

Financial Results

For The Six Months Ended March 31, 2017

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Net Profit

\$9.5B



Total Assets

\$639.2B



Equity

\$106.4B



EPS

\$3.84



Return on Assets

3.04%



Return on Equity

18.06%

SECOND QUARTER 2017 EARNINGS RELEASE

April 27, 2017 – The Board of Directors is pleased to announce that NCB Financial Group Limited (NCBFG) and its subsidiaries (the Group) achieved net profit of \$9.5 billion for the six months ended March 31, 2017, an increase of 58% over the prior year.

The scheme of arrangement involving National Commercial Bank Jamaica Limited (NCBJ) and NCBFG was completed in March 2017, resulting in NCBJ becoming a wholly owned subsidiary of NCBFG. The re-organisation has been accounted for retrospectively and therefore the comparative financial information for the previous periods have been presented as if the re-organisation was in effect during those periods. This re-organisation creates a corporate structure that better facilitates our regional aspiration of becoming a leading financial institution in the English and Spanish speaking Caribbean.

We will maintain emphasis on our strategic imperatives under the **NCB 2.0 by 2020: Faster | Simpler | Stronger** plan. Execution under this plan has led the Group to achieve its highest quarterly result of \$5.9 billion, up 63% over the comparative quarter last year. This notable performance signifies our commitment to excellence as we strive to enhance our customers' experience and deliver increased shareholder value.

For more information, contact:

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Dividends

The Board of Directors, at its meeting on April 27, 2017, declared an interim dividend of \$0.60 per ordinary stock unit. The dividend is payable on May 29, 2017 for stockholders on record as at May 12, 2017.

Business Highlights

- In March 2017, NCBFG's shares were officially listed on the Jamaica and Trinidad & Tobago Stock Exchanges. The newly listed NCBFG has a market capitalisation of \$151.9 billion as at March 31, 2017. (See Notes 1 and 4 in the Notes to the Unaudited Financial Statements for more details [pages 13 and 14 of the earnings release, respectively]).
- NCB Insurance Company (NCBIC) launched an enhanced version of its flagship product Omni and Omni Educator with a view of boosting the value offered to our customers.
- NCBIC also launched its Pensions Online portal which provides members and other stakeholders with the convenience of managing their pension fund and retirement schemes online.
- The Group launched its first Agile Lab with the aim of developing our digital capabilities to provide a world class experience to our customers.
- The Group's Corporate Learning Campus was ranked among the top 125 training organisations globally by the Training Magazine in 2017, which recognizes the organisation's commitment to developing the capacity and capabilities of all its employees.
- N.C.B. Foundation was the recipient of The **Gleaner Honour Awards 2016** in the category of Education for its continued support of the education sector in Jamaica.

Financial Results Highlights

The financial results reflect improved performance in all business segments which has contributed to the record net profit for the six month period. The main financial highlights are:

	Six months ended March 31, 2017	Six months ended March 31, 2016	YoY ¹ Change	Quarter ended March 31, 2017	Quarter ended December 31, 2016	QoQ ² Change
Net profit (\$'M)	9,462	5,995	58%	5,871	3,591	63%
Earnings per stock unit (\$)	3.84	2.44	58%	2.39	1.45	63%
Cost to income ratio (%)	64.4%	68.5%		59.5%	69.5%	
Total assets (\$M)	639,166	555,616	15%	639,166	623,718	2%
Return on average total assets (%)	3.0%	2.2%		3.7%	2.3%	
Equity (\$M)	106,413	92,221	15%	106,413	102,101	4%
Return on average equity (%)	18.1%	13.3%		22.5%	14.0%	
Net loans (\$M)	207,290	172,709	20%	207,290	197,916	5%
Customer deposits (\$M)	274,008	250,952	9%	274,008	275,615	(1%)

¹ YoY – Year over Year

² QoQ – Quarter over Quarter

Financial Performance

Operating Income

Operating income was \$29.2 billion, an improvement of \$3.8 billion or 15% over the prior year's comparative period results. This was driven by:

- Gains realised on investment activities growing by \$1.8 billion or 96% mainly due to improved investor confidence as a result of the improved macroeconomic fundamentals of Jamaica.
- Net fee & commission income increasing by \$1.7 billion or 33%, primarily due to credit related fees from volume growth in loan product sales, point of sale and e-commerce commissions, coupled with corporate finance and unit trust fees.

Operating Expenses

We continued the execution of strategic initiatives, including infrastructure improvements and operational streamlining, while implementing cost containment and reduction plans, which resulted in operating expenses of \$19.1 billion, an increase of \$985 million or 5% over the prior year. The main movements were:

- Staff costs increasing by \$1.1 billion or 17% mainly as a result of the negotiated increases in salaries, wages, allowances & benefits.
- Other operating expenses growing by \$1.0 billion or 15%.
- Policyholders' and annuitants' benefits and reserves declining by \$1.0 billion or 39% due to reserve releases during the March quarter.

