

Financial Results

For The Six Months Ended March 31, 2018

1-888-NCB-FIRST | www.myncb.com | ncbinfo@jncb.com

KEY RESULTS

					
\$10.9B	\$890.7B	\$119.2B	\$4.44	2.8%	18.5%
Net Profit	Total Assets	Equity	EPS	Return on Assets	Return on Equity

Second Quarter 2018 Earnings Release

April 26, 2018 – The Board of Directors is pleased to announce that NCB Financial Group Limited (NCBFG) and its subsidiaries (the Group) recorded net profit of \$11.0 billion for the six months ended March 31, 2018. Net profit attributable to our stockholders was \$10.9 billion, an increase of \$1.4 billion or 15% over the prior year.

The performance for the half year exemplifies team collaboration, effective execution and focus on strategic priorities. Our commitment to the transformation of our business supported strong operating revenue growth of 23% or \$6.6 billion over the prior year.

During the period, we advanced our digital transformation recognising the need to provide enhanced solutions to improve the customer experience. A critical component of our strategy continues to be reinventing our core business for continuous improvement. These improvements coupled with our digital offerings will advance our aspiration to become **NCB 2.0: Faster | Simpler | Stronger**.

For the remainder of the financial year we will continue to drive significant change to transform our organisation. This organisational transformation involves substantial effort. However, using Agile Methodologies will foster faster growth and expansion while minimising business disruption and maintaining the momentum of the progress made.

For more information, contact:

INVESTOR RELATIONS

Jacqueline De Lisser
 Head
 Group Investor Relations, Performance
 Monitoring & Planning
 Email: DelisserJN@jncb.com

MEDIA RELATIONS

Nichole Brackett Walters
 Manager
 Group Marketing & Communications
 Email: BrackettWaltersNC@JNCB.com

Financial Results

For The Six Months Ended March 31, 2018
Net Profit of \$10.9 billion (attributable to stockholders of the parent)

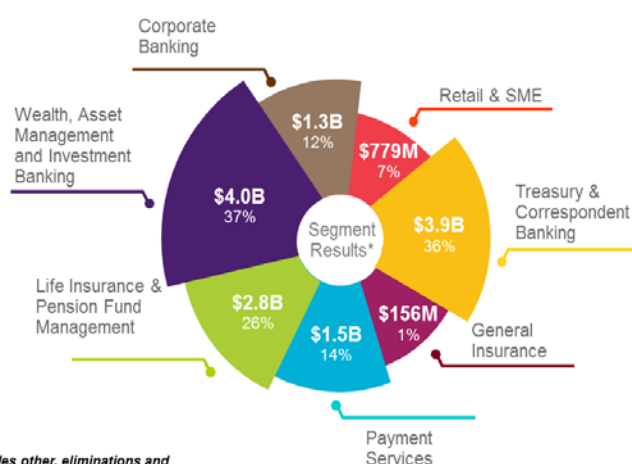
1-888-NCB-FIRST | www.myncb.com | ncbinfo@jncb.com

Financial Performance

Highlights	Six months Mar-18	Six months Mar-17	YoY	Q2 FY18	Q1 FY18	Q2 FY17	Prior quarter QoQ	Prior year QoQ
Net profit (\$'M)	11,041	9,462	17%	6,427	4,613	5,871	39%	9%
Net profit attributable to stockholders of the parent (\$'M)	10,897	9,462	15%	6,283	4,613	5,871	36%	7%
Earnings per stock unit (\$)	4.44	3.84	15%	2.56	1.88	2.39	36%	7%
Cost to income ratio (%)	68.5%	64.4%	-	60.2%	78.0%	59.5%	-	-
Total assets (\$M)	890,664	639,166	39%	890,664	855,562	639,166	4%	39%
Return on average total assets (%)	2.8%	3.0%	-	2.9%	2.4%	3.7%	-	-
Equity* (\$M)	119,228	106,413	12%	119,228	118,581	106,413	1%	12%
Return on average equity (%)	18.5%	18.1%	-	21.1%	15.7%	22.5%	-	-
Net loans (\$M)	334,300	207,290	61%	334,300	322,360	207,290	4%	61%
Customer deposits (\$M)	450,671	274,008	64%	450,671	431,375	274,008	4%	64%

FY – Financial year YoY – Year over Year QoQ – Quarter over quarter
 * Equity attributable to the stockholders of the parent

Segment Contribution to Operating Profit



*Excludes other, eliminations and unallocated corporate expenses.

Operating Income

For the period operating income grew by \$6.6 billion or 23% to \$35.7 billion over the prior year. This was primarily as a result of:

- Improvements in gains from foreign currency and investment activities which grew by \$3.5 billion or 97%. This performance is in the context of improving domestic macro-financial conditions, a stable exchange rate and declining interest rates together with buoyant liquidity which continue to drive demand for assets.

- Net interest income increasing by \$1.3 billion or 9%, driven by the consolidation of our newest subsidiary, Clarien Group Limited (CGL).
- Net fee and commission income growing by 11% or \$749 million, mainly as a result of higher transaction volumes for point of sale and e-commerce channels, increased investment banking and pension fee income and the consolidation of CGL.

Operating Expenses

Operating expenses totalled \$24.9 billion, an increase of 30% or \$5.8 billion over the prior year. Our expenses continue to be impacted by the on-going retooling and business model transformation.

