

Financial Results

For The Six Months Ended March 31, 2021

KEY RESULTS



\$5.89B

Net Profit



\$1.85T

Total Assets



\$162.70B

Equity



\$2.48

EPS



1.01%

Return on Assets



7.39%

Return on Equity

Second Quarter 2021 Report to Shareholders

Kingston, Jamaica - April 29, 2021

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 six months ended March 31, 2021.

NCBFG reports unaudited consolidated net profit of \$9.2 billion for the period, a decline of 31% or \$4.1 billion from the prior year. Consolidated net profit attributable to stockholders of the parent totalled \$5.9 billion, a 38% or \$3.7 billion decrease from the prior year. The performance reflects the impact of the reduced economic activity caused by the pandemic.

The Group remains resolute in focussing on the successful execution of initiatives as we advance our aspiration of becoming a world-class Caribbean financial ecosystem. Our business model positions us to benefit from numerous opportunities, which have surfaced during the pandemic. We continue to bolster our services through ongoing investments in technology, enabling us to deliver enhanced digital solutions and ensuring we emerge from the pandemic stronger and prepared for the post pandemic environment focussing on recovery and growth.

The challenges posed by the pandemic re-enforces the importance of our bold aspirations to continuously transform the Group. As we continue to pursue opportunities and execute strategic initiatives, we are poised to strengthen our regional position and remain optimistic that we will be able to thrive in the shifting economic environment.

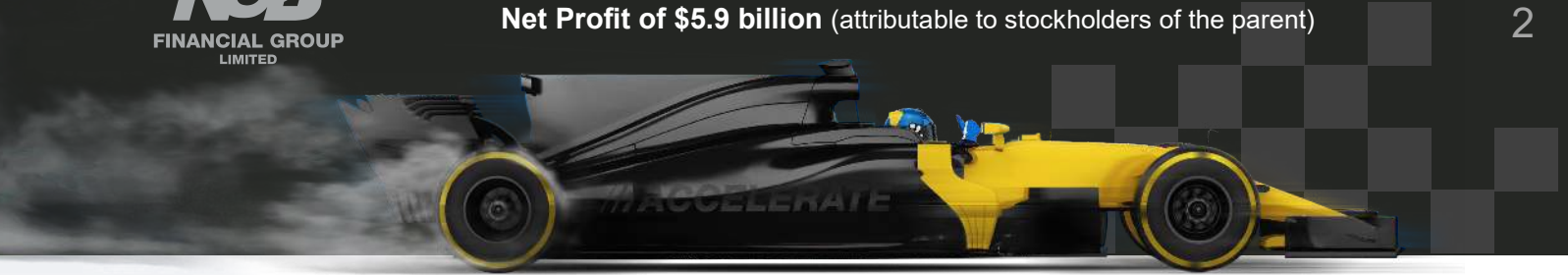
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Group Performance

There was commendable performance from our banking, investment and insurance activities, despite the reduced profitability. Operating income of \$59.8 billion represented an increase of 9% or \$5.0 billion over the prior year. The improved revenue was, however, offset by a \$5.5 billion or 13% increase in operating expenses.

Banking and Investment Activities

The net result from banking and investment activities of \$46.6 billion represented a 17% or \$6.6 billion increase when compared to the prior year's results. This performance was primarily driven by improved gains from investment activities, which rebounded to \$8.4 billion for the current six-month period. This was due to more favourable market conditions and improving securities prices.

Credit impairment provisions also benefited from an improved economic outlook compared to the previous financial year and prudent delinquency management strategies, resulting in a \$684 million or 21% reduction in expected credit losses. Our outlook was weighted towards the worse case from the prior year and reflects the adequacy of our earlier provisions.

The continued downward trend in loan rates has caused a tightening of interest spreads, resulting in our net interest income reducing slightly, in spite of the increases in our loans, securities and funding balances. Reduced retail and corporate activity has significantly impacted our fee income, specifically card issuing and acquiring, which is heavily dependent on travel, entertainment and restaurant activities. Our decision to waive fees at our electronic channels also affected this revenue source.

Insurance Activities

The net result from insurance activities totalled \$13.2 billion, a decrease of 11% or \$1.6 billion from the comparative prior year period. Net underwriting income increased by \$3.9 billion or 8% over the prior year. There were improvements in the property and casualty insurance business. The growth in net underwriting income was tempered by gross insurance benefits and claims along with insurance commission and other selling expenses increasing by 7% or \$2.5 billion and 63% or \$3.3 billion, respectively.

