

Financial Results

For The Three Months Ended December 31, 2017

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

KEY RESULTS



\$4.6B

Net Profit



\$855.6B

Total Assets



\$118.6B

Equity



\$1.88

EPS



2.4%

Return on Assets



15.7%

Return of Equity

First Quarter 2018 Earnings Release

January 25, 2018 – The Board of Directors is pleased to announce that NCB Financial Group Limited (NCBFG) and its subsidiaries (the Group) recorded net profit of \$4.6 billion for the three months ended December 31, 2017, an increase of 28% or \$1.0 billion over the prior year.

For the 2017/2018 financial year we continue to transform and evolve into **NCB 2.0: Faster | Simpler | Stronger**. We continued our digital transformation journey, a key enabler to delivering exceptional customer experiences. An essential part of this transformation is using innovation to re-imagine how financial services are delivered while increasing efficiency and service standards. As we build our

digital future, we are simultaneously reinventing our core operating model to maintain a strong base to balance the expected growth and innovation. Another significant strategic priority is accelerating regional expansion. In December, we completed the acquisition of a 50.1% majority stake in Clarien Group Limited (Clarien), owner of Clarien Bank Limited based in Hamilton, Bermuda. We also launched an offer and take-over bid to all shareholders of Guardian Holdings Limited (GHL), a publicly-traded company incorporated in Trinidad and Tobago to acquire up to 74,230,750 ordinary shares. The offer, if successful, would result in NCBFG acquiring a controlling interest in GHL up to a maximum of 62% ownership.

These strategic tenets have contributed to strong financial results for the start of the 2018 financial year. In particular, the results were bolstered by a gain (negative goodwill) of \$1.5 billion on the acquisition of Clarien Group Limited, our newest subsidiary.

For more information, contact:

INVESTOR RELATIONS

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Financial Results

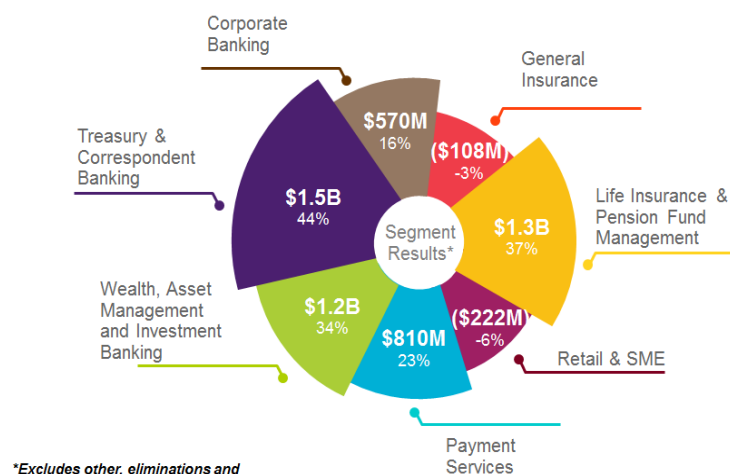
For The Three Months Ended
December 31, 2017
Net Profit of \$4.6 billion

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Financial Performance

Highlights	Q1 FY18	Q1 FY17	YoY	Q4 FY17	QoQ
Net profit (\$'M)	4,613	3,591	28%	4,391	5%
Earnings per stock unit (\$)	1.88	1.46	28%	1.78	5%
Cost to income ratio (%)	78.0%	69.5%	-	66.1%	-
Total assets (\$M)	855,562	623,718	37%	693,724	23%
Return on average total assets (%)	2.4%	2.3%	-	2.6%	-
Equity* (\$M)	118,581	102,101	16%	115,994	2%
Return on average equity (%)	15.7%	14.0%	-	15.4%	-
Net loans (\$M)	322,360	197,916	63%	218,615	47%
Customer deposits (\$M)	431,375	275,615	57%	288,464	50%

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



Operating Income

Operating income for the quarter totalled \$16.7 billion, a 17% or \$2.5 billion increase over the prior year. The main performance drivers were:

- Gains on foreign currency and investment activities increasing by \$1.4 billion or 83%, resulting from the strengthening of the Jamaican dollar during the quarter, coupled with high levels of liquidity and a declining interest rate environment which created high demand for assets in the market.

- Premium income improving by \$366 million or 21%, primarily due to increased annuities during the period.
- Net interest income increasing by 5% or \$346 million, fuelled by the growth in the loan portfolio.

Operating Expenses

Operating expenses of \$13.2 billion grew by 30% or \$3.0 billion over the prior year. During the quarter, the Group incurred separation costs due to changes in our branch operating model. Staff costs were also impacted by negotiated increases in salaries, wages, allowances & benefits and benefits paid related to the prior year's performance.

Policyholders' and annuitants' benefits and reserves increased by \$752 million or 73%, driven by increased claim expenses during the quarter. The current quarter included asset tax charges of \$1.4 billion for all non-insurance entities within the Group, up \$199 million or 16% over the December 2016 quarter.

Loans and Advances

The Group's loans and advances, net of provision for credit losses, increased by \$124.4 billion or 63% to \$322.4 billion at December 31, 2017. The growth was due to the consolidation of Clarien Group and increases

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Financial Performance (continued)

Loans and Advances (continued)

in our retail portfolio. Non-performing loans totalled \$15.0 billion as at December 31, 2017 (December 31, 2016: \$6.1 billion) and represented 4.6% of the gross loans compared to 3.0% as at December 31, 2016. This was due to the inclusion of Clarien which has a non-performing loan ratio of 10.2%.