Financial Results

For The Six Months Ended March 31, 2018
Net Profit of \$10.9 billion (attributable to stockholders of the parent)

1-888-NCB-FIRST | www.myncb.com | ncbinfo@jncb.com

Financial Performance (continued)

Loans and Advances

The Group's loans and advances, net of provision for credit losses, increased by \$127.0 billion or 61% to \$334.3 billion at March 31, 2018. In addition to the consolidation of CGL, there was growth in all our business segments' loan portfolios: retail up 22%, corporate up 11% and credit card receivables up 25%. Non-performing loans totalled \$15.0 billion as at March 31, 2018 (March 31, 2017: \$5.9 billion) and represented 4.4% of the gross loans compared to 2.8% as at March 31, 2017. This increase was due to the inclusion of CGL which has a non-performing loan ratio of 9.9%. We are satisfied that our delinquency management processes are robust and proactive to ensure the Group effectively responds sufficiently to the risk environment in our operating jurisdictions.

Deposits

Customer deposits totalled \$450.7 billion, a 64% or \$176.7 billion increase over the prior year, driven by the consolidation of the Clarien Group which has deposits in excess of US\$1 billion.

Capital

Stockholders' equity of \$119.2 billion grew by \$12.8 billion or 12%. The Group's capital position remains strong and the key regulatory ratios of our regulated entities exceed the minimum regulatory requirements.

Regulated Entities	Key Regulatory Ratios	March 31, 2018	March 31, 2017
National Commercial Bank Jamaica Limited	Regulatory capital to risk weighted assets ratio [Minimum requirement – 12.5%]	12.5%	12.5%
NCB Capital Markets Limited	Regulatory capital to risk weighted assets ratio [Minimum requirement – 10.0%]	18.6%	24.7%
NCB Insurance Company Limited	Minimum continuing capital and surplus requirements ratio [Minimum requirement – 150.0%]	407.2%	446.2%
Advantage General Insurance Company Limited	Available assets to required assets (Minimum capital test) [Minimum requirement – 250.0%]	453.1%	393.4%
NCB (Cayman) Limited	Regulatory capital to risk weighted assets ratio [Minimum requirement – 12.0%]	26.0%	21.7%
NCB Global Finance Limited	Regulatory capital to risk weighted assets ratio [Minimum requirement – 12.0%]	38.2%	33.5%
Clarien Group Limited*	Regulatory capital to risk weighted assets ratio	*	*

* In keeping with the regulatory policies of the Bermuda Monetary Authority, public disclosures of banks' capital requirements are restricted.

Dividends

The Board of Directors, at its meeting on April 26, 2018, declared an interim dividend of \$0.70 per ordinary stock unit. The dividend is payable on May 28, 2018 for stockholders on record as at May 11, 2018.

Financial Results

For The Six Months Ended March 31, 2018
Net Profit of \$10.9 billion (attributable to stockholders of the parent)

1-888-NCB-FIRST | www.myncb.com | ncbinfo@jncb.com

Business Highlights

- Global Finance magazine for its 25th Annual World's Best Bank Awards named National Commercial Bank Jamaica Limited **Best Bank – Jamaica** for 2018. In the press release published in March 2018, Global Finance highlighted that “the winners of this year’s awards are those banks that attended carefully to their customers’ needs in difficult markets and accomplished better results while laying the foundations for future success.”


Corporate Social Responsibility

The Group is committed to engaging in actions that will ensure its continued viability while recognising its role as a corporate leader in the region. Our policy focuses on four main areas: community outreach, ethics, employment practices and effective stakeholder engagement, with the goal of balancing the long-term viability of our business with social and environmental accountability.

Philanthropy

For the quarter, N.C.B. Foundation (NCBF), which is financed by 0.50% of the Bank’s prior year profits and 0.50% of prior year personal Keycard sales under the Jamaican Education Initiative (JEI), committed over \$19 million in support of initiatives.



 Over 5,000 man-hours spent by Volunteer Corps on project execution



Over 400,000 lives impacted

Education

Education continues to be the main area of focus of NCBF through which support is given to assist with academic fees, equipment and infrastructural projects and general educational programmes. *The Captain I Can! Stationery and More* kick started its 2018 island-wide motivational school tour aimed at encouraging positive behaviour and motivating youth to be outstanding citizens. The Foundation, under its Adopt-A-School programme, once again partnered with this initiative, which includes stops at NCB-adopted schools. Among them was Pembroke Hall Primary, where Captain I Can! made his first appearance for the year.

Education (continued)

Representatives from NCBF and Pembroke Hall Primary students pose with Captain I Can! as they show off their new books with empowering declarations.



Financial Results

For The Six Months Ended March 31, 2018
Net Profit of \$10.9 billion (attributable to stockholders of the parent)

1-888-NCB-FIRST | www.myncb.com | ncbinfo@jncb.com

Corporate Social Responsibility (continued)

Youth Leadership & Entrepreneurship

In strengthening the focus in this area of remit, the Foundation supported both the University of Technology, Jamaica (UTech) and the National Business Model Competitions. The respective competitions are designed to promote and encourage the creative and innovative thinking of students at universities. The initiatives are focused on cultivating and establishing more creative enterprises and promoting innovative businesses. They also provide a pipeline of potential entrepreneurs/SMEs and bring visibility to entrepreneurial opportunities.



(l-r) Michael Steele, Head of the Joan Duncan School of Entrepreneurship, Ethics & Leadership (JDSEEL), shares lens with Gordon Swaby, Director, NCBF; Rayvon Stewart, member of the winning team 3D Shopper; Dale Seaton, one of the competition's judges and Portfolio Manager - Business, NCB Retail Banking Division and Shamarlia Jones also of the winning team. Stewart and Jones won the 2018 UTech Business Model Competition with their innovation, 3D Shopper, a three dimensional avatar that is expected to make clothes shopping online easier and more accurate, by measuring and stimulating body size and weight.

Community Development & Sports

Jamaica has some of the most beautiful beaches in the Caribbean, attracting locals and tourists alike. Yet several of the island's beaches are covered, not with avid sunbathers, but rather piles of garbage and debris. As a result, the National Environment and Planning Agency instituted its Adopt-A-Beach programme to keep the island's coast lines clean.

