,043)
Changes to principal	(105,277)	-	-	-	(105,277)
Changes to input to ECL model	80,116	(426,957)	30,838	-	(316,003)
Foreign exchange movement	24,728	(185)	-	-	24,543
Loss allowance as at September 30, 2022	2,464,197	682,551	58,546	-	3,205,294

NCB Financial Group Limited

Notes to the
Financial Statements

September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

49. Financial Risk Management (Continued)

(a) Credit risk (continued)

Loss allowance (continued)

	The Group ECL staging 2023				
	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, 2022	2,303,450	719,399	10,690,837	-	13,713,686
Transfers:					
Transfer from Stage 1 to Stage 2	(41,938)	41,938	-	-	-
Transfer from Stage 1 to Stage 3	(36,186)	-	36,186	-	-
Transfer from Stage 2 to Stage 3	-	(32,684)	32,684	-	-
Transfer from Stage 2 to Stage 1	120,194	(120,194)	-	-	-
Transfer from Stage 3 to Stage 1	4,898	-	(4,898)	-	-
Transfer from Stage 3 to Stage 2	-	1,182	(1,182)	-	-
New financial assets originated or purchased	796,821	45,298	4,726,384	-	5,568,503
Financial assets derecognised during the period	(215,453)	(60,930)	(227,657)	-	(504,040)
Write offs	(13,525)	-	(5,009,821)	-	(5,023,346)
Changes to principal	80,331	50,378	278,390	-	409,099
Changes to input to ECL model	99,032	106,765	1,173,569	-	1,379,366
Changes to interest accrual					
Foreign exchange movement	16,726	9,150	58,987	-	84,863
Loss allowance as at September 30, 2023	3,114,350	760,302	11,753,479	-	15,628,131

	The Group ECL staging 2022				
	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, 2021	1,186,840	2,830,379	11,476,616	-	15,493,835
Transfers:					
Transfer from Stage 1 to Stage 2	(68,632)	68,632	-	-	-
Transfer from Stage 1 to Stage 3	(475,772)	-	475,772	-	-
Transfer from Stage 2 to Stage 3	-	(652,233)	652,233	-	-
Transfer from Stage 2 to Stage 1	1,149,103	(1,149,103)	-	-	-
Transfer from Stage 3 to Stage 1	132,541	-	(132,541)	-	-
Transfer from Stage 3 to Stage 2	-	765,508	(765,508)	-	-
New financial assets originated or purchased	560,510	23,881	2,804,430	-	3,388,821
Financial assets derecognised during the period	(55,988)	(210,409)	(866,425)	-	(1,132,822)
Write offs	-	-	(4,182,195)	-	(4,182,195)
Changes to principal	(364,798)	23,157	507,135	-	165,494
Changes to input to ECL model	367,668	(278,707)	(983)	-	87,978
Changes to interest accrual	(137,273)	(712,666)	528,114		(321,825)
Foreign exchange movement	9,251	10,960	194,189	-	214,400
Loss allowance as at September 30, 2022	2,303,450	719,399	10,690,837	-	**13,713,686**

BACK TO **INDEX:** NOTES TO THE FINANCIAL STATEMENTS

NCB Financial Group Limited

Notes to the Financial Statements

September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

49. Financial Risk Management (Continued)

(a) Credit risk (continued)

Loss allowance (continued)

	The Group				
	ECL staging				
	2023				
	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, 2022	511,620	3,009,227	1,240,909		4,761,756
Stage 2 to 3					
New financial assets originated or purchased	117,544	53,226	-	-	170,770
Financial assets derecognised during the period	40,971	24,340	97,635	-	162,946
Write offs	(2,916)	(867,167)	(144,846)	-	(1,014,929)
Changes to principal	(40,161)	321	-	-	(39,840)
Changes to inputs to ECL model	(200,230)	1,246,503	(75,339)	-	970,934
Foreign exchange changes	8,331	63,575	124,401		196,307
Loss allowance as at September 30, 2023	435,159	3,530,025	1,242,760	-	5,207,944

	The Group				
	ECL staging				
	2022				
	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, 2021	428,082	4,931,958	454,469	-	5,814,509
Stage 2 to 3	-	(568,366)	568,366	-	-
New financial assets originated or purchased	82,497	4,425	-	-	86,922
Financial assets derecognised during the period	(3,336)	(30,029)	(21,201)	-	(54,566)
Write offs	-	(394,964)	331,790	-	(63,174)
Changes to principal	-	(316)	(89,501)		(89,817)
Changes to input to ECL model	17,724	(1,059,717)	146,918	-	(895,075)
Foreign exchange changes	(13,347)	126,236	(149,932)	-	(37,043)
Loss allowance as at September 30, 2022	511,620	3,009,227	1,240,909	-	4,761,756

BACK TO INDEX: NOTES TO THE FINANCIAL STATEMENTS

NCB Financial Group Limited
Notes to the Financial Statements
September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

49. Financial Risk Management (Continued)

(a) Credit risk (continued)
Loss allowance (continued)

	The Company				
	ECL staging				
	2023				
	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, 2022	1,568	-	-	-	1,568
Transfers:					
Changes to input to the ECL model	330	-	-	-	330
Loss allowance as at September 30, 2023	1,898	-	-	-	1.898

	The Company				
	ECL staging				
	2022				
	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, 2021	2,106	-	-	-	2,106
Transfers:					
Changes to input to the ECL model	(538)	-	-	-	(538)
Loss allowance as at September 30, 2022	1,568	-	-	-	1,568

	The Company				
	ECL staging				
	2023				
	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, 2022	10,007	-	-	-	10,007
Transfers:					
Changes to input to the ECL model	(6,857)	-	-	-	(6,857)
Loss allowance as at September 30, 2023	3,150	-	-	-	3,150

	The Company				
	ECL staging				
	2022				
	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, 2021					
Transfers:					
Changes to input to the ECL model	10,007	-	-	-	10,007
Loss allowance as at September 30, 2022	10,007	-	-	-	10,007

NCB Financial Group Limited
Notes to the
Financial Statements
September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

49. Financial Risk Management (Continued)

(a) Credit risk (continued)

The most significant period-end assumptions used for the ECL estimate are set out in the tables below

At October 1, 2022 and September 30, 2023

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 2.8 (2022: - 3.59) and Global Consumer Price Index 7 (2022: 7.4).

Economic variable assumptions for exposure – loans and advances

For lending operations in Jamaica and Trinidad and Tobago, management has examined the information within the market and selected economic metrics that have a significant correlation to credit losses.

Expected state for the next 12 months		Jamaica	Trinidad
GDP growth	Base	Stable	Stable
	Upside	Stable	Positive
	Downside	Stable	Negative
Inflation	Base	Stable	Stable
	Upside	Stable	Positive
	Downside	Stable	Negative

In the Bermuda subsidiaries macroeconomic variables include, but are not limited to, unemployment rates, collateral normalisation 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.

BACK TO INDEX: NOTES TO THE FINANCIAL STATEMENTS

NCB Financial Group Limited
Notes to the Financial Statements
September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

49. Financial Risk Management (Continued)

(a) Credit risk (continued)

Sensitivity analysis
Set out below are the changes in ECL as at 30 September 2023 that would result from a reasonably possible change in the PDs and LGDs used by the Group:

PD Sensitivity

	The Group		
	2023		
			Impact on ECL
Financial Assets	**Actual PD ranges applied**	**% Change in PD**	**Impact**
			$'000
Debt securities	0.001% – 0.019%	+/- 30%	436,181
Loans and advances	0% - 10.2526%	+/- 30%	708,276
Repurchase agreements	0.001% - 0.0159%	+/- 30%	9,796
Cash and cash equivalents	0.0% - 0.01%	+/- 30%	89,982
Commitments, guarantees & LCs	0.003% – 2.522%	+/- 30%	10,312
Total			1,254,547

	The Group		
	2022		
			Impact on ECL
Financial Assets	**Actual PD ranges applied**	**% Change in PD**	**Impact**
			$'000
Debt securities	0.003% – 2.522%	+/- 30%	757,360
Loans and advances	0% - 0.13%	+/- 30%	599,635
Repurchase agreements	0.003% - 0.01%	+/- 30%	11,028
Cash and cash equivalents	0.0% - 0.01%	+/- 30%	84,441
Commitments, guarantees & LCs			5,845
Total			1,458,309

BACK TO INDEX: NOTES TO THE FINANCIAL STATEMENTS

NCB Financial Group Limited
Notes to the Financial Statements
September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

49. Financial Risk Management (Continued)

(b) Liquidity risk

The Group's liquidity risk policy is designed to ensure that it can meet cash obligations when they fall due and take advantage of unanticipated earnings enhancement opportunities.

Liquidity management within the Group, which incorporates funding risk management, ensures that there is a sufficient level of liquid assets available in addition to stable funding lines to meet on-going cash commitments even during periods of stress. The management of liquidity risk is executed within a framework which comprises:

(i) Oversight by relevant governance committees;

(ii) Daily management of liquidity by the relevant treasury/investment units within each Group company;

(iii) Use of tools to measure the Group's exposures;

(iv) Establishment and monitoring of limits/benchmarks for maturity mismatches and funding concentrations;

(v) Diversification of funding sources;

(vi) Maintenance of committed lines of credits; and

(vii) Monitoring of adherence to regulatory ratios.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month, respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

The matching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Group's liquidity exposure. It is unusual for companies to be completely matched since business transacted is often of uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of loss.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Group and its exposure to changes in interest rates and exchange rates.

NCB Financial Group Limited

Notes to the Financial Statements

September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

49. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Cash flows of financial liabilities

The tables below present the contractual maturities of undiscounted cash flows (both interest and principal cash flows) of the financial assets (expected) and liabilities (contractual and expected) based on the remaining period.

	The Group					
	Within 1 Month $'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, 2023:						
Due to Banks	13,053,385	7,905,571	15,730,370	13,593,242	-	50,282,568
Customer deposits	648,157,677	54,365,493	47,926,340	23,262,550	532,289	776,208,612
Repurchase agreements	89,483,572	97,018,428	134,246,673	38,597,057	21,490,323	380,836,053
Obligations under securitisation arrangements	1,749,749	507,846	10,382,998	63,158,037	49,597,667	125,396,297
Other borrowed funds	65,839,509	6,248,586	59,357,848	173,575,151	36,087,662	341,108,756
Derivative financial instruments	9,192	-	-	-	-	9,192
Third party interests in mutual funds	38,910,757	-	-	-	-	38,910,757
Lease liabilities	130,046	372,874	1,091,057	3,748,667	1,091,325	6,433,968
Liabilities under annuity , insurance and investment contracts	956,889	8,204,302	32,623,729	155,662,407	886,894,516	1,084,341,843
Segregated fund liabilities	11,343	50,058	360,323	11,275,910	69,346,028	81,043,662
Other	61,395,932	-	-	-	-	61,395,932
Total financial liabilities (contractual maturity dates)	919,716,051	174,673,158	301,719,338	482,873,021	1,065,040,362	2,944,021,930
Total financial liabilities (expected maturity dates)	464,458,757	180,557,301	391,525,804	663,687,193	1,542,784,518	3,243,013,572
Total financial assets (expected maturity dates)	322,345,601	91,619,369	251,568,387	783,183,508	1,409,306,659	2,858,023,524

BACK TO INDEX: NOTES TO THE FINANCIAL STATEMENTS

NCB Financial Group Limited
Notes to the Financial Statements
September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

49. Financial Risk Management (Continued)
(b) Liquidity risk (continued)
Cash flows of financial liabilities (continued)

	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, 2022:						
Due to Banks	11,014,374	4,760,796	15,133,394	7,956,070	-	38,864,634
Customer deposits	623,464,337	35,695,873	57,549,829	18,346,201	-	735,056,240
Repurchase agreements	64,266,413	73,620,548	70,659,437	42,244,702	21,691,969	272,483,069
Obligations under securitisation arrangements	1,307,719	498,813	6,652,319	59,428,581	63,737,317	131,624,749
Other borrowed funds	1,359,938	3,017,313	32,987,695	117,413,795	10,501,496	165,280,237
Third party interests in mutual funds	33,587,741	-	-	-	-	33,587,741
Lease liabilities	30,839	105,443	1,703,529	2,805,122	909,541	5,554,474
Liabilities under annuity , insurance and investment contracts	2,619,182	3,240,494	45,443,504	132,956,852	839,044,665	1,023,304,697
Segregated fund liabilities	5,193	20,004	112,553	1,301,169	12,997,831	14,436,750
Other	63,903,306	-	-	-	-	63,903,306
Total financial liabilities (contractual maturity dates)	801,559,042	120,959,284	230,242,260	382,452,492	948,882,819	2,484,095,897
Total financial liabilities (expected maturity dates)	337,480,498	112,979,073	249,877,736	539,621,421	1,270,786,093	2,510,744,821
Total financial assets (expected maturity dates)	275,258,559	81,275,744	201,507,911	637,696,797	1,383,827,732	2,579,566,743

BACK TO INDEX: NOTES TO THE FINANCIAL STATEMENTS

49. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Cash flows of financial liabilities (continued)

	The Company					
	Within 1 Month $'000	2 to 3 Months $'000	4 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Total $'000
As at September 30, 2023:						
Due to banks	-	7,825,665	497,371	13,575,837	-	21,898,873
Other borrowed funds	317,118	3,795,693	39,386,331	61,155,064	-	104,654,206
Lease Liabilities	-	-	63,637	-	-	63,637
Other	6,912,156	-	-	-	-	6,912,156
Total financial liabilities (contractual maturity dates)	7,229,274	11,621,358	39,947,339	74,730,901	-	133,528,872
Total financial liabilities (expected maturity dates)	7,229,274	11,621,358	39,947,339	74,730,901	-	133,528,872
Total financial assets (expected maturity dates)	54,094,909	245,671	14,419,585	1,965,370	7,975,973	78,701,508

	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, 2022:						
Due to banks	275,753	7,119,759	11,743,988	-	-	19,139,500
Other borrowed funds	16,684	469,985	15,458,819	78,141,206	-	94,086,694
Derivative financial instruments	-	-	402,695	-	-	402,695
Lease Liabilities	10,390	20,781	93,514	-	-	124,685
Other	5,398,303	-	-	-	-	5,398,303
Total financial liabilities (contractual maturity dates)	5,701,130	7,610,525	27,699,016	78,141,206	-	119,151,877
Total financial liabilities (expected maturity dates)	2,817,042	(7,364,854)	(12,801,161)	(38,959,562)	8,465,972	(47,842,563)
Total financial assets (expected maturity dates)	8,518,172	245,671	14,897,855	39,181,644	8,465,972	71,309,314

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.

NCB Financial Group Limited
Notes to the
Financial Statements
September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

49. Financial Risk Management (Continued)

(b) Liquidity risk (continued)
Cash flows of financial liabilities (continued)

Off-statement of financial position items
The tables below show the contractual expiry by maturity of commitments.

	The Group			
	No later than 1 year $'000	**1 to 5 years $'000**	**Over 5 years $'000**	**Total $'000**
At September 30, 2023				
Credit commitments	81,416,693	2,262,400	410,920	84,090,013
Guarantees, acceptances and other financial facilities	14,435,362	636,578	2,849,337	17,921,277
Capital commitments	9,792,235	112,951	-	9,905,186
	105,644,290	3,011,929	3,260,257	111,916,476
At September 30, 2022				
Credit commitments	85,012,264	2,618,797	941,454	88,572,515
Guarantees, acceptances and other financial facilities	11,433,298	970,349	2,825,606	15,229,253
Capital commitments	6,747,384	36,080	-	6,783,464
	103,192,946	3,625,226	3,767,060	110,585,232

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 $ 3,455,195,000 (2022 – $3,710,747,000) for the Group has already been contracted.

49. Financial Risk Management (Continued)

(c) Market risk

The Group takes on exposure to market risk, which is defined as the potential for loss arising from changes in the market value of the organisation's financial instruments due to changes in certain market variables, such as interest rates, foreign exchange rates, equity prices, market liquidity and credit spreads.