Deposits

Customer deposits at December 2017 totalled \$431.4 billion, a 57% or \$155.8 billion rise over the prior year. The increase was mainly from the consolidation of Clarien, which has a deposit base of \$133.6 billion. Deposits from our other banking subsidiaries recorded notable growth of 8% over the prior year.

Capital

Stockholders' equity of \$118.6 billion grew by \$16.5 billion or 16%. The Group's capital position remains strong and the key regulatory ratios of our regulated entities exceed the minimum regulatory requirements as shown in the table below.

Regulated Entities	Key Regulatory Ratios	December 31, 2017	December 31, 2016
National Commercial Bank Jamaica Limited	Regulatory capital to risk weighted assets ratio [Minimum requirement – 12.5%]	13.4%	12.8%
NCB Capital Markets Limited	Regulatory capital to risk weighted assets ratio [Minimum requirement – 10.0%]	16.5%	32.6%
NCB Insurance Company Limited	Minimum continuing capital and surplus requirements ratio [Minimum requirement – 150.0%]	418.4%	455.2%
Advantage General Insurance Company Limited	Available assets to required assets (Minimum capital test) [Minimum requirement – 250.0%]	431.8%	378.2%
NCB (Cayman) Limited	Regulatory capital to risk weighted assets ratio [Minimum requirement – 12.0%]	25.2%	21.2%
NCB Global Finance Limited	Regulatory capital to risk weighted assets ratio [Minimum requirement – 12.0%]	38.2%	29.9%
Clarien Bank Limited	Regulatory capital to risk weighted assets ratio [Minimum requirement – 17.17%]	18.7%	17.5%

Dividends

The Board of Directors, at its meeting on January 25, 2018, declared an interim dividend of \$0.70 per ordinary stock unit. The dividend is payable on February 26, 2018 for stockholders on record as at February 9, 2018.

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Awards

- NCBFG shared the top spot for the Best Practices Awards for **Annual Report** and **Corporate Governance** at the Jamaica Stock Exchange's (JSE) Best Practices Awards Ceremony, held in December. The Awards Ceremony recognises listed companies and member dealers which achieve and uphold best practice standards.
- National Commercial Bank Jamaica Limited (NCBJ) was the recipient of The Financial Times' **The Banker – Bank of the Year – Jamaica Award** for 2017. The Financial Times provides global financial intelligence and celebrates the best banks around the world annually, based on performance over a 12 month period.
- International Finance awarded NCBJ **Most Innovative Bank – Jamaica** for 2017.

Business Highlights

- NCBJ established an agreement with National Housing Trust (NHT) to offer joint mortgage financing to customers at affordable rates and competitive terms.
- NCB Capital Markets (NCBCM) acted as arranger and lead broker for the recently completed Wisynco Group Limited Initial Public Offer (IPO). This was the largest IPO in the history of the JSE.
- NCBJ was again a sponsor of the National Cyber Security Conference, themed "Understanding FinTech, Ransomware and Cyber Threats to Governance". A conference of this nature is important in driving education and awareness around cyber security and effective response strategies.
- The 10th staging of NCB's Nation Builder Awards (NBA), our flagship Small & Medium Enterprises (SME) recognition programme, was held in December. These awards recognise outstanding achievements of Jamaica's SMEs and applaud the contribution to the growth and development of Jamaica.
- Our Digital Business Unit rolled out its 1st agile project, a digital account opening solution, across the branch network. The solution has reduced average account opening time by over 50%. We also introduced an online portal for unsecured loans to over 1,000 preapproved customers and reduced processing time for cash-secured loans from 3 days to 30 minutes. Additionally, credit card alerts for transactions, statement balance, due date and minimum payment was launched to help customers better manage their cards and improve security.
- We commenced the rollout of Europay, MasterCard, and Visa (EMV) chip credit cards, which will significantly reduce the risk of credit card fraud. Based on feedback from our customers we have revamped the flagship Lovebird Keycard to give cardholders the freedom to fly anywhere on any airline using points accumulated by using their card.

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Corporate Social Responsibility

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

Philanthropy

For the period, N.C.B. Foundation (NCBF), which is financed by 0.50% of the Bank's prior year profits and 0.50% of prior year personal Keycard sales under the Jamaican Education Initiative (JEI), committed over \$44 million in support of initiatives.



Over 350 man-hours



Over 450,000 lives impacted

Community Development & Sports

Grant-A-Wish



(L-R) Barbara Cohen, Manager - Christiana Branch shares lens with Grant a Wish winner, Pastor Joseph Beaton at the handover held for Mr Beaton. He is one of 10 persons selected for the Group's Corporate Christmas Campaign entitled "Grant A Wish". Beaton stood out as being a hero in his community and took home a prize of \$200,000.

Ten cape-less heroes received a gift from NCBF's Grant a Wish campaign, now in its 5th year. Under the theme, #MomentsofJoy, the 2017 beneficiaries topped a list of 110 entries, after being selected from the heartfelt stories of valour told by their nominators. Having been selected by members of their community who admired their altruistic character, these heroes showed that their selflessness and dedication to helping others achieve greatness were at the forefront of their lives.

