

Financial Results

For The Nine Months Ended June 30, 2018

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

KEY RESULTS



\$20.7B

Net Profit



\$931.2B

Total Assets



\$124.2B

Equity



\$8.42

EPS



3.4%

Return on Assets



22.9%

Return on Equity

Third Quarter 2018 Earnings Release

July 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 \$20.9 billion for the nine months ended June 30, 2018. Net profit attributable to our stockholders was \$20.7 billion, an increase of 40% or \$5.9 billion over the prior year.

Our strategy is driven by innovation, expertise and financial strength and for this financial year, the Group continued to make significant investments in building a world-class digital experience. As part of our digital transformation we seek to deliver innovative technology solutions and during the year our Agile Labs developed applications for credit

card alerts, account opening, loan origination and fulfillment processes. We anticipate that the use of technology will enhance efficiency as well as provide insightful data and analytics which will promote customer delight and improve risk management.

Our market leadership position, extensive customer base and expansion into key markets contributed to the Group's consistency in delivering record results. Our relationship with the Clarien Group (Clarien) has now positioned us to take advantage of broader financial services and offers opportunities for growth in our wealth and institutional segments. This mutually beneficial relationship will also allow Clarien to leverage the NCB Brand, strength, expertise and technological capabilities to improve and enhance business.

For more
information,
contact:

INVESTOR RELATIONS

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Financial Results

For The Nine Months Ended June 30, 2018

Net Profit of \$20.7 billion (attributable to stockholders of the parent)

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Financial Performance

Highlights	Nine months Jun-18	Nine months Jun-17	YoY	Q3 FY18	Q2 FY18	Q3 FY17	Prior quarter QoQ	Prior year QoQ
Net profit (\$'M)	20,949	14,717	42%	6,982	6,427	5,256	9%	33%
Net profit attributable to stockholders of the parent (\$'M)	20,662	14,717	40%	6,839	6,283	5,256	9%	30%
Earnings per stock unit (\$)	8.42	5.98	40%	2.79	2.56	2.14	9%	30%
Cost to income ratio (%)	63.6%	62.2%	-	55.1%	60.2%	58.0%	-	-
Total assets (\$M)	931,185	665,010	40%	931,185	890,664	665,010	5%	40%
Return on average total assets (%)	3.4%	3.1%	-	3.0%	2.9%	3.2%	-	-
Equity* (\$M)	124,238	111,683	11%	124,238	119,228	111,683	4%	11%
Return on average equity (%)	22.9%	18.3%	-	22.5%	21.1%	19.3%	-	-
Net loans (\$M)	361,267	212,038	70%	361,267	334,300	212,038	8%	70%
Customer deposits (\$M)	464,297	293,534	58%	464,297	450,671	293,534	3%	58%

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

We have achieved our highest results to date and exceeded the annual results for the 2017 financial year. Included in the results for the financial period is an additional gain (negative goodwill) of \$2.9 billion applied retrospectively to December 2017 related to the acquisition of Clarien. This brings the total gains to \$4.4 billion, an increase over the \$1.5 billion previously reported on a provisional basis in December 2017. The additional negative goodwill is as a result of the completion of the valuation of the identifiable assets of Clarien.

Normalising the first quarter for the extraordinary gain of \$4.4 billion, this quarter's net profit of \$6.8 billion is the Group's highest quarter in its history. Our drive to differentiate and keep pace with the global technological changes has resulted in strengthened business segments, diversity of income streams and attractive net financial results. Improving our core businesses is another aspect of our strategy which has provided a strong platform to enhance sales and service effectiveness, propel payments innovation along with improving efficiency and customer experience.

Operating Income

Operating income of \$56.0 billion, improved over the prior year by 27% or \$11.7 billion, mainly as a result of:

- Increased gains from foreign currency and investment activities of \$5.8 billion. This performance is in the context of strong fiscal performance by the GOJ, a high level of liquidity which has created demand for assets and an accommodative policy stance by the BOJ which led to declining market interest rates.
- Net interest income growing by 15% or \$3.2 billion, resulting from volume growth in the loan portfolio and the consolidation of Clarien's results.
- Net fee and commission income had a notable increase of 13% or \$1.3 billion. Investment management and banking, brokerage, trust and advisory fees earned by Clarien are now included in this income line. In addition to the consolidation of Clarien's results, we continue to experience higher transaction volumes at our e-commerce channels and increased pension fee income.

