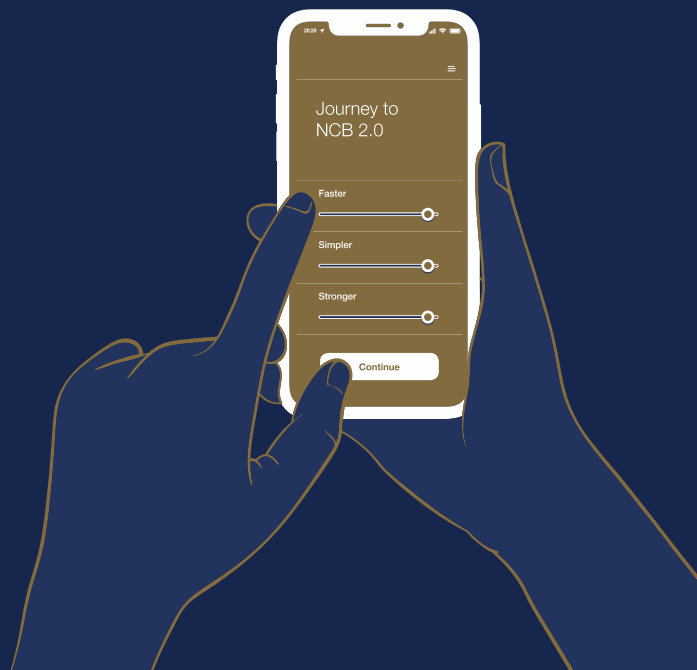


# Financial Results

For the six months ended March 31, 2019


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## KEY RESULTS

  
**\$12.5B**  
Net Profit

  
**\$970.8B**  
Total Assets

  
**\$136.6B**  
Equity

  
**\$5.07**  
EPS

  
**2.56%**  
Return on Assets

  
**18.68%**  
Return of Equity

## Second Quarter 2019 Earnings Release

April 25, 2019 – The Board of Directors is pleased to release the following financial results for NCB Financial Group Limited (NCBFG) and its subsidiaries (the Group) for the six months ended March 31, 2019.

NCBFG reports a net profit of \$12.4 billion for the first six months of the 2019 financial year. Net profit attributable to stockholders was \$12.5 billion, a decline of 10% or \$1.4 billion from the prior year. The prior year's results included a gain (negative goodwill) of \$4.4 billion related to the acquisition of Clarien Group Limited, which was only partially offset by an extraordinary gain of \$3.3 billion from the disposal of an associate in the current year's results. Without these one-off transactions the results would have

been \$9.2 billion for the current period compared to \$9.4 billion for the prior year, representing a 3% decline.

The Group's efforts continue to be concentrated on enhancing customer experience, developing our digital capabilities by introducing value-added technological innovations, and strengthening our core business. During the year, we have made significant investments to improve our card system infrastructure, as well as to upgrade our ABM network and core banking system. These enhancements will offer customers increased self-service options using more intuitive technology, provide more data and transaction security, reduce downtime and improve overall customer experience.

Despite the decline in net profit in the second quarter, the progress being made in our transformation journey has contributed to a strong foundation which augurs well for long-term growth for the Group.

For more information,  
contact:

### INVESTOR RELATIONS

**Jacqueline De Lisser**  
Head  
Group Investor Relations, Performance  
Monitoring & Planning  
Email: [DelisserJN@jncb.com](mailto:DelisserJN@jncb.com)

### MEDIA RELATIONS

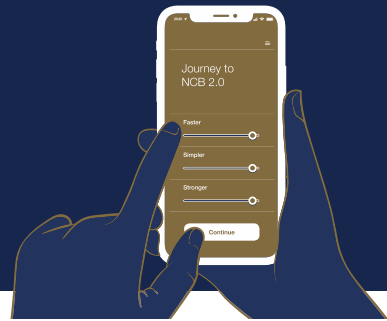
**Nichole Brackett Walters**  
Manager  
Group Marketing & Communications  
Email: [BrackettWaltersNC@JNCB.com](mailto:BrackettWaltersNC@JNCB.com)

# Financial Results

For the six months ended March 31, 2019

**Net Profit of \$12.5 billion** (attributable to stockholders of the parent)

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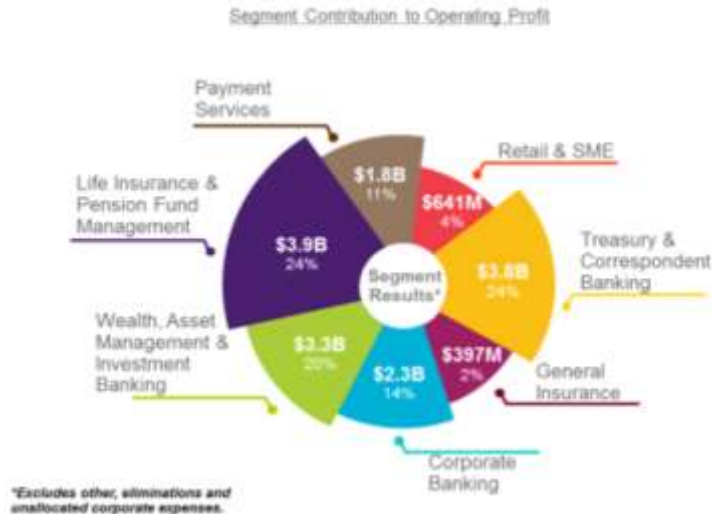