The Group incurs market risk primarily in treasury, trading and banking activities. The Group takes a comprehensive governance approach in accordance with the enterprise-wide risk management framework. This includes:

- Oversight provided by the relevant governance committees.
- An independent market risk oversight function.
- The utilisation of tools and models to measure market risk exposure.
- Limit setting mechanisms and a monitoring process.
- The utilisation of scenario analysis and of stress testing for worst case events.

(i) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Foreign exchange risk occurs when the Group takes an open position in a currency. To control this exchange risk, the Group has approved limits for net open positions in each currency for both intra-day and overnight.

The Group also has transactional currency exposure. Such exposure arises from having financial assets in currencies other than those in which financial liabilities are expected to be settled. The Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign assets to address short term imbalances.

NCB Financial Group Limited
Notes to the
Financial Statements
September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

49. Financial Risk Management (Continued)

(c) Market risk (continued)

(i) Currency risk (continued)

Concentrations of currency risk – on- and off-statement of financial position financial instruments

The tables below summarise the Group's and the Company's exposure to foreign currency exchange rate risk as at the date of the statement of financial position

	J$	US$	BMD
September 30, 2023	**$'000**	**$'000**	**$'000**
Assets			
Cash in hand and balances at Central Banks	42,243,030	28,335,573	5,427,552
Due from banks	7,486,814	51,490,816	2,367,547
Reverse repurchase agreements	5,311,593	3,441,251	-
Loans and advances net of provision for credit losses	344,780,427	147,635,669	82,889,664
Investment securities	268,672,414	502,844,570	-
Derivative financial instruments	144,577		-
Reinsurance assets	1,870,524	15,227,222	-
Other	16,506,346	24,896,802	813,791
Total financial assets	687,015,725	773,871,903	91,498,554
Liabilities			
Due to banks	7,926,717	23,440,980	-
Customer deposits	334,010,898	271,644,817	101,394,078
Repurchase agreements	94,771,102	162,408,301	-
Obligations under securitisation arrangements	-	99,157,288	-
Other borrowed funds	25,408,628	94,777,990	-
Liabilities under annuity , insurance and investment contracts	64,378,975	36,694,973	-
Lease liabilities	1,701,182	577,813	1,127,978
Derivative financial instruments	9,192	-	-
Segregated fund liabilities	14,848,093	-	-
Third party interest in mutual funds	-	14,022,993	-
Other	13,208,151	16,969,043	1,116,680
Total financial liabilities	556,262,938	719,694,198	103,638,736
Net on-statement of financial position	130,752,787	54,177,705	(12,140,182)
Guarantees, acceptances and other financial facilities	6,614,742	6,396,282	-
Credit commitments	56,751,438	24,877,740	2,460,875

BACK TO INDEX: NOTES TO THE FINANCIAL STATEMENTS

	The Group						
	GBP	EURO	TT	CAD	NAF	Other	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
	1,891,762	34,248	1,093	1,932,235	-	1,090,278	80,955,771
	8,812,356	7,430,143	10,690,818	6,350,025	39,090,137	14,598,792	148,317,448
	-	-	-	12,606	-	-	8,765,450
	-	1,660,741	3,538,337	8,681,756	24,601,540	-	613,788,134
	4,647,453	4,559,397	214,926,963	32,248,089	47,512,764	27,230,173	1,102,641,823
	-	-	682,161	-	-	-	826,738
	2,214,498	6,121,447	1,221,681	-	2,411,077	5,510,101	34,576,550
	13,053	981,221	5,245,013	653,103	2,719,299	4,351,717	56,180,345
	17,579,122	20,787,197	236,306,066	49,877,814	116,334,817	52,781,061	2,046,052,259
	341,025	94,039	2,249	5,631	-	97,695	31,908,336
	14,222,130	2,503,936	-	23,147,288	-	948,973	747,872,120
	-	-	1,719,950	14,363,794	-	6,490,940	279,754,087
	-	-	-	-	-	-	99,157,288
	-	-	58,098,982	-	-	2,275,578	180,561,178
	2,210,135	10,514,828	221,756,987	-	150,747,647	20,308,320	506,611,865
	-	620,508	603,492	23,848	347,524	-	5,002,345
	-	-	-	-	-	-	9,192
	-	-	-	-	-	-	14,848,093
	-	-	24,887,764	-	-	-	38,910,757
	993,853	3,602,614	7,113,821	696,190	8,681,985	9,013,596	61,395,933
	17,767,143	17,335,925	314,183,245	38,236,751	159,777,156	39,135,102	1,966,031,194
	(188,021)	3,451,272	(77,877,179)	11,641,063	(43,442,339)	13,645,959	80,021,065
	-	70,120	-	-	4,556,435	283,697	17,923,976
	-	-	-	-	-	-	84,090,053

BACK TO INDEX: NOTES TO THE FINANCIAL STATEMENTS

NCB Financial Group Limited
Notes to the
Financial Statements
September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

49. Financial Risk Management (Continued)

(c) Market risk (continued)

(i) Currency risk (continued)

Concentrations of currency risk – on- and off-statement of financial position financial instruments (continued)

	J$	US$	BMD
September 30, 2022 - Restated	**$'000**	**$'000**	**$'000**
Assets			
Cash in hand and balances at Central Banks	31,954,722	29,454,522	4,170,796
Due from banks	2,749,357	77,167,966	1,104,723
Reverse repurchase agreements	1,915,203	5,594,664	-
Loans and advances net of provision for credit losses	319,861,121	147,891,651	84,854,021
Investment securities	236,124,310	456,534,447	-
Derivative financial instruments	284,204	590,267	-
Reinsurance assets	1,415,511	12,873,966	-
Other	8,900,380	12,842,755	6,660,929
Total financial assets	603,204,808	742,950,238	96,790,469
Liabilities			
Due to banks	2,961,936	34,349,456	-
Customer deposits	305,044,929	268,052,043	101,094,678
Repurchase agreements	68,195,194	161,418,543	-
Obligations under securitisation arrangements	-	100,267,723	-
Other borrowed funds	51,341,106	46,025,119	-
Liabilities under annuity , insurance and investment contracts	65,294,798	33,158,924	-
Lease liabilities	2,037,146	700,027	1,127,390
Derivative financial instruments			
Segregated fund liabilities	14,436,764	-	-
Third party interest in mutual funds	-	7,841,818	-
Other	15,551,991	13,307,928	973,039
Total financial liabilities	524,863,864	665,121,581	103,195,107
Net on-statement of financial position	78,340,944	77,828,657	(6,404,638)
Guarantees, acceptances and other financial facilities	8,820,644	3,418,436	-
Credit commitments	59,231,856	24,944,876	4,395,784

	The Group					
GBP	EURO	TT	CAD	NAF	Other	Total
$'000	$'000	$'000	$'000	$'000	$'000	$'000
1,685,059	14,137	1,479,666	426,536	-	1,671,002	70,856,440
6,700,274	9,250,688	43,652,474	2,404,738	41,503,193	10,135,932	194,669,345
-	-	790,266	-	-	-	8,300,133
-	1,580,712	10,113,036	-	16,687,273	-	580,987,814
4,254,983	2,934,661	198,701,777	3,433,743	40,399,133	17,103,681	959,486,735
-	-	-	-	-	-	874,471
2,508,548	5,181,083	1,191,416	-	2,388,229	4,754,104	30,312,857
5,217	4,831,076	3,037,582	98	9,574,678	4,953,728	50,806,443
15,154,081	23,792,357	258,966,217	6,265,115	110,552,506	38,618,447	1,896,294,238
100,985	11,948	2,189	63,496	-	11,982	37,501,992
12,394,113	4,195,490	21,557,003	2,787,974	-	150,452	715,276,682
-	-	14,006,897	-	-	4,056,219	247,676,853
-	-	-	-	-	-	100,267,723
-	-	56,655,724	-	-	-	154,021,949
2,758,559	9,822,521	211,644,097	-	147,268,473	17,692,441	487,639,813
-	-	1,307,815	-	-	781	5,173,159
-	-	-	-	-	-	14,436,764
-	-	25,745,923	-	-	-	33,587,741
664,693	6,830,501	8,731,437	275,188	7,793,447	9,775,082	63,903,306
15,918,350	20,860,460	339,651,085	3,126,658	155,061,920	31,686,957	1,859,485,982
(764,269)	2,931,897	(80,684,868)	3,138,457	(44,509,414)	6,931,490	36,808,256
-	2,990,173	-	-	-	-	15,229,253
-	-	-	-	-	-	88,572,516

BACK TO INDEX: NOTES TO THE FINANCIAL STATEMENTS

NCB Financial Group Limited
Notes to the Financial Statements
September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

49. Financial Risk Management (Continued)

(c) Market risk (continued)

(i) Currency risk (continued)

Concentrations of currency risk–on- and off-balance sheet financial instruments (continued)

	The Company			
	J$	**US$**	**TT$**	**Total**
September 30, 2023	**$'000**	**$'000**	**$'000**	**$'000**
Assets				
Due from banks	592,786	2,423,261	-	3,016,047
Loan to related party	-	52,052,907	-	52,052,907
Investment securities	7,126,192	-	-	7,126,192
Other	7,211,179	8,749,075	-	15,960,254
Total financial assets	14,930,157	63,225,243	-	78,155,400
Liabilities				
Due to banks	7,235,068	11,999,865	-	19,234,933
Other borrowed funds	46,170,987	47,731,780	-	93,902,767
Derivative financial instruments	-	-	-	
Lease liabilities	63,637	-	-	63,637
Other	824,102	6,088,054	-	6,912,156
Total financial liabilities	54,293,794	65,819,699	-	120,113,493
Net on-statement of financial position	(39,363,637)	(2,594,456)	-	(41,958,093)

	The Company			
	J$	**US$**	**TT$**	**Total**
September 30, 2022	**$'000**	**$'000**	**$'000**	**$'000**
Assets				
Due from banks	155,112	125,518	-	280,630
Loan to related party	-	50,395,070	-	50,395,070
Investment securities	7,126,192	-	-	7,126,192
Other	1,577,428	5,085,769	-	6,663,197
Total financial assets	8,858,732	55,606,357	-	64,465,089
Liabilities				
Due to banks	6,966,513	11,673,243	-	18,639,756
Other borrowed funds	38,778,390	42,584,880	-	81,363,270
Derivative financial instruments	402,695	-	-	402,695
Lease liabilities	121,489	-	-	121,489
Other	1,891,880	3,506,424	-	5,398,304
Total financial liabilities	48,160,967	57,764,547	-	105,925,514
Net on-statement of financial position	(39,302,235)	(2,158,190)	-	(41,460,425)

NCB Financial Group Limited
Notes to the Financial Statements
September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

49. Financial Risk Management (Continued)

(c) Market risk (continued)

(i) Currency risk (continued)

Concentrations of currency risk – on- and off-statement of financial position financial instruments (continued)

Foreign currency sensitivity

The following table indicates the currencies to which the Group and the Company have significant exposures on its monetary assets and liabilities and its forecast cash flows. The change in currency rates below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents the outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for changes in foreign currency rates. The sensitivity analysis includes loans and advances to customers, investment securities and deposits. The correlation of variables will have a significant effect in determining the ultimate impact on market risk, but to demonstrate the impact due to changes in each variable, variables had to be considered on an individual basis. It should be noted that movements in these variables are non-linear. There was no effect on other comprehensive income.

	2023			2022		
	% Change in Currency Rate	Effect on Profit before Taxation		% Change in Currency Rate	Effect on Profit before Taxation	
		The Group $'000	The Company $'000		The Group $'000	The Company $'000
Currency:						
USD	Appreciation 2%	(1,257,790)	51,889	Appreciation 2%	(1,556,573)	43,164
	Depreciation 8%	5,031,160	(207,556)	Depreciation 8%	6,226,293	(172,655)
GBP	Appreciation 2%	21,607	-	Appreciation 2%	15,285	-
	Depreciation 8%	(86430)	-	Depreciation 8%	(61,142)	-
TTD	Appreciation 2%	1,566,903	-	Appreciation 2%	1,527,935	-
	Depreciation 8%	(6,267,613)	-	Depreciation 8%	(6,111,740)	-
EUR	Appreciation 2%	(66,438)	-	Appreciation 2%	(58,638)	-
	Depreciation 8%	265,754	-	Depreciation 8%	234,552	-
CAN	Appreciation 2%	(140,137)	-	Appreciation 2%	(62,769)	-
	Depreciation 8%	560,549	-	Depreciation 8%	251,077	-
NAF	Appreciation 2%	868,848	-	Appreciation 2%	890,188	-
	Depreciation 8%	(3,475,391)	-	Depreciation 8%	(3,560,753)	-
BMD	Appreciation 2%	244,804	-	Appreciation 2%	128,093	-
	Depreciation 8%	(971,215)	-	Depreciation 8%	(512,371)	-

BACK TO INDEX: NOTES TO THE FINANCIAL STATEMENTS

NCB Financial Group Limited

Notes to the
Financial Statements

September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

49. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk

Interest rate risk arises when the Group's principal and interest cash flows from on- and off-statement of financial position items have mismatched repricing dates. The short term impact is experienced on the Group's net interest income and long term impact is felt on its equity.

The Group incurs interest rate mismatches from its interest bearing assets and liabilities with the size of such exposure being heavily dependent on the direction and degree of interest rate movements in addition to the size and maturity structure of the mismatched position. The Group's policy requires that such mismatches are managed. Accordingly, the Board requires that a comprehensive system of limits, gap analysis and stress testing be used to manage the Group's exposure.

Floating rate instruments expose the Group to cash flow interest risk, whereas fixed interest rate instruments expose the Group to fair value interest risk.

The Group's interest rate risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest bearing financial assets and interest bearing financial liabilities. Limits are established and monitored with respect to the level of mismatch of interest rate repricing that may be undertaken.