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Financial Performance (continued)

Operating Expenses

Operating expenses totalled \$37.0 billion, an increase of 32% or \$9.0 billion over the prior year. We continue to re-tool the organisation to bolster our capacity to innovate and improve service standards to customers. Additionally, policyholders' and annuitants' benefits and reserves increased by 62% or \$1.7 billion. The prior year included reserve releases resulting from changes to assumptions related to expense allocation, which did not reoccur in the current financial year.

Loans and Advances

The Group's loans and advances, net of provision for credit losses, totalled \$361.3 billion, an increase of \$149.2 billion or 70% over the prior year. In addition to the consolidation of Clarien, there was growth in all our business segments' loan portfolios: corporate up 36%, retail up 21%, credit card receivables up 15% and offshore up 36%. Non-performing loans totalled \$17.6 billion as at June 30, 2018 (June 30, 2017: \$5.6 billion) and represented 4.8% of the gross loans compared to 2.6% as at June 30, 2017. This increase was due to the inclusion of Clarien which has a non-performing loan ratio of 11.0%.

Deposits

Customer deposits totalled \$464.3 billion, an increase of \$170.8 billion or 58% over the prior year, driven by the consolidation of Clarien which has deposits in excess of US\$1 billion and 11% growth in both our retail and corporate portfolios.

Capital

Stockholders' equity of \$124.2 billion grew by \$12.6 billion or 11%. 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	June 30, 2018	June 30, 2017
National Commercial Bank Jamaica Limited	Regulatory capital to risk weighted assets ratio [Minimum requirement – 12.5%]	13.8%	12.5%
NCB Capital Markets Limited	Regulatory capital to risk weighted assets ratio [Minimum requirement – 10.0%]	19.1%	19.4%
NCB Insurance Company Limited	Minimum continuing capital and surplus requirements ratio [Minimum requirement – 150.0%]	354.5%	438.3%
Advantage General Insurance Company Limited	Available assets to required assets (Minimum capital test) [Minimum requirement – 250.0%]	493.4%	390.6%
NCB (Cayman) Limited	Regulatory capital to risk weighted assets ratio [Minimum requirement – 12.0%]	26.6%	22.5%
NCB Global Finance Limited	Regulatory capital to risk weighted assets ratio [Minimum requirement – 12.0%]	32.6%	31.8%
Clarien Bank 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.

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Dividends

The Board of Directors, at its meeting on July 26, 2018, declared an interim dividend of \$0.70 per ordinary stock unit. The dividend is payable on August 28, 2018 for stockholders on record as at August 14, 2018.

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 \$16 million in support of initiatives.



Over 6,200 man-hours spent by Volunteer Corps on project execution



Over 530,000 lives impacted

Education



Chantol Myers, Direct Media & Marketing Specialist, NCB reads to students at the Pembroke Hall Primary School, one of our 32 adopted schools. Myers and several other NCB team members as well as other volunteers and book authors went to schools across the country to read to students in support of the initiative.

'Read Across Jamaica' Day was even more exciting this year for students at our 32 adopted primary schools as they read and interacted with local authors - the people behind the pages. NCBF donated more than \$1.5 million worth of books to these schools for the NCB Reading

Education (continued)

Corners established in 2017. Additionally, the Foundation produced a learning tool expected to encourage students to save money titled 'NCB Super Savers Club'. This manual is now available in both hardcopy and electronic form.

Community Development & Sports

Two campuses of the Caribbean Christian Centre of the Deaf (CCCD) as well as NCB's 32 adopted primary schools across the island were "ramped up" and "fixed up" on Labour Day. Keeping in line with the National theme for 2018, "Ramp It Up...Fix it Up", the Foundation committed more than \$4.9 million to these projects, which saw government officials, members of our team, as well as other volunteers painting, planting, sweeping and doing minor repairs.

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Corporate Social Responsibility (continued)

Community Development & Sports (continued)



Mission accomplished! Over 120 volunteers who came out to assist NCBF as it spearheaded Labour Day projects at the Kingston Campus of the CCCD.

Youth Leadership & Entrepreneurship

In partnership with the Clarendon Parish Council through its Local Economic Development Office, the Foundation extended support to the Clarendon Youth in Business Project to train, mentor and guide a cohort of twenty-four youth across the parish of Clarendon in developing and expanding their business operations. These youth were selected based on the quality and number of months in operation of their current businesses. All participants received training in funds management, product development, entrepreneurship, customer relations, business plan preparation and model development as well as exposure to markets, linkages and networks.



