NCB FINANCIAL GROUP LIMITED

Financial Results

For The Quarter Ended December 31, 2022

888-NCB-FIRST | www.myncb.com | ncbinfo@jncb.com

KEY RESULTS

$836M	$2.11T	$172.2B	$0.36	0.26%	2.08%
Net Profit	Total Assets	Equity	Earnings per Share	Return on Assets	Return on Equity

First Quarter 2023 Report to Shareholders

Kingston, Jamaica - February 2, 2023

The Board of Directors approved the release of the following financial results for NCB Financial Group Limited (NCBFG) and its subsidiaries for the quarter ended December 31, 2022.

NCBFG reports unaudited consolidated net profit of $1.4 billion for the quarter ended December 31, 2022, a 75% or $4.0 billion decline from the prior year. Consolidated net profit attributable to stockholders of the parent totalled $836 million, a decrease of $1.8 billion or 68% from the prior year.

For this financial year we expect the Group may encounter challenges from the potential effects of several headwinds including geopolitical tensions, possibility of a global recession, and continued inflation leading to higher interest rates. This environment will test the resilience of our business model and diversified segments, however we remain steadfast as we execute strategic imperatives to serve our customers and strengthen the Group. As we pursue the accomplishment of our strategic aspirations, we continue to be dynamic and agile to seize opportunities that typically arise in challenging environments.

Continuation of our digital transformation journey is a top priority aimed at further enhancing customer experience, optimising operational processes and continuously improving our business model. Offering innovative financial solutions is a key hallmark in our pursuit of empowering people, unlocking dreams and building communities.

For more information, contact:

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

MEDIA RELATIONS
G'Tanya Forbes
Content and Consumer Education Lead
Group Marketing & Communications Unit
Email: ForbesGM@jncb.com

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Group Performance

The Group's performance for the quarter declined primarily as a result of events in our life, health, and pension (LHP) insurance segment, in particular the effects of a one-off actuarial adjustment. Operating income of $29.6 billion declined by $4.4 billion or 13%, predominantly resulting from a reduction in net revenues from insurance activities. This was partially offset by operating expenses declining by 3% due in part to our cost optimisation initiatives.

The decreased revenues led to lower profitability impacting some of our key performance indicators when compared to the prior year. Return on assets (ROA) and return on equity (ROE) (annualised) declined to 0.26% down from 1.09% and 2.08% down from 6.49%, respectively. Adjusting the annualised ROA and ROE for the one-off event, the ratios would be 0.81% and 9.21%, respectively. The rolling twelve-month ROA and ROE were 1.74% and 15.18%, respectively. The cost to income ratio also increased to 83.49% up from 75.25% in the prior year due to the reduction in revenues.

Banking and Investment Activities

Net revenues from banking and investment activities of $27.0 billion increased by 9% or $2.3 billion over the prior year's performance. There was steady improvement in the core revenue lines driven by growth in our loans and investments portfolios and increased transaction volumes.

Insurance Activities

The net revenues from insurance activities totalled $2.7 billion, a decrease of 71% or $6.6 billion from the prior year. The one-off actuarial adjustment of approximately $3.5 billion combined with additional reserve movements from our periodic assumption updates were the main causes of the quarter's decline in performance.

Operating Expenses

Operating expenses totalled $26.3 billion, declining by $696 million or 3% from the prior year. There were lower credit card rebate expenses, professional fees and consultancy charges in the quarter compared to the prior year's first quarter. These decreases were partially offset by an 11% increase in asset tax to $2.3 billion for the quarter. We will continue to pursue cost optimisation initiatives while continuing our digital investments as we focus on enhancing customer experience and improving operating efficiency.

Net Profit of $836 million (attributable to stockholders of the parent)

Consolidated Statement of Financial Position

Total assets rose to $2.11 trillion, an increase of 4% or $80.0 billion over the prior year. The growth in the asset base was mainly due to increased loans and investment securities. The growth was mainly funded by increased deposits, repurchase agreements, and obligations under securitisation arrangements.

Investment Securities and Reverse Repurchase Agreements

Investment securities, including pledged assets and reverse repurchase agreements, exceeds $1.0 trillion, an increase of 5% or $45.7 billion over the prior year. This continues to be the Group's largest earning asset portfolio.