Share of Profit of Associates

Share of profit of associates grew by \$1.4 billion mainly as a result of the Group accounting for its share of six months profit for the 29.99% shareholding in Guardian Holdings Limited.

Taxation

During the March quarter, the Group accounted for a one-off deferred tax credit which reduced the overall tax expense for the current quarter.

Financial Position Performance

Loans and advances

The Group's loans and advances, net of provision for credit losses, increased by \$34.6 billion to \$207.3 billion at March 31, 2017. The increase was driven by a 22% and 17% increase in the Retail Banking and Corporate Banking portfolios, respectively. Non-performing loans totalled \$5.9 billion as at March 31, 2017 (March 31, 2016: \$8.5 billion) and represented 2.8% of the gross loans compared to 4.8% as at March 31, 2016. The regulatory provision coverage at March 31, 2017 was 138.7% compared to 119.5% at March 2016.

Deposits

Customer deposits increased to \$274.0 billion, up \$23.1 billion or 9% over the prior year. This was driven primarily by growth in our savings and current accounts portfolios, which increased by 10.9% and 21.0%, respectively.

Financial Position Performance (continued)

Capital

Stockholders' equity increased to \$106.4 billion from \$92.2 billion at March 31, 2016. The Group's capital position remains strong and the key regulatory ratios of our regulated entities meet or exceed the minimum regulatory requirements as shown in the table below.

Company	Key Regulatory Ratios	March 31, 2017	March 31, 2016
National Commercial Bank Jamaica Limited	Regulatory capital to risk weighted assets ratio [Minimum requirement – 12.5%]	12.5%	12.5%
NCB Capital Markets Limited	Regulatory capital to risk weighted assets ratio [Minimum requirement – 10.0%]	24.7%	35.1%
NCB Insurance Company Limited	Minimum continuing capital and surplus requirements ratio [Minimum requirement – 150.0%]	446.2%	583.9%
Advantage General Insurance Company Limited	Available assets to required assets (Minimum capital test) [Minimum requirement – 250.0%]	393.4%	351.1%
NCB (Cayman) Limited	Regulatory capital to risk weighted assets ratio [Minimum requirement – 12.0%]	21.7%	20.0%
NCB Global Finance Limited	Regulatory capital to risk weighted assets ratio [Minimum requirement – 12.0%]	33.5%	31.3%

Corporate Social Responsibility

The N.C.B. Foundation (NCBF) financed by 0.50% of the Bank's prior year profits and 0.50% of prior year personal Keycard sales under the Jamaican Education Initiative (JEI), committed over \$27 million for the second quarter to support initiatives aligned with the Foundation's three areas of focus. Our support of education addresses numeracy and literacy indicators, student enrolment declines and the rising cost of education. Youth leadership & entrepreneurship continues to develop future leaders and contributors to the Jamaican economy and community & sports development is used as a tool for unification and social changes. For the six months ended March 2017, we have impacted over 35,000 persons inclusive of youths and the elderly, including initiatives and assistance for medical and academic needs. Our Volunteer Corps (Staff & Scholars) spent over 35 hours executing projects and initiatives.

Education



(L-R) Hector Stephenson, Executive Director, Overseas Examinations Commission (OEC); Andrew Pairman, Deputy Chairman, N.C.B. Foundation; Senator The Honourable Ruel Reid, Minister of Education, Youth and Information; Thalia Lyn, Chairman, N.C.B. Foundation; Nadeen Matthews, Chief Executive Officer, N.C.B. Foundation and Gordon Swaby, Director, N.C.B. Foundation, gather to witness over J\$13M being electronically transferred to the OEC, enabling 4,270 student sittings from 116 schools across Jamaica.



**FINANCIAL GROUP
LIMITED**

Financial Results For The Six Months Ended March 31, 2017 Net Profit of \$9.5 billion

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Corporate Social Responsibility (continued)

Education (continued)

NCBF remains focussed on serving the Education sector via assistance with academic fees, equipment and infrastructural projects & general learning programmes. The Adopt a School programme for 31 adopted schools across Jamaica continues to benefit from projects being administered by NCBF through training programmes, mentoring, creation of reading corners and library upgrades.

NCB CSEC POA/POB National Bursary

The programme, since inception in 2003, has paid over \$141 million for 100,489 students in strengthening the Ministry of Education's initiative to assist students at the secondary level in meeting the minimum qualification requirement for entry to an accredited tertiary institution. For this academic year, we will be assisting 116 schools, extending the subsidy of over \$14.0 million to 3,449 students across the island.

Community & Sports Development



Garfield Palmer (left), Branch Manager, NCB Duke Street; Mrs Nadine Anderson Lawrence (2nd left), Acting Deputy Director of Nursing Services, Victoria Jubilee Hospital; Thalia Lyn (centre), Chairman, NCB Foundation; Dr. Avianne Robinson (2nd right), Locum Intern, Victoria Jubilee Hospital; Errol Greene (right), Chief Executive Officer of the Kingston Public and Victoria Jubilee Hospitals, inspect the new foetal and maternal monitor recently donated to the Victoria Jubilee Hospital.

