

Financial Results

For The Quarter Ended
December 31, 2019

KEY RESULTS



First Quarter 2020 Report to Shareholders

January 30, 2020 – The Board of Directors is pleased to release the following financial results for NCB Financial Group Limited (NCBFG) and its subsidiaries (the Group) for the quarter ended December 31, 2019.

NCBFG reports a net profit of \$7.8 billion for the first quarter of the 2020 financial year. Net profit attributable to our stockholders was \$5.9 billion, a 21% or \$1.5 billion decline from the prior year. The prior year's results included a one off-gain of \$3.3 billion from the disposal of our interest in an associate company. Excluding this gain, net profit would have increased by \$1.7 billion or 42% over the prior year.

The Group commenced a new strategic journey with aspirations to become a world-class Caribbean financial ecosystem. Our development plans for the three main subsidiaries are in progress and we aim to provide our customers with integrated products and services delivered through a seamless service experience. Our main priorities for this strategic plan will be to:

- Deliver strong financial performance
- Inspire our people and culture
- Delight our customers, and
- Become digital to the core.

Over the past few years, the Group has been investing in and growing our business segments to transform into a more customer centric, data driven, high performing company. This has allowed us to make meaningful progress in laying the groundwork to drive value creation in the future.

For more information, contact:

INVESTOR RELATIONS

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MEDIA RELATIONS

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Group Financial Performance

The core performance of the Group has improved and was strengthened by the consolidation of Guardian Holdings Limited (GHL). This was demonstrated through increased operating profit of \$9.9 billion, our highest quarter's performance to date. Operating profit was \$5.1 billion or 105% ahead of the December 2018 quarter and \$1.2 billion or 14% above the September 2019 quarter which also included GHL's results. The higher operating profit was supported by strong growth in operating income, which totalled \$33.3 billion, a 76% or \$14.4 billion improvement over the prior year, primarily driven by the consolidation of GHL. Operating income for the quarter was \$1.9 billion or 6% above the prior quarter which included a full quarter's performance for GHL.

Banking and Investment Activities

The net result from banking and investment activities increased by 45% or \$7.9 billion to \$25.3 billion, mainly as a result of:

- Net interest income increasing by 41% or \$4.1 billion. The consolidation of GHL's results contributed to 85% of the growth in net interest income. There was also growth in our loan portfolio which resulted in increased interest income from loans.
- Net fee and commission income growing by 49% or \$2.1 billion, which was primarily driven by the consolidation of GHL coupled with growth in transactions in our payment services (card acquiring and issuing) business segment.
- Gain on foreign currency and investment activities increasing by 19% or \$810 million, mainly as a result of the consolidation of GHL.

Insurance Activities

The net result from insurance activities of \$8.0 billion, increased by \$6.5 billion or 434%. The growth was due to the consolidation of GHL's insurance activities which contributed \$7.5 billion to net insurance revenues.

Operating Expenses

Operating expenses increased by 66% or \$9.3 billion to \$23.3 billion for the quarter. The consolidation of GHL contributed to the rise in expenses. There was \$1.8 billion in asset taxes included in expenses for the quarter, an increase of \$217 million or 13% over the December 2018 quarter. Despite the increase in costs, our cost to income ratio decreased to 67%, down from 70% in the prior year, due to the strong revenue growth.

Share of (losses)/profit of associate

For the current quarter we reported share of loss of associates related to associate companies of GHL which incurred losses. This is in comparison to the December 2018 quarter share of profit of associates which included GHL when it was accounted for as an associate company, at that time NCBFG owned 29.99% of its outstanding shares.



Consolidated Statement of Financial Position

The Group's assets totalled \$1.6 trillion, a 71% or \$664 billion increase over the prior year. The growth in the asset base was primarily due to the consolidation of assets totalling \$566 billion for GHL.

Investment Securities and Reverse Repurchase Agreements

Investment securities, including pledged assets and reverse repurchase agreements, totalled \$791 billion, an increase of 103% or \$402 billion over the prior year, this was mainly driven by the consolidation of GHL.

Loans and Advances

The Group's loans and advances, net of credit impairment losses, totalled \$438 billion, an increase of \$65 billion or 17% over the prior year. We continue to experience strong growth in our portfolio. Non-performing loans for the Group totalled \$24.8 billion as at December 31, 2019 (December 31, 2018: \$18.5 billion) and represented 5.5% of the gross loans compared to 4.9% as at December 31, 2018.

Deposits

Customer deposits totalled \$499 billion, an increase of \$38.5 billion or 8% over the prior year. This continues to be our largest source of funding.

Policyholders' Liabilities

Liabilities under annuity and insurance contracts increased to \$370 billion at December 31, 2019. The significant increase of \$332 billion over the prior year was due to the consolidation of GHL.

Capital

Stockholders' equity increased by 12% or \$16 billion to \$148 billion as at December 31, 2019. All our regulated entities are adequately capitalised and have exceeded the applicable regulatory requirements.