The beneficiaries were afforded the opportunity to tour the facilities at the Dairy Industries of Jamaica during their training.

Our Employees

NCB Staff Innovation Challenge

A Staff Innovation Challenge was hosted during the quarter which was designed to foster collaboration, build, test and showcase solutions, develop staff skills and promote problem solving.

NCBIC Cares

Under this initiative, locations are visited by a team of health care personnel offering various tests to all staff such as cholesterol, blood glucose, body mass index, height/weight, blood pressure and ECG tests. To date, 19 locations have been visited and 530 employees have participated.

Internal podcasts

To increase employee awareness of relevant business practices and better life option choices, podcasts are used as an innovative method of engaging the staff. Podcasts during the quarter were:

- Leadership Mistakes to Avoid
- Making the Transition to Management
- Customer Obsession
- Recognizing and Managing Stress.

Our Customers

NCB CapLine

A new lending facility was launched by NCB CM. This allows clients to leverage their existing investment portfolio to purchase additional securities and access funds for general purposes such as education and vacation.

NCBIC Pension Seminar

NCBIC, through the staging of their second Pension Fund Seminar, educated scores of pension fund managers and administrators, trustees, financial controllers and human resource managers about the importance of good governance of pension funds as well as encouraging prudent preparation for retirement.



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Corporate Social Responsibility (continued)

Our Customers (continued)

Portmore Branch Opening

On May 17, 2018, NCB officially re-opened the Portmore Branch, which received a facility upgrade and now houses an AGIC location.

Digital Pay Advance

NCB introduced our first fully digital Pay Advance solution in April 2018. This solution, available online only to preapproved customers, helps to position NCB in the micro lending space by offering the quickest, easiest way for customers to get a pay advance in just a few minutes from anywhere at any time.

Mobile App

The NCB Mobile App, which is available in the Google Play Store, has been rolled out to customers using Android mobile devices. Customers are able to use the app to check balances, make transfers and pay bills. Additional features and an IOS version will be provided in upcoming releases over the next six months.

Our Customers (continued)

NCB Group Mother's and Father's Day Event

During the quarter we sought to appreciate mothers and fathers on their respective days through a number of activities including special events, features and promotions.

Visa Business

The longstanding NCB Visa Business credit card has been enhanced to give business customers more benefits when they use their card. Visa Business cardholders will now be able to earn travel rewards including airfare, hotel accommodation and car rental with their purchases.

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 Hynton, President and Group Chief Executive Officer



NCB Financial Group Limited

Unaudited Consolidated Income Statement

Nine months ended June 30, 2018

(expressed in Jamaican dollars unless otherwise indicated)

	<i>CURRENT YEAR</i>			<i>PRIOR YEAR</i>		
	Note	Quarter ended June 30 2018 \$'000	Quarter ended March 31 2018 \$'000	Year to date June 30 2018 \$'000	Quarter ended June 30 2017 \$'000	Year to date June 30 2017 \$'000
Operating income						
Interest income		13,642,805	13,008,727	37,921,762	10,845,703	31,629,909
Interest expense		(4,132,801)	(4,651,423)	(12,506,090)	(3,290,600)	(9,437,109)
Net interest income		9,510,004	8,357,304	25,415,672	7,555,103	22,192,800
Fee and commission income		5,138,109	5,219,610	14,847,031	4,271,379	12,714,117
Fee and commission expense		(1,099,433)	(1,111,880)	(3,092,981)	(814,088)	(2,290,939)
Net fee and commission income		4,038,676	4,107,730	11,754,050	3,457,291	10,423,178
Gain on foreign currency and investment activities		4,236,461	4,052,636	11,405,361	1,976,205	5,616,665
Premium income		2,200,736	2,206,840	6,514,409	1,914,105	5,633,871
Dividend income		140,667	136,715	348,041	79,862	185,711
Other operating income		91,082	176,647	513,521	66,336	163,993
		6,668,946	6,572,838	18,781,332	4,036,508	11,600,240
		20,217,626	19,037,872	55,951,054	15,048,902	44,216,218
Operating expenses						
Staff costs		5,426,990	5,209,538	16,547,071	4,029,886	12,089,576
Provision for credit losses		941,079	286,615	1,373,556	149,950	497,304
Policyholders' and annuitants' benefits and reserves		1,077,022	1,446,372	4,305,310	1,061,114	2,652,830
Depreciation and amortisation		917,793	877,824	2,461,624	616,910	1,720,034
Other operating expenses		3,710,944	3,927,055	12,296,671	3,022,513	11,042,651
		12,073,828	11,747,404	36,984,232	8,880,373	28,002,395
Operating profit		8,143,798	7,290,468	18,966,822	6,168,529	16,213,823
Negative goodwill on acquisition of subsidiary	4	-	-	4,392,149	-	-
Share of profit of associates		333,667	969,555	1,812,343	579,673	2,222,954
Profit before taxation		8,477,465	8,260,023	25,171,314	6,748,202	18,436,777
Taxation		(1,495,322)	(1,832,649)	(4,221,951)	(1,492,575)	(3,719,617)
NET PROFIT		6,982,143	6,427,374	20,949,363	5,255,627	14,717,160
Attributable to:						
Stockholders of the parent		6,838,976	6,283,313	20,662,135	5,255,627	14,717,160
Non-controlling interest		143,167	144,061	287,228	-	-
		6,982,143	6,427,374	20,949,363	5,255,627	14,717,160
Earnings per stock unit (expressed in \$ per share)						
Basic and diluted		2.79	2.56	8.42	2.14	5.98