Community & Sports Development

Our Branches exemplified the mantra, Building the Communities we Serve, and demonstrated this through community level programmes. The projects assisted included partnerships with the Kiwanis Club of New Kingston, St. Catherine 4-H Club, the Issa Trust Foundation and the 1Jam1Love Foundation.

Sports Development

Support was given to programmes executed by Deaf Sports Jamaica. Medical grants were approved for numerous individuals, inclusive of children, based on the nature of the need presented.

Youth Leadership & Entrepreneurship



Andrew Pairman (left), Deputy Chairman, N.C.B. Foundation and Steven Gooden (right), CEO, NCB Capital Markets Limited share a photo-op with the members of the winning team 'The Sustainable Cart' Ceretsie Campbell (2nd left), Markland Jefferson (centre) and Danoy Robotham (2nd right)

NCBF renewed its partnership with two annual youth entrepreneurial programmes namely the Joan Duncan School of Entrepreneurship, Ethics & Leadership at the University of Technology (UTech) and the Developmental Bank of Jamaica to support the UTech Business Model Competition and the National Business Model Competition. These initiatives are student entrepreneurship competitions, designed to move ideas to a sustainable and operational state.

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

ON BEHALF OF THE BOARD
Patrick Hylton, Group Managing Director

NCB Financial Group Limited

Unaudited Consolidated Income Statement

Six months ended March 31, 2017

(expressed in Jamaican dollars unless otherwise indicated)

	<i>CURRENT YEAR</i>			<i>PRIOR YEAR</i>	
	Quarter ended March 31 2017 \$'000	Quarter ended December 31 2016 \$'000	Year to date March 31 2017 \$'000	Quarter ended March 31 2016 \$'000	Year to date March 31 2016 \$'000
Operating income					
Interest income	10,567,694	10,216,512	20,784,206	9,712,543	19,396,773
Interest expense	(3,132,705)	(3,013,804)	(6,146,509)	(2,634,310)	(5,324,773)
Net interest income	7,434,989	7,202,708	14,637,697	7,078,233	14,072,000
Fee and commission income	4,306,179	4,136,559	8,442,738	3,311,533	6,498,610
Fee and commission expense	(782,119)	(694,732)	(1,476,851)	(707,846)	(1,270,039)
Net fee and commission income	3,524,060	3,441,827	6,965,887	2,603,687	5,228,571
Gain on foreign currency and investment activities	1,934,646	1,705,814	3,640,460	1,201,108	1,857,334
Premium income	1,979,385	1,740,381	3,719,766	1,849,574	4,121,192
Dividend income	44,206	61,643	105,849	21,509	57,696
Other operating income	29,293	68,364	97,657	32,890	52,828
	3,987,530	3,576,202	7,563,732	3,105,081	6,089,050
	14,946,579	14,220,737	29,167,316	12,787,001	25,389,621
Operating expenses					
Staff costs	4,307,757	3,751,933	8,059,690	3,451,171	6,912,789
Provision for credit losses	112,248	235,106	347,354	322,323	746,741
Policyholders' and annuitants' benefits and reserves	561,724	1,029,992	1,591,716	1,242,769	2,620,052
Depreciation and amortisation	562,085	541,039	1,103,124	450,070	884,134
Other operating expenses	3,463,454	4,556,684	8,020,138	3,101,371	6,973,318
	9,007,268	10,114,754	19,122,022	8,567,704	18,137,034
Operating profit	5,939,311	4,105,983	10,045,294	4,219,297	7,252,587
Share of profit of associates	822,275	821,006	1,643,281	119,027	258,404
Profit before taxation	6,761,586	4,926,989	11,688,575	4,338,324	7,510,991
Taxation	(890,828)	(1,336,214)	(2,227,042)	(738,295)	(1,515,852)
NET PROFIT	5,870,758	3,590,775	9,461,533	3,600,029	5,995,139
Earnings per stock unit (expressed in \$ per share) Basic and diluted	2.39	1.45	3.84	1.47	2.44

NCB Financial Group Limited

Unaudited Consolidated Statement of Comprehensive Income

Six months ended March 31, 2017

(expressed in Jamaican dollars unless otherwise indicated)

	Quarter ended March 31 2017 \$'000	Quarter ended December 31 2016 \$'000	Year to date March 31 2017 \$'000	Quarter ended March 31 2016 \$'000	Year to date March 31 2016 \$'000
Net Profit	5,870,758	3,590,775	9,461,533	3,600,029	5,995,139
Items that will not be reclassified to profit or loss					
Remeasurements of post-employment benefit obligations	54,309	13,206	67,515	(76,601)	(146,564)
Other	13,247	-	13,247	-	-
	67,556	13,206	80,762	(76,601)	(146,564)
Items that may be subsequently reclassified to profit or loss					
Currency translation (losses)/gains	(125,703)	47,937	(77,766)	42,871	93,297
Unrealised gains/(losses) on available-for-sale investments	904,339	(1,796,186)	(891,847)	2,358,726	1,461,113
Realised fair value gains on sale and maturity of available-for-sale investments	(926,840)	(644,365)	(1,571,205)	(132,258)	(253,005)
	(148,204)	(2,392,614)	(2,540,818)	2,269,339	1,301,405
Total other comprehensive income	(80,648)	(2,379,408)	(2,460,056)	2,192,738	1,154,841
TOTAL COMPREHENSIVE INCOME	5,790,110	1,211,367	7,001,477	5,792,767	7,149,980