Dividends

The Board of Directors, at its meeting on January 30, 2020, declared an interim dividend of \$1.00 per ordinary stock unit. The dividend is payable on March 2, 2020 to stockholders on record as at February 14, 2020.

Corporate Social Responsibility (CSR)

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

Nation Building

- NCBFG is keen on supporting democracy and a fair and transparent electoral process, which will ultimately contribute to nation building and we have contributed equally to each of the two major Jamaican political parties.
- Our Foundations - N.C.B. Foundation, Guardian Group Foundation and Clarien Foundation - continued voluntary and outreach work in areas such as health, education and community development, reaching a wide cross-section of persons across the region.

Awards

- At the Jamaica Stock Exchange's (JSE's) Best Practices Awards Ceremony held in December 2019, NCBFG was awarded:
 - Governor General's Award for Excellence (Main Market)
 - JSE/Private Sector of Jamaica Corporate Governance Award (Main Market)
 - 1st runner-up – Annual Report (Main Market)
 - 1st runner-up – Corporate Disclosure & Investor Relations (Main Market)
 - 2nd runner-up – Website (Main Market)
- At the same ceremony, NCB Capital Markets Limited also received the following awards in the JSE member dealer category:
 - JSE's Chairman's Award for Top Member Dealer
 - Revenue Generation & Market Activity
 - 2nd runner-up – Expansion of Investors & Listed Companies



Members of the NCBFG team are elated to accept the Governor General's Award for Excellence from Marlene Street-Forrest, Managing Director, JSE (centre).



Representatives of NCBFG showcase the awards won at the JSE Best Practices Awards Ceremony alongside Marlene Street Forrest, Managing Director, JSE (5th from the right).

- In November 2019, The Banker Magazine awarded National Commercial Bank Jamaica Limited Bank of the Year – Jamaica 2019.

NCBFG remains committed to building the region and the communities we serve through the work of our foundations, 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

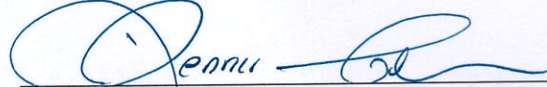
| | CURRENT YEAR | | PRIOR YEAR | |
|--|--|---|--|--|
| | Quarter ended December 31 2019 \$'000 | Quarter ended September 30 2019 \$'000 | Quarter ended December 31 2018 \$'000 | |
| Operating income | | | | |
| Banking and investment activities | | | | |
| Interest income | 19,806,526 | 20,495,879 | 14,099,399 | |
| Interest expense | (5,889,246) | (6,154,615) | (4,253,084) | |
| Net interest income | 13,917,280 | 14,341,264 | 9,846,315 | |
| Fee and commission income | 7,675,999 | 6,963,900 | 5,499,867 | |
| Fee and commission expense | (1,262,082) | (1,168,918) | (1,195,301) | |
| Net fee and commission income | 6,413,917 | 5,794,982 | 4,304,566 | |
| Gain on foreign currency and investment activities | 4,984,780 | 3,118,585 | 4,174,467 | |
| Credit impairment losses | (1,568,836) | (351,973) | (1,155,070) | |
| Dividend income | 693,381 | 484,046 | 184,159 | |
| Other operating income | 836,899 | 616,113 | 47,816 | |
| | 4,946,224 | 3,866,771 | 3,251,372 | |
| Net result from banking and investment activities | 25,277,421 | 24,003,017 | 17,402,253 | |
| Insurance activities | | | | |
| Premium income | 33,643,764 | 33,545,529 | 2,263,630 | |
| Insurance premium ceded to insurers | (9,928,136) | (9,351,444) | (119,649) | |
| Reinsurance commission income | 1,942,799 | 1,749,788 | 32,112 | |
| Net underwriting income | 25,658,427 | 25,943,873 | 2,176,093 | |
| Policyholders' and annuitants' benefits and reserves | (17,195,217) | (18,161,843) | (617,334) | |
| Commission and other selling expenses | (458,925) | (444,074) | (60,739) | |
| Net result from insurance activities | 8,004,285 | 7,337,956 | 1,498,020 | |
| Net operating income | 33,281,706 | 31,340,973 | 18,900,273 | |
| Operating expenses | | | | |
| Staff costs | 10,653,678 | 10,459,920 | 6,783,866 | |
| Depreciation and amortisation | 2,068,014 | 2,584,990 | 1,301,885 | |
| Other operating expenses | 10,615,009 | 9,565,664 | 5,965,082 | |
| | 23,336,701 | 22,610,574 | 14,050,833 | |
| Operating profit | 9,945,005 | 8,730,399 | 4,849,440 | |
| Share of (loss)/profit of associates | (201,675) | 241,758 | 818,859 | |
| Gain on disposal of associate | - | - | 3,291,544 | |
| Gain on disposal of subsidiary | - | 2,626,425 | - | |
| Profit before taxation | 9,743,330 | 11,598,582 | 8,959,843 | |
| Taxation | (1,974,976) | (2,215,207) | (1,557,073) | |
| NET PROFIT | 7,768,354 | 9,383,375 | 7,402,770 | |
| Attributable to: | | | | |
| Stockholders of parent | 5,901,327 | 8,827,696 | 7,445,201 | |
| Non-controlling interest | 1,867,027 | 555,679 | (42,431) | |
| | 7,768,354 | 9,383,375 | 7,402,770 | |
| Earnings per stock unit | | | | |
| Basic and diluted (expressed in \$) | 2.46 | 3.69 | 3.03 | |