Community Development & Sports (continued)

Jamaica Constabulary Force (JCF)



(L-R) JCF representatives, Dr. Kevin Goulbourne, Medical Director and Angella Patterson, Director of Corporate Services accepts an Automated External Defibrillator from Jacqueline Mighten, Manager - St. Jago Branch.

The JCF recently received two defibrillators valued at \$580,000. The device sends an electric shock to the heart in the case of a cardiac arrest. The Medical Services Branch of the JCF, located at the Twickenham Park, St. Catherine campus of the National Police College of Jamaica provides medical care for some 11,400 police officers nation-wide.

Grassroots M.V.P. Training Camps

Since 2013, NCBF has been supporting this initiative, making a \$1 million donation this year, facilitating three camps in St. James (Cornwall), St. Catherine (Middlesex) and Kingston (Surrey).

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Community Development & Sports (continued)

Grassroots M.V.P. Training Camps (continued)



More than 300 student-athletes participated in the Advanced MVP Grassroots Athletics Training Camps held in November by MVP Track and Field Club in partnership with NCBF. The trainings gave students the opportunity to participate in rigorous six-discipline athletics training sessions, including hurdles, sprints, throws, jumps, relays and distance events.

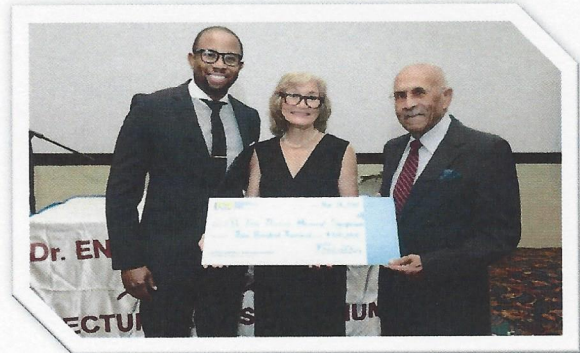
Southern Regional Health Authority (SHRA)- Mandeville Regional Hospital, Manchester Health Department and Clinic

\$3 million was donated to procure air conditioning units and retrofit containers for both the After Care and Health Care facilities. The initiative helped to alleviate absenteeism as over 200 children of healthcare workers will benefit from the aftercare programme, plus over 8,000 members of the Newport community from healthcare facilities.

Youth Leadership & Entrepreneurship

Dr. Ena Thomas Memorial Symposium

A donation of \$300,000 was made to the annual 44th Dr. Ena Thomas Memorial Public Lecture and Symposium that focusses on the discipline and prevention, evaluation, treatment and rehabilitation of persons in pain.



Mrs. Thalia Lyn, Chairman – NCBF executing handover at the event

Employees

Group Sales Convention

Group Sales Convention, in its 4th year proved to be a successful event allowing for increased morale, collaboration and energizing the sales team for the current financial year. Business heads discussed strategy, targets and the way forward. Staff collaborated in various team building activities, while gaining expertise in Agile, Customer Obsession and Self Improvement concepts. The overall theme - 'Raising the Bar....Get Agile....No Limits' got the team excited for NCB 2.0 and the new way of business for the organisation.

NCBFG remains committed to building the communities we serve and the nation through the work of the Foundation, our subsidiaries 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, President and Group Chief Executive Officer



NCB Financial Group Limited

Unaudited Consolidated Income Statement

Quarter ended December 31, 2017

(expressed in Jamaican dollars unless otherwise indicated)

	Note	<i>CURRENT YEAR</i>	<i>PRIOR YEAR</i>	
		Quarter ended December 31 2017 \$'000	Quarter ended September 30 2017 \$'000	Quarter ended December 31 2016 \$'000
Operating income				
Interest income		11,270,230	11,207,304	10,216,512
Interest expense		(3,721,866)	(3,640,435)	(3,013,804)
Net interest income		7,548,364	7,566,869	7,202,708
Fee and commission income		4,489,312	4,296,636	4,136,559
Fee and commission expense		(881,668)	(828,747)	(694,732)
Net fee and commission income		3,607,644	3,467,889	3,441,827
Gain on foreign currency and investment activities		3,116,264	2,109,395	1,705,814
Premium income		2,106,833	1,939,728	1,740,381
Dividend income		70,659	109,412	61,643
Other operating income		245,792	65,077	68,364
		5,539,548	4,223,612	3,576,202
		16,695,556	15,258,370	14,220,737
Operating expenses				
Staff costs		5,910,543	4,371,582	3,751,933
Provision for credit losses		145,862	231,930	235,106
Policyholders' and annuitants' benefits and reserves		1,781,916	1,527,197	1,029,992
Depreciation and amortisation		666,007	639,240	541,039
Other operating expenses		4,658,672	3,543,616	4,556,684
		13,163,000	10,313,565	10,114,754
Operating profit		3,532,556	4,944,805	4,105,983
Negative goodwill on acquisition of subsidiary	4	1,465,748	-	-
Share of profit of associates		509,121	627,746	821,006
Profit before taxation		5,507,425	5,572,551	4,926,989
Taxation		(893,980)	(1,181,893)	(1,336,214)
NET PROFIT		4,613,445	4,390,658	3,590,775
Earnings per stock unit				
Basic and diluted (expressed in \$)		1.88	1.78	1.46