NCB Financial Group Limited


Unaudited Consolidated Statement of Financial Position

March 31, 2017

(expressed in Jamaican dollars unless otherwise indicated)

	Note	March 31 2017 \$'000	September 30 2016 \$'000	March 31 2016 \$'000
ASSETS				
Cash in hand and balances at Central Banks		40,094,019	35,373,141	32,817,325
Due from other banks		24,723,403	43,820,550	24,882,679
Derivative financial instruments		265,221	276,429	266,707
Investment securities at fair value through profit or loss		2,659,353	2,956,990	936,213
Reverse repurchase agreements		4,655,801	2,810,257	3,016,622
Loans and advances, net of provision for credit losses		207,290,019	189,055,786	172,708,736
Investment securities classified as available-for-sale and loans and receivables		195,316,933	166,426,708	194,493,788
Pledged assets		104,011,028	108,414,917	98,104,744
Investment in associates		35,701,715	34,787,067	6,039,055
Investment properties		775,522	524,917	664,917
Intangible assets		4,102,655	3,445,197	3,057,253
Property, plant and equipment		9,019,949	8,439,961	8,023,214
Deferred income tax assets		515,708	179,748	144,648
Income tax recoverable		1,023,983	780,807	1,617,862
Customers' liability - letters of credit and undertaking		2,040,147	2,201,599	2,141,764
Other assets		6,970,376	8,175,359	6,700,083
Total assets		639,165,832	607,669,433	555,615,610
LIABILITIES				
Due to other banks		19,684,077	13,273,458	6,671,482
Customer deposits		274,008,152	273,965,888	250,951,727
Repurchase agreements		107,040,764	105,974,938	100,860,473
Obligations under securitisation arrangements		67,194,907	47,899,756	45,408,761
Derivative financial instruments		104,672	72,820	60,371
Other borrowed funds		12,500,016	12,061,154	9,063,688
Income tax payable		-	753,788	-
Deferred income tax liabilities		938,793	1,848,539	1,695,665
Liabilities under annuity and insurance contracts		35,376,280	35,282,653	35,835,015
Post-employment benefit obligations		3,202,222	3,131,117	3,284,759
Liability - letters of credit and undertaking		2,040,147	2,201,599	2,141,764
Other liabilities		10,662,400	8,098,413	7,421,362
Total liabilities		532,752,430	504,564,123	463,395,067
STOCKHOLDERS' EQUITY				
Share capital	4	153,827,330	153,827,330	153,827,330
Shares held by NCB Employee Share Scheme		(3,388)	(3,388)	(3,388)
Fair value and capital reserves	4	(141,155,223)	(138,614,405)	(143,294,873)
Loan loss reserve		4,493,027	4,447,709	5,713,300
Banking reserve fund		6,539,948	6,539,948	6,527,091
Retained earnings reserve		31,860,000	29,620,000	23,240,000
Retained earnings		50,851,708	47,288,116	46,211,083
Total stockholders' equity		106,413,402	103,105,310	92,220,543
Total stockholders' equity and liabilities		639,165,832	607,669,433	555,615,610

Approved for issue by the Board of Directors on April 27, 2017 and signed on its behalf by:


Patrick Hylton Group Managing Director


Dennis Cohen Group Finance and Deputy Managing Director


Professor Alvin Wint Director


Stephanie Neita Assistant Company Secretary

NCB Financial Group Limited

Unaudited Consolidated Statement of Changes in Stockholders' Equity

Six months ended March 31, 2017

(expressed in Jamaican dollars unless otherwise indicated)