| | Quarter ended December 31 2019 \$'000 | Quarter ended September 30 2019 \$'000 | Quarter ended December 31 2018 \$'000 |
|---|--|---|--|
| Net Profit | 7,768,354 | 9,383,375 | 7,402,770 |
| Other comprehensive income, net of tax- | | | |
| Items that will not be reclassified to profit or loss | | | |
| Remeasurements of post-employment benefit obligations | (124,999) | (344,235) | (68,693) |
| Share of other comprehensive income of associate companies | - | 236,872 | - |
| | <u>(124,999)</u> | <u>(107,363)</u> | <u>(68,693)</u> |
| Items that may be subsequently reclassified to profit or loss | | | |
| Currency translation gains/(losses) | 1,099,392 | 419,829 | (44,784) |
| Share of other comprehensive income of associate companies | - | - | (397,527) |
| Unrealised (losses)/gains on securities designated as fair value through other comprehensive income (FVOCI) | (719,403) | 6,007,326 | (2,204,248) |
| Realised gains on securities designated as FVOCI | (1,229,060) | (2,205,423) | (230,568) |
| Expected credit losses on debt instruments at FVOCI | (7,339) | (272,565) | - |
| | <u>(856,410)</u> | <u>3,949,167</u> | <u>(2,877,127)</u> |
| Total other comprehensive income | <u>(981,409)</u> | <u>3,841,804</u> | <u>(2,945,820)</u> |
| TOTAL COMPREHENSIVE INCOME | <u>6,786,945</u> | <u>13,225,179</u> | <u>4,456,950</u> |
| Total comprehensive income attributable to: | | | |
| Stockholders of the parent | 4,201,342 | 13,265,268 | 4,850,682 |
| Non-controlling interest | 2,585,603 | (40,089) | (393,732) |
| | <u>6,786,945</u> | <u>13,225,179</u> | <u>4,456,950</u> |


| | December 31 2019 \$'000 | September 30 2019 \$'000 | December 31 2018 \$'000 |
|--|-------------------------------|--------------------------------|-------------------------------|
| ASSETS | | | |
| Cash in hand and balances at Central Banks | 53,863,509 | 62,535,389 | 58,543,790 |
| Due from banks | 128,301,698 | 141,357,186 | 28,087,274 |
| Derivative financial instruments | 113,409 | 239,279 | - |
| Reverse repurchase agreements | 6,700,928 | 7,837,898 | 2,892,111 |
| Loans and advances, net of credit impairment losses | 438,380,594 | 423,102,600 | 373,487,028 |
| Investment securities | 386,808,042 | 386,185,620 | 206,819,721 |
| Pledged assets | 397,558,602 | 384,904,688 | 179,694,845 |
| Investment in associates | 4,951,833 | 5,271,465 | 30,193,997 |
| Investment properties | 28,665,264 | 28,155,110 | 1,338,221 |
| Intangible assets | 45,010,768 | 43,632,659 | 12,900,243 |
| Property, plant and equipment | 26,525,409 | 23,480,667 | 13,345,791 |
| Properties for development and sale | 2,373,160 | 2,368,042 | - |
| Deferred income tax assets | 8,516,770 | 8,141,066 | 4,698,388 |
| Income tax recoverable | 5,684,880 | 5,174,472 | 1,599,973 |
| Reinsurance assets | 26,240,508 | 33,779,448 | - |
| Letters of credit and undertaking | 2,467,889 | 2,051,519 | 2,221,586 |
| Other assets | 42,335,494 | 51,883,490 | 25,084,667 |
| Total assets | 1,604,498,757 | 1,610,100,598 | 940,907,635 |
| LIABILITIES | | | |
| Due to banks | 34,482,362 | 22,776,255 | 14,065,477 |
| Customer deposits | 499,143,224 | 504,678,536 | 460,660,993 |
| Repurchase agreements | 175,334,218 | 174,619,976 | 140,629,386 |
| Obligations under securitisation arrangements | 44,549,124 | 48,305,823 | 53,280,378 |
| Derivative financial instruments | 86,492 | 239,279 | 176,766 |
| Other borrowed funds | 134,249,164 | 124,953,101 | 61,076,578 |
| Deferred income tax liabilities | 17,778,311 | 18,122,796 | 235,809 |
| Third party interests in mutual funds | 23,951,319 | 22,138,490 | - |
| Liabilities under annuity and insurance contracts | 370,188,445 | 385,395,889 | 38,013,066 |
| Segregated fund liabilities | 16,549,531 | 16,549,531 | - |
| Investment contract liabilities | 38,117,131 | 39,257,656 | - |
| Post-employment benefit obligations | 9,145,933 | 9,400,738 | 5,821,821 |
| Letters of credit and undertaking | 2,467,889 | 2,051,519 | 2,221,586 |
| Other liabilities | 48,424,563 | 54,577,213 | 24,087,921 |
| Total liabilities | 1,414,467,706 | 1,423,066,802 | 800,269,781 |
| STOCKHOLDERS' EQUITY | | | |
| Share capital | 153,827,330 | 153,827,330 | 153,827,330 |
| Treasury shares | (12,352,225) | (10,756,253) | (960,510) |
| Reserve from the scheme of arrangement | (147,034,858) | (147,034,858) | (147,034,858) |
| Fair value and capital reserves | 11,583,960 | 13,158,946 | 2,873,797 |
| Loan loss reserve | 2,470,897 | 2,947,624 | 3,143,512 |
| Statutory reserve fund | 6,634,068 | 6,625,209 | 6,598,442 |
| Retained earnings reserve | 44,340,000 | 43,820,000 | 39,250,000 |
| Retained earnings | 88,239,684 | 84,709,206 | 73,827,669 |
| Equity attributable to shareholders of the parent | 147,708,856 | 147,297,204 | 131,525,382 |
| Non-controlling interest | 42,322,195 | 39,736,592 | 9,112,472 |
| Total stockholders' equity | 190,031,051 | 187,033,796 | 140,637,854 |
| Total stockholders' equity and liabilities | 1,604,498,757 | 1,610,100,598 | 940,907,635 |