## Financial Performance

### Segment Results

The operating profit for three of our seven segments exceeded \$3 billion for the current period compared to two segments in the prior year. Combined the three segments contributed 68% of operating income\* which demonstrates the value of our diversified business model. The life insurance segment was the top contributor with operating profit of \$3.9 billion, an improvement of 41% over the prior year. The increase was mainly due to reserve

releases as a result of improving spread performance and changing mortality assumptions. Our corporate banking, payments services and general insurance segments also experienced commendable growth over the prior year, increasing by 71%, 17% and 155%, respectively. Corporate banking and payment services benefited from portfolio growth, while our general insurance business incurred lower claims expenses.



### Operating Income

Operating income was \$38.9 billion, a \$3.2 billion or 9% increase over the prior year. The improvement in revenues was primarily driven by the 15% growth in our loan portfolio which boosted interest income. This was partially offset by a 17% decline in gain on foreign currency and investment activities due to lower gains from the sale of debt securities recorded in the current period.

### Operating Expenses

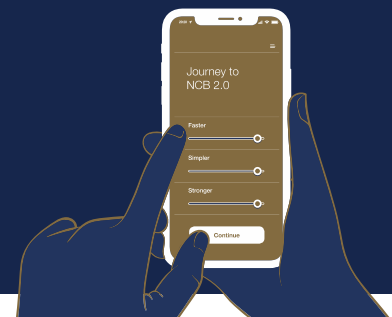
Operating expenses totalled \$28.3 billion, an increase of 14% or \$3.4 billion over the prior year. Our focus in the areas of digitisation and customer experience resulted in necessary upfront expenditure to enhance how customers access the services of the Group. For the current period, there was also amortisation of acquired intangibles following the acquisition of Clarien, with no comparable charge in the prior year. Credit impairment losses increased by \$1.5 billion as the prior year included significant loan recoveries for one of our subsidiaries coupled with growth in the consumer portfolio in the current year. The increased costs were partially offset by an 85% or \$2.8 billion decline in policyholders' and annuitants' benefits and reserves. Despite the increase in operating expenses the cost to income ratio for the current period was 67.85%, a slight improvement over the prior year's six months ratio of 68.50%.

As we make advancements in the execution of our strategy we expect improvement in our cost structure, coupled with growth in our core business.

# Financial Results

For the six months ended March 31, 2019  
**Net Profit of \$12.5 billion** (attributable to stockholders of the parent)

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## Loans and Advances

The Group's loans and advances, net of provision for credit losses, totalled \$383.7 billion, an increase of \$49.2 billion or 15% over the prior year. We have experienced strong growth in our Jamaican portfolio (corporate, retail, SME and credit card receivables). Non-performing loans totalled \$17.7 billion as at March 31, 2019 (March 31, 2018: \$15.0 billion) and represented 4.5% of the gross loans compared to 4.4% as at March 31, 2018.

## Deposits

Customer deposits totalled \$477.9 billion, an increase of 6% or \$27.4 billion over the balances at March 2018. Deposits continue to be our main source of funding, accounting for 60% of total funding.

## Capital

Stockholders' equity of \$136.6 billion, representing growth of \$14.5 billion or 12%. The Group's capital position remains strong and the key regulatory ratios of our regulated entities met or exceeded the minimum regulatory requirements.

Regulated Entities	Key Regulatory Ratios	March 31, 2019	March 31, 2018
<b>National Commercial Bank Jamaica Limited</b>	Regulatory capital to risk weighted assets ratio [Minimum requirement – 12.5%]	<b>12.6%</b>	12.5%
<b>NCB Capital Markets Limited</b>	Regulatory capital to risk weighted assets ratio [Minimum requirement – 10.0%]	<b>15.4%</b>	18.6%
<b>NCB Insurance Company Limited</b>	Minimum continuing capital and surplus requirements ratio [Minimum requirement – 150.0%]	<b>282.9%</b>	407.2%
<b>Advantage General Insurance Company Limited</b>	Available assets to required assets (Minimum capital test) [Minimum requirement – 250.0%]	<b>530.3%</b>	453.1%
<b>NCB (Cayman) Limited</b>	Regulatory capital to risk weighted assets ratio [Minimum requirement – 12.0%]	<b>23.8%</b>	26.0%
<b>NCB Global Finance Limited</b>	Regulatory capital to risk weighted assets ratio [Minimum requirement – 12.0%]	<b>27.2%</b>	38.2%
<b>Clarien Bank Limited*</b>	Regulatory capital to risk weighted assets ratio	*	*

\* Clarien is compliant with all regulatory requirements; however, in keeping with the regulatory policies of the Bermuda Monetary Authority, public disclosures of banks' capital requirements are restricted.

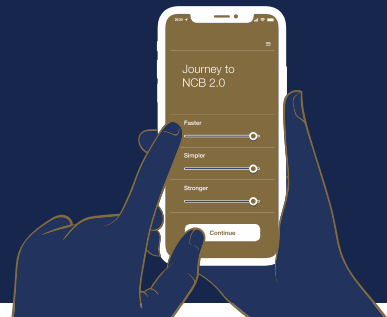
## Dividends

The Board of Directors, at its meeting on April 25, 2019, declared an interim dividend of \$0.90 per ordinary stock unit. The dividend is payable on May 27, 2019 to stockholders on record as at May 10, 2019.