Community Development & Sports (continued)

Among the almost 90 listed beaches impacted by the plan, we selected the Port Royal Beach in Kingston. A group of approximately 120 volunteers collected and disposed of some 85 bags of garbage from that beach, leaving it free of bottles, tires, toilet seats, foam boxes and other trash or debris.



After a long day cleaning at the Port Royal Beach in Kingston, members of the NCBF Volunteer Corps along with students from the Faculty of Science and Sports at University of Technology take a moment to smile for the camera.

Ethics

NCBFG continues to uphold high ethical standards. These standards are supported by employment practices and disciplinary procedures, such as the Codes of Ethics and Code of Business Conduct, which apply to all employees and the Board of Directors.

Our Customers

Digital Business Unit

Our focus remains on transforming the customer experience by making banking simpler and faster. Our Agile Labs have further refined our Digital in Branch Account Opening solution, allowing our customers to open accounts in the branch in mere minutes. The team also continued the Digital Lending offer campaign which



Financial Results

For The Six Months Ended March 31, 2018
Net Profit of \$10.9 billion (attributable to stockholders of the parent)

1-888-NCB-FIRST | www.myncb.com | ncbinfo@ncb.com

Corporate Social Responsibility (continued)

Our Customers (continued)

Digital Business Unit (continued)

issues pre-approved loans to existing customers. Customers are now able to complete the loan acceptance process entirely online within five (5) minutes and funds are immediately deposited in their accounts. The Mobile App Lab launched the long-awaited first release of our banking app to a closed user group and completed the first round of testing with external customers.

Our Customers (continued)

Digital Business Unit (continued)

We also introduced our first Agile Tribe focused on Borrowing Journeys. The squads kicked off in March and will focus on credit card origination, lending expansion and cash secured lending.

Retail Banking

NCB Retail Banking hosted a “Massive Loan Sale”. Rates were reduced on select loan products for the entire month of March. Customers could access personal loans at rates as low as 7.50%.

NCBFG remains committed to building the nation and the communities we serve through the work of the Foundation, our subsidiaries and staff. We are grateful for the support of our valued stakeholders. Thank you for your continued loyalty, confidence and support; ***Put Your Best Life Forward.***

ON BEHALF OF THE BOARD

Patrick Hylton, President and Group Chief Executive Officer



ncbj

NCB Financial Group Limited
Unaudited Consolidated Income Statement
Six months ended March 31, 2018

(expressed in Jamaican dollars unless otherwise indicated)

	Note	<i>CURRENT YEAR</i>			<i>PRIOR YEAR</i>	
		Quarter ended March 31 2018 \$'000	Quarter ended December 31 2017 \$'000	Year to date March 31 2018 \$'000	Quarter ended March 31 2017 \$'000	Year to date March 31 2017 \$'000
Operating income						
Interest income		13,008,727	11,270,230	24,278,957	10,567,694	20,784,206
Interest expense		(4,651,423)	(3,721,866)	(8,373,289)	(3,132,705)	(6,146,509)
Net interest income		8,357,304	7,548,364	15,905,668	7,434,989	14,637,697
Fee and commission income		5,219,610	4,489,312	9,708,922	4,306,179	8,442,738
Fee and commission expense		(1,111,880)	(881,668)	(1,993,548)	(782,119)	(1,476,851)
Net fee and commission income		4,107,730	3,607,644	7,715,374	3,524,060	6,965,887
Gain on foreign currency and investment activities		4,052,636	3,116,264	7,168,900	1,934,646	3,640,460
Premium income		2,206,840	2,106,833	4,313,673	1,979,385	3,719,766
Dividend income		136,715	70,659	207,374	44,206	105,849
Other operating income		176,647	245,792	422,439	29,293	97,657
		6,572,838	5,539,548	12,112,386	3,987,530	7,563,732
		19,037,872	16,695,556	35,733,428	14,946,579	29,167,316
Operating expenses						
Staff costs		5,209,538	5,910,543	11,120,081	4,307,757	8,059,690
Provision for credit losses		286,615	145,862	432,477	112,248	347,354
Policyholders' and annuitants' benefits and reserves		1,446,372	1,781,916	3,228,288	561,724	1,591,716
Depreciation and amortisation		877,824	666,007	1,543,831	562,085	1,103,124
Other operating expenses		3,927,055	4,658,672	8,585,727	3,463,454	8,020,138
		11,747,404	13,163,000	24,910,404	9,007,268	19,122,022
Operating profit		7,290,468	3,532,556	10,823,024	5,939,311	10,045,294
Negative goodwill on acquisition of subsidiary	4	-	1,465,748	1,465,748	-	-
Share of profit of associates		969,555	509,121	1,478,676	822,275	1,643,281
Profit before taxation		8,260,023	5,507,425	13,767,448	6,761,586	11,688,575
Taxation		(1,832,649)	(893,980)	(2,726,629)	(890,828)	(2,227,042)
NET PROFIT		6,427,374	4,613,445	11,040,819	5,870,758	9,461,533
Attributable to:						
Stockholders of the parent		6,283,313	4,613,445	10,896,758	5,870,758	9,461,533
Non-controlling interest		144,061	-	144,061	-	-
		6,427,374	4,613,445	11,040,819	5,870,758	9,461,533
Earnings per stock unit (expressed in \$ per share)						
Basic and diluted		2.56	1.88	4.44	2.39	3.84

NCB Financial Group Limited

Unaudited Consolidated Statement of Comprehensive Income

Six months ended March 31, 2018


(expressed in Jamaican dollars unless otherwise indicated)