Approved for issue by the Board of Directors on January 30, 2020 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

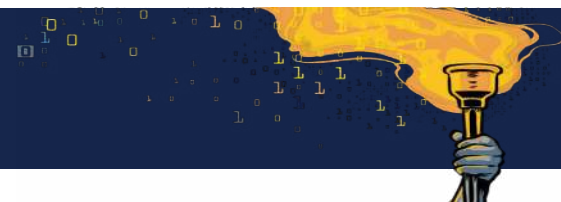

 Professor Alvin Wint
 Lead Independent Director


 Dave Garcia
 Corporate Secretary

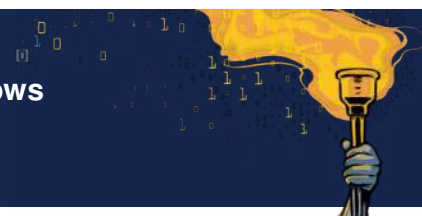
Unaudited Consolidated Statement of Changes in Stockholders' Equity

Quarter ended December 31, 2019
(expressed in Jamaican dollars unless otherwise indicated)

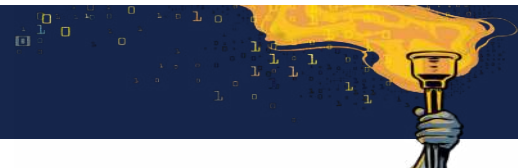
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| | Share capital | Treasury shares | Reserve from the Scheme of Arrangement | Fair value and capital reserves | Loan loss reserve | Statutory reserve fund | Retained earnings reserve | Retained earnings | Non-controlling interest | Total |
|--|---------------|-----------------|--|---------------------------------|-------------------|------------------------|---------------------------|-------------------|--------------------------|-------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Balance as at September 30, 2018 | 153,827,330 | (1,050,785) | (147,034,858) | 3,535,115 | 3,470,490 | 6,598,442 | 39,250,000 | 71,444,834 | 9,543,760 | 139,584,328 |
| Initial impact of IFRS 9 adoption | - | - | - | 1,864,508 | (245,692) | - | - | (3,409,804) | (37,556) | (1,828,544) |
| Balance as at October 1, 2018 | 153,827,330 | (1,050,785) | (147,034,858) | 5,399,623 | 3,224,798 | 6,598,442 | 39,250,000 | 68,035,030 | 9,506,204 | 137,755,784 |
| Total comprehensive income | - | - | - | (2,525,826) | - | - | - | 7,376,508 | (393,732) | 4,456,950 |
| Transfer from loan loss reserve | - | - | - | - | (81,286) | - | - | 81,286 | - | - |
| Disposal of treasury shares | - | 90,275 | - | - | - | - | - | 49,586 | - | 139,861 |
| Transaction with owners of the Company - Dividends paid | - | - | - | - | - | - | - | (1,714,741) | - | (1,714,741) |
| Balance at December 31, 2018 | 153,827,330 | (960,510) | (147,034,858) | 2,873,797 | 3,143,512 | 6,598,442 | 39,250,000 | 73,827,669 | 9,112,472 | 140,637,854 |
| Balance as at October 1, 2019 | 153,827,330 | (10,756,253) | (147,034,858) | 13,158,946 | 2,947,624 | 6,625,209 | 43,820,000 | 84,709,206 | 39,736,592 | 187,033,796 |
| Total comprehensive income | - | - | - | (1,574,986) | - | - | - | 5,776,328 | 2,585,603 | 6,786,945 |
| Transfer from loan loss reserve | - | - | - | - | (476,727) | - | - | 476,727 | - | - |
| Transfer to statutory reserve | - | - | - | - | - | 8,859 | - | (8,859) | - | - |
| Transfer to retained earnings reserve | - | - | - | - | - | - | 520,000 | (520,000) | - | - |
| Purchase of treasury shares | - | (1,645,799) | - | - | - | - | - | - | - | (1,645,799) |
| Disposal of treasury shares | - | 49,827 | - | - | - | - | - | (49,827) | - | - |
| Transaction with owners of the Company - Dividends paid | - | - | - | - | - | - | - | (2,143,891) | - | (2,143,891) |
| Balance at December 31, 2019 | 153,827,330 | (12,352,225) | (147,034,858) | 11,583,960 | 2,470,897 | 6,634,068 | 44,340,000 | 88,239,684 | 42,322,195 | 190,031,051 |