Loans and Advances

The Group's loans and advances, net of credit impairment losses, totalled $593.0 billion, an increase of 8% or $43.5 billion over the prior year. Non-performing loans totalled $26.0 billion as at December 31, 2022, declining by $7.0 billion or 21% from the prior year. The reduction in non-performing loans led to an improvement in our non-performing loan ratio, decreasing to 4.3%, from 5.9% in the prior year.

Deposits

Banking customers continue to show confidence in the Group, evidenced by a 5% or $31.2 billion increase in deposits to $716.9 billion, our largest source of funding.

Policyholders' Liabilities

Liabilities under annuity and insurance contracts decreased to $435.4 billion, down 4% or $16.3 billion from the prior year.

Capital and Liquidity

Equity attributable to stockholders of the parent totalled $172.2 billion, an increase of $8.3 billion or 5% over the prior year. During the quarter there was a reduction in fair value losses for the Group due to the reclassification of specific investment securities to the Hold to Collect portfolio to correctly align with our business model.

Dividends

The Board of Directors, at its meeting on February 2, 2023, decided not to pay an interim dividend.

Environment, Social and Governance (ESG)

In the current financial year, we will continue work on our ESG strategy, roadmap, policy and framework. Our objective is to engage in activities that support long-term success, providing appropriate benefits for various stakeholders and ensuring compliance with all applicable rules and regulations through responsible and ethical business practices. We will also engage in business strategies that positively impact society and the environment, contributing to the development of more sustainable and inclusive economies.

One such initiative is the support provided to our customers for green financing for renewable energy, clean technologies, conservation and waste and water management projects. The Group also continuously embarks on environmentally conscious practices to aid in reducing our environmental impact and drive sustainability.

To advance our commitment to empowering people, unlocking dreams and building communities, we continue to fund initiatives through our Foundations geared towards improving the well-being of individuals in the communities we serve and the wider society.

Through our Lynk mobile wallet we also seek to increase financial inclusion by providing easy access to practical payment options. This provides the Jamaican society with a digital solution and access to financial services. As we continue to digitise our business, cyber-security continues to be a top priority for us, as we protect customer data and strengthen our systems and information security.

We will continue to provide a safe and secure environment for our customers and other stakeholders to conduct business with the Group. We are grateful to our valued stakeholders, including our team members, for their continued loyalty, confidence and support.

NCBFG – Empowering People | Unlocking Dreams | Building Communities.

ON BEHALF OF THE BOARD
Hon. Patrick Hylton, OJ, CD, President and Group Chief Executive Officer

Consolidated Income Statement

Quarter Ended December 31, 2022

	CURRENT YEAR	PRIOR YEAR	
	Quarter ended December 31 2022 $'000	Quarter ended September 30 2022 $'000	Quarter ended December 31 2021 $'000
Operating income			
Banking and investment activities			
Interest income	25,852,034	23,999,182	22,105,773
Interest expense	(8,814,257)	(6,708,686)	(5,827,933)
Net interest income	17,037,777	17,290,496	16,277,840
Fee and commission income	9,459,308	9,572,565	8,387,843
Fee and commission expense	(2,464,632)	(2,585,305)	(1,962,490)
Net fee and commission income	6,994,676	6,987,260	6,425,353
Gain on foreign currency and investment activities	2,135,430	2,895,535	1,622,948
Credit impairment losses	(1,827,577)	(854,879)	(1,834,095)
Dividend income	849,343	475,218	944,249
Other operating income	1,798,430	358,748	1,273,726
	2,955,626	2,874,622	2,006,828
Net revenues from banking and investment activities	**26,988,079**	**27,152,378**	**24,710,021**
Insurance activities			
Premium income	41,644,748	43,634,943	42,371,355
Insurance premium ceded to insurers	(14,334,347)	(10,940,221)	(13,139,199)
Reinsurance commission income	2,823,871	790,409	2,850,051
Net underwriting income	30,134,272	33,485,131	32,082,207
Net insurance benefits and claims	(22,209,137)	(12,538,444)	(18,213,149)
Commission and other selling expenses	(5,265,556)	(4,121,199)	(4,566,215)
Net revenues from insurance activities	**2,659,579**	**16,825,488**	**9,302,843**
Net operating income	**29,647,658**	**43,977,866**	**34,012,864**
Operating expenses			
Staff costs	13,031,399	11,585,179	11,930,291
Depreciation and amortisation	1,215,101	2,684,193	2,442,123
Finance cost	566,978	516,401	463,068
Other operating expenses	11,465,275	12,426,752	12,139,217
	26,278,753	**27,212,525**	**26,974,699**
Operating profit	**3,368,905**	**16,765,341**	**7,038,165**
Share of (loss)/profit of associates	(9,123)	89,772	289,055
Profit before taxation	**3,359,782**	**16,855,113**	**7,327,220**
Taxation	(2,005,300)	(2,811,880)	(1,949,009)
NET PROFIT	**1,354,482**	**14,043,233**	**5,378,211**
Attributable to:			
Stockholders of parent	835,792	8,676,146	2,640,043
Non-controlling interest	518,690	5,367,087	2,738,168
	1,354,482	**14,043,233**	**5,378,211**
Earnings per stock unit Basic and diluted (expressed in $)	**0.36**	**3.78**	**1.15**