NCB Financial Group Limited

Unaudited Consolidated Statement of Comprehensive Income

Quarter ended December 31, 2017

(expressed in Jamaican dollars unless otherwise indicated)

	Quarter ended December 31 2017 \$'000	Quarter ended September 30 2017 \$'000	Quarter ended December 31 2016 \$'000
Net Profit	4,613,445	4,390,658	3,590,775
Other comprehensive income, net of tax-			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations	(119,941)	(495,774)	13,206
Share of other comprehensive income of associated companies	-	45,157	-
	(119,941)	(450,617)	13,206
Items that may be subsequently reclassified to profit or loss			
Currency translation gains	7,039	94,565	47,937
Share of other comprehensive income of associated companies	(5,459)	402,481	(1,561)
Unrealised gains/(losses) on available-for-sale investments	1,275,155	1,910,633	(1,794,625)
Realised fair value gains on sale and maturity of available-for-sale investments	(987,807)	(802,821)	(644,365)
	288,928	1,604,858	(2,392,614)
Total other comprehensive income	168,987	1,154,241	(2,379,408)
TOTAL COMPREHENSIVE INCOME	4,782,432	5,544,899	1,211,367

NCB Financial Group Limited

Unaudited Consolidated Statement of Financial Position

December 31, 2017

(expressed in Jamaican dollars unless otherwise indicated)

	Note	December 31 2017 \$'000	September 30 2017 \$'000	December 31 2016 \$'000
ASSETS				
Cash in hand and balances at Central Banks		55,289,819	65,314,659	41,714,376
Due from banks		43,175,497	39,414,981	19,632,492
Derivative financial instruments		198,366	205,984	368,110
Investment securities at fair value through profit or loss		3,505,146	2,580,938	1,981,811
Reverse repurchase agreements		3,927,096	2,861,218	3,045,878
Loans and advances, net of provision for credit losses		322,360,444	218,615,226	197,916,175
Investment securities classified as available-for-sale and loans and receivables		219,786,523	189,070,828	194,481,306
Pledged assets		130,281,495	109,321,414	104,668,359
Investment in associates		37,965,984	37,186,185	36,351,094
Investment properties		1,221,463	812,619	773,205
Intangible assets		6,858,939	4,922,810	3,624,026
Property, plant and equipment		13,454,751	10,431,461	8,623,232
Deferred income tax assets		2,476,419	1,622,204	172,135
Income tax recoverable		1,632,559	1,515,680	659,366
Customers' liability - letters of credit and undertaking		2,231,675	1,971,727	2,291,231
Other assets		11,196,297	7,876,257	7,414,898
Total assets		855,562,473	693,724,191	623,717,694
LIABILITIES				
Due to banks		8,775,075	10,547,381	15,202,406
Customer deposits		431,375,333	288,464,013	275,615,191
Repurchase agreements		109,585,012	115,586,590	98,109,667
Obligations under securitisation arrangements		61,870,251	66,743,350	66,863,547
Derivative financial instruments		198,366	132,347	87,914
Other borrowed funds		51,646,650	38,649,556	12,029,451
Income tax payable		-	168,582	1,103,523
Deferred income tax liabilities		2,208,349	1,498,616	952,811
Liabilities under annuity and insurance contracts		37,048,670	36,185,320	35,343,722
Post-employment benefit obligations		4,269,597	4,020,696	3,178,677
Liability - letters of credit and undertaking		2,231,675	1,971,727	2,291,231
Other liabilities		22,176,248	13,762,244	10,838,908
Total liabilities		731,385,226	577,730,422	521,617,048
STOCKHOLDERS' EQUITY				
Share capital		153,827,330	153,827,330	-
Treasury shares		(1,048,271)	(330,129)	-
Reorganisation reserve		-	-	6,462,343
Reserve from the scheme of arrangement		(147,034,858)	(147,034,858)	-
Fair value and capital reserves		9,885,495	9,596,567	6,431,737
Loan loss reserve		3,923,244	4,287,288	4,503,586
Banking reserve fund		6,567,333	6,567,333	6,539,948
Retained earnings reserve		37,625,000	35,650,000	31,860,000
Retained earnings		54,835,432	53,430,238	46,303,032
Equity attributable to shareholders of the parent		118,580,705	115,993,769	102,100,646
Non-controlling interest	4	5,596,542	-	-
Total stockholders' equity		124,177,247	115,993,769	102,100,646
Total stockholders' equity and liabilities		855,562,473	693,724,191	623,717,694

Approved for issue by the Board of Directors on January 25, 2018 and signed on its behalf by:



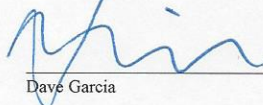
Patrick Hylton President and Group Chief Executive Officer



Dennis Cohen Group Chief Financial Officer and Deputy Chief Executive Officer



Professor Alvin Wint Director



Dave Garcia Corporate Secretary

NCB Financial Group Limited

Unaudited Consolidated Statement of Changes in Stockholders' Equity

Quarter ended December 31, 2017

(expressed in Jamaican dollars unless otherwise indicated)