BACK TO INDEX: NOTES TO THE FINANCIAL STATEMENTS

NCB Financial Group Limited
Notes to the Financial Statements
September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

49. Financial Risk Management (Continued)

(c) Market risk (continued)
(ii) Interest rate risk (continued)
The following tables summarise the exposure to interest rate risk. It includes the financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	The Group						
September 30, 2023	Within 1 Month $'000	2 to 3 Months $'000	4 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non-Interest Bearing $'000	Total $'000
Assets							
Cash in hand and balances at Central Banks	1,203,141	-	-	-	1,075,963	78,676,667	80,955,771
Due from banks	44,090,264	14,258,472	18,340,070	23,902,548	777,133	46,948,961	148,317,448
Reverse repurchase agreements	6,235,145	2,036,009	-	434,657	-	59,639	8,765,450
Loans and advances net of provision for credit impairment losses	110,708,736	33,101,363	39,282,364	179,386,569	247,791,888	3,517,214	613,788,134
Investment securities classified as FVOCI	16,298,873	44,289,549	82,282,452	292,579,232	554,389,911	112,801,804	1,102,641,823
Reinsurance asset	-	-	-	-	-	34,576,550	34,576,550
Derivative financial instruments	-	-	-	-	-	826,738	826,738
Other	-	-	-	-	-	56,180,345	56,180,345
Total financial assets	178,536,161	93,685,395	139,904,886	496,303,006	804,034,895	333,587,918	2,046,052,259
Liabilities							
Due to banks	6,681,889	1,125	7,743,656	11,625,305	-	5,856,361	31,908,336
Customer deposits	703,159,830	22,391,395	14,056,194	4,407,619	-	3,857,082	747,872,120
Repurchase agreements	69,082,794	70,978,213	87,464,893	28,781,628	18,450,091	4,996,468	279,754,087
Obligations under securitisation arrangements	854,779	-	6,294,943	46,776,164	44,323,450	907,952	99,157,288
Other borrowed funds	548,751	4,392,155	44,298,094	111,100,441	18,694,436	1,527,301	180,561,178
Derivative financial instruments	-	-	-	-	-	9,192	9,192
Lease liabilities	99,992	186,043	881,279	2,088,906	635,263	1,110,862	5,002,345
Liabilities under annuity, insurance and investment contracts	55,425,232	2,151,650	8,203,866	80,589,676	270,093,337	90,148,104	506,611,865
Third party interest in mutual funds	38,910,757	-	-	-	-	-	38,910,757
Segregated fund liabilities	2,090	9,162	66,016	2,065,863	12,704,962	-	14,848,093
Other	-	-	-	-	-	61,395,933	61,395,933
Total financial liabilities	874,766,114	100,109,743	169,008,941	287,435,602	364,901,539	169,809,255	1,966,031,194
On-statement of financial position interest sensitivity gap	(696,229,954)	(6,424,349)	(29,104,055)	208,867,404	439,133,356	163,779,663	80,021,065
Cumulative interest sensitivity gap	(696,229,954)	(702,654,303)	(731,758,358)	(522,890,954)	(83,757,598)	80,021,065	

BACK TO **INDEX:** NOTES TO THE FINANCIAL STATEMENTS

NCB Financial Group Limited

Notes to the Financial Statements

September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

49. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

	The Group						
	Within 1 Month	2 to 3 Months	4 to 12 Months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
September 30, 2022 -Restated	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Assets							
Cash in hand and balances at Central Banks	3,683,604	-	-	-	1,661,566	65,511,270	70,856,440
Due from banks	94,327,650	14,011,140	22,292,808	26,196,497	1,896,877	35,944,373	194,669,345
Reverse repurchase agreements	4,076,016	2,311,756	375,723	1,510,742	-	25,896	8,300,133
Loans and advances net of provision for credit impairment losses	91,895,569	35,880,816	24,093,807	169,662,895	256,015,298	3,439,429	580,987,814
Investment securities classified as FVOCI	42,452,778	69,574,398	53,868,350	252,723,011	434,768,909	106,099,289	959,486,735
Reinsurance asset	-	-	-	-	-	30,312,857	30,312,857
Derivative financial instruments	-	-	-	-	-	874,471	874,471
Other	-	-	-	-	-	50,806,443	50,806,443
Total financial assets	236,435,617	121,778,110	100,630,688	450,093,145	694,342,650	293,014,028	1,896,294,238
Liabilities							
Due to banks	4,790,382	3,800,478	14,441,815	7,624,147	-	6,845,170	37,501,992
Customer deposits	601,651,890	35,876,748	56,753,513	19,401,763	-	1,592,768	715,276,682
Repurchase agreements	58,571,872	69,885,701	62,053,568	37,389,931	17,934,705	1,841,076	247,676,853
Obligations under securitisation arrangements	793,964	-	2,449,513	40,930,415	55,571,379	522,452	100,267,723
Other borrowed funds	1,780,236	2,273,294	18,298,777	120,688,577	9,857,284	1,123,781	154,021,949
Derivative financial instruments							
Lease liabilities	23,099	46,262	335,972	2,172,409	89,015	2,506,402	5,173,159
Liabilities under annuity, insurance and investment contracts	3,668,693	3,029,477	13,556,669	88,900,111	293,357,917	85,126,946	487,639,813
Third party interest in mutual funds	33,587,741	-	-	-	-	-	33,587,741
Segregated fund liabilities	5,193	20,004	112,553	1,301,160	12,997,854	-	14,436,764
Other	-	-	-	-	-	63,903,306	63,903,306
Total financial liabilities	704,873,070	114,931,964	168,002,380	318,408,513	389,808,154	163,461,901	1,859,485,982
On-statement of financial position interest sensitivity gap	(468,437,453)	6,846,146	(67,371,692)	131,684,632	304,534,496	129,552,127	36,808,256
Cumulative interest sensitivity gap	(468,437,453)	(461,591,307)	(528,962,999)	(397,278,367)	(92,743,871)	36,808,256	

BACK TO INDEX: NOTES TO THE FINANCIAL STATEMENTS

49. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

	The Company						
	Within 1 Month	2 to 3 Months	4 to 12 Months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
September 30, 2023	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Assets							
Due from banks	3,016,047	-	-	-	-	-	3,016,047
Loan to related party	37,145,280	-	13,929,480	-	-	978,147	52,052,907
Investment securities classified as FVOCI	-	-	-	7,000,000	-	126,192	7,126,192
Other	-	-	-	-	-	15,960,254	15,960,254
Total financial assets	40,161,327	-	13,929,480	7,000,000	-	17,064,593	78,155,400
Liabilities							
Due to banks	-	7,000,000	-	11,607,900	-	627,034	19,234,934
Other borrowed funds	-	3,206,538	33,631,092	56,385,171	-	679,966	93,902,767
Derivative financial instruments	-	-	-	-	-	-	-
Lease liabilities	10,032	20,064	33,541	-	-	-	63,637
Other	-	-	-	-	-	6,912,156	6,912,156
Total financial liabilities	10,032	10,226,602	33,664,633	67,993,071	-	8,219,156	120,113,494
On-statement of financial position interest sensitivity gap	40,151,295	(10,226,602)	(19,735,153)	(60,993,071)	-	8,845,437	(41,958,094)
Cumulative interest sensitivity gap	40,151,295	29,924,693	10,189,540	(50,803,531)	(50,803,531)	(41,958,094)	
September 30, 2022							
Assets							
Due from banks	280,630	-	-	-	-	-	280,630
Loan to related party	-	-	13,681,719	36,484,584	-	228,767	50,395,070
Investment securities classified as FVOCI	-	-	-	7,000,000	-	126,192	7,126,192
Other	-	-	-	-	-	6,663,197	6,663,197
Total financial assets	280,630	-	13,681,719	43,484,584	-	7,018,156	64,465,089
Liabilities							
Due to banks	-	6,500,000	11,401,433	-	-	738,323	18,639,756
Other borrowed funds	-	-	18,746,007	62,308,430	-	308,833	81,363,270
Derivative financial instruments	-	-	-	-	-	402,695	402,695
Lease liabilities	10,124	20,248	91,117	-	-	-	121,489
Other	-	-		-	-	5,398,304	5,398,304
Total financial liabilities	10,124	6,520,248	30,238,557	62,308,430	-	6,848,155	105,925,514
On-statement of financial position interest sensitivity gap	270,506	(6,520,248)	(16,556,838)	(18,832,846)	-	170,001	(41,460,425)
	270,506	(6,249,742)	(22,806,580)	(41,630,426)	(41,630,426)	(41,460,425)	

BACK TO INDEX: NOTES TO THE FINANCIAL STATEMENTS

NCB Financial Group Limited

Notes to the
Financial Statements

September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

49. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

The tables below summarise the effective interest rates for financial instruments by major currencies.

	The Group							The Company			
	J$	US$	CAN$	GBP	BMD	TTD	EURO	J$	US$	TT$	GBP
	%	%	%	%	%	%	%	%	%	%	%
September 30, 2023											
Assets											
Balances at Central Banks	6.50	-	-	-	-	-	-	-	-	-	-
Due from banks	-	1.00	-	-	-	-	-	-	6.5	-	-
Reverse repurchase agreements	7.23	4.15	-	-	-	3.10	-				
Loans and advances	9.20	7.20	-		6.78	-	1.50	-	3.86	-	-
Investment securities	7.94	5.05	3.92	5.48	-	4.92	6.68	7.00	-	-	-
Liabilities											
Due to banks	7.14	8.26	-	-	-	-	-	6.0	8.5	-	-
Customer deposits	1.26	0.71	0.17	0.04	-	-	0.03	-	-	-	-
Lease liabilities	5.02	-	-	-	-	-	-	-	-	-	-
Repurchase agreements	9.02	3.65	-	-	0.25	3.10	-	-	-	-	-
Obligations under securitisation arrangements	-	5.71	-	-	-	-		-	-	-	-
Other borrowed funds	6,81	4.56	-	-	-	5.40	-	7.57	7.63	-	-

	The Group							The Company			
	J$	US$	CAN$	GBP	BMD	TTD	EURO	J$	US$	TT$	GBP
	%	%	%	%	%	%	%	%	%	%	%
September 30, 2022											
Assets											
Balances at Central Banks	6.50	-	-	-	-	-	-	-	-	-	-
Due from banks	-	1.00	-	-	-	-	-	-	-	-	-
Reverse repurchase agreements	7.51	3.94	-	-	-	-	-				
Loans and advances	9.66	5.46	-		5.92	1.50	-	-	3.83	-	-
Investment securities	7.45	4.64	-	0.38	-	6.70	-	7.00	-	-	-
Liabilities											
Due to banks	7.29	4.84	-	-	-	-	-	6.00	5.96	-	-
Customer deposits	0.08	0.06	0.75	2.41	-	-	1.07	-	-	-	-
Lease liabilities	5.02	-	-	-	-	-	-	-	-	-	-
Repurchase agreements	7.62	1.42	-	-	0.25	0.64	-	-	-	-	-
Obligations under securitisation arrangements	-	4.80	-	-	-	-		-	-	-	-
Other borrowed funds	5.74	6.54	-	-	-	6.10	-	6.57	7.61	-	-

BACK TO INDEX: NOTES TO THE FINANCIAL STATEMENTS

49. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

Interest rate sensitivity

The following table indicates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, on the income statement and stockholders' equity.

The sensitivity of the profit or loss is the effect of the assumed changes in interest rates on net income based on the floating rate of non-trading financial assets and financial liabilities. The sensitivity of other comprehensive income is calculated by revaluing fixed rate FVOCI financial assets for the effects of the assumed changes in interest rates.

	The Group	
	Effect on Net Profit Before Tax	Effect on Other Comprehensive Income
	2023 $'000	2023 $'000
Change in basis points:		
Decrease - JMD -100 and USD -100	349,907	7,131,872
Increase - JMD +100 and USD +100	(665,958)	(12,386,314)

	Effect on Net Profit Before Tax	Effect on Other Comprehensive Income
	2022 $'000	2022 $'000
Change in basis points:		
Decrease - JMD -100 and USD -100	(457,943)	13,680,181
Increase - JMD +100 and USD +100	(711,436)	(39,152,516)

The financial instruments of the Company attract a fixed rate of interest and are not subject to fair value interest rate risk.

NCB Financial Group Limited
Notes to the Financial Statements
September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

49. Financial Risk Management (Continued)

(c) Market risk (continued)
(iii) Other price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified either as at fair value through profit or loss or available-for-sale. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The Group's investments in quoted equity securities are of entities that are publicly traded on the relevant stock exchanges.

Sensitivity to changes in price of equity securities
The following table indicates the sensitivity to a reasonable possible change in prices of equity securities, with all other variables held constant, on the income statement and stockholders' equity.

The sensitivity of the profit or loss is the effect of the assumed fair value changes of investment securities classified at fair value through profit or loss. The sensitivity of other comprehensive income is the effect of the assumed fair value changes of investment securities classified as FVOCI.

	The Group			
	Effect on Net Profit Before Tax	Effect on Other Comprehensive Income	Effect on Net Profit Before Tax	Effect on Other Comprehensive Income
	2023 $'000	2023 $'000	2022 $'000	2022 $'000
Percentage change in share price				
10% decrease	(9,592,587)	-	(9,173,895)	-
10% increase	9,592,587	-	9,173,895	-

(d) Derivative financial instruments
The Group's derivative transactions are primarily directed at hedging its risk exposures which arise during the normal course of its treasury and investment activities. When entering into derivative transactions, the Group employs the same credit risk management procedures to assess and approve potential credit exposures that are used for traditional lending.

49. Financial Risk Management (Continued)

(e) Insurance risk

The Group issues contracts that transfer insurance risk or financial risk or both.

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract this risk is random and therefore unpredictable. Experience shows that the larger the portfolio of similar insurance contracts, the smaller will be the relative variability about the expected outcome. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency of or severity of claims and benefits will vary from year to year from the estimate established using statistical techniques.

Life insurance risk

The Group issues contracts that have a maximum period determined by the remaining life of the insured. In addition to the estimated benefits which may be payable under the contract, the Group has to assess the cash flows which may be attributable to the contract. The process of underwriting may also be undertaken and may include specific medical tests and other enquiries which affect the Group's assessment of the risk.

Frequency and severity of claims

For contracts where death is the insured risk, the most significant factors that could increase the overall frequency and severity of claims are epidemics and wide-ranging lifestyle changes, such as in eating, smoking and exercise habits, resulting in earlier or more claims than expected. For contracts where survival is the insured risk, the most significant factor is continued improvement in medical science and social conditions that would increase longevity.

At present, these risks do not vary significantly in relation to the location of the risk insured by the Group. However, undue concentration could have an impact on the severity of benefit payments on a portfolio basis.

For contracts with fixed and guaranteed terms, there are no mitigating terms and conditions that reduce the insurance risk accepted. For contracts without fixed terms, a significant portion of the insurance risk is shared with the insured party. The Group charges for mortality risk on a monthly basis for most life and critical insurance contracts without fixed terms. It has the right to alter these charges based on its mortality experience and hence minimise its exposure to mortality risk.

The Group charges for mortality risks on a monthly basis for insurance contracts with investment options and has the right to alter these charges based on mortality experience and hence to minimise its exposure to mortality risk on these contracts. Delays in implementing increases in mortality charges, and contractual, market or regulatory restraints over the extent of any increases, may reduce this mitigating effect.

The Group also manages mortality risks on its contracts through its underwriting strategy and reinsurance arrangements. The underwriting strategy is intended to minimise the risk of anti-selection. The Group's underwriting strategy has a twofold approach:

a) products that are subject to traditional methods of application and assessment are controlled by traditional underwriting methods including medical and financial selection with benefits being limited to reflect the health and/or financial condition of applicants and by the application of retention limits on any single life insured.

NCB Financial Group Limited

Notes to the Financial Statements

September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

49. Financial Risk Management (Continued)

(e) Insurance risk (continued)
Life insurance risk (continued)
Frequency and severity of claims (continued)

b) products which are not subject to traditional methods of application and assessment contain pre-existing conditions and exclusionary clauses for certain types of high-risk medical and financial events, with claims on these types of policies examined for breaches to those clauses and denied or settled accordingly.

The tables below indicate the concentration of insured benefits across bands of insured benefits per individual life assured. The Group uses catastrophe re-insurance cover against its Individual contracts as the main risks faced by these contracts are interest rate and liquidity:

For the Trinidadian life insurance subsidiary:

	Total Benefits Assured - Individual			
	2023		2022	
	Before Re-insurance	After Re-insurance	Before Re-insurance	After Re-insurance
Benefits assured per life assured ($'000)				
TT$0 - 250	483,586,045	473,513,056	480,112,968	469,320,628
TT$251 - 500	611,760,035	540,203,551	583,977,853	510,557,683
TT$501 - 1,000	540,657,697	416,951,830	502,788,839	377,002,021
TT$1,001 - 3,000	300,773,431	190,658,155	262,123,483	153,844,115
More than TT$3,000	129,019,114	24,025,855	110,625,151	17,458,816
Total	2,065,796,322	1,645,352,447	1,939,628,294	1,528,183,263

For the Jamaican life insurance subsidiary:

	Total Benefits Assured - Individual			
	2023		2022	
	Before Re-insurance	After Re-insurance	Before Re-insurance	After Re-insurance
Benefits assured per life assured ($'000)				
0 – 1,000	369,642,189	367,569,116	347,891,509	345,273,883
1,000 – 2,000	72,020,114	68,196,425	60,206,320	56,031,144
2,000 – 5,000	17,577,702	15,353,285	14,794,971	12,285,630
5,000 – 10,000	14,728,506	12,437,705	12,058,649	9,684,102
Over 10,000	34,528,145	26,712,662	28,311,552	20,427,401
	508,496,656	490,269,193	463,263,001	443,702,160

For the Dutch Caribbean life insurance subsidiary:

	Total Benefits Insured			
	2023		2022	
Benefits assured per life assured ($'000)	Before Re-insurance	After Re-insurance	Before Re-insurance	After Re-insurance
NAF$10,001 - 20,000	218,881,155	214,426,144	212,429,780	206,992,223
NAF$20,001 - 30,000	22,667,641	8,701,663	18,139,193	8,765,612
NAF$30,001 - 40,000	6,919,360	2,884,466	5,284,316	2,353,934
NAF$40,001 - 50,000	2,961,848	1,234,448	3,249,009	1,099,387
More than NAF$50,000	2,329,286	295,707	2,665,719	720,635
Total	253,759,290	227,542,428	241,768,017	219,931,791

49. Financial Risk Management (Continued)

(e) Insurance risk (continued)

Life 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 $20,538,000 (2022 – $39,453,000).
- At September 30, 2023, premiums payable under re-insurance contracts amounted to $9,077,000 (2022 – $ 7,609,000).