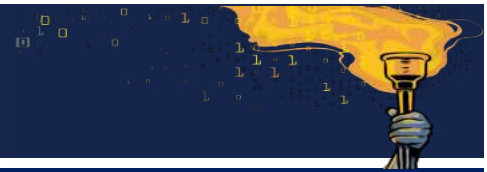
| | December 31 2019 \$'000 | December 31 2018 \$'000 |
|--|-------------------------------|-------------------------------|
| Cash Flows from Operating Activities | | |
| Net profit | 7,768,354 | 7,402,770 |
| Adjustments to reconcile net profit to net cash used in operating activities | (19,350,006) | (42,557,462) |
| Net cash used in operating activities | <u>(11,581,652)</u> | <u>(35,154,692)</u> |
| Cash Flows from Investing Activities | | |
| Acquisition of property, plant and equipment | (1,422,527) | (812,831) |
| Acquisition of intangible asset - computer software | (2,414,577) | (1,345,887) |
| Proceeds from disposal of property, plant and equipment | 11,858 | 1,297 |
| Dividend received from associates | - | 68,518 |
| Purchases of investment securities | (109,672,932) | (60,492,691) |
| Sales/maturities of investment securities | 100,845,736 | 61,896,942 |
| Net cash used in investing activities | <u>(12,652,442)</u> | <u>(684,652)</u> |
| Cash Flows from Financing Activities | | |
| Repayments under securitisation arrangements | (2,249,941) | (2,127,806) |
| Proceeds from other borrowed funds | 10,838,349 | 5,987,729 |
| Repayments of other borrowed funds | (4,536,371) | (7,391,531) |
| Purchase of treasury shares | (1,645,799) | - |
| Proceeds from disposal of treasury shares | - | 139,861 |
| Due to banks | 7,098,376 | 2,424,076 |
| Dividends paid | (2,143,891) | (1,714,741) |
| Net cash provided by/(used in) financing activities | <u>7,360,723</u> | <u>(2,682,412)</u> |
| Effect of exchange rate changes on cash and cash equivalents | (1,345,499) | 4,603,872 |
| Net decrease in cash and cash equivalents | <u>(18,218,870)</u> | <u>(33,917,884)</u> |
| Cash and cash equivalents at beginning of period | 156,858,541 | 75,170,642 |
| Cash and cash equivalents at end of period | <u>138,639,671</u> | <u>41,252,758</u> |
| Comprising: | | |
| Cash in hand and balances at Central Banks | 17,021,192 | 15,797,404 |
| Due from banks | 125,290,747 | 25,964,493 |
| Reverse repurchase agreements | 1,547,470 | 1,757,935 |
| Investment securities | 14,570,812 | 7,360,231 |
| Due to banks | (19,790,550) | (9,627,305) |
| | <u>138,639,671</u> | <u>41,252,758</u> |