Operating Expenses

Operating expenses totalled \$47.1 billion, an increase of \$5.5 billion or 13% over the prior year. Staff costs of \$23.4 billion, increased by \$2.4 billion or 12% over the prior year primarily due to the annual increases in salaries, wages and allowances coupled with incentive payments within the current period related to the prior financial year. Other operating expenses increased by \$2.1 billion due to the increased technology costs required to enhance our digital platforms coupled with additional marketing expenditure as we sought to improve our customers' experience and educate them on the use of our digital channels. These increased costs outpaced the growth in revenues resulting in an increased cost to income ratio of 75.66%, up from 71.79% in the prior year.

Financial Results

For The Six Months Ended March 31, 2021

Net Profit of \$5.9 billion (attributable to stockholders of the parent)

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Consolidated Statement of Financial Position

Total assets increased to \$1.85 trillion, up \$235.0 billion or 15% over the prior year. The growth was mainly due to increased investment securities, amounts due from banks and net loans. This was funded by growth in our major funding sources, including deposits, repurchase agreements, securitisation arrangements and insurance contract liabilities.

Investment Securities and Reverse Repurchase Agreements

Investment securities, including pledged assets and reverse repurchase agreements, totalled \$884.3 billion, an increase of 14% or \$108.5 billion over the prior year. This continues to be the Group's largest earning asset portfolio.

Loans and Advances

The Group's loans and advances, net of credit impairment losses, totalled \$477.1 billion, an increase of \$46.2 billion or 11% over the prior year. Non-performing loans totalled \$30.5 billion as at March 31, 2021, an increase of \$5.8 billion or 23% over the prior year. This represented 6.2% of gross loans, up from 5.6% in the prior year.

Deposits

Deposits, our largest source of funding, totalled \$603.3 billion, an increase of \$83.8 billion or 16% over the prior year. This increase across most of our customer segments reflects customers' confidence in the Group.

Policyholders' Liabilities

Liabilities under annuity and insurance contracts increased to \$423.1 billion at March 31, 2021, up \$37.8 billion or 10% over the prior year. This reflects continued growth in all our markets.

Capital and Liquidity

Equity attributable to stockholders of the parent increased by 22% or \$28.8 billion to \$162.7 billion as at March 31, 2021. The growth in equity was mainly attributable to increased retained earnings and fair value reserves.

All our regulated entities have met the applicable capital and liquidity regulatory requirements.

Dividends

The Board of Directors, at its meeting on April 29, 2021, declared an interim dividend of \$0.50 per ordinary stock unit. The dividend is payable on May 31, 2021 to stockholders on record as at May 14, 2021.

Financial Results

For The Six Months Ended March 31, 2021

Net Profit of \$5.9 billion (attributable to stockholders of the parent)

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Business Highlights

The Board of Directors of our subsidiary, Guardian Holdings Limited, approved the cross-listing of its shares on the Jamaica Stock Exchange ("JSE"), having considered that trading on the JSE has become increasingly dynamic over the years.

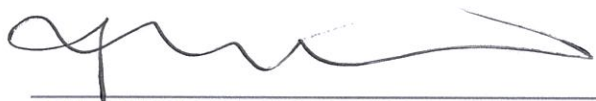
Corporate Social Responsibility (CSR)

Our CSR policy focuses on six main areas: inspired people; doing good business; creating delighted, lifelong customers; data security; community development and environmental sustainability. The Group is committed to engaging in activities that support long-term success, providing appropriate benefits for various stakeholders and ensuring compliance with all applicable rules and regulations through responsible and ethical business practices in the respective territories.

Our foundations have embraced philanthropic activities relevant to health, education and the improvement and development of the region.

We continue to protect our employees and customers, minimising face-to-face interactions by offering suitable alternative channels and urging everyone to practise the recommended safety measures. We are grateful to the persons at the front line and thank them for their continued service.