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 subsidiary

	Total Annuities Payable	
	2023	2022
Annuity payable per annum per annuitant ($'000)		
TT$0-5,000	169,369	157,055
TT$5,001-10,000	646,202	597,583
TT$10,001-20,000	1,119,591	1,025,511
More than TT$20,000	2,841,182	2,586,085
Total	4,776,344	4,366,234

For the Jamaican life insurance subsidiary

	Total Annuities Payable	
	2023	2022
Annuity payable per annum per annuitant ($'000)		
0 -100	486,408	483,020
100 – 300	239,725	226,303
300 – 500	229,989	212,192
500 – 1,000	175,179	167,238
Over 1,000	2,470,687	2,304,126
Total	3,601,988	3,392,879

For the Dutch Caribbean life insurance subsidiary

	Total Annuities Payable	
	2023	2022
Annuity payable per annum per life		
NAF$0 - 10,000	910,130	870,081
NAF$10,001 - 20,000	640,186	619,642
NAF$20,001 - 30,000	400,943	372,905
NAF$30,001 - 40,000	229,140	228,403
NAF$40,001 - 50,000	186,683	176,450
More than NAF$50,000	518,785	506,885
Total	2,885,867	2,774,366

NCB Financial Group Limited

Notes to the Financial Statements

September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

49. Financial Risk Management (Continued)

(e) Insurance risk (continued)

Life insurance risk (continued)

Apart from the catastrophe cover, the Group does not hold any re-insurance against the liabilities in these contracts.

Insurance risk for contracts disclosed in this note is also affected by the contract holders' right to pay reduced or no future premiums, or to terminate the contract completely. As a result, the amount of insurance risk is also subject to contract holders' behaviour. The Group has factored the impact of contract holders' behaviour into the assumptions used to measure these liabilities.

Sources of uncertainty in the estimation of future benefit payments and premium payments

Uncertainty in the estimation of future benefit payments and premium receipts for long term insurance contracts arises from the unpredictability of long term changes in overall levels of mortality and morbidity and the variability in policyholder behaviour.

The Group uses appropriate base tables of standard mortality and morbidity according to the type of contract being written. An investigation as to the actual experience of the Group is carried out by the Appointed Actuaries, and a comparison of the actual rates with expected rates is performed. Where data are insufficient to be statistically credible, the best estimates of future mortality and morbidity are based on standard industry tables adjusted for the Group's overall experience. For contracts that insure survival, an adjustment is made for future mortality and morbidity improvements based on trends identified in the continuous mortality and morbidity investigations performed by independent actuarial bodies. The Group maintains voluntary termination statistics to investigate the deviation of actual termination experience against assumptions. Statistical methods are used to determine appropriate termination rates to be used for the best estimate assumption.

49. Financial Risk Management (Continued)

(e) Insurance risk (continued)
Life insurance risk (continued)

Process used in deriving assumptions
The assumptions for insurance contracts and the process used in deriving these assumptions have remained substantially unchanged since the previous year.

Estimates are made in two stages:

(i) At inception of the contract, the Group determines assumptions in relation to future deaths, voluntary terminations, investment returns and administration expenses. These assumptions are used as the base assumptions for calculating the liabilities; and
(ii) Subsequently, new estimates are developed at each reporting date and the assumptions are altered to reflect the latest current estimates or experience.

Assumptions are considered to be 'best estimate' if, on average, the results are expected to be worse than the assumptions in 50% of possible scenarios and better in the other 50%. In the case of Jamaica and Trinidad and Tobago, the assumptions are best estimate assumptions with appropriate provisions for adverse deviations, consistent with the use of a Policy Premium Method valuation. For other territories, the assumptions used are those appropriate for traditional net premium valuation methods. See Note 39 for details on policy assumptions.

Reinsurance risk
Reinsurance risk is the risk that a reinsurer will default and not honour obligations arising from claims. The Group limits the probable loss in the event of individual deaths and any single catastrophic accident occurrence by reinsuring its insurance risk above certain limits with other insurers. Reinsurance ceded does not discharge the Group's liability as the primary insurer. The Group manages reinsurance risk by selecting reinsurers with high credit ratings and monitoring these on an ongoing basis. The Group arranges its reinsurance by type of insurance coverage:

- Individual life – This business is covered by excess of loss and quota share reinsurance arrangements. The method of reinsurance varies for different products with the majority being reinsured on a Yearly Renewable Term (YRT) basis and others being co-insured.
- Group life – The group life portfolio is reinsured on an excess reinsurance arrangement with Swiss Re. Separate treaties exist for group life (including critical illness and accidental death and dismemberment) and group mortgage.
- Catastrophe cover – This cover has been secured for individual life and group life portfolio. It is renewable annually and is held with Sirius International, RGA and Swiss Re.

Retention limits represent the level of risk retained by the insurer. Coverage in excess of these limits is ceded to reinsurers up to the treaty limit.

BACK TO INDEX: NOTES TO THE FINANCIAL STATEMENTS

49. Financial Risk Management (Continued)

(e) Insurance risk (continued)

Property and casualty insurance risk

The Group manages its property and casualty insurance risk through its underwriting policy that includes *inter alia*, authority limits, approval procedures for transactions that exceed set limits, pricing guidelines and the centralised management of reinsurance. The Group actively monitors insurance risk exposures both for individual and portfolio types of risks. These methods include internal risk measurement, portfolio modelling and scenario analyses.

Underwriting strategy

The Group manages the risks arising from its underwriting of property and casualty insurance contracts through policies which provide guidance on how to determine the insurability of risks and exposure to large claims. The Group follows detailed, uniform underwriting practices and procedures designed to properly assess and quantify risks before issuing coverage. The Group's underwriting guidelines also outline acceptance limits and the appropriate levels of authority for acceptance of risks.

Reinsurance strategy

A detailed analysis of the Group's exposures, reinsurance needs and quality of reinsurance securities is conducted by the Board and Senior Management. The Group's exposures are continually evaluated by Management to ensure that its reinsurance arrangements remain adequate and mechanisms are in place to continually monitor the reinsurance counterparties to ensure that they maintain ratings in keeping with the Board approved Reinsurance Risk Management Policy.

49. Financial Risk Management (Continued)

(e) Insurance risk (continued)
Property and casualty insurance risk (continued)

Motor insurance
Motor insurance contracts provide cover in respect of policyholders' motor vehicles and their liability to third parties in respect of damage to property and injury. The exposure on motor insurance contracts is normally limited to the replacement value of the vehicle and a policy limit in respect of third party damage. In general, claims reporting lags are minor and claims complexity is relatively low.

The risks relating to motor contracts are managed primarily through the pricing and selection process. The Group monitors and reacts to changes in trends of injury awards, litigation and the frequency of claims appeals.

Property insurance
Property insurance indemnifies, subject to any limits or excesses, the policyholder against the loss or damage to their own material property and business interruption arising from this damage. The risk on any policy varies according to many factors such as location, safety measures in place and the age of the property. The event giving rise to a claim for damage to buildings or contents usually occurs suddenly (as for fire and burglary) and the cause is easily determinable. Therefore, claims are generally notified promptly and can be settled without delay. Property business is therefore classified as "short-tailed" and expense deterioration and investment return is of less importance in estimating provisions. The cost of repairing or rebuilding assets, of replacement or indemnity for contents and the time taken to restart or resume operations to original levels for business interruption losses are the key factors influencing the level of claims under these policies.

The risks relating to property contracts are managed primarily through the pricing and selection process. The Group uses strict underwriting criteria to ensure that the risk of losses is acceptable. Furthermore, the Group accepts property insurance risks for one year so that each contract can be re-priced on renewal to reflect the continually evolving risk profile.

Liability insurance
Under these contracts, compensation is paid for injury suffered by individuals, including employees or members of the public. The main liability exposure is in relation to bodily injury. The timing of claim reporting and settlement is a function of factors such as the nature of the coverage and the policy provisions. Although bodily injury claims have a relatively long tail, the majority of bodily injury claims are settled in full within three to four years. In general, these contracts involve higher estimation uncertainty.

Risks arising from liability insurance are managed primarily through pricing, product design, risk selection, adopting an appropriate investment strategy, rating and reinsurance. The Group monitors and reacts to changes in the general economic and commercial environment in which it operates to ensure that only liability risks which meet its criteria for profitability are underwritten. In pricing contracts, the Group makes assumptions that costs will increase in line with the latest available research.

NCB Financial Group Limited
Notes to the Financial Statements
September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

49. Financial Risk Management (Continued)

(e) Insurance risk (continued)
Property and casualty insurance risk (continued)
Risk exposure and concentrations of risk

The following table shows the Group's exposure to property and casualty insurance risk (based on the carrying value of insurance provisions at the reporting date) per major category of business:

	Liability	Property	Motor	Other	Total
2023	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Gross	4,416,067	8,678,127	9,874,550	2,679,528	25,648,272
Net of proportional reinsurance	2,162,695	2,622,972	6,019,679	753,733	11,559,079
2022					
Gross	4,111,640	9,182,680	10,226,864	1,892,453	25,413,637
Net of proportional reinsurance	2,312,818	3,199,924	6,274,131	774,236	12,561,109

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	21,804,078
By underwriting year	3,844,194
Total liability	25,648,272
Insurance claims – net	
By accident year	9,929,383
By underwriting year	1,629,696
Total liability	11,559,079

49. Financial Risk Management (Continued)

(e) Insurance risk (continued)

Property and casualty insurance risk (continued)

Risk exposure and concentrations of risk(continued)

	2016	2017	2018	2019	2020	2021	2022	2023	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	15,042,698	60,675,845	15,184,857	29,236,323	11,516,232	9,816,042	15,537,510	15,907,317	
One year later	13,774,748	65,668,976	12,065,029	24,595,685	14,012,476	47,455,565	14,302,443	-	
Two years later	13,999,319	58,128,465	11,486,358	24,032,836	13,876,700	49,614,311	-	-	
Three years later	13,817,159	57,967,661	11,286,404	24,780,944	13,934,588	-	-	-	
Four years later	13,726,757	57,970,577	11,349,894	24,927,856	-	-	-	-	
Five years later	13,374,379	57,461,528	11,356,691	-	-	-	-	-	
Six years later	14,367,563	57,313,307	-	-	-	-	-		
Seven years later	14,244,739	-	-	-	-	-	-	-	
Current estimate of cumulative claims	14,244,739	57,313,307	11,356,691	24,927,856	13,934,588	49,614,311	14,302,443	15,907,317	201,601,252
Cumulative payments to date	13,991,626	56,453,303	10,673,083	23,230,146	12,622,275	48,520,369	11,064,152	4,788,353	181,343,307
Liability recognised in the consolidated statement of financial position	253,113	860,004	683,608	1,697,710	1,312,313	1,093,942	3,238,291	11,118,964	20,257,945
Liability in respect of prior years	-	-	-	-	-	-	-	1,546,137	1,546,133
Total liability	-	-	-	-	-	-	-	-	21,804,078

NCB Financial Group Limited

Notes to the Financial Statements

September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

49. Financial Risk Management (Continued)

(e) Insurance risk (continued)

Property and casualty insurance risk (continued)

Risk exposure and concentrations of risk(continued)

	2016	2017	2018	2019	2020	2021	2022	2023	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	507,488	524,480	403,147	214,168	445,076	2,198,493	-	-	
One year later	578,831	642,092	457,086	336,947	586,248	2,532,363	-	-	
Two years later	544,135	617,706	429,003	312,194	513,366	2,863,249	-	-	
Three years later	531,230	606,569	422,045	287,510	491,024	-	-	-	
Four years later	519,038	598,119	420,713	267,188	-	-	-	-	
Five years later	514,537	589,830	418,808	-	-	-	-	-	
Six years later	513,527	588,980	-	-	-	-	-	-	
Seven years later	512,447	-	-	-	-	-	-	-	
Current estimate of cumulative claims	512,447	588,980	418,808	267,188	491,024	2,863,249	-	-	5,141,696
Cumulative payments to date	495,318	540,025	354,743	209,277	253,824	1,819,594	-	-	3,672,781
Liability recognised in the consolidated statement of financial position	17,129	48,955	64,065	57,911	237,200	1,043,655	-	-	1,468,915
Liability in respect of prior years	-	-	-	-	-	-	-	-	2,375,279
Total liability	-	-	-	-	-	-	-	-	3,844,194

BACK TO INDEX: NOTES TO THE FINANCIAL STATEMENTS

49. Financial Risk Management (Continued)

(e) Insurance risk (continued)

Property and casualty insurance risk (continued)

Risk exposure and concentrations of risk(continued)

Insurance claims – net	2016 $'000	2017 $'000	2018 $'000	2019 $'000	2020 $'000	2021 $'000	2022 $'000	2023 $'000	Total $'000
Accident year									
Estimate of cumulative claims costs:									
Claims at end of accident year	8,689,516	22,900,799	8,738,403	9,207,750	5,697,680	6,706,386	7,116,376	7,528,823	
One year later	7,611,900	21,815,376	7,452,474	13,318,443	6,793,183	6,642,230	7,428,409	-	
Two years later	7,282,324	21,492,344	7,099,315	13,161,795	6,854,974	6,886,938	-	-	
Three years later	7,645,930	21,349,060	6,964,206	13,149,694	6,684,939	-	-	-	
Four years later	7,249,718	21,266,212	6,927,007	12,879,682	-	-	-	-	
Five years later	7,160,509	21,491,035	6,839,429	-	-	-	-	-	
Six years later	7,045,905	21,434,709	-	-	-	-	-	-	
Seven years later	6,968,247	-	-	-	-	-	-	-	
Current estimate of cumulative claims	6,968,247	21,434,709	6,839,429	12,879,682	6,684,939	6,886,938	7,428,409	7,528,823	76,651,176
Cumulative payments to date	6,673,688	21,131,079	6,426,798	12,333,595	6,017,199	5,900,619	5,938,025	3,055,258	67,476,261
Liability recognised in the consolidated statement of financial position	294,559	303,630	412,631	546,087	667,740	986,319	1,490,384	4,473,565	9,174,915
Liability in respect of prior years	-	-	-	-	-	-	-	-	754,469
Total liability	-	-	-	-	-	-	-	-	9,929,384

BACK TO INDEX: NOTES TO THE FINANCIAL STATEMENTS

49. Financial Risk Management (Continued)

(e) Insurance risk (continued)

Property and casualty insurance risk (continued)

Risk exposure and concentrations of risk(continued)

Insurance claims – net	2016 $'000	2017 $'000	2018 $'000	2019 $'000	2020 $'000	2021 $'000	2022 $'000	2023 $'000	Total $'000
Underwriting year									
Estimate of cumulative claims costs:									
Claims at end of accident year	507,488	524,480	403,147	214,168	445,076	2,428,735	-	-	
One year later	578,831	642,092	457,086	336,947	586,248	2,847,542	-	-	
Two years later	544,135	617,706	429,003	312,194	513,366	2,863,249	-	-	
Three years later	531,230	606,569	422,045	287,510	491,024	-	-	-	
Four years later	519,038	598,119	420,713	267,188	-	-	-	-	
Five years later	514,537	589,830	418,808	-	-	-	-	-	
Six years later	513,527	588,980	-	-	-	-	-	-	
Seven years later	512,447	-	-	-	-	-	-	-	
Current estimate of cumulative claims	512,447	588,980	418,808	267,188	491,024	2,863,249	-	-	5,141,696
Cumulative payments to date	495,318	540,025	354,743	209,277	253,824	1,819,594	-	-	3,672,781
Liability recognised in the consolidated statement of financial position	17,129	48,955	64,065	57,911	237,200	1,043,655	-	-	1,468,915
Liability in respect of prior years	-	-	-	-	-	-	-	-	160,781
Total liability	-	-	-	-	-	-	-	-	1,629,696

49. Financial Risk Management (Continued)

(f) Capital management

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

- To comply with the capital requirements set by the regulators of the financial markets where the entities within the Group operate;
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for stockholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

All of the Group's significant subsidiaries and associates are individually regulated by the relevant regulator in their jurisdiction or other regulators. The regulatory requirements to which the subsidiaries are subject, include minimum capital and liquidity requirements which may limit their ability to extract capital or funds for other uses. The Group's subsidiaries and associates are also subject to statutory requirements to restrict distributions of capital and generally to maintain solvency. In most cases, the regulatory restrictions are more onerous than the statutory restrictions. Certain Group subsidiaries also raise finance using their financial assets as collateral. Encumbered assets are not available for transfer around the Group. The assets typically affected are disclosed in Note 23.