NCB Financial Group Limited

Unaudited Consolidated Statement of Comprehensive Income

Nine months ended June 30, 2018


(expressed in Jamaican dollars unless otherwise indicated)


	Quarter ended June 30 2018 \$'000	Quarter ended March 31 2018 \$'000	Year to date June 30 2018 \$'000	Quarter ended June 30 2017 \$'000	Year to date June 30 2017 \$'000
Net Profit	6,982,143	6,427,374	20,949,363	5,255,627	14,717,160
Other comprehensive income, net of tax-					
Items that will not be reclassified to profit or loss					
Remeasurements of post-employment benefit obligations	(197,097)	(177,225)	(494,263)	39,619	80,722
Other	-	-	-	-	13,247
	(197,097)	(177,225)	(494,263)	39,619	93,969
Items that may be subsequently reclassified to profit or loss					
Currency translation gains/(losses)	688,683	(1,249,673)	(553,951)	187,616	109,850
Share of other comprehensive income of associated companies	949,904	(1,303,331)	(358,886)	268,375	266,814
Unrealised (losses)/gains on available-for-sale investments	(2,874,318)	683,676	(915,487)	2,163,843	1,293,327
Realised fair value gains on sale and maturity of available-for-sale investments	(1,649,485)	(1,618,355)	(4,255,647)	(944,675)	(2,515,880)
	(2,885,216)	(3,487,683)	(6,083,971)	1,675,159	(845,889)
Total other comprehensive income	(3,082,313)	(3,664,908)	(6,578,234)	1,714,778	(751,920)
TOTAL COMPREHENSIVE INCOME	3,899,830	2,762,466	14,371,129	6,970,405	13,965,240
Total comprehensive income attributable to:					
Stockholders of the parent	3,546,269	2,637,312	13,892,414	6,970,405	13,965,240
Non-controlling interest	353,561	125,154	478,715	-	-
	3,899,830	2,762,466	14,371,129	6,970,405	13,965,240


NCB Financial Group Limited
Unaudited Consolidated Statement of Financial Position
June 30, 2018
(expressed in Jamaican dollars unless otherwise indicated)