# Financial Results

For the six months ended March 31, 2019  
**Net Profit of \$12.5 billion** (attributable to stockholders of the parent)

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## Corporate Social Responsibility (CSR)

The Group is committed to engaging in activities that will ensure its continued viability while recognising its role as a corporate leader in the region. Our CSR 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.

### Our Customers

International Women's Day (IWD) – celebrated March 8, 2019

NCB hosted breakfast and lunch for female clients across the Group at our Wellness and Recreation Centre. For breakfast, Nsombi Jaja led the women on a journey to help them be their best selves. During the lunch session, Joy Spence shared her inspiring story while engaging the women in a rum tasting and pairing session.

### GoIPO

NCB Capital Markets Limited (NCBCM) implemented an online Initial Public Offer (IPO) platform – GoIPO. The solution will digitise the IPO subscription process from end to end.

Waiver of Fees for Small and Medium-sized Enterprises (SMEs)

SMEs wishing to list on the Jamaica Stock Exchange and retain the services of NCBCM will not be charged arranger fees until September 2019. This is consistent with our commitment to nation building by encouraging SMEs to expand, practice good governance and in turn, allows Jamaicans more investment opportunities and a chance to actively participate in the country's growth agenda.

### Award

Women's Leadership Initiative – IWD Awards 2019

N.C.B. Foundation (NCBF) was awarded for its contribution to Jamaica, which was received on the eve of International Women's Day. Additionally, our 2008 National Scholar, Tamara McKayle was recognised as one of our most outstanding scholarship recipients. We are proud of her achievements as well as her personal and professional development.


(L-R) Thalia Lyn, Chairman, NCBF shares lens with Tamara McKayle, NCBF 2008 Scholar and Chorvelle Johnson, Chairperson of the Women's Leadership Initiative. Tamara received her prize at the Women's Leadership Initiative 15th Anniversary Awards Dinner held recently. This young-media professional was among a list of stalwart women who continue to make strides in various industries.



## Community Outreach/Philanthropy

NCBF, the philanthropic arm of the Group, is currently financed with 1% of the prior year's profits of NCBFG in support of initiatives aligned with the Foundation's three main areas of focus: education, community development & sports and youth leadership & entrepreneurship.

 **Over \$50 million** committed during the quarter

 **Over 1,400** man-hours spent by Volunteer Corps on project execution

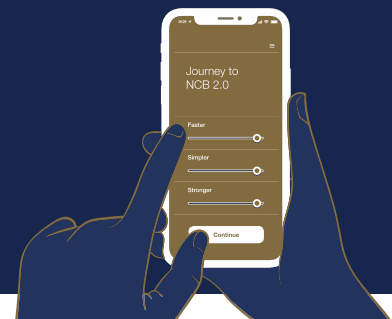
 **Over 30,000** lives impacted



# Financial Results

For the six months ended March 31, 2019  
**Net Profit of \$12.5 billion** (attributable to stockholders of the parent)

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## Corporate Social Responsibility (continued)

### Community Outreach/Philanthropy (continued)

#### Education

##### MICO International Mathematics Competition and Summit

NCBF's adopted school, St. Francis Primary, emerged as the Kingston parish champion in the inaugural MICO/NCB Mathematics Innovation Competition. The team copped the top award for Kingston with their innovative learning game called Fractionaire, a board game designed to help students grasp various concepts in Mathematics using a fun and engaging method. NCBF and NCB Insurance Company Limited donated a total of \$5 million towards this competition, which sought to promote innovation in mathematics and an improved appreciation for critical STEM subjects - Science, Technology, Engineering and Mathematics - needed to meet the demands of the rising digital age. Hon. Michael Lee-Chin spoke briefly at the Summit on the importance of Mathematics and maintaining high standards.



[L-R] Syesha Williams, student from St. Francis Primary School receives the parish champion trophy for Kingston on behalf of her school from Maria Lee-Chin at the recently held, MICO International Mathematics Teaching Summit at The Jamaica Pegasus Hotel. Her Mathematics teacher, Ms. Tanesha Willis, looks on.

##### Sick Kids Foundation – Nurses Training

NCBF committed CAD\$100,000 for a five year period to the Sick Kids Foundation in Canada for its Nurses Training Programme. This is an initiative to train nurses at the Bustamante Hospital for Children and the University Hospital of the West Indies in child oncology, including the appropriate administration of treatment. The first training programme will be held for three months in Trinidad starting September 2019.

#### Community Development & Sports

During the quarter, projects included partnerships with:

- **Y.U.T.E**, a workshop in collaboration with the Multicare Youth Foundation through its Youth Upliftment Through Employment Programme designed to help to reduce crime among marginalised youth between the ages of 16 and 29 years from underserved communities and to improve the employability of 150 young persons in the St. Andrew South Constituency.
- **Portmore Gospel Assembly's** day of care at the Spanish Town Infirmary where clothing, food and toiletries were provided for the elderly.