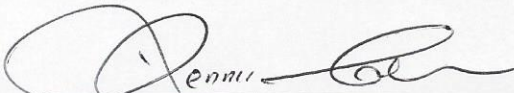
	Quarter ended March 31 2018 \$'000	Quarter ended December 31 2017 \$'000	Year to date March 31 2018 \$'000	Quarter ended March 31 2017 \$'000	Year to date March 31 2017 \$'000
Net Profit	6,427,374	4,613,445	11,040,819	5,870,758	9,461,533
Items that will not be reclassified to profit or loss					
Remeasurements of post-employment benefit obligations	(177,225)	(119,941)	(297,166)	54,309	67,515
Share of other comprehensive income of associated companies	(264,364)	-	(264,364)	100,456	100,456
Other	-	-	-	13,247	13,247
	(441,589)	(119,941)	(561,530)	168,012	181,218
Items that may be subsequently reclassified to profit or loss					
Currency translation (losses)/gains	(1,249,673)	7,039	(1,242,634)	(125,703)	(77,766)
Share of other comprehensive income of associated companies	(1,303,331)	(5,459)	(1,308,790)	(369,614)	(270,719)
Unrealised gains/(losses) on available-for-sale investments	683,676	1,275,155	1,958,831	1,173,497	(721,584)
Realised fair value gains on sale and maturity of available-for-sale investments	(1,618,355)	(987,807)	(2,606,162)	(926,840)	(1,571,205)
	(3,487,683)	288,928	(3,198,755)	(248,660)	(2,641,274)
Total other comprehensive income	(3,929,272)	168,987	(3,760,285)	(80,648)	(2,460,056)
TOTAL COMPREHENSIVE INCOME	2,498,102	4,782,432	7,280,534	5,790,110	7,001,477
Total comprehensive income attributable to:					
Stockholders of the parent	2,372,948	4,782,432	7,155,380	5,790,110	7,001,477
Non-controlling interest	125,154	-	125,154	-	-
	2,498,102	4,782,432	7,280,534	5,790,110	7,001,477


NCB Financial Group Limited
Unaudited Consolidated Statement of Financial Position
March 31, 2018
(expressed in Jamaican dollars unless otherwise indicated)


	Note	March 31 2018 \$'000	September 30 2017 \$'000	March 31 2017 \$'000
ASSETS				
Cash in hand and balances at Central Banks		61,796,292	65,314,659	40,094,019
Due from banks		56,161,232	39,414,981	24,723,403
Derivative financial instruments		193,455	205,984	265,221
Investment securities at fair value through profit or loss		1,929,215	2,580,938	2,659,353
Reverse repurchase agreements		4,024,593	2,861,218	4,655,801
Loans and advances, net of provision for credit losses		334,299,837	218,615,226	207,290,019
Investment securities classified as available-for-sale and loans and receivables		219,916,944	189,070,828	195,316,933
Pledged assets		134,627,465	109,321,414	104,011,028
Investment in associates		37,007,182	37,186,185	35,701,715
Investment properties		1,283,368	812,619	775,522
Intangible assets		7,479,425	4,922,810	4,102,655
Property, plant and equipment		13,251,468	10,431,461	9,019,949
Deferred income tax assets		3,379,764	1,622,204	515,708
Income tax recoverable		1,806,862	1,515,680	1,023,983
Customers' liability - letters of credit and undertaking		2,111,916	1,971,727	2,040,147
Other assets		11,395,122	7,876,257	6,970,376
Total assets		890,664,140	693,724,191	639,165,832
LIABILITIES				
Due to banks		10,236,520	10,547,381	19,684,077
Customer deposits		450,670,685	288,464,013	274,008,152
Repurchase agreements		121,298,593	115,586,590	107,040,764
Obligations under securitisation arrangements		59,985,840	66,743,350	67,194,907
Derivative financial instruments		218,511	132,347	104,672
Other borrowed funds		55,847,158	38,649,556	12,500,016
Income tax payable		275,535	168,582	-
Deferred income tax liabilities		1,564,498	1,498,616	938,793
Liabilities under annuity and insurance contracts		38,116,273	36,185,320	35,376,280
Post-employment benefit obligations		4,638,292	4,020,696	3,202,222
Liability - letters of credit and undertaking		2,111,916	1,971,727	2,040,147
Other liabilities		20,751,063	13,762,244	10,662,400
Total liabilities		765,714,884	577,730,422	532,752,430
STOCKHOLDERS' EQUITY				
Share capital		153,827,330	153,827,330	153,827,330
Treasury shares		(1,050,785)	(330,129)	(330,129)
Reserve from the scheme of arrangement		(147,034,858)	(147,034,858)	(147,034,858)
Fair value and capital reserves		6,316,263	9,596,567	6,183,077
Loan loss reserve		4,159,988	4,287,288	4,493,027
Banking reserve fund		6,567,333	6,567,333	6,539,948
Retained earnings reserve		38,850,000	35,650,000	31,860,000
Retained earnings		57,592,289	53,430,238	50,875,007
Equity attributable to stockholders of the parent		119,227,560	115,993,769	106,413,402
Non-controlling interest	4	5,721,696	-	-
Total stockholders' equity		124,949,256	115,993,769	106,413,402
Total stockholders' equity and liabilities		890,664,140	693,724,191	639,165,832

Approved for issue by the Board of Directors on April 26, 2018 and signed on its behalf by:


Patrick Hylton President and Group Chief Executive Officer


Dennis Cohen Group Chief Financial Officer and Deputy Chief Executive Officer


Professor Alvin Wint Director


Dave Garcia Corporate Secretary

NCB Financial Group Limited

Unaudited Consolidated Statement of Changes in Stockholders' Equity

Six months ended March 31, 2018

(expressed in Jamaican dollars unless otherwise indicated)