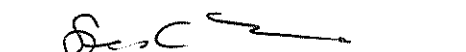
	Note	June 30 2018 \$'000	September 30 2017 \$'000	June 30 2017 \$'000
ASSETS				
Cash in hand and balances at Central Banks		72,924,916	65,314,659	48,838,606
Due from banks		33,200,696	39,414,981	31,684,672
Derivative financial instruments		206,486	205,984	232,826
Investment securities at fair value through profit or loss		2,899,774	2,580,938	2,684,627
Reverse repurchase agreements		3,932,023	2,861,218	1,948,310
Loans and advances, net of provision for credit losses		361,267,499	218,615,226	212,038,203
Investment securities classified as available-for-sale and loans and receivables		244,675,294	189,070,828	197,949,419
Pledged assets		127,416,611	109,321,414	105,668,525
Investment in associates		37,058,296	37,186,185	36,594,692
Investment properties		1,369,107	812,619	775,709
Intangible assets		11,791,757	4,922,810	4,485,446
Property, plant and equipment		13,152,659	10,431,461	9,530,600
Deferred income tax assets		5,060,676	1,622,204	810,569
Income tax recoverable		1,958,315	1,515,680	1,639,190
Customers' liability - letters of credit and undertaking		2,076,324	1,971,727	2,830,429
Other assets		12,194,727	7,876,257	7,298,320
Total assets		931,185,160	693,724,191	665,010,143
LIABILITIES				
Due to banks		12,509,075	10,547,381	9,870,945
Customer deposits		464,297,266	288,464,013	293,533,956
Repurchase agreements		138,903,116	115,586,590	104,145,330
Obligations under securitisation arrangements		59,437,780	66,743,350	67,180,542
Derivative financial instruments		234,620	132,347	114,165
Other borrowed funds		59,829,309	38,649,556	22,676,524
Income tax payable		-	168,582	1,040,555
Deferred income tax liabilities		1,137,696	1,498,616	1,388,528
Liabilities under annuity and insurance contracts		38,511,340	36,185,320	35,600,724
Post-employment benefit obligations		4,887,193	4,020,696	3,249,782
Liability - letters of credit and undertaking		2,076,324	1,971,727	2,830,429
Other liabilities		16,133,543	13,762,244	11,695,381
Total liabilities		797,957,262	577,730,422	553,326,861
STOCKHOLDERS' EQUITY				
Share capital		153,827,330	153,827,330	153,827,330
Treasury shares		(1,050,785)	(330,129)	(546,659)
Reserve from the scheme of arrangement		(147,034,858)	(147,034,858)	(147,034,858)
Fair value and capital reserves		3,321,108	9,596,567	7,978,462
Loan loss reserve		3,559,589	4,287,288	4,377,422
Banking reserve fund		6,567,333	6,567,333	6,539,948
Retained earnings reserve		39,250,000	35,650,000	33,450,000
Retained earnings		65,798,143	53,430,238	53,091,637
Equity attributable to stockholders of the parent		124,237,860	115,993,769	111,683,282
Non-controlling interest	4	8,990,038	-	-
Total stockholders' equity		133,227,898	115,993,769	111,683,282
Total stockholders' equity and liabilities		931,185,160	693,724,191	665,010,143

Approved for issue by the Board of Directors on July 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


Stephanie Neita
Assistant Corporate Secretary

NCB Financial Group Limited

Unaudited Consolidated Statement of Changes in Stockholders' Equity

Nine months ended June 30, 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	-	-	-	-	(845,889)	-	-	-	14,811,129	-	13,965,240
Transfer from loan loss reserve	-	-	-	-	-	(70,287)	-	-	70,287	-	-
Transfer to retained earnings reserve	-	-	-	-	-	-	-	3,830,000	(3,830,000)	-	-
Issue of shares on reorganisation	153,827,330	(330,129)	(6,462,343)	(147,034,858)	-	-	-	-	-	-	-
Purchase of treasury shares	-	(216,530)	-	-	-	-	-	-	-	-	(216,530)
Transaction with owners of the Company- Dividends paid	-	-	-	-	-	-	-	-	(5,170,738)	-	(5,170,738)
Balance at June 30, 2017	153,827,330	(546,659)	-	(147,034,858)	7,978,462	4,377,422	6,539,948	33,450,000	53,091,637	-	111,683,282
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	-	-	-	-	(6,275,459)	-	-	-	20,167,873	478,715	14,371,129
Transfer from loan loss reserve	-	-	-	-	-	(727,699)	-	-	727,699	-	-
Transfer to retained earnings reserve	-	-	-	-	-	-	-	3,600,000	(3,600,000)	-	-
Purchase of treasury shares	-	(720,656)	-	-	-	-	-	-	-	-	(720,656)
Non controlling interest on acquisition of subsidiary	-	-	-	-	-	-	-	-	-	8,511,323	8,511,323
Transaction with owners of the Company- Dividends paid	-	-	-	-	-	-	-	-	(4,927,667)	-	(4,927,667)
Balance at June 30, 2018	153,827,330	(1,050,785)	-	(147,034,858)	3,321,108	3,559,589	6,567,333	39,250,000	65,798,143	8,990,038	133,227,898

NCB Financial Group Limited

Unaudited Consolidated Statement of Cash Flows

Nine months ended June 30, 2018

(expressed in Jamaican dollars unless otherwise indicated)