(i) National Commercial Bank Jamaica Limited

Capital adequacy and the use of regulatory capital are monitored daily by the Bank's management, employing techniques based on the guidelines developed by the Bank of Jamaica (BOJ/Central Bank), and the relevant management committees. The required information is filed with the regulator at the stipulated intervals.

The Central Bank requires the Bank to:

- Hold a specified level of the regulatory capital, and
- Maintain a ratio of total regulatory capital to the risk-weighted assets.

The Bank's regulatory capital is divided into two tiers:

Tier 1 capital: ordinary share capital, non-redeemable non-cumulative preference shares, statutory reserve fund and retained earnings reserves. Goodwill, other intangibles and any net loss arising from the aggregate of: current year profit or loss, undistributed profits or accumulated losses for prior financial years any loss positions on revaluation reserves arising from fair value accounting, are deducted in arriving at Tier 1 capital; and

Tier 2 capital: non-redeemable cumulative preference shares, redeemable preference shares having an original term to maturity of five years or more, qualifying subordinated debt and general provisions for loss.

Equity investments in unconsolidated subsidiaries, substantial investment in any other unconsolidated entities or companies and share of accumulated losses of any unconsolidated entities are deducted from Tier 1 and Tier 2 capital to arrive at the regulatory capital. The risk-weighted assets are measured by means of a hierarchy of four risk weights classified according to the nature of and reflecting an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-statement of financial position exposure, with some adjustments to reflect the more contingent nature of the potential losses.

The Bank met all the regulatory capital requirements as at September 30, 2023.

NCB Financial Group Limited

Notes to the Financial Statements

September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

49. Financial Risk Management (Continued)

(f) Capital management (continued)

(ii) NCB Insurance Agency & Fund Management Limited (NCBIA)

NCBIA 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, 2023.

The company's capital position is sensitive to changes in market conditions, due to both changes in the value of assets and the effect that changes in investment conditions may have on the value of the liabilities. The most significant sensitivities arise from changes in interest rates and expenses. The company's capital position is also sensitive to assumptions and experience relating to mortality and persistency.

49. Financial Risk Management (Continued)

(f) Capital management (continued)

(iii) NCB Capital Markets Limited (NCBCM)

The company is regulated by the FSC and is subject to regulatory capital tests employed by the regulator. Under the FSC regulations, the level of capital adequacy determines the maximum amount of liabilities including repurchase agreements NCBCM is able to offer to clients. In addition to the requirements of the FSC, NCBCM also engages in periodic internal testing which is reviewed by the Risk Management Committee. Capital adequacy is managed at the operational level of NCBCM.

The regulatory capital of the company is divided into two tiers:

(i) Tier 1 capital: share capital, retained earnings and reserves created from appropriations of retained earnings.

(ii) Tier 2 capital: qualifying subordinated debt or loan capital, qualifying capital reserves and unrealised gains derived from the fair valuation of equity instruments classified as FVOCI.

The FSC requires that the company maintains a capital base comprising at least 50% of Tier 1 capital.

In addition, the FSC employs certain ratios to test capital adequacy and solvency. The results of these ratios are included in a mandatory quarterly report submitted to the FSC. Two of the critical early warning ratios relating to the test for capital adequacy are 'Capital over Total Assets' and the 'Capital Base over Risk Weighted Assets (RWA)'.

There was no change in relation to how the company manages its capital during the financial year.

NCBCM met all the FSC regulatory capital requirements as at September 30, 2023.

(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 2023. 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.

NCB Financial Group Limited
Notes to the Financial Statements
September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

49. Financial Risk Management (Continued)

(f) Capital management (continued)

(iv) Clarien Bank Limited (continued)

The key elements of the Basel III capital requirements as set by the Bermuda regulatory, the BMA are as follows:

- Common equity Tier 1 (CET1) being the highest form of regulatory capital, comprising of common shares, accumulated reserves after regulatory deductions. Minimum Basel III capital ratios will be CET1 at least 4.5% of Risk Weighted Assets (RWAs), Tier 1 of at least 6.0% of RWAs and Total Capital of at least 8.0% of RWAs.
- A capital conservation buffer set 2.5% and is comprise of CET 1 capital.
- A capital surcharge for Domestic Systemically Important Banks ranging between 0.5% and 3.0% for all Bermuda Banks has also been implemented.
- Introduction of a non-risk based Leverage Ratio, being a measure of Tier 1 capital held against total assets, including certain off-statement of financial position financial commitments.

Clarien has complied with all externally imposed minimum capital requirements throughout the current year.

BACK TO INDEX: NOTES TO THE FINANCIAL STATEMENTS

49. Financial Risk Management (Continued)

(f) Capital management (continued)

(v) Guardian Holdings Limited

In each country in which the Group operates, the local insurance regulator indicates the required minimum amount and type of capital that must be held by each of the subsidiaries in addition to their insurance liabilities. The Group is also subject to insurance solvency regulations in all the territories in which it issues insurance and investment contracts. The minimum required capital must be maintained at all times throughout the year. The Group monitors these requirements throughout the year to ensure compliance. The Group has complied with these minimum capital requirements.

The Trinidadian trust services subsidiary holds a license under the Financial Institutions Act 2008 and the Securities Industries Act 2012. Under the Financial Institutions Act, the subsidiary is required to have a minimum paid up share capital of $15 million and to transfer a minimum of 10% of its profit after tax to a Statutory Reserve Fund until the balance in the Fund is not less than the paid up capital of the subsidiary as well as the subsidiary 's regulatory capital shall be no less than 10% of its risk weighted assets. Under the Securities Industries Act 2012, the subsidiary is required to have minimum capital of $6 million, of which at least $3 million shall be regulatory capital. The subsidiary has complied with these requirements.

The Trinidadian asset management subsidiary holds a license under the Securities Industries Act 2012, and as such, the subsidiary is required to have a minimum capital of $6 million, of which at least $3 million shall be regulatory capital. The subsidiary has complied with this requirement.

50. Fair Values of Financial Instruments

The Group measures fair values using the following fair value hierarchy which reflects the significance of the inputs used in making the measurements:

- Level 1 – inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2 – inputs other than quoted market prices included within level 1 that are observable, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 – inputs that are unobservable.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The fair value of financial instruments traded in active markets is based on quoted market prices at the date of the statement of financial position. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets is the current bid price. These instruments are grouped in Level 1 and comprise most equity securities that are quoted on the Jamaica Stock Exchange.

The fair value of financial instruments not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. This category includes government bonds, certificates of deposit, commercial paper and most liquid corporate bonds. Indicative prices or yields of these instruments are obtained from regular, publicly available quotes by reputable pricing services, dealers and brokers, such as Bloomberg and Oppenheimer. The Group's derivatives are also included in Level 2. The embedded put option is valued using a discounted cash flow model representing the difference between the present values of future cash flows with and without exercise of the put option using observable market yields for government bonds of similar tenure. Equity-linked options are valued using standard option pricing models using observable market data from Bloomberg.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Unquoted equities are carried at cost as the fair value cannot be reliably determined. These securities are classified at level 3.

NCB Financial Group Limited
Notes to the
Financial Statements
September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

50. Fair Values of Financial Instruments (Continued)

The following tables provide an analysis of financial instruments held as at the date of the statement of financial position that, subsequent to initial recognition, are measured at fair value. The financial instruments are classified in the fair value hierarchy into which the fair value measurement is categorised:

	The Group			
	Level 1	**Level 2**	**Level 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
At September 30, 2023				
Financial assets				
Investment securities classified as FVOCI				
Government of Jamaica debt securities	-	182,024,230	616,359	182,640,589
Other Government Securities	51,271,319	102,348,755	2,381,593	156,001,667
Corporate Debt Securities	6,114,258	92,777,483	38,636,900	137,528,641
	57,385,577	377,150,468	41,634,852	476,170,897
Investment securities at fair value through profit or loss				
Government of Jamaica debt securities	-	18,304,905	-	18,304,905
Other Government Securities	12,760,875	93,490,963	-	106,251,838
Corporate Debt Securities	2,782,360	11,417,023	595,049	14,794,432
Quoted & Unquoted equity securities	75,249,701	6,311,062	14,365,109	95,925,872
Other securities	18,140	2,418,069	164,731	2,600,940
	90,811,076	131,942,022	15,124,889	237,877,987
Derivative financial instruments	-	826,738	-	826,738
	148,196,653	509,919,228	56,759,741	714,875,622
Financial liabilities				
Derivative financial instruments	-	9,192	-	9,192
Liabilities under annuity and insurance contracts	-	-	455,170,276	455,170,276
	-	9,192	455,170,276	455,179,468

BACK TO **INDEX:** NOTES TO THE FINANCIAL STATEMENTS

NCB Financial Group Limited
Notes to the Financial Statements
September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

50. Fair Values of Financial Instruments (Continued)

	The Group			
	Level 1 $'000	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
At September 30, 2022				
Financial assets				
Investment securities classified as FVOCI				
Government of Jamaica debt securities	-	279,838,373	2,058,368	281,896,741
Other Government Securities	41,080,863	64,256,430	2,650,881	107,988,174
Corporate Debt Securities	5,524,435	88,670,613	38,834,395	133,029,443
	46,605,298	432,765,416	43,543,644	522,914,358
Investment securities at fair value through profit or loss				
Government of Jamaica guaranteed corporate bonds	-	18,961,569	-	18,961,569
Other Government Securities	8,705,531	70,591,399	-	79,296,930
Corporate Debt Securities	1,989,694	11,833,434	1,467,872	15,291,000
Quoted & Unquoted equity securities	77,806,032	1,931,247	12,001,674	91,738,953
Other securities	247,731	1,659,907	165,409	2,073,047
	88,748,988	104,977,556	13,634,955	207,361,499
Derivative financial instruments	-	874,471	-	874,471
	135,354,286	538,617,443	57,178,599	731,150,328
Financial liabilities				
Derivative financial instruments				
Liabilities under annuity and insurance contracts	-	-	437,175,410	437,175,410
	-	-	437,175,410	437,175,410

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

	The Group	
	2023 $'000	**2022 $'000**
At start of year	57,178,599	51,962,087
Transfer between levels based on adoption of IFRS 9	(125,121)	799,612
Acquisitions	5,564,275	15,584,812
Disposals	(8,000,172)	(9,621,119)
Fair value gains	2,142,160	(1,546,793)
At end of year	56,759,741	57,178,599

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

BACK TO INDEX: NOTES TO THE FINANCIAL STATEMENTS

50. Fair Values of Financial Instruments (Continued)

Sensitivity analysis

The following table summarises the quantitative information about the significant unobservable inputs used in Level 3 fair value measurements.

	2023			
Description	**Unobservable input**	**Range of input**	**Change in basis points**	**Change in fair value $'000**
Other corporate bonds	Risk premium		JMD -50 and USD -50	449,915
			JMD +200 and USD +200	(112,263)

	2022			
Description	**Unobservable input**	**Range of input**	**Change in basis points**	**Change in fair value $'000**
Other corporate bonds	Risk premium		JMD -50 and USD -50	819,433
			JMD +200 and USD +200	(1,515,500)

The Group's level 3 unquoted equity securities would decrease in value by $179,685,000 should there be a 3% decrease and an increase in value by $359,370,000 should there be a 6% increase (2022 - $190,228,000) assuming a 5% decrease/increase.

The carrying value (excluding accrued interest) (Note 22) and fair value of investment securities classified as amortised cost are as follows:

	The Group	
	Carrying Value $'000	**Fair Value $'000**
At September 30, 2023	375,292,829	406,758,793
At September 30, 2022	220,603,508	213,232,332

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.

BACK TO INDEX: NOTES TO THE FINANCIAL STATEMENTS

NCB Financial Group Limited
Notes to the **Financial Statements**
September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

50. Fair Values of Financial Instruments (Continued)

The fair values for all other financial instruments approximate their carrying values and also fall within Level 2 based on the following:

- The fair value of liquid assets and other assets maturing within one year (such as cash and balances at Central Banks and amounts due from banks) is assumed to approximate their carrying amount. This assumption is applied to liquid assets and the short-term elements of all other financial assets and financial liabilities;
- The fair value of demand deposits and savings accounts with no specific maturity is assumed to be the amount payable on demand at the date of the statement of financial position;
- The fair value of variable rate loans is assumed to approximate their carrying amounts and management does not believe that, after deduction of provision for credit losses, there is any significant difference between the fair value of fixed rate loans and their carrying values as interest rates approximate current market rates offered on similar loans.

51. Fiduciary Activities

The Group provides custody, trustee, corporate administration, investment management and advisory services to third parties which involve the Group making allocation and purchase and sale decisions in relation to a wide range of financial instruments. Those assets that are held in a fiduciary capacity are not included in these financial statements. At September 30, 2023, the Group had financial assets under administration of approximately $178,100,872,000 (2022 –$207,579,988,000).

52. Dividends

No dividends were paid by NCB Financial Group Limited during the year.