#### Youth Leadership & Entrepreneurship

The Foundation renewed its partnership with two annual youth entrepreneurial programmes namely; the Joan Duncan School of Entrepreneurship, Ethics & Leadership at the University of Technology, Jamaica and the Developmental Bank of Jamaica (DBJ) to support the National Business Model Competition. The Group committed \$1 million to this student entrepreneurship competition designed to move ideas to sustainable and operational ventures.



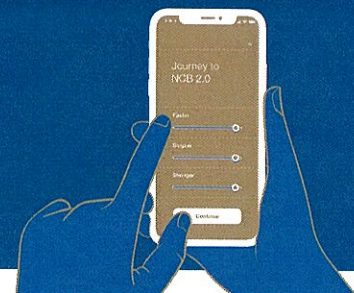
[L] Kerryann McCourty-Simmonds (Retail Sales Manager) along with her colleague, [R] Anastasia Whyte (Head, Digital Research Development & Analytics) are happy to present the winners, [L-R] Brandon Coleman, Jasmine Tapper and Kareem Little, with their prize cheque for doing so well in an exciting event that rewards innovation.



# Financial Results

For the six months ended March 31, 2019  
**Net Profit of \$12.5 billion** (attributable to stockholders of the parent)

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## Corporate Social Responsibility (continued)

### Community Outreach/Philanthropy (continued)

#### Youth Leadership & Entrepreneurship (continued)

##### National Business Model Competition (NBMC)

DBJ and the Private Sector Organisation of Jamaica organised the annual Business Model Competition for university students, which was the 6th year of the event. The initiative is part of the wider scope of promoting an entrepreneurial ecosystem for Jamaica while creating a platform for experiential learning & entrepreneurial skills. Students got a chance to build valuable networks with the investment community and attract/embolden aspirants to contemplate and venture into entrepreneurship.

##### Partnership with Organization of American States (OAS)

NCBF partnered with OAS to establish the N.C.B. Foundation Laboratory for Youth Leadership and Innovation. The \$19.5 million sponsorship aligns with our strategy to enable greater access to education in the areas of technology, analytics, and any other skill set aligned to the demands of the Fourth Industrial Revolution and a Jamaican digital economy. As a direct result, we will be helping our nation's youth to become gainfully employed or entrepreneurs, which is a key element of our CSR strategy.

#### Youth Leadership & Entrepreneurship (continued)

##### First Tech Challenge (FTC) Jamaica National Robotics Championship

At the 2019 FTC Jamaica National Championship, schools from across the Caribbean built robots to compete in the 'space expedition themed' challenge. The winning team, JC Griffins, advanced to the World Championship which will be held in Houston, Texas in April 2019. This initiative, the first of its kind in Jamaica, allowed students to gain practical insight on teamwork as well as using technology to make ideas reality.



Students from the Jamaica College (JC) team, The Griffins, shares lens with Edward Alexander, Programme Chairman, FIRST Tech Challenge; Jamaica Advisory Board 2019; Christopher Reckord CEO, tTech Limited; Nadeen Matthews Blair, CEO, NCBF; Jason Brown, Faculty Advisor for the Jamaica College Robotics team; and Gavin Samuels, FTC Jamaica Planning Committee Chair. Students from JC copped the coveted National Champion title.

NCBFG remains committed to building the nation and the communities we serve through the work of the Foundation, 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

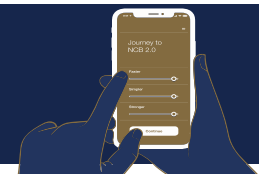
Patrick Hylton, President and Group Chief Executive Officer

## Unaudited Consolidated Income Statement

Six months ended March 31, 2019

(expressed in Jamaican dollars unless otherwise indicated)

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		CURRENT YEAR			PRIOR YEAR	
	Note	Quarter ended	Quarter ended	Year to date	Quarter ended	Restated Year to date
		March 31	December 31	March 31	March 31	March 31
		2019	2018	2019	2018	2018
		\$'000	\$'000	\$'000	\$'000	\$'000
<b>Operating income</b>						
Interest income		14,892,250	14,099,399	28,991,649	13,008,727	24,278,957
Interest expense		(4,745,592)	(4,253,084)	(8,998,676)	(4,651,423)	(8,373,289)
Net interest income		10,146,658	9,846,315	19,992,973	8,357,304	15,905,668
Fee and commission income		5,258,987	5,531,980	10,790,967	5,219,610	9,708,922
Fee and commission expense		(1,285,243)	(1,195,301)	(2,480,544)	(1,111,880)	(1,993,548)
Net fee and commission income		3,973,744	4,336,679	8,310,423	4,107,730	7,715,374
Gain on foreign currency and investment activities		1,778,471	4,174,467	5,952,938	4,052,636	7,168,900
Premium income		2,138,118	2,143,981	4,282,099	2,206,840	4,313,673
Dividend income		113,049	184,159	297,208	136,715	207,374
Other operating income		65,214	47,816	113,030	176,647	422,439
		4,094,852	6,550,423	10,645,275	6,572,838	12,112,386
		18,215,254	20,733,417	38,948,671	19,037,872	35,733,428
<b>Operating expenses</b>						
Staff costs		6,222,625	6,783,866	13,006,491	5,209,538	11,120,081
Credit impairment losses		875,203	1,022,946	1,898,149	286,615	432,477
Policyholders' and annuitants' benefits and reserves		(143,795)	617,334	473,539	1,446,372	3,228,288
Depreciation and amortisation		1,309,639	1,301,885	2,611,524	877,824	1,543,831
Impairment losses on securities		(146,089)	132,124	(13,965)	-	-
Other operating expenses		4,309,639	6,025,822	10,335,461	3,927,055	8,585,727
		12,427,222	15,883,977	28,311,199	11,747,404	24,910,404
<b>Operating profit</b>		5,788,032	4,849,440	10,637,472	7,290,468	10,823,024
Negative goodwill on acquisition of subsidiary	4	-	-	-	-	4,392,149
Share of profit of associates		812,319	818,859	1,631,178	969,555	1,478,676
Gain on disposal of associate	5	-	3,291,544	3,291,544	-	-
<b>Profit before taxation</b>		6,600,351	8,959,843	15,560,194	8,260,023	16,693,849
Taxation		(1,588,752)	(1,557,073)	(3,145,825)	(1,832,649)	(2,726,629)
<b>NET PROFIT</b>		5,011,599	7,402,770	12,414,369	6,427,374	13,967,220
Attributable to:						
Stockholders of parent		5,010,840	7,445,201	12,456,041	6,283,313	13,823,159
Non-controlling interest		759	(42,431)	(41,672)	144,061	144,061
		5,011,599	7,402,770	12,414,369	6,427,374	13,967,220
<b>Earnings per stock unit</b>						
Basic and diluted (expressed in \$)		2.04	3.03	5.07	2.56	5.63