NCBFG remains committed to building 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

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


CURRENT YEAR
PRIOR YEAR
Operating income
Banking and investment activities

	Quarter ended March 31 2021 \$'000	Quarter ended December 31 2020 \$'000	Year to date March 31 2021 \$'000	Quarter ended March 31 2020 \$'000	Year to date March 31 2020 \$'000
Interest income	19,376,966	20,842,008	40,218,974	20,293,847	40,100,373
Interest expense	(6,087,463)	(7,026,577)	(13,114,040)	(6,220,478)	(12,100,254)
Net interest income	13,289,503	13,815,431	27,104,934	14,073,369	28,000,119
Fee and commission income	6,612,265	6,985,035	13,597,300	6,238,838	13,914,837
Fee and commission expense	(1,173,555)	(1,114,732)	(2,288,287)	(1,226,565)	(2,488,647)
Net fee and commission income	5,438,710	5,870,303	11,309,013	5,012,273	11,426,190
Gain/(loss) on foreign currency and investment activities	3,006,888	5,412,277	8,419,165	(3,937,868)	1,046,912
Credit impairment losses	(1,363,964)	(1,167,925)	(2,531,889)	(1,647,343)	(3,216,179)
Dividend income	417,009	576,797	993,806	696,462	1,389,843
Other operating income	616,185	685,756	1,301,941	504,118	1,341,017
	2,676,118	5,506,905	8,183,023	(4,384,631)	561,593

Net result from banking and investment activities

	21,404,331	25,192,639	46,596,970	14,701,011	39,987,902
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Insurance activities

Premium income	37,124,286	36,435,880	73,560,166	33,557,993	67,201,757
Insurance premium ceded to insurers	(11,763,650)	(12,178,151)	(23,941,801)	(9,439,086)	(19,367,222)
Reinsurance commission income	2,527,676	3,564,379	6,092,055	1,997,569	3,940,368
Net underwriting income	27,888,312	27,822,108	55,710,420	26,116,476	51,774,903
Insurance benefits and claims	(20,584,828)	(16,142,470)	(36,727,298)	(21,908,794)	(34,270,882)
Reinsurance on benefits and claims	1,016,488	1,869,264	2,885,752	3,396,744	2,622,139
Commission and other selling expenses	(3,749,041)	(4,957,862)	(8,706,903)	(840,261)	(5,357,710)

Net result from insurance activities

	4,570,931	8,591,040	13,161,971	6,764,165	14,768,450
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Net operating income

	25,975,262	33,783,679	59,758,941	21,465,176	54,756,352
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Operating expenses

Staff costs	11,039,714	12,317,240	23,356,954	10,260,713	20,914,391
Depreciation and amortisation	2,324,674	2,290,672	4,615,346	2,334,125	4,326,824
Finance cost	434,482	416,410	850,892	83,816	168,601
Other operating expenses	7,770,161	10,536,795	18,306,956	5,591,204	16,206,213
	21,569,031	25,561,117	47,130,148	18,269,858	41,616,029

Operating profit

	4,406,231	8,222,562	12,628,793	3,195,318	13,140,323
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Share of profit/(loss) of associates

	118,698	(67,991)	50,707	214,896	13,221
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Profit before taxation

	4,524,929	8,154,571	12,679,500	3,410,214	13,153,544
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Taxation

	(1,135,889)	(2,302,202)	(3,438,091)	2,178,834	203,858
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NET PROFIT

	3,389,040	5,852,369	9,241,409	5,589,048	13,357,402
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Attributable to:

Stockholders of parent	1,972,457	3,917,197	5,889,655	3,671,178	9,572,505
Non-controlling interest	1,416,582	1,935,172	3,351,754	1,917,870	3,784,897
	3,389,040	5,852,369	9,241,409	5,589,048	13,357,402

Earnings per stock unit
Basic and diluted (expressed in \$)

	0.82	1.66	2.48	1.54	4.00
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	Quarter ended March 31 2021 \$'000	Quarter ended December 31 2020 \$'000	Year to date March 31 2021 \$'000	Quarter ended March 31 2020 \$'000	Year to date March 31 2020 \$'000
Net Profit	3,389,040	5,852,369	9,241,409	5,589,048	13,357,402
Other comprehensive income, net of tax-					
Items that will not be reclassified to profit or loss					
Remeasurements of post-employment benefit obligations	23,634	393,687	417,321	254,434	129,435
Other	(42,290)	42,290	-	-	-
	(18,656)	435,977	417,321	254,434	129,435
Items that may be subsequently reclassified to profit or loss					
Currency translation (losses)/gains	(690,977)	1,115,933	424,956	(1,343,154)	(243,762)
Expected credit reversals/(losses) on debt instruments at fair value through other comprehensive income (FVOCI)	9,976	133,708	143,684	(172,724)	(180,063)
Unrealised (losses)/gains on securities designated as FVOCI	(3,618,103)	6,190,682	2,572,579	(14,851,260)	(15,570,663)
Realised gains on securities designated as FVOCI	(2,636,436)	(557,724)	(3,194,160)	(469,279)	(1,698,339)
	(6,935,539)	6,882,599	(52,941)	(16,836,417)	(17,692,827)
Total other comprehensive (loss)/income	(6,954,195)	7,318,576	364,380	(16,581,983)	(17,563,392)
TOTAL COMPREHENSIVE (LOSS)/INCOME	(3,565,156)	13,170,945	9,605,789	(10,992,935)	(4,205,990)
Total comprehensive income attributable to:					
Stockholders of the parent	(2,285,051)	9,700,863	7,415,811	(10,825,957)	(6,624,615)
Non-controlling interest	(1,280,104)	3,470,082	2,189,978	(166,978)	2,418,625
	(3,565,156)	13,170,945	9,605,789	(10,992,935)	(4,205,990)