	Share capital	Shares held by NCB Employee Share Scheme	Fair value and capital reserves	Loan loss reserve	Banking reserve fund	Retained earnings reserve	Retained earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at October 1, 2015	153,827,330	(3,388)	(144,596,278)	5,706,122	6,518,648	20,810,000	46,131,777	88,394,211
Total comprehensive income	-	-	1,301,405	-	-	-	5,848,575	7,149,980
Dividends paid	-	-	-	-	-	-	(3,323,648)	(3,323,648)
Transfer to Banking reserve fund	-	-	-	-	8,443	-	(8,443)	-
Transfer to Loan loss reserve	-	-	-	7,178	-	-	(7,178)	-
Transfer to Retained earnings reserve	-	-	-	-	-	2,430,000	(2,430,000)	-
Balance at March 31, 2016	153,827,330	(3,388)	(143,294,873)	5,713,300	6,527,091	23,240,000	46,211,083	92,220,543
Balance at October 1, 2016	153,827,330	(3,388)	(138,614,405)	4,447,709	6,539,948	29,620,000	47,288,116	103,105,310
Total comprehensive income	-	-	(2,540,818)	-	-	-	9,542,295	7,001,477
Dividends paid	-	-	-	-	-	-	(3,693,385)	(3,693,385)
Transfer to Loan loss reserve	-	-	-	45,318	-	-	(45,318)	-
Transfer to Retained earnings reserve	-	-	-	-	-	2,240,000	(2,240,000)	-
Balance at March 31, 2017	153,827,330	(3,388)	(141,155,223)	4,493,027	6,539,948	31,860,000	50,851,708	106,413,402

NCB Financial Group Limited

Unaudited Consolidated Statement of Cash Flows

Six months ended March 31, 2017

(expressed in Jamaican dollars unless otherwise indicated)

	March 31 2017 \$'000	March 31 2016 \$'000
Cash Flows from Operating Activities		
Net profit	9,461,533	5,995,139
Adjustments to reconcile net profit to net cash provided by operating activities	(22,639,604)	9,983,865
Net cash (used in)/provided by operating activities	(13,178,071)	15,979,004
Cash Flows from Investing Activities		
Acquisition of property, plant and equipment	(1,272,697)	(523,165)
Acquisition of intangible asset - computer software	(1,111,023)	(592,056)
Proceeds from disposal of property, plant and equipment	60,709	4,405
Dividends received from associates	94,331	81,468
Purchases of investment securities	(111,437,714)	(108,813,521)
Sales/maturities of investment securities	87,156,178	96,453,471
Net cash used in investing activities	(26,510,216)	(13,389,398)
Cash Flows from Financing Activities		
Proceeds from securitisation arrangements	18,893,926	-
Proceeds from other borrowed funds	1,733,496	1,655,241
Repayments of other borrowed funds	(1,322,812)	(1,286,341)
Due to other banks	1,044,181	490,212
Dividends paid	(3,693,385)	(3,323,648)
Net cash provided by/(used in) financing activities	16,655,406	(2,464,536)
Effect of exchange rate changes on cash and cash equivalents	246,825	1,059,531
Net (decrease)/increase in cash and cash equivalents	(22,786,056)	1,184,601
Cash and cash equivalents at beginning of period	48,633,379	28,879,720
Cash and cash equivalents at end of period	25,847,323	30,064,321
Comprising:		
Cash in hand and balances at Central Banks	4,789,581	6,309,249
Due from other banks	24,038,542	24,389,395
Reverse repurchase agreements	2,583,367	844,548
Investment securities	3,067,622	1,450,000
Due to other banks	(8,631,789)	(2,928,871)
	25,847,323	30,064,321

NCB Financial Group Limited

Unaudited Segment Report

Six months ended March 31, 2017

	Consumer & SME									
	Retail & SME	Payment Services	Corporate Banking	Treasury & Correspondent Banking	Wealth, Asset Management & Investment Banking	Life Insurance & Pension Fund Management	General Insurance	Other	Eliminations	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
External revenue	9,486,441	5,613,939	3,934,298	5,201,081	5,483,638	4,131,881	2,812,118	127,280	-	36,790,676
Revenue from other segments	801,449	16,676	23,435	2,726,126	507,695	64,513	123,620	197,086	(4,460,600)	-
Total revenue	10,287,890	5,630,615	3,957,733	7,927,207	5,991,333	4,196,394	2,935,738	324,366	(4,460,600)	36,790,676
Interest income	7,692,350	2,021,801	2,995,191	5,723,484	3,591,181	1,544,666	348,867	11,699	(3,145,142)	20,784,097
Interest expense	(850,160)	(635,416)	(1,419,512)	(3,269,815)	(1,803,621)	(438,954)	-	(628)	2,281,979	(6,136,127)
Net interest income	6,842,190	1,386,385	1,575,679	2,453,669	1,787,560	1,105,712	348,867	11,071	(863,163)	14,647,970
Net fee and commission income	2,045,765	2,034,498	881,501	238,910	665,015	933,827	83,468	1,853	(594,021)	6,290,816
Gain on foreign currency and investment activities	89,681	13,838	29,071	1,822,595	1,464,463	147,908	123,420	107,245	(164,094)	3,634,127
Premium income	-	-	-	-	-	1,531,637	2,330,041	-	(141,912)	3,719,766
Other income	121,810	1,186	470	101,030	267,316	38,355	49,863	32,407	(392,812)	219,625
Total operating income	9,099,446	3,435,907	2,486,721	4,616,204	4,184,354	3,757,439	2,935,659	152,576	(2,156,002)	28,512,304
Staff costs	3,286,678	352,560	103,585	84,126	503,776	449,125	451,362	41,218	(50,517)	5,221,913
Provision for credit losses	348,950	(5,299)	3,596	578	(446)	-	-	-	-	347,379
Policyholders' and annuitants' benefits and reserves	-	-	-	-	-	281,865	1,310,447	-	(596)	1,591,716
Depreciation and amortisation	162,686	199,547	3,402	12,947	46,711	35,145	38,425	-	35,821	534,684
Other operating expenses	1,720,167	1,101,472	345,027	787,840	771,317	440,598	454,320	8,103	(1,281,738)	4,347,106
Total operating expense	5,518,481	1,648,280	455,610	885,491	1,321,358	1,206,733	2,254,554	49,321	(1,297,030)	12,042,798
Operating profit before allocated costs	3,580,965	1,787,627	2,031,111	3,730,713	2,862,996	2,550,706	681,105	103,255	(858,972)	16,469,506
Allocated costs	(2,784,629)	(667,852)	(394,830)	(196,460)	-	-	-	-	-	(4,043,771)
Operating profit	796,336	1,119,775	1,636,281	3,534,253	2,862,996	2,550,706	681,105	103,255	(858,972)	12,425,735
Unallocated corporate expenses										(2,380,441)
Share of profit of associates										1,643,281
Profit before taxation										11,688,575
Taxation										(2,227,042)
Net Profit										9,461,533
Segment assets	234,033,402	19,619,250	81,618,482	205,454,163	166,281,063	44,368,601	14,089,794	1,248,653	(165,750,208)	600,963,200
Associates										35,701,715
Unallocated assets										2,500,917
Total assets										639,165,832
Segment liabilities	202,870,051	8,293,551	61,240,273	211,960,764	138,538,232	29,004,735	8,123,947	807,419	(129,243,807)	531,595,165
Unallocated liabilities										1,157,265
Total liabilities										532,752,430
Capital expenditure	1,054,857	628,711	97,363	30,094	283,866	187,249	84,684	16,896	-	2,383,720