	Share Capital	Treasury Shares	Reorganisation Reserve	Reserve from the Scheme of Arrangement	Fair Value and Capital Reserves	Loan Loss Reserve	Banking Reserve Fund	Retained Earnings Reserve	Retained Earnings	Non-controlling Interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at October 1, 2016	-	-	6,462,343	-	8,824,351	4,447,709	6,539,948	29,620,000	47,210,959	-	103,105,310
Total comprehensive income	-	-	-	-	(2,392,614)	-	-	-	3,603,981	-	1,211,367
Transfer to Loan Loss Reserve	-	-	-	-	-	55,877	-	-	(55,877)	-	-
Transfer to Retained Earnings Reserve	-	-	-	-	-	-	-	2,240,000	(2,240,000)	-	-
Transaction with owners of the Company -											
Dividends paid	-	-	-	-	-	-	-	-	(2,216,031)	-	(2,216,031)
Balance at December 31, 2016	-	-	6,462,343	-	6,431,737	4,503,586	6,539,948	31,860,000	46,303,032	-	102,100,646
Balance at October 1, 2017	153,827,330	(330,129)	-	(147,034,858)	9,596,567	4,287,288	6,567,333	35,650,000	53,430,238	-	115,993,769
Total comprehensive income	-	-	-	-	288,928	-	-	-	4,493,504	-	4,782,432
Transfer from Loan Loss Reserve	-	-	-	-	-	(364,044)	-	-	364,044	-	-
Transfer to Retained Earnings Reserve	-	-	-	-	-	-	-	1,975,000	(1,975,000)	-	-
Purchase of Treasury Shares	-	(718,142)	-	-	-	-	-	-	-	-	(718,142)
Non-controlling interest on acquisition of subsidiary	-	-	-	-	-	-	-	-	-	5,596,542	5,596,542
Transaction with owners of the Company -											
Dividends paid	-	-	-	-	-	-	-	-	(1,477,354)	-	(1,477,354)
Balance at December 31, 2017	153,827,330	(1,048,271)	-	(147,034,858)	9,885,495	3,923,244	6,567,333	37,625,000	54,835,432	5,596,542	124,177,247

NCB Financial Group Limited

Unaudited Consolidated Statement of Cash Flows

Quarter ended December 31, 2017

(expressed in Jamaican dollars unless otherwise indicated)

	Note	December 31 2017 \$'000	December 31 2016 \$'000
Cash Flows from Operating Activities			
Net profit		4,613,445	3,590,775
Adjustments to reconcile net profit to net cash provided by operating activities		(11,948,783)	(17,135,901)
Net cash used in operating activities		(7,335,338)	(13,545,126)
Cash Flows from Investing Activities			
Acquisition of subsidiary	4	(4,153,226)	-
Cash inflow on acquisition of subsidiary	4	5,975,875	-
Acquisition of property, plant and equipment		(1,419,728)	(513,453)
Acquisition of intangible asset - computer software		(633,598)	(422,842)
Proceeds from disposal of property, plant and equipment		146,629	58,810
Dividends received from associates		85,755	94,331
Purchases of investment securities		(82,006,823)	(49,494,603)
Sales/maturities of investment securities		74,914,220	24,479,633
Net cash used in investing activities		(7,090,896)	(25,798,124)
Cash Flows from Financing Activities			
Proceeds from securitisation arrangements		-	18,893,925
Repayments under securitisation arrangements		(2,210,633)	-
Proceeds from other borrowed funds		19,362,642	299,189
Repayments of other borrowed funds		(5,050,710)	(311,875)
Purchase of treasury shares		(718,142)	-
Due to banks		(1,815,723)	257,559
Dividends paid		(1,477,354)	(2,216,031)
Net cash provided by financing activities		8,090,080	16,922,767
Effect of exchange rate changes on cash and cash equivalents		2,837,956	46,435
Net decrease in cash and cash equivalents		(3,498,198)	(22,374,048)
Cash and cash equivalents at beginning of period		62,937,707	48,633,379
Cash and cash equivalents at end of period		59,439,509	26,259,331
Comprising:			
Cash in hand and balances at Central Banks		11,625,981	10,093,135
Due from banks		43,388,700	18,588,685
Reverse repurchase agreements		3,255,575	627,961
Investment securities		4,972,164	1,915,116
Due to banks		(3,802,911)	(4,965,566)
		59,439,509	26,259,331

NCB Financial Group Limited

Unaudited Segment Report

Quarter ended December 31, 2017

(expressed in Jamaican dollars unless otherwise indicated)