	March 31 2021 \$'000	September 30 2020 \$'000	Restated March 31 2020 \$'000
ASSETS			
Cash in hand and balances at Central Banks	69,840,344	74,039,589	69,567,185
Due from banks	170,506,564	178,898,210	121,720,570
Derivative financial instruments	880,887	653,735	362,567
Reverse repurchase agreements	7,633,467	9,518,854	7,774,395
Loans and advances, net of credit impairment losses	477,060,194	452,954,936	430,838,818
Investment securities	639,365,664	456,802,747	373,646,641
Pledged assets	237,257,056	401,757,217	394,381,489
Investment in associates	6,047,848	6,955,109	5,861,013
Investment properties	35,507,871	33,751,227	28,598,285
Intangible assets	52,888,631	53,018,480	50,709,063
Property, plant and equipment	27,303,341	27,530,567	23,553,467
Right-of-use assets	4,544,326	4,543,678	3,487,938
Properties for development and sale	2,858,399	2,759,044	2,401,070
Deferred income tax assets	12,680,273	14,634,857	10,768,218
Income tax recoverable	8,231,786	2,323,139	5,486,799
Reinsurance assets	27,174,819	26,532,008	26,083,582
Letters of credit and undertaking	4,153,189	3,618,540	2,853,402
Other assets	67,844,649	49,968,338	58,683,290
Total assets	1,851,779,308	1,800,260,275	1,616,777,792
LIABILITIES			
Due to banks	25,504,102	30,134,601	34,480,953
Customer deposits	603,270,333	573,968,886	519,501,785
Repurchase agreements	213,706,330	211,436,379	171,269,455
Obligations under securitisation arrangements	67,728,339	71,083,957	42,735,247
Derivative financial instruments	2,602	-	88,326
Other borrowed funds	134,992,243	125,066,336	126,507,919
Deferred income tax liabilities	12,969,618	11,244,924	10,467,012
Third party interests in mutual funds	29,318,973	27,572,914	22,522,214
Liabilities under annuity and insurance contracts	423,055,852	405,014,541	385,266,272
Segregated fund liabilities	15,235,107	14,255,178	16,549,531
Investment contract liabilities	42,688,928	41,682,306	53,365,049
Post-employment benefit obligations	9,689,383	9,731,059	9,461,495
Letters of credit and undertaking	4,153,189	3,618,540	2,853,402
Lease liabilities	4,509,542	4,597,994	3,383,452
Other liabilities	55,975,869	70,647,737	45,721,967
Total liabilities	1,642,800,410	1,600,055,352	1,444,174,079
STOCKHOLDERS' EQUITY			
Share capital	153,827,330	153,827,330	153,827,330
Treasury shares	(15,982,016)	(15,150,201)	(12,352,225)
Reserve from the scheme of arrangement	(147,034,858)	(147,034,858)	(147,034,858)
Fair value and capital reserves	13,325,496	12,216,660	(3,167,609)
Loan loss reserve	-	-	2,234,923
Statutory reserve fund	6,765,932	6,735,063	6,697,885
Retained earnings reserve	62,270,000	58,580,000	46,560,000
Retained earnings	89,526,791	86,940,684	87,139,203
Equity attributable to shareholders of the parent	162,698,675	156,114,678	133,904,649
Non-controlling interest	46,280,223	44,090,245	38,699,064
Total stockholders' equity	208,978,898	200,204,923	172,603,713
Total stockholders' equity and liabilities	1,851,779,308	1,800,260,275	1,616,777,792

Approved for issue by the Board of Directors on April 29, 2021 and signed on its behalf by:



Hon. Patrick Hylton, OJ, CD

 President and Group
 Chief Executive Officer



Dennis Cohen

 Group Chief Financial Officer and
 Deputy Chief Executive Officer



Professor Alvin Wint, CD

Lead Independent Director



Dave Garcia

Corporate Secretary

Unaudited Consolidated Statement of Changes in Stockholders' Equity

Six months ended March 31, 2021

(expressed in Jamaican dollars unless otherwise indicated)

	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, 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
Impact of revised Purchase Price Allocation on acquisition of majority stake in Guardian Holdings Limited	-	-	-	-	-	-	-	292,975	(3,456,153)	(3,163,178)
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	85,002,181	36,280,439	183,870,618
Total comprehensive income	-	-	-	(16,326,555)	-	-	-	9,701,940	2,418,625	(4,205,990)
Transfer from loan loss reserve	-	-	-	-	(712,701)	-	-	712,701	-	-
Transfer to statutory reserve	-	-	-	-	-	72,676	-	(72,676)	-	-
Transfer to retained earnings reserve	-	-	-	-	-	-	2,740,000	(2,740,000)	-	-
Disposal of treasury shares	-	(1,645,799)	-	-	-	-	-	-	-	(1,645,799)
Purchase of treasury shares	-	49,827	-	-	-	-	-	(49,827)	-	-
Transaction with owners of the Company -										
Dividends paid	-	-	-	-	-	-	-	(5,415,116)	-	(5,415,116)
Balance at March 31, 2020	153,827,330	(12,352,225)	(147,034,858)	(3,167,609)	2,234,923	6,697,885	46,560,000	87,139,203	38,699,064	172,603,713
Balance as at October 1, 2020	153,827,330	(15,150,201)	(147,034,858)	12,216,660	-	6,735,063	58,580,000	86,940,684	44,090,245	200,204,923
Total comprehensive income	-	-	-	1,108,836	-	-	-	6,306,976	2,189,978	9,605,790
Transfer to statutory reserve	-	-	-	-	-	30,869	-	(30,869)	-	-
Transfer to retained earnings reserve	-	-	-	-	-	-	3,690,000	(3,690,000)	-	-
Purchase of treasury shares	-	(831,815)	-	-	-	-	-	-	-	(831,815)
Balance at March 31, 2021	153,827,330	(15,982,016)	(147,034,858)	13,325,496	-	6,765,932	62,270,000	89,526,791	46,280,223	208,978,898

Unaudited Consolidated Statement of Cash Flows

Six months ended March 31, 2021

(expressed in Jamaican dollars unless otherwise indicated)

	March 31 2021 \$'000	March 31 2020 \$'000
Cash Flows from Operating Activities		
Net profit	9,241,409	13,357,402
Adjustments to reconcile net profit to net cash used in operating activities	(8,623,621)	(104,370)
Net cash provided by operating activities	617,788	13,253,032
Cash Flows from Investing Activities		
Acquisition of property, plant and equipment	(1,285,869)	(2,111,286)
Acquisition of intangible asset - computer software	(2,169,057)	(3,325,261)
Proceeds from disposal of property, plant and equipment	75,222	12,414
Purchase of investment property	(1,337,247)	-
Purchases of investment securities	(330,725,104)	(222,724,992)
Sales/maturities of investment securities	323,370,987	196,752,397
Net cash used in investing activities	(12,071,068)	(31,396,728)
Cash Flows from Financing Activities		
Repayments under securitisation arrangements	(3,542,490)	(4,520,638)
Proceeds from other borrowed funds	42,231,649	7,585,142
Repayments of other borrowed funds	(33,839,093)	(8,581,315)
Purchase of treasury shares	(831,815)	(1,645,799)
Proceeds from disposal of treasury shares	-	49,827
Due to banks	(799,420)	3,207,387
Lease repayment	(468,075)	(252,310)
Dividends paid	-	(5,415,116)
Net cash provided by/(used in) financing activities	2,750,756	(9,572,822)
Effect of exchange rate changes on cash and cash equivalents	(556,981)	(934,253)
Net decrease in cash and cash equivalents	(9,259,505)	(28,650,771)
Cash and cash equivalents at beginning of period	201,165,403	156,858,541
Cash and cash equivalents at end of period	191,905,898	128,207,770
Comprising:		
Cash in hand and balances at Central Banks	32,802,883	28,208,462
Due from banks	167,249,768	117,391,037
Reverse repurchase agreements	5,917,039	2,576,666
Investment securities	545,545	3,661,863
Due to banks	(14,609,337)	(23,630,258)
	191,905,898	128,207,770