NCB Financial Group Limited

Unaudited Segment Report

Six months ended March 31, 2016

	Consumer & SME									
	Retail & SME	Payment Services	Corporate Banking	Treasury & Correspondent Banking	Wealth, Asset Management & Investment Banking	Life Insurance & Pension Fund Management	General Insurance	Other	Eliminations	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
External revenue	7,567,359	4,904,553	3,080,610	5,004,597	4,469,811	4,100,605	2,770,589	86,309	-	31,984,433
Revenue from other segments	1,252,550	-	17,860	1,726,230	304,123	64,367	90,881	30,959	(3,486,970)	-
Total revenue	8,819,909	4,904,553	3,098,470	6,730,827	4,773,934	4,164,972	2,861,470	117,268	(3,486,970)	31,984,433
Interest income	6,989,305	1,816,644	2,582,503	5,500,065	3,790,581	1,516,243	372,254	12,514	(3,183,458)	19,396,651
Interest expense	(792,612)	(585,500)	(1,402,736)	(3,387,555)	(1,871,178)	(457,370)	-	(368)	3,183,458	(5,313,861)
Net interest income	6,196,693	1,231,144	1,179,767	2,112,510	1,919,403	1,058,873	372,254	12,146	-	14,082,790
Net fee and commission income	1,688,530	1,794,108	482,713	170,645	383,382	595,662	72,987	5,140	(45,519)	5,147,648
Gain on foreign currency and investment activities	87,127	10,249	25,709	968,471	549,327	68,683	105,464	66,517	(26,883)	1,854,664
Premium income	-	-	-	-	-	1,963,999	2,281,155	-	(123,962)	4,121,192
Other income	2,983	(1,273)	344	87,760	45,332	20,385	29,609	33,101	(132,189)	86,052
Total operating income	7,975,333	3,034,228	1,688,533	3,339,386	2,897,444	3,707,602	2,861,469	116,904	(328,553)	25,292,346
Staff costs	2,994,532	275,821	109,519	87,630	432,287	383,157	483,144	37,175	(56,427)	4,746,838
Provision for credit losses	414,082	333,493	(5,928)	-	4,836	-	-	-	-	746,483
Policyholders' and annuitants' benefits and reserves	-	-	-	-	-	1,151,615	1,468,437	-	-	2,620,052
Depreciation and amortisation	119,506	120,761	3,532	22,990	16,087	38,853	35,742	130	35,821	393,422
Other operating expenses	1,689,278	741,911	323,370	647,775	731,983	432,538	395,003	8,629	(187,468)	4,783,019
Total operating expense	5,217,398	1,471,986	430,493	758,395	1,185,193	2,006,163	2,382,326	45,934	(208,074)	13,289,814
Operating profit before allocated costs	2,757,935	1,562,242	1,258,040	2,580,991	1,712,251	1,701,439	479,143	70,970	(120,479)	12,002,532
Allocated costs	(2,439,252)	(596,021)	(334,670)	(164,298)	-	-	-	-	-	(3,534,241)
Operating profit	318,683	966,221	923,370	2,416,693	1,712,251	1,701,439	479,143	70,970	(120,479)	8,468,291
Unallocated corporate expenses										(1,215,704)
Share of profit of associates										258,404
Profit before taxation										7,510,991
Taxation										(1,515,852)
Net Profit										5,995,139
Segment assets	203,903,822	16,983,535	70,693,302	177,583,778	153,092,661	41,980,276	13,923,851	1,094,543	(132,298,338)	546,957,430
Associates										6,039,055
Unallocated assets										2,619,125
Total assets										555,615,610
Segment liabilities	183,797,020	9,566,357	56,235,077	169,437,006	128,955,110	28,758,844	8,699,989	777,217	(124,738,446)	461,488,174
Unallocated liabilities										1,906,893
Total liabilities										463,395,067
Capital expenditure	453,166	297,859	49,360	21,943	128,100	60,626	95,208	8,959	-	1,115,221