	Share capital	Treasury shares	Reorganisation reserve	Reserve 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	\$'000
Balance at October 1, 2016	-	-	6,462,343	-	8,824,351	4,447,709	6,539,948	29,620,000	47,210,959	-	103,105,310
Total comprehensive income	-	-	-	-	(2,641,274)	-	-	-	9,642,751	-	7,001,477
Transfer to loan loss reserve	-	-	-	-	-	45,318	-	-	(45,318)	-	-
Transfer to retained earnings reserve	-	-	-	-	-	-	-	2,240,000	(2,240,000)	-	-
Issue of shares on reorganisation	153,827,330	(330,129)	(6,462,343)	(147,034,858)	-	-	-	-	-	-	-
Transaction with owners of the Company-											
Dividends paid	-	-	-	-	-	-	-	-	(3,693,385)	-	(3,693,385)
Balance at March 31, 2017	153,827,330	(330,129)	-	(147,034,858)	6,183,077	4,493,027	6,539,948	31,860,000	50,875,007	-	106,413,402
Balance at October 1, 2017	153,827,330	(330,129)	-	(147,034,858)	9,596,567	4,287,288	6,567,333	35,650,000	53,430,238	-	115,993,769
Total comprehensive income	-	-	-	-	(3,280,304)	-	-	-	10,435,684	125,154	7,280,534
Transfer from loan loss reserve	-	-	-	-	-	(127,300)	-	-	127,300	-	-
Transfer to retained earnings reserve	-	-	-	-	-	-	-	3,200,000	(3,200,000)	-	-
Purchase of treasury shares	-	(720,656)	-	-	-	-	-	-	-	-	(720,656)
Non controlling interest on acquisition of subsidiary	-	-	-	-	-	-	-	-	-	5,596,542	5,596,542
Transaction with owners of the Company-											
Dividends paid	-	-	-	-	-	-	-	-	(3,200,933)	-	(3,200,933)
Balance at March 31, 2018	153,827,330	(1,050,785)	-	(147,034,858)	6,316,263	4,159,988	6,567,333	38,850,000	57,592,289	5,721,696	124,949,256

NCB Financial Group Limited
Unaudited Consolidated Statement of Cash Flows
Six months ended March 31, 2018
(expressed in Jamaican dollars unless otherwise indicated)

	March 31	March 31
	2018	2017
	\$'000	\$'000
Cash Flows from Operating Activities		
Net profit	11,040,819	9,461,533
Adjustments to reconcile net profit to net cash provided by operating activities	6,450,787	(22,639,604)
Net cash provided by/(used in) operating activities	<u>17,491,606</u>	<u>(13,178,071)</u>
Cash Flows from Investing Activities		
Acquisition of subsidiary	(4,153,226)	-
Cash inflow on acquisition of subsidiary	5,975,875	-
Acquisition of property, plant and equipment	(1,785,826)	(1,272,697)
Acquisition of intangible asset - computer software	(1,624,012)	(1,111,023)
Proceeds from disposal of property, plant and equipment	375,827	60,709
Dividends received from associates	662,407	94,331
Purchases of investment securities	(142,622,868)	(111,437,714)
Sales/maturities of investment securities	131,141,916	87,156,178
Net cash used in investing activities	<u>(12,029,907)</u>	<u>(26,510,216)</u>
Cash Flows from Financing Activities		
Proceeds from securitisation arrangements	-	18,893,926
Repayments under securitisation arrangements	(4,323,455)	-
Proceeds from other borrowed funds	36,940,053	1,733,496
Repayments of other borrowed funds	(18,728,173)	(1,322,812)
Purchase of treasury shares	(720,656)	-
Due to banks	(1,923,038)	1,044,181
Dividends paid	(3,200,933)	(3,693,385)
Net cash provided by financing activities	<u>8,043,798</u>	<u>16,655,406</u>
Effect of exchange rate changes on cash and cash equivalents	1,767,171	246,825
Net increase/(decrease) in cash and cash equivalents	15,272,668	(22,786,056)
Cash and cash equivalents at beginning of period	62,937,707	48,633,379
Cash and cash equivalents at end of period	<u>78,210,375</u>	<u>25,847,323</u>
Comprising:		
Cash in hand and balances at Central Banks	20,700,493	4,789,581
Due from banks	56,043,650	24,038,542
Reverse repurchase agreements	1,980,148	2,583,367
Investment securities	4,861,302	3,067,622
Due to banks	(5,375,218)	(8,631,789)
	<u>78,210,375</u>	<u>25,847,323</u>