Six months ended March 31, 2021	Banking and Investment Activities					Insurance Activities			Total
	Consumer & SME Banking	Payment Services	Corporate & Commercial Banking	Treasury & Correspondent Banking	Wealth, Asset Management & Investment Banking	Life and Health Insurance & Pension Fund Management	General Insurance	Other & Consolidation Adjustments	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
External revenue	14,383,028	8,948,626	5,918,545	8,536,816	11,207,929	58,117,815	38,981,066	(1,910,418)	144,183,407
Revenue from other segments	1,523,277	-	19,699	2,001,156	2,787,447	136,856	96,706	(6,565,141)	-
Total Revenue	15,906,305	8,948,626	5,938,244	10,537,972	13,995,376	58,254,671	39,077,772	(8,475,559)	144,183,407
Net interest income	11,813,851	2,883,040	3,586,136	1,588,735	3,133,374	9,227,295	454,276	(5,581,773)	27,104,934
Net fee and commission income	2,189,755	3,241,561	436,498	218,016	1,977,663	1,611,793	1,300,615	333,112	11,309,013
Gain/(loss) on foreign currency and investment activities	65,910	(2,785)	37,974	3,969,451	3,793,801	1,887,754	508,449	(1,841,389)	8,419,165
Net result from insurance activities	-	-	-	-	-	6,190,070	7,265,937	(294,036)	13,161,971
Credit impairment (losses)/reversals	(2,377,977)	(554,318)	59,343	102,986	(297,811)	(55,613)	244,280	347,221	(2,531,889)
Other operating income and dividend income	143,700	175	335	4,951	460,201	1,274,362	23,764	388,259	2,295,747
Total operating income	11,835,239	5,567,673	4,120,286	5,884,139	9,067,228	20,135,661	9,797,321	(6,648,606)	59,758,941
Staff costs	5,207,955	571,186	240,951	134,163	1,466,398	3,989,870	3,060,568	4,123,158	18,794,249
Depreciation and amortisation	716,624	270,437	-	265	73,189	529,430	316,189	1,116,470	3,022,604
Finance cost	172,295	3,822	7,901	4,602	28,112	107,821	82,063	195,110	601,726
Other operating expense	2,715,813	1,766,550	456,958	734,699	1,280,468	3,812,418	1,880,143	615,401	13,262,450
Total operating expense	8,812,687	2,611,995	705,810	873,729	2,848,167	8,439,539	5,338,963	6,050,139	35,681,029
Operating profit before allocated cost	3,022,552	2,955,678	3,414,476	5,010,410	6,219,061	11,696,122	4,458,358	(12,698,745)	24,077,912
Allocated costs	(4,061,908)	(1,536,523)	(1,706,072)	(424,613)	-	-	-	-	(7,729,116)
Operating profit	(1,039,356)	1,419,155	1,708,404	4,585,797	6,219,061	11,696,122	4,458,358	(12,698,745)	16,348,796
Unallocated corporate expenses									(3,720,003)
Share of profit of associates									50,707
Profit before taxation									12,679,500
Taxation									(3,438,091)
Net Profit									9,241,409
Segment assets	440,671,951	28,426,255	175,304,220	369,788,021	355,755,845	590,734,236	110,725,241	(246,586,369)	1,824,819,400
Associates									6,047,848
Unallocated assets									20,912,060
Total assets									1,851,779,308
Segment liabilities	385,089,230	7,558,675	130,870,065	406,898,941	304,302,647	449,726,724	72,307,963	(126,923,624)	1,629,830,621
Unallocated liabilities									12,969,789
Total liabilities									1,642,800,410
Capital expenditure	2,569,620	114,426	42,774	11,457	103,667	364,386	114,001	134,595	3,454,926