NCB Financial Group Limited

Notes to the Unaudited Financial Statements

March 31, 2017

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities

NCB Financial Group Limited (“the Company”) is incorporated and domiciled in Jamaica. The Company is 49.75% owned by AIC (Barbados) Limited. The ultimate parent company is Portland Holdings Inc., incorporated in Canada. Portland Holdings Inc. is controlled by Hon. Michael A. Lee-Chin, OJ, Chairman of the Company.

The Company’s registered office is located at 32 Trafalgar Road, Kingston 10, Jamaica.

The Company’s ordinary stock units are listed on the Jamaica Stock Exchange and the Trinidad and Tobago Stock Exchange.

During March 2017, a Scheme of Arrangement became effective which resulted in a re-organisation of the Group. National Commercial Bank Jamaica Limited (“the Bank”) became a wholly owned subsidiary of NCB Financial Group Limited (“the Company”). The 2,466,762,828 ordinary stock units of the Bank were acquired by the Company and the former shareholders of the Bank were issued 2,466,762,828 ordinary stock units of the Company in exchange for their shares in the Bank. Consequently, the shares of the Bank were delisted and the shares of the Company were listed on the Jamaica Stock Exchange (JSE) and Trinidad and Tobago Stock Exchange (TTSE), effective March 16, 2017. The re-organisation has been accounted for retrospectively. The comparative financial information for previous periods, have therefore been presented as if the re-organisation was in effect during those periods.

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

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

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

The Group’s associates are as follows:

	Principal Activities	Percentage Ownership
Dyoll Group Limited	In Liquidation	44.47
Elite Diagnostics Imaging Services Limited	Medical Imaging Services	29.61
Guardian Holdings Limited	Life Insurance, Investment and Pension Fund Management Services	29.99
JMMB Group Limited	Securities Dealer and Stock Brokerage Services	26.30

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

NCB Financial Group Limited

Notes to the Unaudited Financial Statements

March 31, 2017

(expressed in Jamaican dollars unless otherwise indicated)

2. Basis of preparation

The condensed consolidated financial statements for the six months ended March 31, 2017 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended September 30, 2016 which have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Boards (IASB).

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

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

There have been no changes in accounting policies since the most recent audited accounts as at September 30, 2016.

3. Segment reporting

The Group is organised into the following business segments:

- Retail & SME– This incorporates the provision of banking services to individual and small and medium business clients and money remittance services.
- Payment services - This incorporates the provision of card related services.
- Corporate banking – This incorporates the provision of banking services to large corporate clients.
- Treasury & correspondent banking – This incorporates the Bank's liquidity and investment management function, management of correspondent bank relationships, and relationships with other financial institutions as well as foreign currency dealing activities.
- Wealth, asset management and investment banking – This incorporates stock brokerage, securities trading, investment management and other financial services provided by overseas subsidiaries.
- Life Insurance & pension fund management – This incorporates life insurance, pension and investment management services.
- General insurance - This incorporates property and casualty insurance services.
- The Group's trustee services and the outstanding transactions and balances of certain inactive subsidiaries are classified as Other for segment reporting.

The Group's operations are located mainly in Jamaica. The operations of subsidiaries located overseas account for less than 10% of the Group's external operating revenue, assets and capital expenditure.

Unallocated assets and liabilities

Unallocated assets and liabilities comprise current income tax payable and recoverable, deferred income tax assets and liabilities and assets and liabilities of support units of the Bank that are not allocated to the banking segments.

Direct allocated costs and unallocated corporate expenses

Costs incurred by the support units of the Bank are allocated to the business segments based on certain criteria determined by management. These criteria include staff complement, square footage and time spent providing the service to the business segment. The expenses that are allocated are mainly staff costs, depreciation and amortisation and other operating expenses and are treated as direct allocated costs.

Costs allocated to the banking segments are reported directly by those segments to the Group Managing Director and Board of Directors. Costs allocated to the non-banking segments are not included in the individual internal reports presented by those segments and are treated as unallocated corporate expenses.

Eliminations

Eliminations comprise inter-company and inter-segment transactions.