## Unaudited Consolidated Statement of Comprehensive Income

Six months ended March 31, 2019  
(expressed in Jamaican dollars unless otherwise indicated)

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	Quarter ended March 31 2019 \$'000	Quarter ended December 31 2018 \$'000	Year to date March 31 2019 \$'000	Quarter ended March 31 2018 \$'000	Restated Year to date March 31 2018 \$'000
<b>Net Profit</b>	<b>5,011,599</b>	<b>7,402,770</b>	<b>12,414,369</b>	<b>6,427,374</b>	<b>13,967,220</b>
<b>Other comprehensive income, net of tax-</b>					
<b>Items that will not be reclassified to profit or loss</b>					
Remeasurements of post-employment benefit obligations	(51,428)	(68,693)	(120,121)	(177,225)	(297,166)
Share of other comprehensive income of associated companies	169,019	-	169,019	(264,364)	(264,364)
	117,591	(68,693)	48,898	(441,589)	(561,530)
<b>Items that may be subsequently reclassified to profit or loss</b>					
Currency translation losses	(2,197,465)	(44,784)	(2,242,249)	(1,249,673)	(1,242,634)
Share of other comprehensive income of associated companies	473,254	(397,527)	75,727	(1,303,331)	(1,308,790)
Changes in unrealised gains on securities designated as fair value through other comprehensive income (FVOCI)	2,274,749	623,253	2,898,002	683,676	1,958,831
Realised gains on securities designated as FVOCI	(385,209)	(230,568)	(615,777)	(1,618,355)	(2,606,162)
	165,329	(49,626)	115,703	(3,487,683)	(3,198,755)
<b>Total other comprehensive income</b>	<b>282,920</b>	<b>(118,319)</b>	<b>164,601</b>	<b>(3,929,272)</b>	<b>(3,760,285)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>5,294,519</b>	<b>7,284,451</b>	<b>12,578,970</b>	<b>2,498,102</b>	<b>10,206,935</b>
<b>Total comprehensive income attributable to:</b>					
Stockholders of the parent	5,309,581	7,678,183	12,987,764	2,372,948	10,081,781
Non-controlling interest	(15,062)	(393,732)	(408,794)	125,154	125,154
	<b>5,294,519</b>	<b>7,284,451</b>	<b>12,578,970</b>	<b>2,498,102</b>	<b>10,206,935</b>