Six months ended March 31, 2020	Banking and Investment Activities					Insurance Activities			Total
	Consumer & SME Banking	Payment Services	Corporate & Commercial Banking	Treasury & Correspondent Banking	Wealth, Asset Management & Investment Banking	Life and Health Insurance & Pension Fund Management	General Insurance	Other & Consolidation Adjustments	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
External revenue	15,309,781	9,308,463	6,229,977	7,161,110	7,688,419	50,842,284	29,026,543	3,368,530	128,935,107
Revenue from other segments	1,068,787	-	58,907	2,067,496	1,230,707	113,614	1,229	(4,540,740)	-
Total Revenue	16,378,568	9,308,463	6,288,884	9,228,606	8,919,126	50,955,898	29,027,772	(1,172,210)	128,935,107
Net interest income	11,622,410	3,157,610	3,650,176	1,860,367	3,154,507	8,540,745	452,079	(4,437,775)	28,000,119
Net fee and commission income	2,414,143	3,074,826	746,318	146,289	2,579,332	1,443,026	1,118,014	(95,758)	11,426,190
Gain/(loss) on foreign currency and investment activities	77,359	1,095	77,098	3,332,725	153,154	(3,362,383)	(496,977)	1,264,841	1,046,912
Net result from insurance activities	-	-	-	-	-	6,291,327	6,375,718	2,101,405	14,768,450
Credit impairment (losses)/reversals	(1,683,267)	(578,360)	30,481	(75,832)	505,324	(985,708)	131,811	(560,628)	(3,216,179)
Other operating income and dividend income	78,967	2,450	29,137	7,386	277,989	2,028,033	115,014	191,884	2,730,860
Total operating income	12,509,612	5,657,621	4,533,210	5,270,935	6,670,306	13,955,040	7,695,659	(1,536,031)	54,756,352
Staff costs	5,174,999	554,702	115,142	113,553	1,322,684	4,625,026	2,568,742	3,161,085	17,635,933
Depreciation and amortisation	703,208	260,461	11	276	81,294	482,618	320,819	977,219	2,825,907
Finance cost	32,232	2,493	4,926	5,796	1,150	5,999	-	115,800	168,396
Other operating expense	2,585,103	1,653,692	398,052	976,208	1,374,399	4,425,629	2,300,145	(2,948,859)	10,764,369
Total operating expense	8,495,542	2,471,348	518,131	1,095,834	2,779,527	9,539,272	5,189,706	1,305,245	31,394,605
Operating profit before allocated cost	4,014,070	3,186,273	4,015,079	4,175,101	3,890,779	4,415,768	2,505,953	(2,841,276)	23,361,747
Allocated costs	(4,289,143)	(1,191,400)	(1,266,353)	(612,625)	-	-	-	-	(7,359,521)
Operating profit	(275,073)	1,994,873	2,748,726	3,562,476	3,890,779	4,415,768	2,505,953	(2,841,276)	16,002,226
Unallocated corporate expenses									(2,861,903)
Share of profit of associates									13,221
Profit before taxation									13,153,544
Taxation									203,858
Net Profit									13,357,402
Segment assets	416,640,542	26,452,064	144,855,014	288,814,993	271,431,335	504,720,966	96,037,803	(154,290,955)	1,594,661,762
Associates									5,861,013
Unallocated assets									16,255,017
Total assets									1,616,777,792
Segment liabilities	348,151,002	11,181,277	111,976,172	324,823,725	234,184,899	387,450,147	66,615,368	(50,532,759)	1,433,849,831
Unallocated liabilities									10,324,248
Total liabilities									1,444,174,079
Capital expenditure	2,054,767	620,498	148,148	49,326	314,205	1,225,709	505,342	518,552	5,436,547

1. Identification and Principal Activities

NCB Financial Group Limited ("the Company") is a financial holding company, incorporated and domiciled in Jamaica. The Company is 51.73% (March 31, 2020 - 52.46%) 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 six months ended March 31, 2021 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, 2020 which have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

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

3. Segment reporting

The Group is organised into the following business segments:

- Consumer & SME banking – This incorporates the provision of banking services to individual and small and medium business clients.
- Payment services – This incorporates the provision of card related 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.

Other/Consolidation Adjustments - The Group's trustee services, property development and the outstanding transactions and

- balances of certain inactive subsidiaries and the parent company are classified as Other for segment reporting. Eliminations comprise inter-segment transactions and adjustments on consolidation of the financial statements are also included in this segment.

4. Impact of COVID-19

The global economy has begun to recover, though unevenly, from the collapse triggered by the COVID-19 pandemic in 2020. Despite the resurgence of COVID-19 cases across some countries, unprecedented fiscal support in a few large economies and the rapid roll-out of inoculation programmes in developed countries have increased the optimism around global growth. Consequently, expectations are that the recovery will spread to more countries in the second half of the year, and the International Monetary Fund is forecasting global growth of 6% in 2021. Increases in confidence, consumption, and trade will also bolster global growth.

The expansion in key economies such as the United States, Canada and the United Kingdom, will also aid recovery in tourism and other export dependent sectors across the region in the second half of the year. The rebound in tourism will be the main driver of the 4.5% (Fitch) growth forecast for Jamaica, along with a rise in service exports, employment growth and increased private consumption. Trinidad and Tobago, is also projected to improve in 2021, growing 4.8%, buoyed by an increase in private consumption and a rebound in energy sector exports as the rise in global economic activity and travel demand boost energy demand and prices.