Consolidated Statement of Comprehensive Income

Quarter Ended December 31, 2022

	Quarter ended December 31 2022 $'000	Quarter ended September 30 2022 $'000	Quarter ended December 31 2021 $'000
Net Profit	**1,354,482**	**14,043,233**	**5,378,211**
Other comprehensive income, net of tax-			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations	(25,626)	4,009,475	372,981
	(25,626)	4,009,475	372,981
Items that may be subsequently reclassified to profit or loss			
Currency translation gains/(losses)	410,238	(773,723)	1,678,389
Expected credit reversals/(losses) on debt instruments at fair value through other comprehensive income (FVOCI)	559,594	(557,097)	222,039
Unrealised gains/(losses) on securities designated as FVOCI	20,558,275	(22,042,357)	(1,564,454)
Realised fair value (gains)/losses on securities designated as FVOCI	(355,734)	9,322,076	(2,381,764)
	21,172,372	(14,051,101)	(2,045,790)
Total other comprehensive income/(loss)	21,146,746	(10,041,626)	(1,672,809)
TOTAL COMPREHENSIVE INCOME	**22,501,228**	**4,001,607**	**3,705,402**
Total comprehensive income attributable to:			
Stockholders of the parent	22,694,725	(1,084,285)	1,956,580
Non-controlling interest	(193,497)	5,085,892	1,748,822
	22,501,228	**4,001,607**	**3,705,402**

NCB FINANCIAL GROUP LIMITED

Unaudited Financial Results

Consolidated Statement of Financial Position

December 31, 2022

(expressed in Jamaican dollars unless otherwise indicated)