	Consumer & SME		Corporate Banking	Treasury & Correspondent Banking	Wealth, Asset Management and Investment Banking	Life Insurance & Pension Fund Management	General Insurance	Other	Eliminations	Total
	Retail & SME	Payment Services								
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
External revenue	5,285,865	3,446,760	1,683,405	3,345,161	2,796,638	2,696,629	1,341,420	703,212	-	21,299,090
Revenue from other segments	492,377	-	133,487	1,753,699	623,675	39,247	63,929	27,262	(3,133,676)	-
Total revenue	5,778,242	3,446,760	1,816,892	5,098,860	3,420,313	2,735,876	1,405,349	730,474	(3,133,676)	21,299,090
Interest income	4,443,479	1,287,406	1,630,038	3,426,645	2,371,631	809,127	186,070	3,128	(2,887,334)	11,270,190
Interest expense	(580,741)	(389,270)	(801,073)	(2,692,163)	(1,252,771)	(247,273)	-	(932)	2,249,314	(3,714,909)
Net interest income	3,862,738	898,136	828,965	734,482	1,118,860	561,854	186,070	2,196	(638,020)	7,555,281
Net fee and commission income	1,082,682	1,252,850	163,679	126,140	344,207	559,794	42,727	231	(358,757)	3,213,553
Gain on foreign currency and investment activities	31,362	5,602	12,204	1,443,309	512,459	305,754	(25,883)	60,164	760,052	3,105,023
Premium income	-	-	-	-	-	997,160	1,183,681	-	(74,008)	2,106,833
Other income	150,494	2,120	279	94,215	191,345	64,041	18,754	27,181	(304,384)	244,045
Total operating income	5,127,276	2,158,708	1,005,127	2,398,146	2,166,871	2,488,603	1,405,349	89,772	(615,117)	16,224,735
Staff costs	2,610,674	231,978	93,357	43,888	415,398	229,838	214,210	20,536	597,611	4,457,490
Provision for credit losses	197,422	(22,552)	(18,001)	(11,002)	13	-	-	-	-	145,880
Depreciation and amortisation	94,929	125,360	1,797	1,950	27,671	41,275	17,701	-	17,911	328,594
Policyholders' and annuitants' benefits and reserves	-	-	-	-	-	681,685	1,105,372	-	(5,141)	1,781,916
Other operating expense	882,993	615,886	218,081	718,134	521,632	228,590	175,969	(1,775)	71,797	3,431,307
Total operating expense	3,786,018	950,672	295,234	752,970	964,714	1,181,388	1,513,252	18,761	682,178	10,145,187
Operating profit before allocated cost	1,341,258	1,208,036	709,893	1,645,176	1,202,157	1,307,215	(107,903)	71,011	(1,297,295)	6,079,548
Allocated costs	(1,563,133)	(398,377)	(140,300)	(97,725)	-	-	-	-	-	(2,199,535)
Operating profit	(221,875)	809,659	569,593	1,547,451	1,202,157	1,307,215	(107,903)	71,011	(1,297,295)	3,880,013
Unallocated corporate expenses										(347,457)
Negative goodwill on acquisition of subsidiary										1,465,748
Share of profit of associates										509,121
Profit before taxation										5,507,425
Taxation										(893,980)
Net Profit										4,613,445
Segment assets	330,131,963	29,360,116	85,568,747	196,353,457	240,848,534	48,988,870	14,762,662	1,778,109	(135,304,864)	812,487,594
Associates										37,965,984
Unallocated assets										5,108,895
Total assets										855,562,473
Segment liabilities	303,187,277	15,963,627	59,540,299	191,509,648	208,040,052	31,841,176	8,662,724	195,213	(89,763,139)	729,176,877
Unallocated liabilities										2,208,349
Total liabilities										731,385,226
Capital expenditure	974,033	256,578	74,806	79,632	325,748	162,243	142,038	38,248	-	2,053,326

NCB Financial Group Limited

Unaudited Segment Report

Quarter ended December 31, 2016

(expressed in Jamaican dollars unless otherwise indicated)

	Consumer & SME		Corporate Banking	Treasury & Correspondent Banking	Wealth, Asset Management and Investment Banking	Life Insurance & Pension Fund Management	General Insurance	Other	Eliminations	Total
	Retail & SME	Payment Services								
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
External revenue	4,164,644	2,747,416	1,859,104	2,934,691	2,824,529	1,909,000	1,423,722	66,167	-	17,929,273
Revenue from other segments	779,998	-	8,520	1,360,497	80,284	28,724	58,898	14,298	(2,331,219)	-
Total revenue	4,944,642	2,747,416	1,867,624	4,295,188	2,904,813	1,937,724	1,482,620	80,465	(2,331,219)	17,929,273
Interest income	3,762,485	985,856	1,503,399	3,253,176	1,716,528	776,429	176,287	7,910	(1,965,616)	10,216,454
Interest expense	(415,500)	(307,402)	(736,181)	(1,990,748)	(869,152)	(218,839)	-	(327)	1,529,310	(3,008,839)
Net interest income	3,346,985	678,454	767,218	1,262,428	847,376	557,590	176,287	7,583	(436,306)	7,207,615
Net fee and commission income	1,034,714	1,055,076	347,451	111,694	356,503	462,691	42,037	178	(21,909)	3,388,435
Gain on foreign currency and investment activities	42,718	5,781	13,086	826,555	699,133	52,425	57,129	54,268	(48,664)	1,702,431
Premium income	-	-	-	-	-	628,930	1,182,082	-	(70,631)	1,740,381
Other income	82,024	440	232	100,999	132,650	17,249	25,085	18,109	(234,598)	142,190
Total operating income	4,506,441	1,739,751	1,127,987	2,301,676	2,035,662	1,718,885	1,482,620	80,138	(812,108)	14,181,052
Staff costs	1,635,672	167,861	65,026	42,873	254,278	234,431	200,245	21,834	(17,645)	2,604,575
Provision for credit losses	214,016	23,330	(2,796)	(28)	604	-	-	-	-	235,126
Policyholders' and annuitants' benefits and reserves	-	-	-	-	-	411,940	618,648	-	(596)	1,029,992
Depreciation and amortisation	80,233	97,813	1,727	9,922	22,195	15,593	19,047	-	17,913	264,443
Other operating expenses	944,846	567,784	258,962	657,272	485,476	206,987	215,845	2,446	(119,327)	3,220,291
Total operating expense	2,874,767	856,788	322,919	710,039	762,553	868,951	1,053,785	24,280	(119,655)	7,354,427
Operating profit before allocated costs	1,631,674	882,963	805,068	1,591,637	1,273,109	849,934	428,835	55,858	(692,453)	6,826,625
Allocated costs	(1,434,877)	(329,184)	(209,267)	(108,712)	-	-	-	-	-	(2,082,040)
Operating profit	196,797	553,779	595,801	1,482,925	1,273,109	849,934	428,835	55,858	(692,453)	4,744,585
Unallocated corporate expenses										(638,602)
Share of profit of associates										821,006
Profit before taxation										4,926,989
Taxation										(1,336,214)
Net Profit										3,590,775
Segment assets	209,377,330	20,784,643	80,489,252	213,150,702	158,687,704	42,549,113	13,911,444	1,192,176	(154,771,294)	585,371,070
Associates										36,351,094
Unallocated assets										1,995,530
Total assets										623,717,694
Segment liabilities	203,870,229	10,598,273	61,663,268	190,888,499	132,284,451	28,626,791	8,068,804	799,389	(117,480,715)	519,318,989
Unallocated liabilities										2,298,059
Total liabilities										521,617,048
Capital expenditure	382,218	303,125	47,281	10,998	101,564	56,564	28,592	5,953	-	936,295