The optimism surrounding the recovery has fueled some rebound in business and investor confidence as witnessed in the 6.5% year over year growth in the Jamaica Stock Market Combined Index at the end of March 2021. Consequently, there have been further signs of recovery in the regional stock markets with several successful stock market transactions since the start of 2021. The outlook for the bond market over the medium term is positive as it is anticipated that emerging markets will benefit from demand from the United States and China. The improvement in confidence, low interest rate environment, gradual improvement in company earnings and valuations should continue to foster a year-over-year improvement in financial market activity in 2021.

While our operating environments will continue to perform below pre-pandemic levels, the prospects for recovery and economic growth are improving and should support an improvement in company performance in coming quarters. However, the continued effects of COVID-19 and remaining government imposed restrictions are downside risks that could continue to negatively impact the Group's various business segments, which are exposed to the adverse economic effects. Within this context, the Group continues to take advantage of emerging opportunities while mitigating the risks.

Interest/Ownership of Stock Units by Directors of NCB Financial Group Limited as at March 31, 2021

Directors ^{1.}	Total	Direct	Connected Parties
Robert Almeida	65,990,231	171,750	65,818,481
Dennis Cohen ^{2.}	176,352,112	37,580,654	138,771,458
Sandra Glasgow ^{2.}	139,112,734	142,626	138,970,108
Sanya Goffe	65,890,481	14,000	65,876,481
Hon. Patrick Hylton, OJ, CD	137,943,893	72,125,412	65,818,481
Adrian Lee-Chin	65,851,201	0	65,851,201
Hon. Michael Lee-Chin, OJ	1,482,062,472	146,698	1,481,915,774
Thalia Lyn, OD ^{2.}	139,204,204	413,984	138,790,220
Prof. Alvin Wint, CD	65,906,625	88,144	65,818,481
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 March 31, 2021

Executives/Senior Managers	Total	Direct	Connected Parties
Dennis Cohen ^{1.2.}	176,352,112	37,580,654	138,771,458
Dave Garcia	175,027	175,027	0
Hon. Patrick Hylton, OJ, CD ^{1.}	137,943,893	72,125,412	65,818,481
Misheca Seymour-Senior	7,195	7,195	0
Mukisa Wilson Ricketts	87,552	87,552	0
Allison Wynter ^{2.}	73,281,214	191,237	73,089,977

Interest/Ownership of Stock Units by Executives/Senior Managers of subsidiaries of NCB Financial Group Limited as at March 31, 2021

Executives/Senior Managers	Total	Direct	Connected Parties
Gabrielle Banbury-Kelly	95,508	95,508	0
Septimus Blake	211,144	211,144	0
Brian Boothe	242,000	102,000	140,000
Danielle Cameron Duncan	92,854	92,854	0
Euton Cummings	10	10	0
Raymond Donaldson	0	0	0
Steven Gooden	124,420	124,420	0
Desmond Johnson	0	0	0
Ramon Lewis	57,215	57,215	0
Sheree Martin	6,713	6,713	0
Nadeen Matthews Blair	94,000	94,000	0
Anne McMorris Cover	8,735	8,735	0
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	6,595	6,595	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 65,818,481 held by subsidiaries of Guardian Holdings Limited.

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

10 Largest Shareholders of NCB Financial Group Limited as at March 31, 2021

Name of Shareholder	Units	Percentage Ownership
AIC (Barbados) Limited	1,276,148,279	51.73%
Sagicor PIF Equity Fund	79,833,444	3.24%
Hon. Patrick Hylton, OJ, CD	72,125,412	2.92%
NCB Insurance Agency & Fund Managers Limited WT 109	62,989,156	2.55%
Harprop Limited	46,434,102	1.88%
AIC Global Holdings Inc.	45,449,690	1.84%
Dennis Cohen	37,580,654	1.52%
Ideal Portfolio Services Company Limited	33,311,036	1.35%
SJIML A/C 3119	32,539,032	1.32%
Guardian Life of the Caribbean	30,206,368	1.22%

Shareholder Profile of NCB Financial Group Limited as at March 31, 2021

Number of Shareholders	Ownership of Each Shareholder	Percentage Ownership	Number of Units
One shareholder with six accounts	51.73%	51.73%	1,276,148,279
12	1 - 5%	21.20%	522,862,475
44,408	Less than 1%	27.07%	667,752,074
44,421		100.00%	2,466,762,828