	Note	June 30 2018 \$'000	June 30 2017 \$'000
Cash Flows from Operating Activities			
Net profit		20,949,363	14,717,160
Adjustments to reconcile net profit to net cash provided by operating activities		1,598,295	(8,803,349)
Net cash provided by operating activities		22,547,658	5,913,811
Cash Flows from Investing Activities			
Acquisition of subsidiary	4	(4,153,226)	-
Cash inflow on acquisition of subsidiary	4	5,975,796	-
Acquisition of property, plant and equipment		(2,016,848)	(1,846,850)
Acquisition of intangible asset - computer software		(2,849,879)	(1,459,313)
Proceeds from disposal of property, plant and equipment		400,191	111,108
Dividends received from associates		778,174	688,601
Purchases of investment securities		(213,862,495)	(214,909,788)
Sales/maturities of investment securities		180,708,940	188,911,935
Net cash used in investing activities		(35,019,347)	(28,504,307)
Cash Flows from Financing Activities			
Proceeds from securitisation arrangements		-	18,893,926
Repayments under securitisation arrangements		(6,455,020)	-
Proceeds from other borrowed funds		43,862,996	12,423,716
Repayments of other borrowed funds		(23,331,442)	(1,880,659)
Due to banks		(4,820,694)	(3,225,106)
Purchase of treasury shares		(720,656)	(216,530)
Dividends paid		(4,927,667)	(5,170,738)
Net cash provided by financing activities		3,607,517	20,824,609
Effect of exchange rate changes on cash and cash equivalents		292,983	210,580
Net decrease in cash and cash equivalents		(8,571,189)	(1,555,307)
Cash and cash equivalents at beginning of period		62,937,707	48,633,379
Cash and cash equivalents at end of period		54,366,518	47,078,072
Comprising:			
Cash in hand and balances at Central Banks		29,590,314	12,224,681
Due from banks		31,826,381	30,913,205
Reverse repurchase agreements		911,074	1,314,874
Investment securities		2,607,380	5,769,400
Due to banks		(10,568,631)	(3,144,088)
		54,366,518	47,078,072

NCB Financial Group Limited

Unaudited Segment Report

Nine months ended June 30, 2018

(expressed in Jamaican dollars unless otherwise indicated)

	Consumer & SME									Total \$'000
	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	19,782,809	10,803,942	5,645,942	11,228,611	11,148,706	9,300,538	4,119,356	(479,779)	-	71,550,125
Revenue from other segments	1,420,593	-	535,815	4,762,426	2,248,389	99,866	201,617	387,745	(9,656,451)	-
Total Revenue	21,203,402	10,803,942	6,181,757	15,991,037	13,397,095	9,400,404	4,320,973	(92,034)	(9,656,451)	71,550,125
Interest income	16,930,487	3,975,133	5,449,237	10,030,499	6,752,616	2,368,110	512,538	7,539	(8,104,511)	37,921,648
Interest expense	(2,487,847)	(1,020,690)	(2,815,854)	(7,279,058)	(3,744,549)	(726,789)	-	(3,603)	6,045,302	(12,033,088)
Net interest income	14,442,640	2,954,443	2,633,383	2,751,441	3,008,067	1,641,321	512,538	3,936	(2,059,209)	25,888,560
Net fee and commission income	3,532,781	3,703,646	667,809	370,965	1,655,479	1,524,465	138,220	51,961	(1,952,723)	9,692,603
Gain on foreign currency and investment activities	161,642	10,668	52,645	5,159,724	4,292,177	2,237,459	12,321	51,640	(565,187)	11,413,089
Premium income	-	-	-	-	-	3,151,824	3,594,655	-	(232,070)	6,514,409
Other income	298,842	3,960	1,099	217,128	275,385	118,546	63,239	387,576	(701,690)	664,085
Total operating income	18,435,905	6,672,717	3,354,936	8,499,258	9,231,108	8,673,615	4,320,973	495,113	(5,510,879)	54,172,746
Staff costs	7,696,750	690,538	268,623	162,099	1,147,902	642,677	683,781	78,796	1,315,235	12,686,401
Provision for credit losses	897,569	487,042	1,066	(11,002)	(1,081)	-	-	-	-	1,373,594
Depreciation and amortisation	637,661	385,007	6,096	8,166	87,641	113,325	52,008	834	54,399	1,345,137
Policyholders' and annuitants' benefits and reserves	-	-	-	-	-	1,886,801	2,423,651	-	(5,142)	4,305,310
Other operating expense	2,769,562	1,926,913	336,969	956,381	1,204,301	508,004	554,643	24,166	180,019	8,460,958
Total operating expense	12,001,542	3,489,500	612,754	1,115,644	2,438,763	3,150,807	3,714,083	103,796	1,544,511	28,171,400
Operating profit before allocated cost	6,434,363	3,183,217	2,742,182	7,383,614	6,792,345	5,522,808	606,890	391,317	(7,055,390)	26,001,346
Allocated costs	(4,718,386)	(1,212,410)	(420,061)	(288,142)	-	-	-	-	-	(6,638,999)
Operating profit	1,715,977	1,970,807	2,322,121	7,095,472	6,792,345	5,522,808	606,890	391,317	(7,055,390)	19,362,347
Unallocated corporate expenses										(395,525)
Negative goodwill on acquisition of subsidiary										4,392,149
Share of profit of associates										1,812,343
Profit before taxation										25,171,314
Taxation										(4,221,951)
Net Profit										20,949,363
Segment assets	377,943,233	24,878,880	109,517,329	306,270,720	219,411,528	53,081,978	15,202,537	17,173,317	(237,649,852)	885,829,670
Associates										37,058,296
Unallocated assets										8,297,194
Total assets										931,185,160
Segment liabilities	329,722,041	13,040,758	108,830,453	292,367,255	187,414,527	33,838,551	8,752,047	246,740	(177,392,806)	796,819,566
Unallocated liabilities										1,137,696
Total liabilities										797,957,262
Capital expenditure	2,217,098	680,893	203,563	151,723	702,820	386,888	446,430	77,312	-	4,866,727

