

Financial Results

For The Quarter Ended
December 31, 2019

KEY RESULTS



\$5.9B

 Net Profit



\$1.6T

 Total Assets



\$147.7B

 Equity



\$2.46

 EPS



1.93%

 Return on Assets



16.00%

 Return on Equity

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,
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INVESTOR RELATIONS

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Financial Results

For The Quarter Ended December 31, 2019

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

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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.

Financial Results

For The Quarter Ended December 31, 2019

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

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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.

Financial Results

For The Quarter Ended December 31, 2019

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

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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

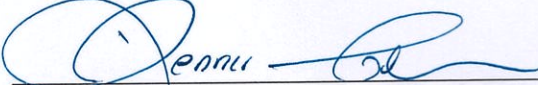
	CURRENT YEAR		PRIOR YEAR	
	Quarter ended December 31 2019 \$'000	Quarter ended September 30 2019 \$'000	Quarter ended December 31 2018 \$'000	
Operating income				
Banking and investment activities				
Interest income	19,806,526	20,495,879	14,099,399	
Interest expense	(5,889,246)	(6,154,615)	(4,253,084)	
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	

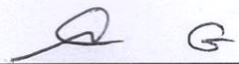
	Quarter ended	Quarter ended	Quarter ended
	December 31	September 30	December 31
	2019	2019	2018
	\$'000	\$'000	\$'000
Net Profit	7,768,354	9,383,375	7,402,770
Other comprehensive income, net of tax-			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations	(124,999)	(344,235)	(68,693)
Share of other comprehensive income of associate companies	-	236,872	-
	(124,999)	(107,363)	(68,693)
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)	-
	(856,410)	3,949,167	(2,877,127)
Total other comprehensive income	(981,409)	3,841,804	(2,945,820)
TOTAL COMPREHENSIVE INCOME	6,786,945	13,225,179	4,456,950
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)
	6,786,945	13,225,179	4,456,950

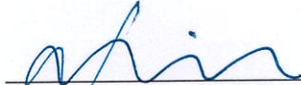
	December 31 2019 \$'000	September 30 2019 \$'000	December 31 2018 \$'000
ASSETS			
Cash in hand and balances at Central Banks	53,863,509	62,535,389	58,543,790
Due from banks	128,301,698	141,357,186	28,087,274
Derivative financial instruments	113,409	239,279	-
Reverse repurchase agreements	6,700,928	7,837,898	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

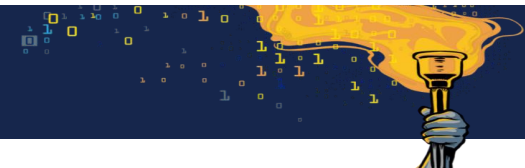

Dennis Cohen
Group Chief Financial Officer and
Deputy Chief Executive Officer


Professor Alvin Wint
Lead Independent Director

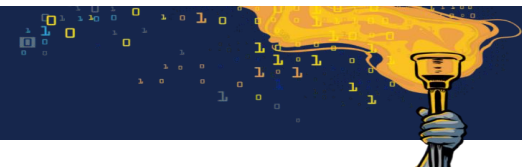

Dave Garcia
Corporate Secretary

	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	(11,581,652)	(35,154,692)
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	(12,652,442)	(684,652)
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	7,360,723	(2,682,412)
Effect of exchange rate changes on cash and cash equivalents	(1,345,499)	4,603,872
Net decrease in cash and cash equivalents	(18,218,870)	(33,917,884)
Cash and cash equivalents at beginning of period	156,858,541	75,170,642
Cash and cash equivalents at end of period	138,639,671	41,252,758
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)
	138,639,671	41,252,758



Quarter ended December 31, 2019	Banking and Investment Activities					Insurance Activities				
	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	Total
	\$'000	\$'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				
	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	Total
	\$'000	\$'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 Truran	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