4. Share Capital and Capital Reserves

The share capital of \$153,827,330,000 is based on the JSE market capitalisation value of the Bank immediately preceding the Scheme of Arrangement. This represents the acquisition value of the Bank and therefore the consideration exchanged by the Company. The negative reserves of \$147,361,600,000 arising on the consolidation of the Group is accounted for in capital reserves, representing the difference between the market value on the date of the Scheme and the previous carrying value of the share capital.

Interest/Ownership of Securities by Directors in NCB Financial Group Limited as at March 31, 2017

Directors ²	Total	Direct	Connected Parties
Robert Almeida	16,787,034	195,962	16,591,072
Wayne Chen	1,282,817,705	14,044	1,282,803,661
Dennis Cohen ¹	89,630,529	86,480	89,544,049
Sandra Glasgow ¹	89,617,748	76,699	89,541,049
Sanya Goffe	16,595,412	4,340	16,591,072
Hon. Noel Hylton, OJ, CD	16,945,146	14,044	16,931,102
Patrick Hylton, CD	17,821,974	1,230,902	16,591,072
Hon. Michael Lee-Chin, OJ	1,578,111,899	2,379,000	1,575,732,899
Thalia Lyn, OD ¹	89,709,581	153,412	89,556,169
Oliver Mitchell, Jr.	16,598,372	7,300	16,591,072
Prof. Alvin Wint, CD	16,679,216	88,144	16,591,072
Dave Garcia (Company Secretary)	11,210	11,210	0

Interest/Ownership of Securities by Senior Managers in NCB Financial Group Limited and its subsidiaries as at March 31, 2017

Senior Managers	Total	Direct	Connected Parties
Rickert Allen	113,696	113,696	0
Karlene Bailey	0	0	0
Septimus Blake	10,050	10,050	0
Brian Boothe	0	0	0
Robert Brooks	6,209	6,209	0
Nicole Brown	58,294	58,294	0
Danielle Cameron Duncan	0	0	0
Dennis Cohen ^{1, 2}	89,630,529	86,480	89,544,049
Euton Cummings	0	0	0
Damian Duncan	0	0	0
Loren Edwards	7,100	7,100	0
Dave Garcia	11,210	11,210	0
Steven Gooden	4,293	4,293	0
Howard Gordon	0	0	0
Sandra Grey	3,832	3,832	0
Phillip Harrison	25,598	9,375	16,223
Peter Higgins	0	0	0
Andre Ho Lung	0	0	0
Patrick Hylton, CD ²	17,821,974	1,230,902	16,591,072
Kevin Ingram	37	37	0
Vernon James	0	0	0
Gabrielle Kelly	0	0	0
Winston Lawson	109,418	109,418	0
Ramon Lewis	30,000	30,000	0
Alison Lynn	36,075	36,075	0
Nadeen Matthews	10,000	10,000	0
Anne McMorris Cover	3,940	3,940	0
Garfield Palmer	0	0	0
Marva Peynado	52,338	52,338	0
Stuart Reid	89,630	89,630	0
Marcia Reid-Grant	1,250	1,250	0
Claudette Rodriguez	42,147	42,147	0
Malcolm Sadler	30,053	0	30,053
Misheca Seymour-Senior	0	0	0
Andrew Simpson	0	0	0
Mark Thompson	0	0	0
Audrey Tugwell Henry	17,540	16,640	900
Warrick Ward	0	0	0
Tanya Watson Francis	0	0	0
Mukisa Wilson Ricketts	5,000	5,000	0
Allison Wynter ¹	73,050,766	100,789	72,949,977
Angus Young	0	0	0

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

2. Connected parties for Board of Directors include shares of 16,591,072 held by subsidiaries of Guardian Holdings Limited (GHL).

10 Largest Shareholders of NCB Financial Group Limited as at March 31, 2017

Name of Shareholder	Units	Percentage Ownership
AIC (Barbados) Limited	1,227,195,228	49.75%
Harprop Limited	222,372,000	9.01%
Sagicor PIF Equity Fund	68,547,785	2.78%
NCB Insurance Co. Ltd WT 109	62,989,156	2.55%
AIC Global Holdings Inc.	49,565,238	2.01%
SJIML A/C 3119	43,254,981	1.75%
Ideal Portfolio Services Company Limited	40,292,135	1.63%
Portland (Barbados) Limited	38,178,106	1.55%
Neon Liberty Lorikeet Master Fund LP	24,104,100	0.98%
Beta SPV Limited	21,000,000	0.85%

Shareholder Profile of NCB Financial Group Limited as at March 31, 2017

Number of Shareholders	Ownership of Each Shareholder	Percentage Ownership	Number of Units
(1) shareholder with 4 accounts	49.75%	49.75%	1,227,195,228
1	6 - 10%	9.01%	222,372,000
6	1 - 4%	12.28%	302,827,401
35,315	Less than 1%	28.96%	714,368,199
35,323		100.00%	2,466,762,828