| Quarter ended December 31, 2019 | Banking and Investment Activities | | | | | Insurance Activities | | | | Total |
|--|-----------------------------------|------------------|--------------------------------|----------------------------------|---|---|-------------------|--------------------|---------------------|-------------------|
| | Consumer Banking | Payment Services | Corporate & Commercial Banking | Treasury & Correspondent Banking | Wealth, Asset Management & Investment Banking | Life and Health Insurance & Pension Fund Management | General Insurance | Other | Eliminations | |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | |
| External revenue | 7,604,738 | 4,556,467 | 3,086,066 | 3,531,788 | 4,790,011 | 28,002,211 | 16,128,937 | 1,883,930 | - | 69,584,148 |
| Revenue from other segments | 512,561 | - | 11,115 | 911,665 | 604,804 | 100,041 | 1,231 | 12,809,853 | (14,951,270) | - |
| Total Revenue | 8,117,299 | 4,556,467 | 3,097,181 | 4,443,453 | 5,394,815 | 28,102,252 | 16,130,168 | 14,693,783 | (14,951,270) | 69,584,148 |
| Net interest income | 5,885,189 | 1,538,579 | 1,746,311 | 971,556 | 1,487,626 | 4,350,175 | 227,706 | (41,999) | (2,217,649) | 13,947,494 |
| Net fee and commission income | 1,209,544 | 1,634,278 | 396,651 | 64,527 | 1,552,875 | 716,458 | 788,520 | 1,176,686 | (1,742,364) | 5,797,175 |
| Gain on foreign currency and investment activities | 20,977 | (337) | 43,553 | 1,629,863 | 851,376 | 1,313,604 | 103,742 | (320,806) | 1,342,374 | 4,984,346 |
| Net result from insurance activities | - | - | - | - | - | 5,227,820 | 2,844,595 | - | (68,130) | 8,004,285 |
| Credit impairment losses | (920,755) | (263,564) | 68,779 | 285 | 173,768 | (358,930) | 161,541 | (424,155) | (5,852) | (1,568,883) |
| Other operating income and dividend income | 39,584 | 495 | 214 | - | 160,925 | 1,022,515 | 77,293 | 724,509 | (512,752) | 1,512,783 |
| Total operating income | 6,234,539 | 2,909,451 | 2,255,508 | 2,666,231 | 4,226,570 | 12,271,642 | 4,203,397 | 1,114,235 | (3,204,373) | 32,677,200 |
| Staff costs | 2,601,536 | 287,847 | 51,108 | 61,056 | 722,973 | 2,265,673 | 1,324,420 | 761,797 | 1,248,781 | 9,325,191 |
| Depreciation and amortisation | 335,488 | 128,118 | 1,738 | 2,422 | 41,460 | 265,642 | 160,619 | 443,136 | (40,096) | 1,338,527 |
| Other operating expense | 1,473,269 | 816,472 | 341,566 | 793,596 | 797,359 | 3,813,044 | 1,197,428 | 1,141,312 | (2,216,530) | 8,157,516 |
| Total operating expense | 4,410,293 | 1,232,437 | 394,412 | 857,074 | 1,561,792 | 6,344,359 | 2,682,467 | 2,346,245 | (1,007,845) | 18,821,234 |
| Operating profit before allocated cost | 1,824,246 | 1,677,014 | 1,861,096 | 1,809,157 | 2,664,778 | 5,927,283 | 1,520,930 | (1,232,010) | (2,196,528) | 13,855,966 |
| Allocated costs | (2,153,590) | (581,145) | (543,932) | (145,014) | - | - | - | - | - | (3,423,681) |
| Operating profit | (329,344) | 1,095,869 | 1,317,164 | 1,664,143 | 2,664,778 | 5,927,283 | 1,520,930 | (1,232,010) | (2,196,528) | 10,432,285 |
| Unallocated corporate expenses | | | | | | | | | | (487,280) |
| Share of loss of associates | | | | | | | | | | (201,675) |
| Profit before taxation | | | | | | | | | | 9,743,330 |
| Taxation | | | | | | | | | | (1,974,976) |
| Net Profit | | | | | | | | | | 7,768,354 |
| Segment assets | 409,583,365 | 29,369,218 | 150,064,166 | 313,139,774 | 265,016,085 | 490,771,014 | 91,207,627 | 57,580,213 | (219,740,388) | 1,586,991,074 |
| Associates | | | | | | | | | | 4,951,833 |
| Unallocated assets | | | | | | | | | | 12,555,850 |
| Total assets | | | | | | | | | | 1,604,498,757 |
| Segment liabilities | 351,808,673 | 14,711,269 | 120,815,748 | 324,239,230 | 219,377,429 | 368,874,396 | 62,496,504 | 85,155,337 | (150,789,191) | 1,396,689,395 |
| Unallocated liabilities | | | | | | | | | | 17,778,311 |
| Total liabilities | | | | | | | | | | 1,414,467,706 |
| Capital expenditure | 1,128,249 | 252,093 | 91,967 | 18,234 | 700,165 | 574,691 | 784,282 | 287,423 | - | 3,837,104 |