BACK TO INDEX: NOTES TO THE FINANCIAL STATEMENTS

53. Non-Controlling Interest

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

	Guardian Holdings Limited		Clarien Group Limited	
		Restated		
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Beginning of year	36,678,313	34,355,200	10,431,981	10,853,635
Share of net profit of subsidiaries	7,137,108	11,099,700	606,593	143,078
Revaluation surplus / (deficit)	1,008,834	(8,000,037)	(1,644,631)	267,123
Remeasurement of post-employment benefits obligations	158,717	515,244	-	-
Other	(62,172)	196,556	583,061	(831,855)
Dividends paid	(1,522,922)	(1,488,350)	-	-
End of year	43,397,878	36,678,313	9,977,004	10,431,981

NCB Financial Group Limited
Notes to the
Financial Statements
September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

53. Non-Controlling Interest (Continued)

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

	Guardian Holdings Limited		Clarien Group Limited	
		Restated		
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Statement of financial positions				
Current assets	131,350,259	163,320,585	20,570,314	25,230,199
Current liabilities	38,993,443	114,589,015	98,626,353	112,480,417
Total current net assets	92,356,816	48,731,570	(78,056,039)	(87,250,218)
Non-Current assets	680,085,873	608,239,224	183,274,087	179,406,753
Noncurrent liabilities	637,828,859	534,977,509	88,244,347	77,297,386
Total non-current net assets	42,257,014	73,261,715	95,029,740	102,109,367
Net assets	134,613,830	121,993,285	16,973,701	14,859,149
Statement of comprehensive income				
Revenue	220,893,776	208,576,415	13,785,541	11,204,190
Direct profit for the period	18,355,870	28,191,545	1,723,951	867,589
Consolidation adjustments	358,132	1,794,353	(510,523)	(581,377)
Other comprehensive income	2,890,085	(19,064,181)	(2,129,395)	(1,131,728)
Total comprehensive income	21,604,087	10,921,717	(915,967)	(845,516)
Profit allocated to NCI	7,137,108	11,099,700	606,593	143,078
OCI allocated to NCI	1,104,879	(7,288,237)	(1,061,570)	(564,732)
Accumulated non-controlling interest	8,241,987	3,811,463	(454,977)	(421,654)

53. Non-Controlling Interest (Continued)

Summarised cash flows

The information below represents amounts before intercompany eliminations

	Guardian Holdings Limited		Clarien Group Limited	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Cash flows from operating activities				
Cash generated from operations	33,847,568	30,419,856	1,023,507	1,609,882
Interest paid	(4,601,992)	(4,979,666)	(1,050,592)	(814,822)
Income tax paid	(5,335,841)	(3,896,129)	-	-
Net cash generated from operating activities	23,909,735	21,544,061	(27,085)	795,060
Net cash used in investing activities	(38,521,984)	(20,109,881)	(10,211,857)	(12,017,870)
Net cash used in financing activities	582,413	(2,523,272)	(194,239)	(244,599)
Net increase in cash and cash equivalents				
Cash and cash equivalents at beginning of year	83,556,449	81,842,940	29,905,045	39,826,612
Exchange gains on cash and cash equivalents	1,376,367	2,802,601	541,549	1,545,842
Other movements	(14,029,836)	(1,089,092)	(10,433,181)	(11,467,409)
Cash and cash equivalents at end of year	70,902,980	83,556,449	20,013,413	29,905,045

NCB Financial Group Limited

Notes to the Financial Statements

September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

54. 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 2021	136,972,443	63,087,217	5,377,512	205,437,172
Cash movements -				
Drawdowns	64,458,635	45,187,455	-	109,646,090
Repayment – principal	(49,767,061)	(9,089,479)	(1,633,705)	(60,490,245)
Non-cash movements -				
Additions	-	-	1,854,919	1,854,919
Amortisation of upfront fees	128,704	(575,919)	-	(447,215)
Foreign exchange adjustments	1,816,625	380,473	(425,567)	1,771,531
Interest payable	(337,117)	95,911	-	(241,206)
At 30 September 2022	153,272,229	99,085,658	5,173,159	257,531,046
Cash movements -				
Drawdowns	43,074,294	-	-	43,074,294
Repayment – principal	(17,858,116)	(2,745,242)	(1,729,837)	(22,333,195)
Non-cash movements -				
Additions	-	-	1,574,243	1,574,243
Amortisation of upfront fees	393,328	219,783	-	613,111
Foreign exchange adjustments	668,081	1,249,307	(15,220)	1,902,168
Interest payable	121,927	385,501	-	507,428
At 30 September 2023	179,671,743	98,195,007	5,002,345	282,869,095

BACK TO INDEX: NOTES TO THE FINANCIAL STATEMENTS

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

	The Company		
Liabilities	Other borrowed funds $'000	Lease liabilities $'000	Total $'000
At 01 October 2021	84,933,195	76,438	85,009,633
Cash movements -			
Drawdowns	39,312,323	-	39,312,323
Repayment	(44,840,559)	(177,840)	(45,018,399)
Non-cash movements -			
Additions	-	222,891	222,891
Foreign exchange adjustments	1,804,694	-	1,804,694
Amortisation of upfront fees	128,704	-	128,704
Interest payable	(522,033)	-	(522,033)
At 01 October 2022	80,816,324	121,489	80,937,813
Cash movements -			
Drawdowns	17,018,780	-	17,018,780
Repayment	(5,718,076)	(199,952)	(5,918,028)
Non-cash movements -			
Additions	-	142,100	142,100
Foreign exchange adjustments	510,463	-	510,463
Amortisation of upfront fees	393,328	-	393,328
Interest payable	491,094	-	491,094
At 30 September 2023	93,511,913	63,637	93,575,550

NCB Financial Group Limited
Notes to the
Financial Statements
September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

55. Leases

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

	2023 $'000	2022 $'000
Right-of-use assets		
Buildings	3,896,000	4,395,183
Motor vehicles	717,646	582,919
Equipment	365,669	133,492
	4,979,316	5,111,594
Lease liabilities		
Current	1,388,563	856,204
Non-current	3,613,782	4,316,955
	5,002,345	5,173,159

Right-of-use assets

(i) Amounts recognised in the balance sheet

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

Right-of-use assets	30 September 2023 $'000	30 September 2022 $'000
Buildings	3,896,001	4,395,183
Motor vehicles	717,646	582,919
Equipment	365,669	133,492
	4,979,316	5,111,594

b) As at 30 September 2023, leasehold Improvements and furniture, fittings and equipment where the Group is a lessee under a finance lease are as follows:

	Leasehold Improvements $'000	Equipment $'000	Motor Vehicles $'000
Cost	1,723,402	683,099	1,900,736
Accumulated depreciation	(1,205,697)	(249,160)	(1,183,090)
Net book values	517,705	433,939	717,646

NCB Financial Group Limited

Notes to the Financial Statements

September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

55. Leases (Continued)

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

During the financial year additions through new leases and acquisitions amounted to $1,771,843,000 (2022-$1,854,919,000).

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

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

	2023 $'000	2022 $'000
Depreciation charge on right-of-use assets		
Buildings	1,247,784	1,442,542
Equipment	80,301	98,124
Motor Vehicles	472,492	356,505
	1,800,577	1,897,171

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

	2023 $'000	2022 $'000
Depreciation charge of right-of-use assets	1,800,577	1,897,171
Interest expense on lease liabilities	345,797	151,651
Total expenses related to leases	2,146,374	2,048,822

The Group's leasing activities

The Group leases various buildings to facilitate: execution of banking services at branches and ABMs, general business operations and housing for employees. Rental contracts are typically made for fixed periods of 1 to 10 years. Leases are negotiated on an individual basis and contain a wide range of different terms and conditions (including termination and renewal rights). Extension and termination options are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The extension and termination options held are exercisable by both the Group and the respective lessor.

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which do not have recent third party financing; and,
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

NCB Financial Group Limited
Notes to the Financial Statements
September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

55. Leases (Continued)

The Group's leasing activities (continued)

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low value assets comprise IT equipment and small items of office furniture.

Extension and termination options are included in a number of property and equipment leases across the Group. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). For leases of land and buildings, management has included various extension options in the lease liability, as relocating would from existing locations would be onerous.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and,
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options was an increase in recognised lease liabilities and right-of-use assets of $98,039,000.

56. 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 did not quantify the claim. In 2017, the Supreme Court decided in favor of the NCB Staff Association. The Bank filed an appeal against the judgment. The appeal was heard for 3 days in June 2020 at the end of which the Court of Appeal reserved its judgment. In July, 2020 the Court of Appeal handed down its Judgment dismissing the Bank's Appeal and affirming the decision of the Supreme Court. The Bank subsequently commenced the process of having an appeal heard by the Judicial Committee of the Privy Council. Provision for the claim has been made in the financial statements

(b) Suit has been filed by a customer against the Bank for 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.

(c) 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

(d) 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 favour, with the Court ordering a company (placed by the Bank into receivership) to pay the Claimant $5 million plus interest. However, the claim had to be re-tried due to the retirement of the trial judge. Following the re-trial, in January 2023, the Supreme Court handed down its decision in which the company the Bank had placed into receivership was ordered to pay the Claimant $2.5 million plus interest, while no adverse orders were made against the Bank. The Claimants have, however, appealed.

    No provision has been made for this claim as the Bank's attorneys are of the opinion that given the lack of adverse orders against the Bank, the Bank ought to succeed in defending the judgment on appeal.

A number of other suits have been filed by stakeholders of the Group. In some instances, counter- claims have been filed by the Group. Provision of $772,379,740 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.

NCB Financial Group Limited

Notes to the Financial Statements

September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

57. Offsetting Financial Assets and Financial Liabilities

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

	The Group						
	2023						
				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
	2023						
Assets							
Cash resources	227,493,758	-	227,493,758	-	(2,315,634)	(7,063,127)	218,114,997
Financial investments	1,102,641,823	-	1,102,641,823	(266,938,697)	-	(8,584,609)	827,118,517
	1,330,135,581	-	1,330,135,581	(266,938,697)	(2,315,634)	(15,647,736)	1,045,233,514
	2022						
Assets							
Cash resources	265,525,785	-	265,525,785	-	(4,751,010)	(8,862,666)	251,912,109
Financial investments	959,486,735	-	959,486,735	(235,432,156)	-	(12,320,159)	711,734,420
	1,225,012,520	-	1,225,012,520	(235,432,156)	(4,751,010)	(21,182,825)	963,646,529

57. Offsetting Financial Assets and Financial Liabilities (Continued)

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

	The Group						
	2023						
				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	279,754,087	-	279,754,087	(266,938,697)	-	-	12,815,390
Obligations under securitisation agreements	98,195,007	-	98,195,007	-	(2,315,634)	-	95,879,373
	377,949,094	-	377,949,094	(266,938,697)	(2,315,634)	-	108,694,763
	2022						
Liabilities							
Repurchase agreements	247,676,853	-	247,676,853	(235,432,156)	(2,866,461)	-	9,378,236
Obligations under securitisation agreements	99,085,658	-	99,085,658	-	(1,884,549)	-	97,201,109
	346,762,511	-	346,762,511	(235,432,156)	(4,751,010)	-	106,579,345

BACK TO INDEX: NOTES TO THE FINANCIAL STATEMENTS

NCB Financial Group Limited
Notes to the Financial Statements
September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

58. IFRS 17 – Insurance Contracts

Transition approach

IFRS 17 must be applied retrospectively. However, if full retrospective application to a group of contracts is impractical, the modified retrospective or fair value methods may be used. The drivers for impracticability for retrospective application relate to a lack of required data and the use of hindsight, consistent with the principles of IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors. The transition approach can have a significant impact on the contractual service margin ("CSM"), and relatedly, on both shareholders' equity and profits on in-force business in future reporting periods. On transition, the Group will apply the full retrospective approach to all contracts issued or held at 1 October 2022 and onwards, and the fair value approach will be applied those contracts issued or held prior to that date.

The fair value approach will be applied only to portfolios within the Life, Health, and Pensions businesses. Within this approach, the CSM is determined to be the difference between the fair value of a group of insurance contracts measured in accordance with IFRS 13 with exceptions to IFRS 13.46, relating to demand features and its fulfillment cash flows at the transition date. Judgements will be made in estimating the fair value of groups of insurance contracts. IFRS 13 requires fair values to be determined using recent market transactions, however since this is not available, a valuation approach under IFRS 13 will be applied, with consideration to information from a market participant's perspective. For the P&C portfolios, the fully retrospective approach will be used. Accounting policies and disclosures are srill being finalised by management.

Implementation Project Structure and Status

There is a Group-wide IFRS 17 implementation programme, led by an Executive Project Sponsor, which involves significant enhancements to the Group's IT, actuarial, and finance systems. These three (3) elements were organised into three (3) separate but highly collaborative project streams to ensure attention to detail while achieving the cohesiveness required of the programme. Key tasks within the programme included:

- Identifying data requirements
  This is one of the most significant aspects of the IFRS 17 implementation. This new standard requires a higher level of granularity in cash flow and other data to appropriately measure insurance contracts and make the necessary disclosures for reporting purposes.
- Identifying and implementing changes to systems and processes
  As a result of the IFRS 17 implementation, new systems were acquired, and functionality of existing systems were expanded. The new systems centre around the appropriate calculation and allocation of CSM and directly attributable expenses. Functionality was expanded for accounting and reporting systems.
- Modifying actuarial models
  Changes to actuarial models centered around discount rates and how policies were grouped.
- Determining the appropriate accounting policies and formulating disclosures
  There are many accounting policy options with IFRS 17, but also many ways in which a required policy or disclosure can be formulated. Various approaches were carefully considered before the Group arrived at its final result.

An IFRS 17 Executive and Technical Committee, which includes the Group's CEOs, provides oversight and strategic direction to the implementation programme. A Finance sub-committee was also in place to provide governance over the technical interpretation and accounting policies selected, design and delivery of the programme. During 2022, the Group finalised the build and testing of new actuarial and finance systems and transitioned the new elements of the financial statement close process into its day-to-day operations. IFRS 17 will be implemented effective 1 October 2023, with further refinement and consideration of estimates and areas of judgement ongoing.

58. IFRS 17 – Insurance Contracts (Continued)

Redesignation of Financial Assets
The Group, having previously applied IFRS 9, is permitted to change its classification and designation of financial assets and is required to de-designate financial assets which were previously designated at FVTPL if criteria for such designation is no longer met due to adoption of IFRS 17. Any redesignation will be based on facts and circumstances that exist at the date of initial application of IFRS 17 and will be applied on that date. Some financial assets will be reclassified upon implementation of IFRS 17.

Level of Aggregation
For measurement purposes, IFRS 17 requires contracts to be grouped together into contracts that are managed together and have similar risk and profitability profiles, all within the same issue year. The resulting portfolios are roughly similar to that which existed under IFRS 4 for internal management reporting purposes, although the profitability and cohort grouping requirements are new. With respect to cohort grouping, the Group decided to apply annual cohorts to all portfolios where the Premium Allocation Approach ("PAA") is applied, and quarterly cohorts to all other portfolios.

Scope, Definition, and Classification
All contracts classified as insurance products under IFRS 4 will continue to be defined as such under IFRS 17, and similarly, all contracts that meet the definition of an insurance contract under IFRS 17 also had done so under IFRS 4. The definition of insurance risk will also be maintained, except to add that benefits payable is determined on a present value basis. Further, there was no significant impact on the recognition and derecognition of insurance contracts under IFRS 4 as compared with IFRS 17. As the impact of any onerous contracts has been assessed as insignificant.

Measurement Models
The standard requires that insurance liabilities be measured using the General Measurement Model ("GMM"), with modifications to this approach available for certain types of contracts. For contracts with participating features (where a substantial share of the fair value of the related investments and other underlying items is paid to policyholders), the CSM reflects the variable fee to shareholders, and therefore the Variable Fee Approach ("VFA") will be utilised. The Premium Allocation Approach ("PAA") will be automatically applied to short-term contracts where the profit is realised within twelve months, but also to contracts with durations of up to 2 years, where the PAA eligibility criteria were successfully met. For all other contracts where the GMM will be applied.

Onerous contracts
IFRS 17 requires the identification of groups of onerous contracts. When these groups are identified, the Group is required to recognise a loss immediately in profit or loss along with an increase in the insurance contract liability known as a loss component. Where the Group has reasonable and supportable information to conclude that a set of contracts will all be in the same profitability group for IFRS 17, these contracts are evaluated together based on aggregate expected profitability to determine if the insurance contracts are onerous in the reporting period in which they are first effective.
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NCB Financial Group Limited
Notes to the Financial Statements
September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

58. IFRS 17 – Insurance Contracts (Continued)

Contractual Service Margin
CSM is a new concept in IFRS 17. The contractual service margin is a component of the asset or liability for a group of insurance contracts that represents the unearned profit the entity will recognise as it provides services in the future. An entity is required to determine the contractual service margin on initial recognition of a group of insurance contracts as net cash inflow adjusted for risk adjustment for non financial risks.

The CSM represents a liability for unearned profit measured at inception and recognised in the income statement over the life of the contract as insurance and investment related services are provided to the customer. The amount of CSM amortisation recognised in profit or loss each year is determined by considering, for each group of contracts, coverage units that reflect the quantity of the benefits provided in each period and the expected coverage period.