	December 31 2022 $'000	September 30 2022 $'000	December 31 2021 $'000
ASSETS			
Cash in hand and balances at Central Banks	78,152,071	70,856,440	84,353,552
Due from banks	170,649,999	185,806,679	173,517,550
Derivative financial instruments	895,955	874,471	962,144
Reverse repurchase agreements	7,429,227	8,300,133	7,564,524
Loans and advances, net of credit impairment losses	593,011,429	580,987,814	549,543,967
Investment securities	744,678,761	711,734,420	726,629,015
Pledged assets	258,547,002	256,614,981	230,780,928
Investment in associates	6,977,814	7,051,463	6,778,721
Investment properties	36,487,239	38,713,587	38,551,117
Intangible assets	56,345,343	54,690,029	53,751,635
Property, plant and equipment	28,864,274	29,077,875	28,898,131
Right-of-use assets	4,753,370	5,111,594	5,495,943
Properties for development and sale	2,153,129	2,008,010	2,309,789
Deferred income tax assets	17,064,864	25,469,940	15,785,632
Income tax recoverable	2,151,284	2,558,641	8,070,887
Reinsurance assets	28,330,213	30,312,857	24,960,950
Letters of credit and undertaking	5,400,853	6,451,165	5,524,047
Other assets	63,504,618	62,068,502	61,891,872
Total assets	**2,105,397,445**	**2,078,688,601**	**2,025,370,404**
LIABILITIES			
Due to banks	31,781,188	37,501,992	35,439,595
Customer deposits	716,906,686	715,276,682	685,656,937
Repurchase agreements	255,204,246	247,676,853	232,510,346
Obligations under securitisation arrangements	98,045,089	99,085,658	63,519,568
Derivative financial instruments	209,931	-	7,276
Other borrowed funds	156,619,029	153,272,229	148,595,858
Deferred income tax liabilities	7,889,754	9,126,008	13,693,972
Third party interests in mutual funds	35,027,420	33,587,741	36,403,919
Liabilities under annuity and insurance contracts	435,362,249	437,175,410	451,653,558
Segregated fund liabilities	14,641,330	14,436,764	15,005,717
Investment contract liabilities	45,275,759	46,176,282	45,340,561
Post-employment benefit obligations	4,239,321	4,091,822	9,496,791
Letters of credit and undertaking	5,400,853	6,451,165	5,524,047
Lease liabilities	4,896,206	5,173,159	5,696,694
Other liabilities	73,397,711	71,657,387	65,991,862
Total liabilities	**1,884,896,772**	**1,880,689,152**	**1,814,536,701**
STOCKHOLDERS' EQUITY			
Share capital	153,827,330	153,827,330	153,827,330
Treasury shares	(26,652,675)	(26,652,675)	(26,652,675)
Reserve from the scheme of arrangement	(147,034,858)	(147,034,858)	(147,034,858)
Fair value and capital reserves	(5,060,527)	(26,945,082)	16,304,577
Loan loss reserve	6,148,658	6,349,934	3,187,767
Statutory reserve fund	6,897,231	6,897,231	6,795,733
Retained earnings reserve	75,270,000	67,170,000	66,270,000
Retained earnings	108,827,557	115,916,115	91,177,786
Equity attributable to stockholders of the parent	172,222,716	149,527,995	163,875,660
Non-controlling interest	48,277,957	48,471,454	46,958,043
Total stockholders' equity	**220,500,673**	**197,999,449**	**210,833,703**
Total stockholders' equity and liabilities	**2,105,397,445**	**2,078,688,601**	**2,025,370,404**

Approved for issue by the Board of Directors on February 2, 2023 and signed on its behalf by:

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

Dennis Cohen — Group Chief Financial Officer and Deputy Chief Executive Officer

Professor, the Hon. Alvin Wint, OJ, CD — Lead Independent Director

Dave Garcia — Corporate Secretary

Consolidated Statement of Changes in Stockholders' Equity

Quarter ended December 31, 2022

	Share capital	Treasury shares	Reserve from the Scheme of Arrangement	Fair value and capital reserves	Loan loss reserve	Statutory reserve fund	Retained earnings reserve	Retained earnings	Non-controlling interest	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance as at October 1, 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	-	-	-	-	-	-	-	2,640,043	2,738,168	5,378,211
Other comprehensive income	-	-	-	(1,056,830)	-	-	-	372,981	(988,960)	(1,672,809)
Transfer to loan loss reserve	-	-	-	-	918,393	-	-	(918,393)	-	-
Transfer to retained earnings reserve	-	-	-	-	-	-	950,000	(950,000)	-	-
Disposal of treasury shares	-	546,015	-	-	-	-	-	(82,740)	-	463,275
Balance at December 31, 2021	153,827,330	(26,652,675)	(147,034,858)	16,304,577	3,187,767	6,795,733	66,270,000	91,177,786	46,958,043	210,833,703
Balance as at October 1, 2022	153,827,330	(26,652,675)	(147,034,858)	(26,945,082)	6,349,934	6,897,231	67,170,000	115,916,115	48,471,454	197,999,449
Total comprehensive income										
Net profit	-	-	-	-	-	-	-	835,792	518,690	1,354,482
Other comprehensive income	-	-	-	21,884,555	-	-	-	(25,626)	(712,187)	21,146,742
Transfer from loan loss reserve	-	-	-	-	(201,276)	-	-	201,276	-	-
Transfer to retained earnings reserve	-	-	-	-	-	-	8,100,000	(8,100,000)	-	-
Balance at December 31, 2022	153,827,330	(26,652,675)	(147,034,858)	(5,060,527)	6,148,658	6,897,231	75,270,000	108,827,557	48,277,957	220,500,673