	March 31 2019 \$'000	September 30 2018 \$'000	Restated March 31 2018 \$'000
<b>ASSETS</b>			
Cash in hand and balances at Central Banks	54,851,833	74,711,396	61,796,262
Due from banks	45,340,690	48,702,014	56,161,183
Derivative financial instruments	201,873	233,329	193,455
Investment securities at fair value through profit or loss (FVTPL)	7,827,826	2,540,013	1,929,215
Reverse repurchase agreements	5,625,192	3,807,177	4,024,593
Loans and advances, net of credit impairment losses	383,721,553	372,634,701	334,528,407
Investment securities classified as FVOCI and amortised cost	199,849,572	211,903,094	219,916,989
Pledged assets	185,444,116	176,910,304	134,627,465
Investment in associates	29,742,011	35,125,894	37,007,182
Investment properties	1,328,067	1,366,950	1,358,572
Intangible assets	12,829,110	12,398,591	10,898,264
Property, plant and equipment	13,240,983	13,280,060	13,384,748
Deferred income tax assets	5,249,472	4,639,482	3,379,764
Income tax recoverable	1,747,209	1,613,365	1,806,862
Customers' liability - letters of credit and undertaking	1,906,307	2,305,130	2,111,916
Other assets	21,926,470	16,413,126	11,219,221
<b>Total assets</b>	<b>970,832,284</b>	<b>978,584,626</b>	<b>894,344,098</b>
<b>LIABILITIES</b>			
Due to banks	14,829,483	11,815,200	10,236,520
Customer deposits	477,923,879	484,847,790	450,499,156
Repurchase agreements	153,822,459	152,884,626	121,298,593
Obligations under securitisation arrangements	50,039,964	58,992,666	59,985,840
Derivative financial instruments	201,873	259,002	218,511
Other borrowed funds	60,718,972	65,558,639	55,847,158
Income tax payable	-	-	275,535
Deferred income tax liabilities	1,813,498	910,710	1,564,498
Liabilities under annuity and insurance contracts	37,227,851	38,093,007	38,116,273
Post-employment benefit obligations	6,167,919	5,502,973	4,638,292
Liability - letters of credit and undertaking	1,906,307	2,305,130	2,111,916
Other liabilities	20,464,677	17,830,555	18,761,368
<b>Total liabilities</b>	<b>825,116,882</b>	<b>839,000,298</b>	<b>763,553,660</b>
<b>STOCKHOLDERS' EQUITY</b>			
Share capital	153,827,330	153,827,330	153,827,330
Treasury shares	(1,604,331)	(1,050,785)	(1,050,785)
Reserve from the scheme of arrangement	(147,034,858)	(147,034,858)	(147,034,858)
Fair value and capital reserves	5,447,561	3,535,115	6,316,263
Loan loss reserve	3,172,116	3,470,490	4,159,988
Banking reserve fund	6,598,442	6,598,442	6,567,333
Retained earnings reserve	40,350,000	39,250,000	38,850,000
Retained earnings	75,861,732	71,444,834	60,518,690
<b>Equity attributable to shareholders of the parent</b>	<b>136,617,992</b>	<b>130,040,568</b>	<b>122,153,961</b>
Non-controlling interest	9,097,410	9,543,760	8,636,477
<b>Total stockholders' equity</b>	<b>145,715,402</b>	<b>139,584,328</b>	<b>130,790,438</b>
<b>Total stockholders' equity and liabilities</b>	<b>970,832,284</b>	<b>978,584,626</b>	<b>894,344,098</b>


Approved for issue by the Board of Directors on April 25, 2019 and signed on its behalf by:




Patrick Hylton



Dennis Cohen



Professor Alvin Wint



Dave Garcia

President and Group  
Chief Executive Officer

Group Chief Financial Officer and  
Deputy Chief Executive Officer

Director

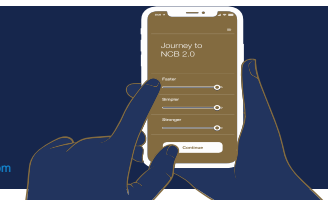
Corporate Secretary



## Unaudited Consolidated Statement of Changes in Stockholders' Equity

Six months ended March 31, 2019

(expressed in Jamaican dollars unless otherwise indicated)



Note	Share capital	Treasury shares	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
<b>Balance at October 1, 2017</b>	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, as restated	-	-	-	(3,280,304)	-	-	-	13,362,085	125,154	10,206,935
Transfer from loan loss reserve	-	-	-	-	(127,300)	-	-	127,300	-	-
Transfer to retained earnings reserve	-	-	-	-	-	-	3,200,000	(3,200,000)	-	-
Purchase of treasury shares	-	(720,656)	-	-	-	-	-	-	-	(720,656)
Non-controlling interest on acquisition of subsidiary	-	-	-	-	-	-	-	-	8,511,323	8,511,323
Transaction with owners of the Company -										
Dividends paid	-	-	-	-	-	-	-	(3,200,933)	-	(3,200,933)
<b>Balance at March 31, 2018 as restated</b>	153,827,330	(1,050,785)	(147,034,858)	6,316,263	4,159,988	6,567,333	38,850,000	60,518,690	8,636,477	130,790,438
<b>Balance as at September 30, 2018</b>	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	2	-	-	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	-	-	-	47,938	-	-	-	12,939,826	(408,794)	12,578,970
Transfer from loan loss reserve	-	-	-	-	(52,682)	-	-	52,682	-	-
Transfer to retained earnings reserve	-	-	-	-	-	-	1,100,000	(1,100,000)	-	-
Purchase of treasury shares	-	(1,022,150)	-	-	-	-	-	-	-	(1,022,150)
Disposal of treasury shares	-	468,604	-	-	-	-	-	(141,192)	-	327,412
Transaction with owners of the Company -										
Dividends paid	-	-	-	-	-	-	-	(3,924,614)	-	(3,924,614)
<b>Balance at March 31, 2019</b>	153,827,330	(1,604,331)	(147,034,858)	5,447,561	3,172,116	6,598,442	40,350,000	75,861,732	9,097,410	145,715,402

## Unaudited Consolidated Statement of Cash Flows

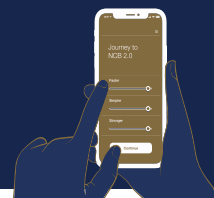
Six months ended March 31, 2019

(expressed in Jamaican dollars unless otherwise indicated)