| Quarter ended December 31, 2018 | Banking and Investment Activities | | | | | Insurance Activities | | | | Total |
|--|-----------------------------------|------------------|--------------------------------|----------------------------------|---|---|-------------------|------------------|--------------------|--------------------|
| | Consumer Banking | Payment Services | Corporate & Commercial Banking | Treasury & Correspondent Banking | Wealth, Asset Management & Investment Banking | Life and Health Insurance & Pension Fund Management | General Insurance | Other | Eliminations | |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | |
| External revenue | 7,639,898 | 4,048,698 | 2,563,467 | 3,418,292 | 3,332,245 | 2,563,496 | 1,393,277 | 1,342,077 | - | 26,301,450 |
| Revenue from other segments | 411,997 | - | 103,875 | 1,452,382 | 930,788 | 20,851 | 72,665 | 231,901 | (3,224,459) | - |
| Total Revenue | 8,051,895 | 4,048,698 | 2,667,342 | 4,870,674 | 4,263,033 | 2,584,347 | 1,465,942 | 1,573,978 | (3,224,459) | 26,301,450 |
| Net interest income | 5,605,533 | 1,218,381 | 1,291,613 | 893,303 | 1,034,837 | 460,974 | 123,828 | (1,092) | (651,487) | 9,975,890 |
| Net fee and commission income | 1,220,972 | 1,358,298 | 285,341 | 137,250 | 1,009,671 | 602,711 | 57,794 | 23,712 | (868,322) | 3,827,427 |
| Gain on foreign currency and investment activities | 19,568 | (796) | 23,848 | 1,518,683 | 832,632 | 74,887 | 42,984 | 114,982 | 1,527,594 | 4,154,382 |
| Net result from insurance activities | - | - | - | - | - | 1,125,491 | 487,493 | - | (86,337) | 1,526,647 |
| Credit impairment losses | (891,843) | (173,086) | 19,272 | 3,274 | (94,666) | (4,123) | (13,899) | - | - | (1,155,071) |
| Other operating income and dividend income | 41,257 | 253 | 314 | 76,776 | 134,242 | 51,690 | 15,358 | 231,885 | (333,590) | 218,185 |
| Total operating income | 5,995,487 | 2,403,050 | 1,620,388 | 2,629,286 | 2,916,716 | 2,311,630 | 713,558 | 369,487 | (412,142) | 18,547,460 |
| Staff costs | 2,515,566 | 250,654 | 68,297 | 59,913 | 485,124 | 285,534 | 256,893 | 42,179 | 1,347,371 | 5,311,531 |
| Depreciation and amortisation | 281,895 | 131,991 | 1,952 | 3,155 | 28,167 | 35,000 | 26,044 | 477 | 273,152 | 781,833 |
| Other operating expense | 1,374,648 | 841,757 | 299,582 | 698,464 | 731,354 | 301,810 | 203,692 | 7,953 | (979,090) | 3,480,170 |
| Total operating expense | 4,172,109 | 1,224,402 | 369,831 | 761,532 | 1,244,645 | 622,344 | 486,629 | 50,609 | 641,433 | 9,573,534 |
| Operating profit before allocated cost | 1,823,378 | 1,178,648 | 1,250,557 | 1,867,754 | 1,672,071 | 1,689,286 | 226,929 | 318,878 | (1,053,575) | 8,973,926 |
| Allocated costs | (2,018,509) | (480,700) | (137,539) | (109,636) | - | - | - | - | - | (2,746,384) |
| Operating profit | (195,131) | 697,948 | 1,113,018 | 1,758,118 | 1,672,071 | 1,689,286 | 226,929 | 318,878 | (1,053,575) | 6,227,542 |
| Unallocated corporate expenses | | | | | | | | | | (1,378,102) |
| Share of profit of associates | | | | | | | | | | 818,859 |
| Gain on disposal of associate | | | | | | | | | | 3,291,544 |
| Profit before taxation | | | | | | | | | | 8,959,843 |
| Taxation | | | | | | | | | | (1,557,073) |
| Net Profit | | | | | | | | | | 7,402,770 |
| Segment assets | 366,740,055 | 28,579,968 | 110,429,929 | 283,901,829 | 203,749,306 | 54,135,086 | 15,221,636 | 1,598,838 | (159,941,370) | 904,415,277 |
| Associates | | | | | | | | | | 30,193,997 |
| Unallocated assets | | | | | | | | | | 6,298,361 |
| Total assets | | | | | | | | | | 940,907,635 |
| Segment liabilities | 337,172,250 | 18,384,728 | 90,869,578 | 255,156,788 | 172,558,087 | 35,062,715 | 8,507,787 | 203,801 | (117,881,762) | 800,033,972 |
| Unallocated liabilities | | | | | | | | | | 235,809 |
| Total liabilities | | | | | | | | | | 800,269,781 |
| Capital expenditure | 1,061,915 | 261,908 | 79,465 | 41,871 | 393,465 | 115,850 | 176,636 | 27,608 | - | 2,158,718 |



1. Identification and Principal Activities

NCB Financial Group Limited ("the Company") is a financial holding company, incorporated and domiciled in Jamaica. The Company is 52.46% (December 31, 2018 - 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, 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, 2019 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, 2019 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.

IFRS 16, 'Leasing'

Effective October 1, 2019, the Group adopted IFRS 16 'Leasing' which replaces IAS 17. Under IAS 17, lessees were required to make a distinction between a finance lease (on statement of financial position) and an operating lease (off statement of financial position). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees.

For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. The Group has concluded that the adoption did not have a significant impact on the financial statements of the Group.

3. Segment reporting

The Group is organised into the following business segments:

- Consumer banking – 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 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 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 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.