Consolidated Statement of Cash Flows

Quarter ended December 31, 2022

	December 31 2022 $'000	December 31 2021 $'000
Cash Flows from Operating Activities		
Net profit	1,354,482	5,378,211
Adjustments to reconcile net profit to net cash provided by operating activities	6,440,876	37,827,216
Net cash provided by operating activities	7,795,358	43,205,427
Cash Flows from Investing Activities		
Acquisition of property, plant and equipment	(483,135)	(957,468)
Acquisition of intangible asset - computer software	(2,072,450)	(2,219,041)
Proceeds from disposal of property, plant and equipment	1,101,251	741,316
Purchase of investment property	(674,531)	(260,088)
Purchases of investment securities	(135,617,752)	(212,883,484)
Sales/maturities of investment securities	115,656,003	153,924,260
Net cash used in investing activities	(22,090,614)	(61,654,505)
Cash Flows from Financing Activities		
Repayments under securitisation arrangements	(672,002)	(2,223,509)
Proceeds from other borrowed funds	8,391,071	24,711,379
Repayments of other borrowed funds	(4,960,234)	(15,898,927)
Purchase of treasury shares	-	463,275
Due to banks	(6,482,445)	918,734
Lease repayment	(463,821)	(363,272)
Net cash (used in)/provided by financing activities	(4,187,431)	7,607,680
Effect of exchange rate changes on cash and cash equivalents	(960,832)	2,670,313
Net decrease in cash and cash equivalents	(19,443,519)	(8,171,085)
Cash and cash equivalents at beginning of period	202,491,841	195,743,140
Cash and cash equivalents at end of period	**183,048,322**	**187,572,055**
Comprising:		
Cash in hand and balances at Central Banks	34,507,397	41,232,305
Due from banks	167,484,428	169,763,505
Reverse repurchase agreements	519,800	1,770,530
Investment securities	1,747,330	548,350
Due to banks	(21,210,633)	(25,742,635)
	183,048,322	**187,572,055**

	Banking and Investment Activities					Insurance Activities			
Quarter ended December 31, 2022	**Consumer & SME Banking**	**Payment Services**	**Corporate & Commercial Banking**	**Treasury & Correspondent Banking**	**Wealth, Asset Management & Investment Banking**	**Life and Health Insurance & Pension Fund Management**	**General Insurance**	**Other & Consolidation Adjustments**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
External revenue	9,010,643	7,131,937	3,864,616	5,269,906	4,872,258	32,766,803	21,890,276	(243,275)	84,563,164
Revenue from other segments	1,137,337	11,102	869,294	2,512,700	1,092,905	176,939	86,480	(5,886,757)	-
Total Revenue	**10,147,980**	**7,143,039**	**4,733,910**	**7,782,606**	**5,965,163**	**32,943,742**	**21,976,756**	**(6,130,032)**	**84,563,164**
Net interest income	7,070,959	1,726,181	2,405,951	1,085,582	1,594,866	5,754,995	326,066	(2,935,152)	17,029,448
Net fee and commission income	1,271,599	2,414,667	376,814	144,379	786,103	1,064,362	1,123,393	(604,720)	6,576,597
Gain/(loss) on foreign currency and investment activities	8,212	94,719	(253)	1,996,384	297,759	(487,947)	13,389	213,167	2,135,430
Net result from insurance activities	-	-	-	-	-	(1,367,934)	3,807,889	219,624	2,659,579
Credit impairment (losses)/reversals	(899,744)	(339,326)	(32,230)	(3,477)	47,665	(829,064)	165,474	63,125	(1,827,577)
Other operating income and dividend income	33,046	1,078	38	4	225,791	1,930,207	54,655	348,010	2,592,829
Total operating income	**7,484,072**	**3,897,319**	**2,750,320**	**3,222,872**	**2,952,184**	**6,064,619**	**5,490,866**	**(2,695,946)**	**29,166,306**
Staff costs	2,448,663	437,365	220,038	99,606	1,058,554	2,648,657	1,663,960	1,792,749	10,369,592
Depreciation and amortisation	360,002	211,245	52	25,867	24,165	260,295	208,216	583,582	1,673,424
Finance cost	142,688	2,943	5,459	1,679	16,526	65,522	42,728	78,077	355,622
Other operating expense	2,082,395	1,542,936	684,870	1,069,704	1,174,845	2,037,636	1,093,179	(717,552)	8,968,013
Total operating expense	**5,033,748**	**2,194,489**	**910,419**	**1,196,856**	**2,274,090**	**5,012,110**	**3,008,083**	**1,736,856**	**21,366,651**
Operating profit before allocated cost	2,450,324	1,702,830	1,839,901	2,026,016	678,094	1,052,509	2,482,783	(4,432,802)	7,799,655
Allocated costs	(3,050,449)	(1,460,948)	(484,805)	(263,618)	-	-	-	-	(5,259,820)
Operating (loss)/profit	**(600,125)**	**241,882**	**1,355,096**	**1,762,398**	**678,094**	**1,052,509**	**2,482,783**	**(4,432,802)**	**2,539,835**
Unallocated corporate expenses									829,070
Share of profit of associates									(9,123)
Profit before taxation									3,359,782
Taxation									(2,005,300)
Net Profit									1,354,482
Segment assets	496,712,704	51,501,890	185,654,473	447,529,967	427,026,954	614,700,613	117,090,427	(261,013,544)	2,079,203,484
Associates									6,977,814
Unallocated assets									19,216,147
Total assets									2,105,397,445
Segment liabilities	460,587,101	28,988,373	171,525,697	408,052,372	381,202,355	465,683,699	76,563,394	(115,595,973)	1,877,007,018
Unallocated liabilities									7,889,754
Total liabilities									1,884,896,772
Capital expenditure	1,004,507	668,695	63,683	113,339	198,297	304,339	112,002	90,723	2,555,585