NCB Financial Group Limited

Unaudited Segment Report

Nine months ended June 30, 2017

(expressed in Jamaican dollars unless otherwise indicated)

	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	13,448,547	8,511,636	5,707,364	9,164,557	8,608,525	6,180,505	4,174,502	148,630	-	55,944,266
Revenue from other segments	1,875,143	-	30,761	4,154,531	902,554	102,195	190,318	315,006	(7,570,508)	-
Total revenue	15,323,690	8,511,636	5,738,125	13,319,088	9,511,079	6,282,700	4,364,820	463,636	(7,570,508)	55,944,266
Interest income	11,739,583	3,061,668	4,538,617	9,870,763	5,705,736	2,359,754	529,814	14,377	(6,190,403)	31,629,909
Interest expense	(1,323,666)	(983,446)	(2,115,860)	(6,330,630)	(2,895,590)	(665,339)	-	(907)	4,893,954	(9,421,484)
Net interest income	10,415,917	2,078,222	2,422,757	3,540,133	2,810,146	1,694,415	529,814	13,470	(1,296,449)	22,208,425
Net fee and commission income	3,127,309	3,116,845	1,144,187	359,445	1,079,916	1,369,840	121,930	2,131	(599,834)	9,721,769
Gain on foreign currency and investment activities	134,555	20,991	42,236	2,872,130	2,278,975	154,788	131,103	132,431	(159,835)	5,607,374
Premium income	-	-	-	-	-	2,333,347	3,510,748	-	(210,224)	5,633,871
Other income	178,097	1,405	724	206,864	446,452	64,971	71,062	47,372	(666,089)	350,858
Total operating income	13,855,878	5,217,463	3,609,904	6,978,572	6,615,489	5,617,361	4,364,657	195,404	(2,932,431)	43,522,297
Staff costs	4,990,002	536,093	160,047	121,136	749,912	646,498	666,911	58,563	229,141	8,158,303
Provision for credit losses	524,109	(21,167)	(7,065)	327	1,128	-	-	-	-	497,332
Policyholders' and annuitants' benefits and reserves	-	-	-	-	-	596,276	2,057,148	-	(594)	2,652,830
Depreciation and amortisation	244,961	318,946	5,042	14,871	74,446	64,283	58,043	-	53,732	834,324
Other operating expenses	2,291,441	1,633,420	410,335	896,109	1,021,289	533,347	639,209	10,662	(2,082,367)	5,353,445
Total operating expense	8,050,513	2,467,292	568,359	1,032,443	1,846,775	1,840,404	3,421,311	69,225	(1,800,088)	17,496,234
Operating profit before allocated costs	5,805,365	2,750,171	3,041,545	5,946,129	4,768,714	3,776,957	943,346	126,179	(1,132,343)	26,026,063
Allocated costs	(4,213,005)	(1,005,106)	(567,069)	(271,196)	-	-	-	-	-	(6,056,376)
Operating profit	1,592,360	1,745,065	2,474,476	5,674,933	4,768,714	3,776,957	943,346	126,179	(1,132,343)	19,969,687
Unallocated corporate expenses										(3,755,864)
Share of profit of associates										2,222,954
Profit before taxation										18,436,777
Taxation										(3,719,617)
Net Profit										14,717,160
Segment assets	247,280,154	22,124,896	79,761,140	217,141,522	178,660,916	45,259,523	14,052,384	1,276,406	(180,564,418)	624,992,523
Associates										36,594,692
Unallocated assets										3,422,928
Total assets										665,010,143
Segment liabilities	215,255,810	11,202,048	59,437,207	222,506,154	148,368,440	28,898,637	8,037,759	809,319	(143,989,586)	550,525,788
Unallocated liabilities										2,801,073
Total liabilities										553,326,861
Capital expenditure	1,660,468	702,880	114,469	45,306	394,867	248,474	113,790	25,909	-	3,306,163