NCB Financial Group Limited

Unaudited Segment Report

Six months ended March 31, 2018

	Consumer & SME									
				Treasury &	Wealth, Asset	Life Insurance &	General	Other	Eliminations	Total
	Retail & SME	Payment	Corporate	Correspondent	Management &	Pension Fund	Insurance			
\$'000	\$'000	\$'000	Banking	Investment	Banking	Management	\$'000	\$'000	\$'000	\$'000
External revenue	12,513,456	7,151,712	3,544,406	7,021,714	7,274,353	5,462,056	2,740,743	391,825	-	46,100,265
Revenue from other segments	978,486	-	339,680	3,076,820	1,232,875	75,291	130,224	208,385	(6,041,761)	-
Total Revenue	13,491,942	7,151,712	3,884,086	10,098,534	8,507,228	5,537,347	2,870,967	600,210	(6,041,761)	46,100,265
Interest income	10,640,029	2,658,642	3,394,857	6,651,220	4,484,409	1,564,515	359,341	5,771	(5,479,905)	24,278,879
Interest expense	(1,536,258)	(721,584)	(1,768,770)	(5,054,367)	(2,501,906)	(483,010)	-	(2,326)	4,151,094	(7,917,127)
Net interest income	9,103,771	1,937,058	1,626,087	1,596,853	1,982,503	1,081,505	359,341	3,445	(1,328,811)	16,361,752
Net fee and commission income	2,273,751	2,450,723	434,101	259,104	1,063,733	1,044,785	89,911	21,830	(1,177,719)	6,460,219
Gain on foreign currency and investment activities	107,253	10,888	32,357	3,074,658	2,516,777	763,942	(9,672)	59,412	621,152	7,176,767
Premium income	-	-	-	-	-	2,076,399	2,388,450	-	(151,176)	4,313,673
Other income	228,487	2,251	494	95,065	157,860	87,707	42,937	211,434	(376,461)	449,774
Total operating income	11,713,262	4,400,920	2,093,039	5,025,680	5,720,873	5,054,338	2,870,967	296,121	(2,413,015)	34,762,185
Staff costs	5,225,783	467,035	212,817	97,297	772,994	439,708	459,475	47,644	905,719	8,628,472
Provision for credit losses	347,984	115,282	(16,679)	(11,002)	(3,069)	-	-	-	-	432,516
Depreciation and amortisation	364,302	256,203	4,314	4,943	54,844	76,284	34,707	416	35,821	831,834
Policyholders and annuitants benefits and reserves	-	-	-	-	-	1,398,624	1,834,806	-	(5,142)	3,228,288
Other operating expense	1,871,993	1,257,441	279,298	839,462	898,035	376,535	386,431	9,470	64,010	5,982,675
Total operating expense	7,810,062	2,095,961	479,750	930,700	1,722,804	2,291,151	2,715,419	57,530	1,000,408	19,103,785
Operating profit before allocated cost	3,903,200	2,304,959	1,613,289	4,094,980	3,998,069	2,763,187	155,548	238,591	(3,413,423)	15,658,400
Allocated costs	(3,123,710)	(799,272)	(277,603)	(190,284)	-	-	-	-	-	(4,390,869)
Operating profit	779,490	1,505,687	1,335,686	3,904,696	3,998,069	2,763,187	155,548	238,591	(3,413,423)	11,267,531
Unallocated corporate expenses										(444,507)
Negative goodwill on acquisition of subsidiary										1,465,748
Share of profit of associates										1,478,676
Profit before taxation										13,767,448
Taxation										(2,726,629)
Net Profit										11,040,819
Segment assets	366,770,956	25,259,442	93,851,789	274,937,079	207,250,703	51,167,630	15,083,720	16,959,775	(203,768,378)	847,512,716
Associates										37,007,182
Unallocated assets										6,144,242
Total assets										890,664,140
Segment liabilities	319,294,323	12,479,996	66,627,201	290,337,712	173,902,559	33,808,907	9,023,349	265,447	(141,864,643)	763,874,851
Unallocated liabilities										1,840,033
Total liabilities										765,714,884
Capital expenditure	1,571,485	457,296	144,404	117,098	506,227	270,583	287,319	55,426	-	3,409,838

NCB Financial Group Limited

Unaudited Segment Report

Six months ended March 31, 2017

	Consumer & SME									Total
	Retail & SME	Payment Services	Corporate Banking	Treasury & Correspondent Banking	Wealth, Asset Management & Investment Banking	Life Insurance & Pension Fund Management	General Insurance	Other	Eliminations	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
External revenue	9,486,441	5,613,939	3,934,298	5,201,081	5,483,638	4,131,881	2,812,118	127,280	-	36,790,676
Revenue from other segments	801,449	16,676	23,435	2,726,126	507,695	64,513	123,620	197,086	(4,460,600)	-
Total revenue	10,287,890	5,630,615	3,957,733	7,927,207	5,991,333	4,196,394	2,935,738	324,366	(4,460,600)	36,790,676
Interest income	7,692,350	2,021,801	2,995,191	5,723,484	3,591,181	1,544,666	348,867	11,699	(3,145,142)	20,784,097
Interest expense	(850,160)	(635,416)	(1,419,512)	(3,269,815)	(1,803,621)	(438,954)	-	(628)	2,281,979	(6,136,127)
Net interest income	6,842,190	1,386,385	1,575,679	2,453,669	1,787,560	1,105,712	348,867	11,071	(863,163)	14,647,970
Net fee and commission income	2,045,765	2,034,498	881,501	238,910	665,015	933,827	83,468	1,853	(594,021)	6,290,816
Gain on foreign currency and investment activities	89,681	13,838	29,071	1,822,595	1,464,463	147,908	123,420	107,245	(164,094)	3,634,127
Premium income	-	-	-	-	-	1,531,637	2,330,041	-	(141,912)	3,719,766
Other income	121,810	1,186	470	101,030	72,513	38,355	49,863	32,407	(198,009)	219,625
Total operating income	9,099,446	3,435,907	2,486,721	4,616,204	3,989,551	3,757,439	2,935,659	152,576	(1,961,199)	28,512,304
Staff costs	3,286,678	352,560	103,585	84,126	503,776	449,125	451,362	41,218	(50,517)	5,221,913
Provision for credit losses	348,950	(5,299)	3,596	578	(446)	-	-	-	-	347,379
Policyholders' and annuitants' benefits and reserves	-	-	-	-	-	281,865	1,310,447	-	(596)	1,591,716
Depreciation and amortisation	162,686	199,547	3,402	12,947	46,711	35,145	38,425	-	35,821	534,684
Other operating expenses	1,720,167	1,101,472	345,027	787,840	771,317	440,598	454,320	8,103	(1,281,738)	4,347,106
Total operating expense	5,518,481	1,648,280	455,610	885,491	1,321,358	1,206,733	2,254,554	49,321	(1,297,030)	12,042,798
Operating profit before allocated costs	3,580,965	1,787,627	2,031,111	3,730,713	2,668,193	2,550,706	681,105	103,255	(664,169)	16,469,506
Allocated costs	(2,784,629)	(667,852)	(394,830)	(196,460)	-	-	-	-	-	(4,043,771)
Operating profit	796,336	1,119,775	1,636,281	3,534,253	2,668,193	2,550,706	681,105	103,255	(664,169)	12,425,735
Unallocated corporate expenses										(2,380,441)
Share of profit of associates										1,643,281
Profit before taxation										11,688,575
Taxation										(2,227,042)
Net Profit										9,461,533
Segment assets	234,033,402	19,619,250	81,618,482	205,454,163	166,281,063	44,368,601	14,089,794	1,248,653	(165,750,208)	600,963,200
Associates										35,701,715
Unallocated assets										2,500,917
Total assets										639,165,832
Segment liabilities	202,870,051	8,293,551	61,240,273	211,960,764	138,538,232	29,004,735	8,123,947	807,419	(129,243,807)	531,595,165
Unallocated liabilities										1,157,265
Total liabilities										532,752,430
Capital expenditure	1,054,857	628,711	97,363	30,094	283,866	187,249	84,684	16,896	-	2,383,720