	Banking and Investment Activities					Insurance Activities			
Quarter ended December 31, 2021	**Consumer & SME Banking**	**Payment Services**	**Corporate & Commercial Banking**	**Treasury & Correspondent Banking**	**Wealth, Asset Management & Investment Banking**	**Life and Health Insurance & Pension Fund Management**	**General Insurance**	**Other & Consolidation Adjustments**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
External revenue	8,496,165	5,749,114	3,573,531	4,163,351	4,848,685	33,907,078	20,774,958	(1,956,937)	79,555,945
Revenue from other segments	651,629	-	46,989	1,108,556	1,166,986	292,816	56,648	(3,323,624)	-
Total Revenue	**9,147,794**	**5,749,114**	**3,620,520**	**5,271,907**	**6,015,671**	**34,199,894**	**20,831,606**	**(5,280,561)**	**79,555,945**
Net interest income	6,492,526	1,443,388	2,081,116	1,190,923	1,867,420	5,341,089	218,186	(2,329,722)	16,304,926
Net fee and commission income	1,188,885	1,970,386	489,255	142,933	1,008,843	886,498	673,681	(232,156)	6,128,325
Gain/(loss) on foreign currency and investment activit	18,736	42,268	-	1,757,703	806,878	1,027,886	237,431	(2,267,954)	1,622,948
Net result from insurance activities	-	-	-	-	-	5,772,470	3,558,807	(28,433)	9,302,844
Credit impairment (losses)/reversals	(795,898)	(190,079)	171,474	77,155	423,250	(1,298,084)	(68,782)	(153,131)	(1,834,095)
Other operating income and dividend income	491,161	(777)	80	4	314,659	950,041	47,348	641,393	2,443,909
Total operating income	**7,395,410**	**3,265,186**	**2,741,925**	**3,168,718**	**4,421,050**	**12,679,900**	**4,666,671**	**(4,370,003)**	**33,968,857**
Staff costs	2,517,162	384,370	147,762	82,225	992,161	1,778,123	1,605,979	1,335,894	8,843,676
Depreciation and amortisation	446,608	101,187	520	2,025	28,182	206,955	193,764	623,286	1,602,527
Finance cost	134,825	2,466	6,286	1,941	16,007	40,687	30,821	99,161	332,194
Other operating expense	1,754,220	1,409,089	639,105	921,571	1,129,170	2,303,118	1,846,463	(834,360)	9,168,376
Total operating expense	**4,852,815**	**1,897,112**	**793,673**	**1,007,762**	**2,165,520**	**4,328,883**	**3,677,027**	**1,223,981**	**19,946,773**
Operating profit before allocated cost	2,542,595	1,368,074	1,948,252	2,160,956	2,255,530	8,351,017	989,644	(5,593,984)	14,022,084
Allocated costs	(2,864,170)	(880,354)	(340,408)	(200,081)	-	-	-	-	(4,285,013)
Operating (loss)/profit	**(321,575)**	**487,720**	**1,607,844**	**1,960,875**	**2,255,530**	**8,351,017**	**989,644**	**(5,593,984)**	**9,737,071**
Unallocated corporate expenses									(2,698,906)
Share of profit of associates									289,055
Profit before taxation									7,327,220
Taxation									(1,949,009)
Net Profit									**5,378,211**
Segment assets	475,270,650	43,244,075	196,383,336	401,300,401	387,649,339	547,084,218	95,075,444	(151,272,299)	1,994,735,164
Associates									6,778,721
Unallocated assets									23,856,519
Total assets									2,025,370,404
Segment liabilities	437,252,930	3,795,696	162,245,595	417,257,691	336,606,301	456,213,693	66,148,570	(78,677,747)	1,800,842,729
Unallocated liabilities									13,693,972
Total liabilities									1,814,536,701
Capital expenditure	1,185,028	415,519	29,340	65,914	110,575	379,135	774,151	216,847	3,176,509