NCB Financial Group Limited

Notes to the Unaudited Financial Statements

December 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 48.86% owned by AIC (Barbados) Limited. The ultimate parent company is Portland Holdings Inc., incorporated in Canada. Portland Holdings Inc. is controlled by Hon. Michael A. Lee-Chin, OJ, Chairman of the Company.

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

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

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

	Principal Activities	Percentage Ownership by The Group	
		Company	Subsidiary
National Commercial Bank Jamaica Limited	Commercial Banking	100	
Data-Cap Processing Limited	Security Services		100
Mutual Security Insurance Brokers Limited	Dormant		100
NCB Capital Markets Limited	Securities Dealer and Stock Brokerage Services		100
Advantage General Insurance Company Limited	General Insurance		100
NCB Capital Markets (Cayman) Limited	Securities Dealer		100
NCB Global Finance Limited	Merchant Banking		100
NCB Capital Markets (Barbados) Limited	Brokerage Services		100
NCB Capital Markets SA	Inactive		100
NCB (Cayman) Limited	Commercial Banking		100
NCB Trust Company (Cayman) Limited *	-		100
NCB Employee Share Scheme	Dormant		100
NCB Insurance Company Limited	Life Insurance, Investment and Pension Fund Management Services		100
N.C.B. (Investments) Limited *	-		100
N.C.B. Jamaica (Nominees) Limited	Dormant		100
NCB Remittance Services (Jamaica) Limited	Dormant		100
NCB Financial Services UK Limited	Pension Remittances		100
West Indies Trust Company Limited	Trust and Estate Management Services		100
NCB Global Holdings Limited	Holding company	100	
Clarien Group Limited	Banking, Investment and Trust Services	50.10	

* No significant activities at this time

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

NCB Financial Group Limited acquired 50.10% of the share capital of Clarien Group Limited in December 2017 (Note 4).

The Group's associates are as follows:

	Principal Activities	Percentage Ownership
Dyoll Group Limited	In Liquidation	44.47
Elite Diagnostic Limited	Medical Imaging Services	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
Mundo Finance Limited	Micro Financing	50.00

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

2. Basis of preparation

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

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

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

There have been no changes in accounting policies since the most recent audited accounts as at September 30, 2017.

NCB Financial Group Limited

Notes to the Unaudited Financial Statements

December 31, 2017

(expressed in Jamaican dollars unless otherwise indicated)

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 certain overseas subsidiaries.
- Life insurance & pension fund management – This incorporates life insurance, pension and investment management services.
- General insurance - This incorporates property and casualty insurance services.
- The Group's trustee services and the outstanding transactions and balances of certain inactive subsidiaries are classified as Other for segment reporting.

The assets and liabilities of Clarien Group Limited have been included in Retail & SME; Treasury & correspondent banking; Wealth, asset management and investment banking and Other segments.

Unallocated assets and liabilities

Unallocated assets and liabilities comprise current income tax payable and recoverable, deferred income tax assets and liabilities and assets and liabilities of support units of National Commercial Bank Jamaica Limited ("The Bank") that are not allocated to its banking segments.

Direct allocated costs and unallocated corporate expenses

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

Costs allocated to these banking segments are reported directly by those segments to the President & Group Chief Executive Officer and Board of Directors. Costs allocated to the non-banking segments are not included in the individual internal reports presented by those segments and are treated as unallocated corporate expenses.

Eliminations

Eliminations comprise inter-company and inter-segment transactions.