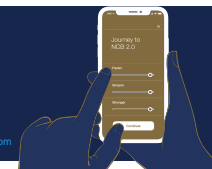
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	March 31	Restated March 31
	2019	2018
	\$'000	\$'000
<b>Cash Flows from Operating Activities</b>		
Net profit	12,414,369	13,967,220
Adjustments to reconcile net profit to net cash (used in)/provided by operating activities	(24,278,746)	3,524,465
Net cash (used in)/provided by operating activities	(11,864,377)	17,491,685
<b>Cash Flows from Investing Activities</b>		
Net cash acquired on purchase of subsidiary	-	1,822,570
Acquisition of property, plant and equipment	(1,277,535)	(1,785,826)
Acquisition of intangible asset - computer software	(2,068,085)	(1,624,012)
Proceeds from disposal of property, plant and equipment	93,952	375,827
Dividends received from associates	680,869	662,407
Purchases of investment securities	(134,318,183)	(142,622,868)
Sales/maturities of investment securities	142,567,366	131,141,916
Net cash provided by/(used in) investing activities	5,678,384	(12,029,986)
<b>Cash Flows from Financing Activities</b>		
Repayments under securitisation arrangements	(4,359,336)	(4,323,455)
Proceeds from other borrowed funds	12,907,047	36,940,053
Repayments of other borrowed funds	(14,908,877)	(18,728,173)
Purchase of treasury shares	(1,022,150)	(720,656)
Proceeds from disposal of treasury shares	327,412	-
Due to banks	9,465,557	(1,923,038)
Dividends paid	(3,924,614)	(3,200,933)
Net cash (used in)/provided by financing activities	(1,514,961)	8,043,798
Effect of exchange rate changes on cash and cash equivalents	1,746,846	1,767,171
Net (decrease)/increase in cash and cash equivalents	(5,954,108)	15,272,668
Cash and cash equivalents at beginning of period	75,170,642	62,937,707
<b>Cash and cash equivalents at end of period</b>	<b>69,216,534</b>	<b>78,210,375</b>
<b>Comprising:</b>		
Cash in hand and balances at Central Banks	15,261,930	20,700,493
Due from banks	43,306,737	56,043,650
Reverse repurchase agreements	3,891,565	1,980,148
Investment securities	10,108,940	4,861,302
Due to banks	(3,352,638)	(5,375,218)
	<b>69,216,534</b>	<b>78,210,375</b>



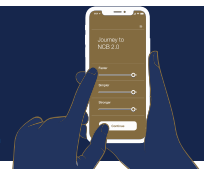
	Consumer & SME		Corporate Banking	Treasury & Correspondent Banking	Wealth, Asset Management & Investment Banking	Life Insurance & Pension Fund Management	General Insurance	Other	Eliminations	Total
	Retail & SME	Payment Services								
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
External revenue	14,889,160	8,273,065	4,928,936	7,485,148	6,545,046	4,590,995	2,742,555	972,986	-	50,427,891
Revenue from other segments	888,052	-	181,392	2,754,183	1,183,847	42,107	140,227	364,530	(5,554,338)	-
<b>Total Revenue</b>	<b>15,777,212</b>	<b>8,273,065</b>	<b>5,110,328</b>	<b>10,239,331</b>	<b>7,728,893</b>	<b>4,633,102</b>	<b>2,882,782</b>	<b>1,337,516</b>	<b>(5,554,338)</b>	<b>50,427,891</b>
Interest income	12,939,385	3,054,242	4,620,052	6,879,872	4,286,412	1,549,130	237,667	5,115	(4,590,367)	28,981,508
Interest expense	(1,376,081)	(517,947)	(2,058,959)	(5,146,920)	(2,294,679)	(519,808)	-	(6,343)	3,178,212	(8,742,525)
<b>Net interest income</b>	<b>11,563,304</b>	<b>2,536,295</b>	<b>2,561,093</b>	<b>1,732,952</b>	<b>1,991,733</b>	<b>1,029,322</b>	<b>237,667</b>	<b>(1,228)</b>	<b>(1,412,155)</b>	<b>20,238,983</b>
Net fee and commission income	2,376,060	2,737,407	444,621	262,624	1,535,172	1,151,223	114,372	48,042	(1,653,072)	7,016,449
Gain on foreign currency and investment activities	87,279	(1,249)	43,814	3,024,999	1,374,973	(127,289)	46,379	(443,069)	1,947,101	5,952,938
Premium income	-	-	-	-	-	1,986,879	2,466,722	-	(171,502)	4,282,099
Other income	111,979	232	661	76,797	237,747	73,160	17,642	364,532	(503,062)	379,688
<b>Total operating income</b>	<b>14,138,622</b>	<b>5,272,685</b>	<b>3,050,189</b>	<b>5,097,372</b>	<b>5,139,625</b>	<b>4,113,295</b>	<b>2,882,782</b>	<b>(31,723)</b>	<b>(1,792,690)</b>	<b>37,870,157</b>
Staff costs	4,690,668	530,816	162,037	124,232	912,649	528,378	526,576	72,474	2,134,270	9,682,100
Credit impairment losses	1,573,512	393,938	(49,361)	(6,825)	(13,115)	-	-	-	-	1,898,149
Depreciation and amortisation	562,933	272,606	3,805	6,447	54,762	70,779	45,486	954	535,466	1,553,238
Policyholders' and annuitants' benefits and reserves	-	-	-	-	-	(1,005,656)	1,479,195	-	-	473,539
Impairment losses on securities	-	-	-	86,955	(98,715)	669	(2,874)	-	-	(13,965)
Other operating expense	2,439,034	1,320,137	349,184	803,673	1,017,785	633,432	437,031	18,277	(2,001,866)	5,016,687
<b>Total operating expense</b>	<b>9,266,147</b>	<b>2,517,497</b>	<b>465,665</b>	<b>1,014,482</b>	<b>1,873,366</b>	<b>227,602</b>	<b>2,485,414</b>	<b>91,705</b>	<b>667,870</b>	<b>18,609,748</b>
Operating profit before allocated cost	4,872,475	2,755,188	2,584,524	4,082,890	3,266,259	3,885,693	397,368	(123,428)	(2,460,560)	19,260,409
Allocated costs	(4,231,159)	(1,000,250)	(295,408)	(238,371)	-	-	-	-	-	(5,765,188)
<b>Operating profit</b>	<b>641,316</b>	<b>1,754,938</b>	<b>2,289,116</b>	<b>3,844,519</b>	<b>3,266,259</b>	<b>3,885,693</b>	<b>397,368</b>	<b>(123,428)</b>	<b>(2,460,560)</b>	<b>13,495,221</b>
Unallocated corporate expenses										(2,857,749)
Share of profit of associates										1,631,178
Gain on disposal of associate										3,291,544
<b>Profit before taxation</b>										<b>15,560,194</b>
Taxation										(3,145,825)
<b>Net Profit</b>										<b>12,414,369</b>
Segment assets	376,928,884	27,942,696	118,174,132	291,195,430	202,556,321	53,862,919	344,260	32,862,535	(169,773,585)	934,093,592
Associates										29,742,011
Unallocated assets										6,996,681
<b>Total assets</b>										<b>970,832,284</b>
Segment liabilities	344,668,280	14,907,550	94,523,165	269,212,158	166,977,856	33,325,435	550	26,217,611	(126,529,221)	823,303,384
Unallocated liabilities										1,813,498
<b>Total liabilities</b>										<b>825,116,882</b>
Capital expenditure	1,659,137	558,221	139,117	60,843	329,348	346,639	217,701	34,614	-	3,345,620