1. Identification and Principal Activities

NCB Financial Group Limited ("the Company") is a financial holding company, incorporated and domiciled in Jamaica. The Company is 52.72% (December 31, 2021 - 52.67%) owned by AIC (Barbados) Limited. The ultimate parent company is Portland Holdings Inc., incorporated in Canada. Portland Holdings Inc. is controlled by Hon. Michael A. Lee-Chin, O.J., Chairman of the Company.

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

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

2. Basis of preparation

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

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

3. Segment reporting

The Group is organised into the following business segments:

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

4. Macro-environment update

Global growth is slowing sharply in the face of elevated inflation, higher interest rates and disruptions caused by Russia's invasion of Ukraine. The global economy is projected to grow by 1.7%[1] in 2023 down from the estimated growth rate of 2.9% in 2022. The downturn in growth is expected to be widespread, with forecasts in 2023 revised down for 95% of advanced economies and nearly 70% of emerging market and developing economies. Growth in Latin America and the Caribbean is expected to slow to 1.3% in 2023, down from 3.9% in 2022.

All of our operating territories are expected to see positive real GDP growth in 2023, though lower than 2022 levels. Jamaica is expected to lead with 2.9% in 2023, followed by Bermuda (2.8%), Barbados (2.4%), Trinidad and Tobago (T&T) (1.9%), and, Cayman Islands (1.0%)[2]. Tourism-dependent operating territories will continue to benefit from the recovery in global travel, and its spillover to other sectors. According to the most recent UNWTO[3] World Tourism Barometer, more than 900 million tourists travelled internationally in 2022, double the number recorded in 2021, though still 63% of pre-pandemic levels. However, forward-looking scenarios for 2023, indicate that international tourist arrivals could reach 80% to 95% of pre-pandemic levels this year, buoyed by a strong winter season supported by the release of pent-up demand for travel. However, this will depend on the extent of the economic slowdown, the ongoing recovery of travel in Asia and the Pacific and the evolution of the Russian offensive in Ukraine, among other factors. This growth will be buttressed by increased airlifts, reduced fear around travelling, removal of restrictions, especially in China, and strong labour markets in some source countries. For other territories, such as T&T, still high energy prices, though lower than 2022 levels, will incentivise higher energy production, thus driving growth. Improved employment numbers will also buttress private consumption and therefore economic expansion. However, there are risks to these forecasts. There is a 70% chance of a recession in the US, and similarly, high probabilities across Europe which may affect global demand for goods and services. This may put pressure on the tourism industry, which would adversely affect most countries across our operating territories as well as put downward pressure on energy prices. This is a downside risk to all operating territories' growth prospects.

[1] World Bank

[2] Sources: WorldBank, Fitch Solutions

[3] UNWTO - The World Tourism Organization is the United Nations agency responsible for the promotion of responsible, sustainable and universally accessible tourism.