Reinsurance contracts held
Reinsurance contracts held will apply GMM or PAA, adapted to reflect the characteristics of a reinsurance contract held. For contracts applying the GMM model, the CSM reflects the expected net cost or net gain rather than unearned profit. If certain criteria are met, a loss recovery component can be recognised to offset a portion of the losses recognised on the underlying insurance contracts

Major Accounting Policies

Discount Rates
As allowed by IFRS 17.B80, the Group developed discount rates using the bottom-up approach.
For PAA business, no discounting will be applied to the Liability for Remaining Coverage ("LRC") or to claims and other cash flows that are expected to occur within 1 year of the reporting period.

Risk Adjustment
The Group will use a risk margin approach for the risk adjustment within the Life, Health, and Pensions business units, and will apply a cost of capital approach for the risk adjustment within the Property & Casualty business units.

For the Life companies, the risk adjustment is based on the Margins for Adverse Deviation (MfADs) already used within IFRS 4, except with the financial assumption margins excluded. MfADs meet the criteria within IFRS 17 B.91 which requires a confidence interval to be attached to the level of each margin. In Curacao and Trinidad and Tobago, guidance provided by the insurance regulators, and in Jamaica, best practice, as outlined by the Canadian Institute of Actuaries, define the MfAD range to which the Group must adhere.

Insurance acquisition costs
Costs related to the starting, selling or underwriting of insurance contracts which are directly attributable to a portfolio are eligible to be capitalised on the statement of financial position within insurance acquisition cost as insurance acquisition cash flows and amortised over the life of the related group of insurance contracts to which they are allocated. The Group expects that this will result in additional cost being eligible to be capitalised and amortised as compared to IFRS 4. The Group has elected not to apply the option allowed under IFRS 17.59(a) for contracts measured under the PAA to recognise insurance acquisition cash flows as an expense when incurred.

Presentation and Disclosure
The Group has made the following presentation and disclosure decisions:
- As allowed by IFRS 17.81, the entire change in the risk adjustment for non-financial risk will be included as part of the insurance service result.
- As allowed by IFRS 17.86, income and expenses from reinsurance contracts held will be presented on a net basis in the consolidated statement of income

58. IFRS 17 – Insurance Contracts (Continued)

Impact on Insurance Contract Balances and Profitability
IFRS 17 introduces many new measurement criteria that will have an impact on the Group's results, including the following:

- Insurance Revenue
  IFRS 17 measures revenue based on the delivery of services to policyholders and, importantly, excludes any premiums related to the investment elements of policies. The determination of what constitutes an investment component is an area of judgement significantly affecting amounts of recognised insurance revenue and insurance service expenses as investment components should be excluded from those. An investment component exists where the contract requires the Group to pay the policyholder even if the insured event does not occur either upon the surrender of the policy or at the request of the policyholder. The impact of this is a reduction of insurance revenue.

- Insurance Service Expenses
  IFRS 17 requires the identification of all fulfilment cash flows including operating expenses and overheads that are directly attributable to the acquisition and management of insurance contracts. Such expenses have been classified within operating expenses under IFRS 4. A systematic and rational method to identify and allocate such overheads to insurance and reinsurance contracts has been implemented. Such expenses will be presented within insurance service expenses under IFRS 17.

- Insurance Contract Liability
  The establishment of a CSM on in-force business is expected to lead to an increase in insurance contract liabilities and a corresponding decrease in equity upon transition. The CSM represents unearned profits that are expected to amortise into income as services are provided. Under IFRS 17, all componets of insurance liability will be grouped in one line on the face of statement of financial position.

NCB Financial Group Limited
Notes to the
Financial Statements
September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

59. Restatement

The result for the 2022 consolidated and the company stand alone financial year were restated as a result of the following errors.:

i) During the year, management identified a system issue that resulted in the non processing of certain unit-linked policies in the actuarial software. This issue resulted in the understatement of the policyholders' and annuitants benefits and reserves, as the respective guarantees were not measured.

ii) During the year, management identified an error in relation to compensation that were incorrectly amortised over two years instead of being fully expensed.

These errors had no impact on the 2021 consolidated financial statements. The impacted category and the amount is detailed in the tables below:

Consolidated Income Statement	**As previously reported**	**Restatement**	**Restated**
	$'000	**$'000**	**$'000**
Net result from banking and investment activities	107,292,623	-	107,292,623
Net underwriting income	123,908,912	-	123,908,912
Policyholders' and annuitants' benefits and reserves	(113,569,020)	(4,288,121)	(117,857,141)
Reinsurance on policyholders' and annuitants benefits and reserves	48,670,360	-	48,670,360
Commission and other selling expenses	(16,706,258)	-	(16,706,258)
Net result from insurance activities	42,303,994	(4,288,121)	38,015,873
Net Operating Income	149,596,617	(4,288,121)	145,308,496
Staff costs	49,105,761	1,231,323	50,337,084
Other operating expenses	55,354,335	-	55,354,335
	104,460,096	1,231,323	105,691,419
Operating profit	45,136,521	(5,519,444)	39,617,077
Share of profit of associates	732,513	-	732,513
Profit before taxation	45,869,034	(5,519,444)	40,349,590
Taxation	(5,946,189)	728,980	(5,217,209)
Profit after taxation	39,922,845	(4,790,464)	35,132,381

Consolidated Statement of Comprehensive Income

	As previously reported	**Restatement**	**Restated**
	$'000	**$'000**	**$'000**
Net profit	39,922,845	(4,790,464)	35,132,381
Other comprehensive income, net of tax	4,596,111	-	4,596,111
Items that may be reclassified subsequently to profit or loss	(52,159,458)	-	(52,159,458)
	(47,563,347)		(47,563,347)
	(7,640,502)	(4,790,464)	(12,430,966)

59. Restatement (Continued)

Consolidated Statement of Financial Position	As previously reported $'000	Restatement $'000	Restated $'000
Cash in hand and due from banks	244,628,686	-	244,628,686
Investment securities	968,349,401	-	968,349,401
Loans and advances, net of credit impairment losses	580,987,814	-	580,987,814
Property, plant, equipment & software and reserves	83,767,904	-	83,767,904
Deferred and income taxes	28,028,581	728,981	28,757,562
Other assets	172,926,215	(1,231,323)	171,694,892
	2,078,688,601	(502,342)	2,078,186,259
Customer deposits	715,276,682	-	715,276,682
Repurchase agreements	247,676,853	-	247,676,853
Borrowed funds	252,357,887	-	252,357,887
Liabilities under annuity and insurance contracts	437,175,410	4,288,121	441,463,531
Other liabilities	228,202,320	-	228,202,320
	1,880,689,152	4,288,121	1,884,977,273
Share capital and other equity	33,611,880	-	33,611,880
Retained earnings	115,916,115	(3,429,803)	112,486,312
Equity attributable to stockholders of the parent	149,527,995	(3,429,803)	146,098,192
Non-controlling interest	48,471,454	(1,360,660)	47,110,794
Total stockholders' equity	197,999,449	(4,790,463)	193,208,986
Total stockholders' equity and liabilities	2,078,688,601	(502,342)	2,078,186,259

Consolidated Statement of Cash Flows	As previously reported $'000	Restatement $'000	Restated $'000
Net profit	39,922,845	4,790,464	35,132,381
Adjustments to reconcile net profit to net cash provided by operating activities	9,565,986	4,790,464	14,356,450
Net cash provided by operating activities	49,488,831	-	49,488,831
Cash flow from investing activities	(102,901,041)	-	(102,901,041)
Cash flow from financing activities	56,785,758	-	56,785,758
Net increase in exchange rate changes on cash and cash equivalents	3,375,153	-	3,375,153
Net increase in cash and cash equivalents	6,748,701	-	6,748,701
Cash and cash equivalents at beginning of period	195,743,140	-	195,743,140
Cash and cash equivalents at end of period	202,491,841	-	202,491,841

BACK TO INDEX: NOTES TO THE FINANCIAL STATEMENTS

NCB Financial Group Limited
Notes to the
Financial Statements
September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

59. Restatement (Continued)

Company Statement of comprehensive income	As previously reported $'000	Restatement $'000	Restated $'000
Income			
Management fees	3,500,000	-	3,500,000
Dividend income	1,229,820	-	1,229,820
Credit impairment losses	(9,699)	-	(9,699)
	4,720,121	-	4,720,121
Expenses			
Losses on foreign currency activities	2,529,690	-	2,529,690
Staff costs	4,372,593	1,231,323	5,603,916
Finance costs	125,084	-	125,084
Other operating expenses	1,936,300	-	1,936,300
	8,963,667	1,231,323	10,194,990
Operating losses	(4,243,546)	(1,231,323)	(5,474,869)
Interest income	2,219,338	-	2,219,338
Interest expense	(6,224,453)	-	(6,224,453)
Loss before taxation	(8,248,661)	(1,231,323)	(9,479,984)
Taxation	2,182,620	-	2,182,620
NET LOSS	(6,066,041)	(1,231,323)	(7,297,364)
Other comprehensive income			
Changes in unrealised losses on securities designated as FVOCI	(361)	-	(361)
TOTAL COMPREHENSIVE INCOME / (LOSS)	(6,066,402)	(1,231,323)	(7,297,725)

NCB Financial Group Limited

Notes to the Financial Statements

September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

59. Restatement (Continued)

Company Statement of Financial Position	As previously reported $'000	Restatement $'000	Restated $'000
ASSETS			
Due from banks	280,630	-	280,630
Loan to related party	50,395,070	-	50,395,070
Investment securities	7,126,192	-	7,126,192
Investment in subsidiaries	167,811,096	-	167,811,096
Right of use assets	176,987	-	176,987
Deferred income tax assets	10,746,669	-	10,746,669
Income tax recoverable	618,345	-	618,345
Other assets	8,247,199	(1,231,323)	7,015,876
	245,402,188	(1,231,323)	244,170,865
LIABILITIES			
Due to banks	18,639,756	-	18,639,756
Other borrowed funds	80,816,324	-	80,816,324
Derivative financial liability	402,695	-	402,695
Lease liabilities	121,489	-	121,489
Other liabilities	6,090,185	-	6,090,185
	106,070,449	-	106,070,449
EQUITY			
Share capital	153,827,330	-	153,827,330
Treasury shares	(11,232,294)	-	(11,232,294)
Fair value reserves	1,043	-	1,043
Accmulated deficit	(3,264,340)	(1,231,323)	(4,495,663)
Total stockholders' equity	139,331,739	(1,231,323)	138,100,416
Total stockholders' equity and liabilities	245,402,188	(1,231,323)	244,170,865

Company Statement of Cash Flows	As previously reported $'000	Restatement $'000	Restated $'000
Net loss	(6,066,041)	(1,231,323)	(7,297,364)
Adjustments to reconcile net profit to net cash provided by operationg activities	(3,309,581)	1,231,323	(2,078,258)
Net cash provided by operating activities	(9,375,622)	-	(9,375,622)
Cash flow from investing activities	(18,965)	-	(18,965)
Cash flow from financing activities	(3,017,348)	-	(3,017,348)
Net increase in exchange rate changes on cash and cash equivalents	(3,104,567)	-	(3,104,567)
Net increase in cash and cash equivalents	(15,516,502)	-	(15,516,502)
Cash and cash equivalents at beginning of period	15,797,132	-	15,797,132
Cash and cash equivalents at end of period	280,630	-	280,630

BACK TO INDEX: NOTES TO THE FINANCIAL STATEMENTS

NCB Financial Group Limited
Notes to the Financial Statements
September 30, 2023 (expressed in Jamaican dollars unless otherwise indicated)

60. Subsequent events

(i) Subsequent to the year end, subsidiaries of National Commercial Bank Jamaica Limited declared dividends and / or executed share buy-back transactions which were settled by a combination of cash, transfer of investment securities and property. National Commercial Bank Jamaica Limited subsequently declared a dividend to distribute the proceeds to its parent, NCB Financial Group Limited, which was also settled by a combination of cash, transfer of investment securities and property. The subsidiaries and the amounts as as follows:

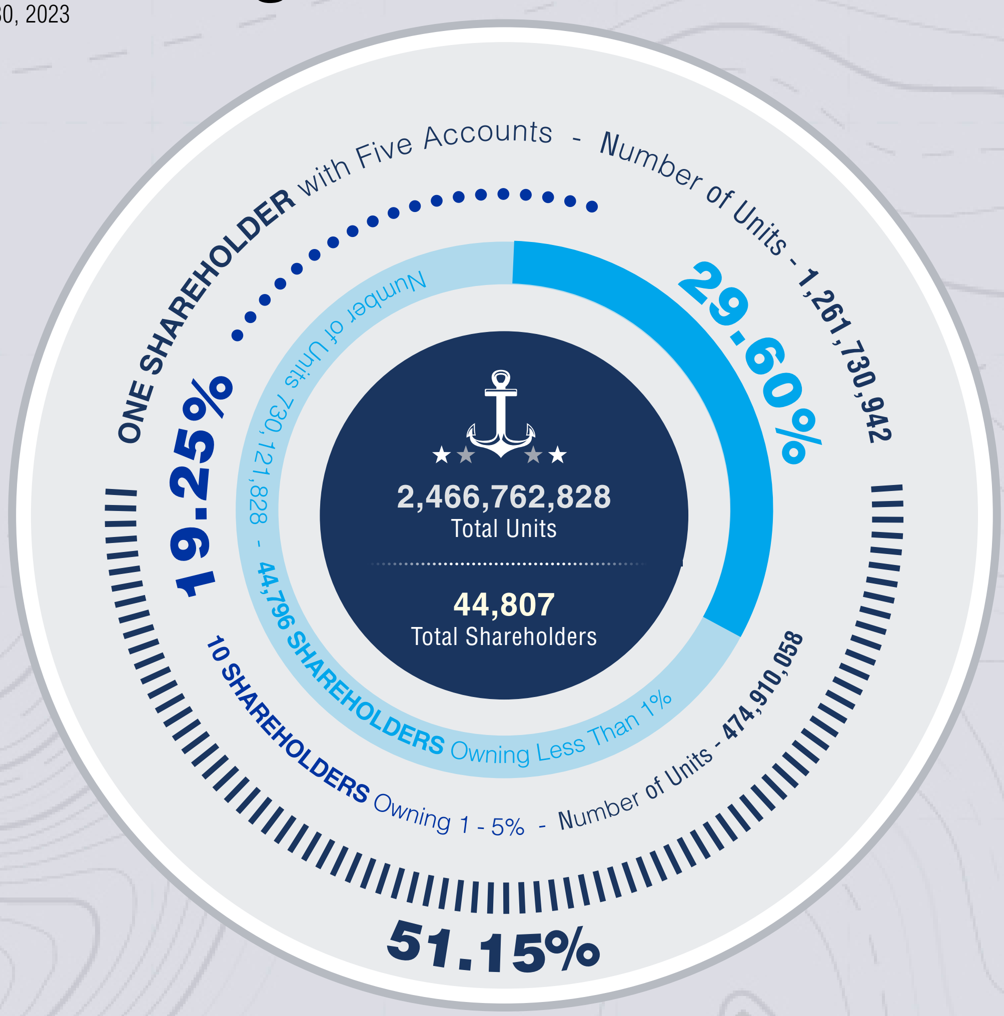
	$'000
NCB Cayman Limited	5,414,600
NCB Capital Markets (Cayman) Limited	4,556,300
NCB Capital Markets Limited	696,100
NCB Merchant Bank (Trinidad & Tobago) Limited	154,700
	10,821,700

(ii) The Board of Directors, at its meeting on November 17, 2023, declared a dividend on $0.50 per share.