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

Interest/Ownership of Stock Units by Directors of NCB Financial Group Limited as at December 31, 2019

| Directors ^{1.} | Total | Direct | Connected Parties |
|-----------------------------------|---------------|---------------|--------------------------|
| Robert Almeida | 60,140,589 | 171,750 | 59,968,839 |
| Dennis Cohen ^{2.} | 169,472,565 | 36,550,749 | 132,921,816 |
| Sandra Glasgow ^{2.} | 133,288,166 | 326,150 | 132,962,016 |
| Sanya Goffe | 59,982,839 | 14,000 | 59,968,839 |
| Patrick Hylton, CD | 128,049,394 | 68,080,555 | 59,968,839 |
| Hon. Michael Lee-Chin, OJ | 1,497,065,346 | 0 | 1,497,065,346 |
| Thalia Lyn, OD ^{2.} | 133,305,720 | 376,784 | 132,928,936 |
| Oliver Mitchell, Jr. | 59,978,039 | 9,200 | 59,968,839 |
| Prof. Alvin Wint, CD | 60,056,983 | 88,144 | 59,968,839 |
| Dave Garcia (Corporate Secretary) | 175,027 | 175,027 | 0 |

Interest/Ownership of Stock Units by Executives/Senior Managers of NCB Financial Group Limited as at December 31, 2019

| Executives/Senior Managers | Total | Direct | Connected Parties |
|-----------------------------------|--------------|---------------|--------------------------|
| Dennis Cohen ^{1.2.} | 169,472,565 | 36,550,749 | 132,921,816 |
| Dave Garcia | 175,027 | 175,027 | 0 |
| Patrick Hylton, CD ^{1.} | 128,049,394 | 68,080,555 | 59,968,839 |
| Misheca Seymour-Senior | 7,195 | 7,195 | 0 |
| Mukisa Wilson Ricketts | 87,552 | 87,552 | 0 |
| Allison Wynter ^{2.} | 73,141,214 | 191,237 | 72,949,977 |

Interest/Ownership of Stock Units by Executives/Senior Managers of subsidiaries of NCB Financial Group Limited as at December 31, 2019

| Executives/Senior Managers | Total | Direct | Connected Parties |
|-----------------------------------|--------------|---------------|--------------------------|
| Rickert Allen | 226,844 | 226,844 | 0 |
| Gabrielle Banbury-Kelly | 95,508 | 95,508 | 0 |
| Septimus Blake | 211,144 | 211,144 | 0 |
| Brian Boothe | 102,000 | 102,000 | 0 |
| Danielle Cameron Duncan | 91,159 | 91,159 | 0 |
| Steven Gooden | 124,420 | 124,420 | 0 |
| Howard Gordon | 105,051 | 105,051 | 0 |
| Phillip Harrison | 25,598 | 10,000 | 15,598 |
| Vernon James | 0 | 0 | 0 |
| Nadeen Matthews Blair | 92,305 | 92,305 | 0 |
| Claudette Rodriguez | 99,355 | 99,355 | 0 |
| Malcolm Sadler | 58,827 | 28,774 | 30,053 |
| Ravi Tewari | 0 | 0 | 0 |
| Ian Turan | 0 | 0 | 0 |
| Simona Watkis | 4,900 | 4,900 | 0 |
| Tanya Watson Francis | 156,323 | 156,323 | 0 |
| Angus Young | 93,000 | 93,000 | 0 |

1. Connected parties for all directors include shares of 59,968,839 held by subsidiaries of Guardian Holdings Limited (GHL).

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

10 Largest Shareholders of NCB Financial Group Limited as at December 31, 2019

| Name of Shareholder | Units | Percentage Ownership |
|--|---------------|----------------------|
| AIC (Barbados) Limited | 1,293,954,564 | 52.46% |
| Sagicor PIF Equity Fund | 77,833,444 | 3.16% |
| Patrick Hylton | 68,080,555 | 2.76% |
| NCB Insurance Co. Ltd WT 109 | 62,989,156 | 2.55% |
| Harprop Limited | 49,806,031 | 2.02% |
| AIC Global Holdings Inc. | 45,449,690 | 1.84% |
| Dennis Cohen | 36,550,749 | 1.48% |
| SJIML A/C 3119 | 35,114,981 | 1.42% |
| Ideal Portfolio Services Company Limited | 34,285,667 | 1.39% |
| Guardian Life of the Caribbean | 30,206,368 | 1.22% |

Shareholder Profile of NCB Financial Group Limited as at December 31, 2019

| Number of Shareholders | Ownership of Each Shareholder | Percentage Ownership | Number of Units |
|-----------------------------------|-------------------------------|----------------------|----------------------|
| One shareholder with six accounts | 52.46% | 52.46% | 1,293,954,564 |
| 10 | 1 - 5% | 18.91% | 466,371,608 |
| 43,597 | Less than 1% | 28.63% | 706,436,656 |
| 43,608 | | 100.00% | 2,466,762,828 |