4. Acquisition of Subsidiary

During December 2017, NCB Financial Group Limited (NCBFG) acquired 50.1% of the share capital of Clarien Group Limited, owner of Clarien Bank Limited based in Hamilton, Bermuda. Clarien Bank Limited together with its subsidiary companies is licensed to conduct banking, investment and trust business by the Bermuda Monetary Authority.

Details of the net assets acquired, purchase consideration and negative goodwill, determined on a provisional basis, were as follows:

	Provisional Fair Values \$'000
Net assets arising on the acquisition	
Cash in hand and balances at Central Bank	2,542,795
Due from banks	3,433,080
Loans and advances, net of provision for credit losses	92,384,324
Investment securities classified as available-for-sale and loans and receivables	44,115,604
Investment properties	432,205
Intangible assets	1,643,073
Property, plant and equipment	1,946,576
Other assets	810,846
Customer deposits	(133,590,849)
Other liabilities	(2,502,138)
	<u>11,215,516</u>
Percentage shareholding - NCBFG	50.10%
Net assets acquired by NCBFG	5,618,974
Purchase consideration - Cash	(4,153,226)
Negative goodwill	<u>1,465,748</u>
Percentage shareholding - Non-controlling interest	49.90%
Net assets attributable to non-controlling interest	<u>5,596,542</u>

5. Subsequent Event

On December 8, 2017, NCBFG launched through its wholly-owned subsidiary, NCB Global Holdings Limited, an offer and take-over bid (the 'Offer') to all shareholders of Guardian Holdings Limited (GHL), to acquire up to 74,230,750 ordinary shares in GHL for US\$2.35 per GHL Share. Full acceptance of the Offer would result in a cash payment by NCBFG of the sum of up to approximately US\$174,442,262.00 to the shareholders of GHL who accept the Offer. The Offer, if successful, would result in NCBFG acquiring a controlling interest in GHL. The original close date of the Offer was January 12, 2018, which was subsequently extended to February 2, 2018 in order to allow shareholders to assess additional disclosure information shared in an amended Offer Circular.

The Offer is conditional upon NCBFG acquiring control of GHL and obtaining regulatory and other approvals from jurisdictions in which GHL and its subsidiaries are regulated.

Interest/Ownership of Stock Units by Directors in NCB Financial Group Limited as at December 31, 2017

<u>Directors</u> ^{1.}	Total	Direct	Connected Parties
Robert Almeida	61,750,129	171,750	61,578,379
Wayne Chen	1,305,819,366	14,044	1,305,805,322
Dennis Cohen ^{2.}	135,959,636	1,428,280	134,531,356
Sandra Glasgow ^{2.}	134,629,055	100,699	134,528,356
Sanya Goffe	61,582,719	4,340	61,578,379
Hon. Noel Hylton, OJ, CD	61,932,453	14,044	61,918,409
Patrick Hylton, CD	65,493,864	3,915,485	61,578,379
Hon. Michael Lee-Chin, OJ	1,601,154,060	2,421,900	1,598,732,160
Thalia Lyn, OD ^{2.}	134,696,888	153,412	134,543,476
Oliver Mitchell, Jr.	61,585,679	7,300	61,578,379
Prof. Alvin Wint, CD	61,666,523	88,144	61,578,379
Dave Garcia (Corporate Secretary)	11,210	11,210	0

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

<u>Senior Managers</u>	Total	Direct	Connected Parties
Rickert Allen	113,696	113,696	0
Septimus Blake	10,050	10,050	0
Brian Boothe	0	0	0
Danielle Cameron Duncan	0	0	0
Dennis Cohen ^{1. 2.}	135,959,636	1,428,280	134,531,356
Dave Garcia	11,210	11,210	0
Steven Gooden	4,293	4,293	0
Howard Gordon	0	0	0
Phillip Harrison	25,598	10,000	15,598
Patrick Hylton, CD ^{1.}	65,493,864	3,915,485	61,578,379
Vernon James	0	0	0
Nadeen Matthews	10,000	10,000	0
Claudette Rodriquez	42,147	0	42,147
Misheca Seymour-Senior	1,500	1,500	0
Andrew Simpson	0	0	0
Mark Thompson	0	0	0
Tanya Watson Francis	0	0	0
Mukisa Wilson Ricketts	10,000	10,000	0
Allison Wynter ^{2.}	73,050,766	100,789	72,949,977
Angus Young	105,000	105,000	0

1. Connected parties for all directors include shares of 61,578,379 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 by trustees of the N.C.B. Staff Pension Fund.

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

Name of Shareholder	Units	Percentage Ownership
AIC (Barbados) Limited	1,205,207,182	48.86%
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	41,200,446	1.67%
Portland (Barbados) Limited	38,178,106	1.55%
Neon Liberty Lorikeet Master Fund LP	26,932,709	1.09%
Beta SPV Limited	21,000,000	0.85%

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

Number of Shareholders	Ownership of Each Shareholder	Percentage Ownership	Number of Units
(1) shareholder with 4 accounts	48.86%	48.86%	1,205,207,182
1	6 - 10%	9.01%	222,372,000
7	1 - 4%	13.40%	330,668,421
36,165	Less than 1%	28.73%	708,515,225
36,174		100.00%	2,466,762,828