Notes

Shareholdings

as at September 30, 2023



10 LARGEST SHAREHOLDERS

of NCB Financial Group Limited as at September 30, 2023

Name of Shareholder	Units	Percentage Ownership
AIC (Barbados) Limited	1,261,730,942	51.15%
MF&G Asset Management Limited - NCB Share Scheme	101,406,205	4.11%
Sagicor PIF Equity Fund	73,706,956	2.99%
NCB Insurance Agency & Fund Managers Limited WT 109	54,715,172	2.22%
Harprop Limited	46,434,102	1.88%
AIC Global Holdings Inc.	45,449,690	1.84%
National Insurance Fund	33,139,232	1.34%
Ideal Portfolio Services Company Limited	32,683,334	1.32%
SJIML A/C 3119	31,039,032	1.26%
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, 2023

Directors [1]	Total	Direct	Connected Parties
Robert Almeida	**65,990,231**	171,750	65,818,481
Dennis Cohen [2]	**132,764,818**	2,267,344	130,497,474
Sandra Glasgow [2]	**130,848,050**	188,126	130,659,924
Sanya Goffe	**65,890,481**	72,000	65,818,481
Hon. Patrick Hylton, OJ, CD	**75,324,136**	9,505,655	65,818,481
Hon. Michael Lee-Chin, OJ	**1,410,890,347**	146,698	1,410,743,649
Thalia Lyn, OD [2]	**131,075,213**	429,449	130,645,764
Prof., the Hon. Alvin Wint, OJ, CD	**65,906,625**	88,144	65,818,481

INTEREST/OWNERSHIP OF STOCK UNITS BY EXECUTIVES/SENIOR MANAGERS
of NCB Financial Group Limited as at September 30, 2023

Executives/Senior Managers	Total	Direct	Connected Parties
Robert Almeida [1]	**65,990,231**	171,750	65,818,481
Dennis Cohen [1, 2]	**132,764,818**	2,267,344	130,497,474
Dave Garcia (Corporate Secretary)	**175,027**	175,027	0
Hon. Patrick Hylton, OJ, CD [1]	**75,324,136**	9,505,655	65,818,481
Malcolm Sadler	**58,827**	28,774	30,053
Misheca Seymour-Senior	**27,195**	27,195	0
Mukisa Wilson Ricketts	**87,552**	87,552	0
Allison Wynter [2]	**65,007,230**	191,237	64,815,993

INTEREST/OWNERSHIP OF STOCK UNITS BY EXECUTIVES/SENIOR MANAGERS OF SUBSIDIARIES
of NCB Financial Group Limited as at September 30, 2023

Executives/Senior Managers	Total	Direct	Connected Parties
Gabrielle Banbury-Kelly	**95,508**	95,508	0
Septimus Blake	**211,144**	211,144	0
Danielle Cameron Duncan	**92,854**	92,854	0
Ian Chinapoo	**0**	0	0
Euton Cummings	**10**	10	0
Jacqueline De Lisser	**30,146**	30,146	0
Raymond Donaldson	**0**	0	0
Steven Gooden	**4,293**	4,293	0

Executives/Senior Managers	Total	Direct	Connected Parties
Vernon James	**0**	0	0
Ramon Lewis	**57,215**	57,215	0
Sheree Martin	**6,713**	6,713	0
Nadeen Matthews Blair	**94,000**	94,000	0
Anne McMorris Cover	**8,735**	8,735	0
Malcolm Sadler	**58,827**	28,774	30,053
Antonio Spence	**0**	0	0
Ian Truran	**0**	0	0
Tanya Watson Francis	**156,323**	156,323	0

1. Connected parties for all directors include shares of 65,818,481 held by subsidiaries of Guardian Holdings Limited.
2. Connected parties for Dennis Cohen, Sandra Glasgow, Thalia Lyn and Allison Wynter include shares of 64,675,993 held as trustees of the N.C.B. Staff Pension Fund.

Glossary Abbreviations

CURRENCIES AND UNITS

Amounts throughout this report are represented in Jamaican Dollars unless otherwise indicated.

B or Bn – Billion
BMD – Bermudian Dollar
BBD – Barbados Dollar
CAD – Canadian Dollar
EUR – Euro
GBP – British Pound Sterling
J$ or JMD – Jamaican Dollar
K – Thousand
M or Mn – Million
NAF – Netherlands Antilles Guilder
T or Tn – Trillion
TT$ or TTD – Trinidad and Tobago Dollars
US$ or USD – United States Dollars

ENTITIES

A

AARP – American Association of Retired Professionals
ACAMS – Association of Certified Anti-Money Laundering Specialists

B

BOJ – Bank of Jamaica
BSE – Barbados Stock Exchange

C

CariCRIS – Caribbean Information and Credit Ratings Services Limited
CDB – Caribbean Development Bank
CBB – Central Bank of Barbados
CBL – Clarien Bank Limited
CBTT – Central Bank of Trinidad and Tobago
CGL – Clarien Group Limited
CIMA – The Cayman Islands Monetary Authority

F

FSC – Financial Services Commission

G

GHL – Guardian Holdings Limited
GLOC – Guardian Life of the Caribbean

I

IASB – International Accounting Standards Board
ICAJ – Institute of Chartered Accountants of Jamaica
IMF – International Monetary Fund
IDB – Inter American Development Bank

J

JBA – Jamaica Bankers' Association
JSE – Jamaica Stock Exchange
JTA – Jamaica Teachers' Association

N

NACD – National Association of Corporate Directors
NCB or NCB Group – NCB Financial Group Limited and its subsidiaries
NCBCM – NCB Capital Markets Limited
NCBFG – NCB Financial Group Limited
NCBGH – NCB Global Holdings Limited
NCBIA or NCBIAFM – NCB Insurance Agency and Fund Managers Limited
NCBJ – National Commercial Bank Jamaica Limited
NCBMBTT – NCB Merchant Bank (Trinidad and Tobago) Limited (formerly NCB Global Finance Limited)
NHT – National Housing Trust (Jamaica)

O

ODPEM – Office of Disaster Preparedness and Emergency Management
OECD – Organisation for Economic Co-operation and Development
OPEC+ – Organisation of the Petroleum Exporting Countries

P

PWC – PricewaterhouseCoopers
PSOJ – The Private Sector Organisation of Jamaica

S

SBA – Small Business Association
STATIN – The Statistical Institute of Jamaica

T

TFOB – TFOB (2021) Limited
TTCD – Trinidad & Tobago Central Depository
TTSE – Trinidad and Tobago Stock Exchange

W

WBAF – World Business Angels Investment Forum

TITLES

CEO – Chief Executive Officer
CFO – Chief Financial Officer
EVP – Executive Vice President

OTHER ABBREVIATIONS

2021F – Forecasted for calendar year 2021
2022F – Forecasted for calendar year 2022
2023F – Forecasted for calendar year 2023

A

ABM – Automated Banking Machine
AGM – Annual General Meeting
AI – Artificial Intelligence
AMEX – American Express
AML/CFT – Anti-Money Laundering and Counter-terrorism Financing
APOs – Additional Public Offers
ATM – Automated Teller Machine

B

BDR – Business Development Representative
BEPS – Base Erosion and Profit Shifting
BERT (2022) – Barbados Economic Recovery and Transformation Plan
BOT – British Overseas Territory
BPO – Business Process Outsourcing

C

CAGR* – Compounded Annual Growth Rate
CBDC – Central Bank Digital Currency
CBIT – Comprehensive Business Income Tax
CD account – Certificate of Deposit account
CET1 – Common Equity Tier 1
CGI – Corporate Governance Index
CGU – Cash generating unit
CPI – Consumer Price Index
CPPM – Caribbean Policyholder Premium Method
CRM – Customer Relationship Management System
CSP Fund – Computer Service and Programming Limited Pension Fund
CSR – Corporate Social Responsibility

* The Compounded Annual Growth Rate (CAGR) is a measure of growth over multiple time periods.

D

DEH – Digital Enhancement Hub
DM – Developed Markets
DPF – Discretionary participation features
DPPP – Data Protection and Privacy Programme
DPR – Diversified Payments Rights
DTI – Deposit-taking Institution

E

EAD – Exposure at default
ECL – Expected credit loss
EFF – Extended Fund Facility
EGC – Efficiency, Governance, and Customer Experience
e-KYC – Electronic Know Your Customer
EM – Emerging Market
EMBI – Emerging Market Bond Index
EMBI+ – Emerging Market Bond Index Plus
EPS – Earnings per stock unit
ESG – Environmental, Social and Governance

F

FX – Foreign Exchange
FY – Financial Year or Fiscal Year
Finacle – A core banking system that provides digital banking functionalities for NCBJ
Fintech – Financial Technology
FVOCI – Fair Valued through Other Comprehensive Income
FVPL – Fair Valued through Profit and Loss

G

G7 or G-7 – Group of Seven (an intergovermental organisation made up of the world's seven largest developed economies)
GDP – Gross Domestic Product
GGApp – Guardian General App
GoIPO – NCB Capital Markets Limited – powered electronic platform for IPO submissions
GOJ – Government of Jamaica

H

H1 – First six months of the year or first half of the year
H2 – Last six months of the year or second half of the year
HR – Human Resources
HSF – Heritage Stabilisation Fund

I

iABM – Intelligent Automated Banking Machine
IBOR – Inter-bank offered rates
IBNR – Incurred but not reported
IDRs – Issuer Default Ratings
IESBA Code – International Ethics Standards Board for Accountants

CONTINUED

Glossary Abbreviations

IFRS – International Financial Reporting Standards
IPO – Initial Public Offering
ISA – International Standards on Auditing
IT – Information Technology

J

JAM-DEX – Jamaican Digital Exchange (Jamaican's Central Bank Digital Currency)
JCSD – Jamaica Central Securities Depository
JMVR – Jamaica Merchant Voucher Receivables

K

KYC – Know Your Customer

L

LAR – Loans and receivables
LGD – Loss given default
LHP – Life and Health Insurance and Pension Fund Management
LMS – Liquidity Management System
Lynk – Mobile wallet of TFOB (2021) Limited

M

MCCSR – Minimum Continuing Capital Surplus Ratio
MD&A – Management Discussion & Analysis
mPOS – Mobile Point of Sale
MSME – Micro, Small and Medium Enterprises
MVR – Merchant Voucher Receivables

N

NFC – Near-field communication
NPL – Non performing loan

O

OCI – Other Comprehensive Income
OIPA – Oracle Insurance Policy Administration

P

P2P – Peer-to-peer
PCI – Payment Card Industry
PD – Probability of default
PMFL – Public Management and Finance Law
POB – Personal Online Banking
POCI – Purchased or originated credit-impaired
POS – Point of Sale
PPM – Policyholder Premium Method
PY – Prior year

Q

Q1 – Quarter 1 or first quarter
Q2 – Quarter 2 or second quarter
Q3 – Quarter 3 or third quarter
Q4 – Quarter 4 or fourth quarter

R

REPO – Repurchase Agreements
ROA – Return on Assets
RPA – Robotic Process Automation
RWA – Risk Weighted Assets

S

SDR – Special Drawing Right
SICR – Significant increase in credit risk
SIFI – Systemically Important Financial Institution
SME – Small and Medium–Sized Enterprise
SOE – State-owned enterprises
S&P – Standard & Poor's
SPC – Special purpose company
SPPI – Solely payments of principal and interest
STP – Straight-through processing

T

T & T or TT – Trinidad and Tobago
TOP – Trinidad Online Platform

U

UK – United Kingdom
US – United States
UWI – University of the West Indies

V

VAM – Virtual Account Management
VAT – Value Added Tax

Y

YoY – Year over year

INVESTMENTS SECURITIES/ INSTRUMENTS

BARBAD 2029
BERMUD 2029
JAMAN 2028
TRITOB 2026

Corporate Directory

JAMAICA HEAD QUARTERS:

32 Trafalgar Road, Kingston 10 Jamaica W.I.	JA: 888-NCB-FIRST (622-3477) US: 1-866-622-3477 UK: 0-800-032-2973

NCB Financial Group Limited – www.myncb.com

Robert Almeida	Interim Group Chief Executive Officer
Malcolm Sadler	Chief Financial Officer
Dave Garcia	Group General Counsel and Corporate Secretary
Mukisa Ricketts	Group Chief Audit Executive
Misheca Seymour-Senior	Group Chief Compliance Officer
Allison Wynter, CFA	Group Chief Risk Officer

National Commercial Bank Jamaica Limited – www.jncb.com

Bruce Bowen	Chief Executive Officer (CEO)
Dave Garcia	Executive Vice President, Legal & Corporate Services
Sheree Martin	Executive Vice President, Retail Banking Division / Group Marketing and Communications and the Digitization Units
Tanya Watson-Francis	Executive Vice President, Treasury & Capital Management
Danielle Cameron-Duncan	Vice President, Payments & Digital Channels Division
Dr. Karrian Hepburn Malcolm	Head - Wealth Management
Jacqueline De Lisser, CFA	Chief Financial Officer
Ramon Lewis	Head - Group Information Technology Division
Raymond Donaldson	Vice President, Corporate and Commercial Banking
Dr. Hopelin Hines	Vice President, Group Human Resources Division
Anne McMorris-Cover	Senior Vice President, Enterprise Operations Division

NCB Capital Markets Limited – www.ncbcapitalmarkets.com

Angus Young	Chief Executive Officer

NCB Insurance Agency & Fund Managers Limited – www.ncbinsurance.com

Antonio Spence	Head - NCBIA

Clarien Bank Limited

Point House 6 Front Street HM 11, Bermuda	**www.clarienbank.com**	+1 441-296-6969

Ian Truran	Chief Executive Officer
Michael DeCouto	EVP, Chief Digital and Marketing Officer
Minish Parikh	EVP, Chief Operating Officer
Jonathan Raynor	EVP, Chief Risk Officer
Vishram Sawant	EVP, Chief Financial Officer
Simon Van de Weg	EVP, Chief Banking Officer
Miguel DaPonte, CFA	Chief Wealth Management Officer

Guardian Group

1 Guardian Drive, Westmoorings Trinidad and Tobago	**www.myguardiangroup.com**	1-868-226-MYGG (6944)

Ian Chinapoo	Group Chief Executive Officer, Guardian Holdings Limited (GHL)
Sasha Ali	Group Head, Internal Audit, GHL
Richard Avey	Group General Counsel & Corporate Secretary, GHL
Karen Bhoorasingh	President, Guardian General Insurance Jamaica Limited
Diego Frankel	President, Fatum
Eric Hosin	Group Head, Life, Health and Pensions, GHL
Karen Kelshall Lee	Group Head, Compliance, GHL
Meghon Miller-Brown	President, Guardian Life Limited
Anand Pascal	President, Guardian Life of the Caribbean
Dean Romany	President, Guardian General Insurance Limited
Alan Sadler	President, Guardian Shared Services Limited
Samanta Saugh	Group Chief Financial Officer, GHL
Paul Traboulay	Group Chief Risk Officer, GHL

CONTACT INFORMATION

Investor Relations*	Registrar Services**
Julia Wong-Brooks Investor Relations Manager	**Jamaica Central Securities Depository Ltd.** 40 Harbour Street, Kingston
wongjm@jncb.com	jcsdrs@jamstockex.com | 876-967-3271

* Information on the Company | ** Shareholders' queries

Postage Stamp

NCB FINANCIAL GROUP LIMITED

Annual General Meeting Form of Proxy

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 **virtually on February 9, 2024**, at 10:30 a.m. and at any adjournment thereof.

» Please indicate by inserting a cross in the appropriate box 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	RESOLUTION	FOR	AGAINST
1	☐	☐	3 (a)	☐	☐
2 (a)	☐	☐	3 (b)	☐	☐
2 (b) (i)	☐	☐	4	☐	☐
2 (b) (ii)	☐	☐	5	☐	☐

SIGNATURE

Signed this .... day of 2024

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 authorised in writing.

DESIGN:
Graphics & Production Unit
Group Marketing & Communications

PHOTOGRAPHY:
William Richards pp. 25-26, 55-56
ADRIAN CREARY pp. 23, 53

AUDITORS:
PricewaterhouseCoopers

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NCB FINANCIAL GROUP LIMITED