NCB Financial Group Limited

Notes to the Unaudited Financial Statements

June 30, 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 53.02% 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.

NCB Financial Group Limited

Notes to the Unaudited Financial Statements

June 30, 2018

(expressed in Jamaican dollars unless otherwise indicated)

2. Basis of preparation

The condensed consolidated interim financial statements (interim financial statements) for the nine months ended June 30, 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.

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.

NCB Financial Group Limited

Notes to the Unaudited Financial Statements

June 30, 2018

(expressed in Jamaican dollars unless otherwise indicated)

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.

The acquisition was recorded based on provisionally determined balances in December 2017. Adjustments were recognised during the June 2018 quarter, retrospectively to December 2017, based on additional information obtained during the current measurement period. 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	2,542,765
Due from banks	3,433,031
Loans and advances, net of provision for credit losses	92,612,894
Investment securities classified as available-for-sale and loans and receivables	44,115,649
Investment properties	507,409
Intangible assets	5,061,912
Property, plant and equipment	2,079,856
Other assets	634,945
Customer deposits	(133,419,320)
Other liabilities	(512,382)
	<u>17,056,759</u>
Percentage shareholding - NCBFG	50.10%
Net assets acquired by NCBFG	8,545,375
Purchase consideration - Cash	(4,153,226)
Negative goodwill	<u>4,392,149</u>
Percentage shareholding - Non-controlling interest	49.90%
Net assets attributable to non-controlling interest	8,511,323
Movement in net assets attributable to non-controlling interest for period	478,715
Net assets attributable to non-controlling interest as at the end of the period	<u>8,990,038</u>

5. Offer and Take-Over Bid

On December 8, 2017, through its wholly-owned subsidiary, NCB Global Holdings Limited (NCBGH), NCBFG launched 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. 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 NCBGH confirmed that the Offer lapsed.

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 NCBGH's equity interest in GHL and the issuance of the Offer Circular. However, that hearing was adjourned in the light of settlement negotiations that had commenced involving NCBGH and the Commission.



Interest/Ownership of Stock Units by Directors of NCB Financial Group Limited as at June 30, 2018

Directors ^{1.}	Total	Direct	Connected Parties
Robert Almeida	61,750,129	171,750	61,578,379
Dennis Cohen ^{2.}	136,414,807	1,883,451	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	66,404,207	4,825,828	61,578,379
Hon. Michael Lee-Chin, OJ	1,586,784,024	2,369,482	1,584,414,542
Thalia Lyn, OD ^{2.}	134,974,590	431,114	134,543,476
Oliver Mitchell, Jr.	61,586,479	8,100	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 June 30, 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.}	136,414,807	1,883,451	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.}	66,404,207	4,825,828	61,578,379
Vernon James	0	0	0
Nadeen Matthews Blair	10,000	10,000	0
Claudette Rodriguez	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

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 June 30, 2018

Name of Shareholder	Units	Percentage Ownership
AIC (Barbados) Limited	1,307,805,542	53.02%
Harprop Limited	107,372,000	4.35%
Sagicor PIF Equity Fund	73,852,781	2.99%
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 June 30, 2018

Number of Shareholders	Ownership of Each Shareholder	Percentage Ownership	Number of Units
(1) shareholder with 4 accounts	53.02%	53.02%	1,307,805,542
1	6 - 10%	4.35%	107,372,000
7	1 - 4%	13.57%	334,912,072
36,781	Less than 1%	29.06%	716,673,214
36,790		100.00%	2,466,762,828