NCB Financial Group Limited

Notes to the Unaudited Financial Statements

March 31, 2018

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities

NCB Financial Group Limited (“the Company”) is incorporated and domiciled in Jamaica. The Company is 51.83% 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.

The Company’s subsidiaries and other consolidated entities, which together with the Company are referred to as “the Group”, are as follows:

	Principal Activities	Percentage Ownership by The Group	
		Company	Subsidiary
National Commercial Bank Jamaica Limited	Commercial Banking	100	
Data-Cap Processing Limited	Security Services		100
Mutual Security Insurance Brokers Limited	Dormant		100
NCB Capital Markets Limited	Securities Dealer and Stock Brokerage Services		100
Advantage General Insurance Company Limited	General Insurance		100
NCB Capital Markets (Cayman) Limited	Securities Dealer		100
NCB Global Finance Limited	Merchant Banking		100
NCB Capital Markets (Barbados) Limited	Brokerage Services		100
NCB Capital Markets SA	Inactive		100
NCB (Cayman) Limited	Commercial Banking		100
NCB Trust Company (Cayman) Limited *	-		100
NCB Employee Share Scheme	Dormant		100
NCB Insurance Company Limited	Life Insurance, Investment and Pension Fund Management Services		100
N.C.B. (Investments) Limited *	-		100
N.C.B. Jamaica (Nominees) Limited	Dormant		100
NCB Remittance Services (Jamaica) Limited	Dormant		100
NCB Financial Services UK Limited	Pension Remittances		100
West Indies Trust Company Limited	Trust and Estate Management Services		100
NCB Global Holdings Limited	Holding company	100	
Clarien Group Limited	Banking, Investment and Trust Services	50.10	

* No significant activities at this time

All subsidiaries are incorporated in Jamaica with the exception of NCB (Cayman) Limited, NCB Trust Company (Cayman) Limited, and NCB Capital Markets (Cayman) Limited, which are incorporated in the Cayman Islands, NCB Financial Services UK Limited, which is incorporated in the United Kingdom, NCB Global Finance Limited and NCB Global Holdings Limited which are incorporated in Trinidad and Tobago, NCB Capital Markets (Barbados) Limited which is incorporated in Barbados, NCB Capital Markets SA which is incorporated in the Dominican Republic and Clarien Group Limited which is incorporated in Bermuda.

NCB Financial Group Limited acquired 50.10% of the share capital of Clarien Group Limited in December 2017 (Note 4).

The Group’s associates are as follows:

	Principal Activities	Percentage Ownership
Dyoll Group Limited	In Liquidation	44.47
Elite Diagnostic Limited	Medical Imaging Services	18.69
Guardian Holdings Limited	Life Insurance, Investment and Pension Fund Management Services	29.99
JMMB Group Limited	Securities Dealer and Stock Brokerage Services	26.30
Mundo Finance Limited	Micro Financing	50.00

All of the Group’s associates are incorporated in Jamaica, except for Guardian Holdings Limited which is incorporated in Trinidad and Tobago.

2. Basis of preparation

The condensed consolidated interim financial statements (interim financial statements) for the quarter ended March 31, 2018 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, 2017 which have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Boards (IASB).

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale investment securities, investment securities at fair value through profit or loss, derivative contracts and investment property.

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.

There have been no changes in accounting policies since the most recent audited accounts as at September 30, 2017.

NCB Financial Group Limited

Notes to the Unaudited Financial Statements

March 31, 2018

(expressed in Jamaican dollars unless otherwise indicated)

3. Segment reporting

The Group is organised into the following business segments:

- Retail & SME– This incorporates the provision of banking services to individual and small and medium business clients and pension remittance services.
- Payment services - This incorporates the provision of card related services.
- Corporate banking – This incorporates the provision of banking services to large corporate clients.
- Treasury & correspondent banking – This incorporates the Bank’s liquidity and investment management function, management of correspondent bank relationships, and relationships with other financial institutions as well as foreign currency dealing activities.
- Wealth, asset management and investment banking – This incorporates stock brokerage, securities trading, investment management and other financial services provided by certain overseas subsidiaries.
- Life insurance & pension fund management – This incorporates life insurance, pension and investment management services.
- 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 Other 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 National Commercial Bank Jamaica Limited ("The Bank") that are not allocated to its banking segments.

Direct allocated costs and unallocated corporate expenses

Costs incurred by the support units of the Bank are allocated to its 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 these 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-company and inter-segment transactions.

4. Acquisition of Subsidiary

During December 2017, NCB Financial Group Limited (NCBFG) acquired 50.1% of the share capital of Clarien Group Limited, owner of Clarien Bank Limited based in Hamilton, Bermuda. Clarien Bank Limited together with its subsidiary companies is licensed to conduct banking, investment and trust business by the Bermuda Monetary Authority.