4. Macro-environment update (continued)

Although our operating environments face similar risks from the global economy, such as high inflation and interest rates, the growth outlook for 2023 remains positive. More widespread reopening of key economies should keep economic growth positive, albeit lower than in 2022. The high inflation and interest rate environment have fuelled, and should continue to fuel, greater net interest and fee and commission income in the banking sector. However, slower expansion and still high rates could weigh on demand for loans, tempering the increase. Securities dealers could see an improvement in trading gains as 2023 is forecasted to be the year for bonds given that interest rates are expected to peak in the first half of 2023, following an anticipated pause in rate hikes from major central banks, including the US Fed. This bodes well for bond prices. However, the extent of the rebound may be tempered by recession concerns that still exist. Additionally, tight liquidity conditions will continue to be a headwind to this business line. However, because of their ability to hedge against inflation, demand for new alternative investment products should increase, boosting fee and commission income. Furthermore, high debt costs will make equity financing more attractive supporting increased IPOs, APOs[4], and cross-listings on the Jamaica Stock Exchange. However, the size of these transactions could be limited by tight JMD liquidity and the attractiveness of valuations considering the risks in the environment. In our insurance business, with global interest rates anticipated to increase further before a pause, this should continue to reduce the assets and liabilities of life insurers. However, the net effect is expected to be positive because the impact on the value of liabilities is expected to be greater. This is because their liabilities have a longer duration and are therefore more sensitive to interest rates relative to their assets which are of a shorter duration. Despite lingering headwinds, the Group will continue to capitalise on emerging opportunities, while attempting to mitigate existing and emerging risks.

[4] IPOs - Initial Public Offerings and APOs - Additional Public Offerings

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

Directors [1.]	Total	Direct	Connected Parties
Robert Almeida	65,990,231	171,750	65,818,481
Dennis Cohen [2.]	139,584,284	2,267,344	137,316,940
Sandra Glasgow [2.]	137,667,516	188,126	137,479,390
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	1,506,353,835	146,698	1,506,207,137
Thalia Lyn, OD [2.]	137,773,486	424,104	137,349,382
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 December 31, 2022

Executives/Senior Managers	Total	Direct	Connected Parties
Dennis Cohen [1. 2.]	139,584,284	2,267,344	137,316,940
Dave Garcia (Corporate Secretary)	175,027	175,027	0
Hon. Patrick Hylton, OJ, CD [1.]	75,324,136	9,505,655	65,818,481
Misheca Seymour-Senior	27,195	27,195	0
Mukisa Wilson Ricketts	87,552	87,552	0
Allison Wynter [2.]	71,826,696	191,237	71,635,459

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

Executives/Senior Managers	Total	Direct	Connected Parties
Gabrielle Banbury-Kelly	95,508	95,508	0
Septimus Blake	211,144	211,144	0
Brian Boothe	250,000	110,000	140,000
Danielle Cameron Duncan	92,854	92,854	0
Ian Chinapoo	0	0	0
Euton Cummings	10	10	0
Raymond Donaldson	0	0	0
Steven Gooden	4,293	4,293	0
Vernon James	0	0	0
Desmond Johnson	0	0	0
Ramon Lewis	57,215	57,215	0
Sheree Martin	6,713	6,713	0
Nadeen Matthews Blair	94,000	94,000	0
Anne McMorris Cover	8,735	8,735	0
Malcolm Sadler	58,827	28,774	30,053
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 71,495,459 held as trustees of the N.C.B. Staff Pension Fund.

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

Name of Shareholder	Units	Percentage Ownership
AIC (Barbados) Limited	1,300,439,642	52.72%
MF&G Asset Management Limited - NCB Share Scheme	101,406,205	4.11%
Sagicor PIF Equity Fund	76,617,428	3.11%
NCB Insurance Agency & Fund Managers Limited WT 109	61,534,638	2.49%
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	32,974,729	1.34%
SJIML A/C 3119	32,539,032	1.32%
Guardian Life of the Caribbean	30,206,368	1.22%

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

Number of Shareholders	Ownership of Each Shareholder	Percentage Ownership	Number of Units
One shareholder with five accounts	52.72%	52.72%	1,300,439,642
10	1 - 5%	19.72%	486,431,391
44,100	Less than 1%	27.57%	679,891,795
44,111		**100.00%**	**2,466,762,828**