Details of the net assets acquired, purchase consideration and negative goodwill, determined on a provisional basis, were as follows:

	Provisional Fair Values \$'000
Net assets arising on the acquisition	
Cash in hand and balances at Central Bank	2,542,795
Due from banks	3,433,080
Loans and advances, net of provision for credit losses	92,384,324
Investment securities classified as available-for-sale and loans and receivables	44,115,604
Investment properties	432,205
Intangible assets	1,643,073
Property, plant and equipment	1,946,576
Other assets	810,846
Customer deposits	(133,590,849)
Other liabilities	(2,502,138)
	<u>11,215,516</u>
Percentage shareholding - NCBFG	<u>50.10%</u>
Net assets acquired by NCBFG	5,618,974
Purchase consideration - Cash	(4,153,226)
Negative goodwill	<u>1,465,748</u>
Percentage shareholding - Non-controlling interest	<u>49.90%</u>
Net assets attributable to non-controlling interest	5,596,542
Movement in net assets attributable to non-controlling interest for period	125,154
Net assets attributable to non-controlling interest as at the end of the period	<u>5,721,696</u>

NCB Financial Group Limited

Notes to the Unaudited Financial Statements

March 31, 2018

(expressed in Jamaican dollars unless otherwise indicated)

5. Offer and Take-Over Bid

On December 8, 2017, NCBFG launched through its wholly-owned subsidiary, NCB Global Holdings Limited (NCBGH), an offer and take-over bid (the 'Offer') to all shareholders of Guardian Holdings Limited (GHL), to acquire up to 74,230,750 ordinary shares in GHL for US\$2.35 per share. The Offer, if successful, would have resulted in NCBFG acquiring a controlling interest in GHL. The original close date of the Offer was January 12, 2018, which was subsequently extended to February 2, 2018 and further to February 23, 2018. As at February 23, 2018, there were terms and conditions of the Offer which remained outstanding. As such and in accordance with the provisions of the Securities Industry (Take-Over) By-Laws, 2005 (the 'By-Laws'), NCBGH confirmed that the Offer lapsed due to the failure of Condition 2.4.5 of the Offer.

The Trinidad and Tobago Securities and Exchange Commission convened a hearing (the 'Hearing') in accordance with the provisions of the Securities Act, 2012 in respect of the facts and circumstances surrounding the NCBGH's equity interest in GHL and the issuance of the Offer Circular. That hearing is scheduled for May 15, 2018.

Interest/Ownership of Stock Units by Directors of NCB Financial Group Limited as at March 31, 2018

Directors ¹	Total	Direct	Connected Parties
Robert Almeida	61,750,129	171,750	61,578,379
Dennis Cohen ²	136,185,816	1,654,460	134,531,356
Sandra Glasgow ²	134,629,055	100,699	134,528,356
Sanya Goffe	61,582,719	4,340	61,578,379
Patrick Hylton, CD	65,946,225	4,367,846	61,578,379
Hon. Michael Lee-Chin, OJ	1,594,441,496	2,369,482	1,592,072,014
Thalia Lyn, OD ²	134,974,590	431,114	134,543,476
Oliver Mitchell, Jr.	61,585,679	7,300	61,578,379
Prof. Alvin Wint, CD	61,623,423	88,144	61,535,279
Dave Garcia (Corporate Secretary)	11,210	11,210	0

Interest/Ownership of Stock Units by Senior Managers in NCB Financial Group Limited and its subsidiaries as at March 31, 2018

Senior Managers	Total	Direct	Connected Parties
Rickert Allen	113,696	113,696	0
Septimus Blake	10,050	10,050	0
Brian Boothe	5,000	5,000	0
Danielle Cameron Duncan	0	0	0
Dennis Cohen ^{1, 2}	136,185,816	1,654,460	134,531,356
Dave Garcia	11,210	11,210	0
Steven Gooden	4,293	4,293	0
Howard Gordon	0	0	0
Phillip Harrison	25,598	10,000	15,598
Patrick Hylton, CD ¹	65,946,225	4,367,846	61,578,379
Vernon James	0	0	0
Nadeen Matthews Blair	10,000	10,000	0
Claudette Rodriquez	42,147	42,147	0
Misheca Seymour-Senior	1,500	1,500	0
Andrew Simpson	0	0	0
Mark Thompson	0	0	0
Tanya Watson Francis	0	0	0
Mukisa Wilson Ricketts	10,000	10,000	0
Allison Wynter ²	73,050,766	100,789	72,949,977
Angus Young	135,000	135,000	0

1. Connected parties for all directors include shares of 61,578,379 held by subsidiaries of Guardian Holdings Limited (GHL).

2. Connected parties for Dennis Cohen, Sandra Glasgow, Thalia Lyn and Allison Wynter include shares of 72,949,977 held by trustees of the N.C.B. Staff Pension Fund.

10 Largest Shareholders of NCB Financial Group Limited as at March 31, 2018

Name of Shareholder	Units	Percentage Ownership
AIC (Barbados) Limited	1,278,547,036	51.83%
Harprop Limited	211,235,438	8.56%
Sagicor PIF Equity Fund	68,547,785	2.78%
NCB Insurance Co. Ltd WT 109	62,989,156	2.55%
AIC Global Holdings Inc.	47,649,260	1.93%
SJIML A/C 3119	43,254,981	1.75%
Ideal Portfolio Services Company Limited	40,575,699	1.64%
Portland (Barbados) Limited	38,178,106	1.55%
Neon Liberty Lorikeet Master Fund LP	28,412,089	1.15%
Beta SPV Limited	21,000,000	0.85%

Shareholder Profile of NCB Financial Group Limited as at March 31, 2018

Number of Shareholders	Ownership of Each Shareholder	Percentage Ownership	Number of Units
(1) shareholder with 4 accounts	51.83%	51.83%	1,278,547,036
1	6 - 10%	8.56%	211,235,438
7	1 - 4%	13.36%	329,607,076
36,511	Less than 1%	26.25%	647,373,278
36,520		100.00%	2,466,762,828