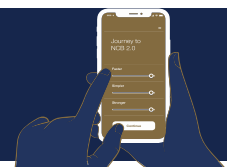
## Unaudited Segment Report

Six months ended March 31, 2018 - Restated  
(expressed in Jamaican dollars unless otherwise indicated)

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	Consumer & SME		Corporate Banking	Treasury & Correspondent Banking	Wealth, Asset Management & 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	12,513,456	7,151,712	3,544,406	7,021,714	7,274,353	5,462,056	2,740,743	391,825	-	46,100,265
Revenue from other segments	978,486	-	339,680	3,076,820	1,232,875	75,291	130,224	208,385	(6,041,761)	-
<b>Total Revenue</b>	<b>13,491,942</b>	<b>7,151,712</b>	<b>3,884,086</b>	<b>10,098,534</b>	<b>8,507,228</b>	<b>5,537,347</b>	<b>2,870,967</b>	<b>600,210</b>	<b>(6,041,761)</b>	<b>46,100,265</b>
Interest income	10,640,029	2,658,642	3,394,857	6,651,220	4,484,409	1,564,515	359,341	5,771	(5,479,905)	24,278,879
Interest expense	(1,536,258)	(721,584)	(1,768,770)	(5,054,367)	(2,501,906)	(483,010)	-	(2,326)	4,151,094	(7,917,127)
<b>Net interest income</b>	<b>9,103,771</b>	<b>1,937,058</b>	<b>1,626,087</b>	<b>1,596,853</b>	<b>1,982,503</b>	<b>1,081,505</b>	<b>359,341</b>	<b>3,445</b>	<b>(1,328,811)</b>	<b>16,361,752</b>
Net fee and commission income	2,273,751	2,450,723	434,101	259,104	1,063,733	1,044,785	89,911	21,830	(1,177,719)	6,460,219
Gain on foreign currency and investment activities	107,253	10,888	32,357	3,074,658	2,516,777	763,942	(9,672)	59,412	621,152	7,176,767
Premium income	-	-	-	-	-	2,076,399	2,388,450	-	(151,176)	4,313,673
Other income	228,487	2,251	494	95,065	157,860	87,707	42,937	211,434	(376,461)	449,774
<b>Total operating income</b>	<b>11,713,262</b>	<b>4,400,920</b>	<b>2,093,039</b>	<b>5,025,680</b>	<b>5,720,873</b>	<b>5,054,338</b>	<b>2,870,967</b>	<b>296,121</b>	<b>(2,413,015)</b>	<b>34,762,185</b>
Staff costs	5,225,783	467,035	212,817	97,297	772,994	439,708	459,475	47,644	905,719	8,628,472
Credit impairment losses	347,984	115,282	(16,679)	(11,002)	(3,069)	-	-	-	-	432,516
Depreciation and amortisation	364,302	256,203	4,314	4,943	54,844	76,284	34,707	416	35,821	831,834
Policyholders' and annuitants' benefits and reserves	-	-	-	-	-	1,398,624	1,834,806	-	(5,142)	3,228,288
Other operating expense	1,871,993	1,257,441	279,298	839,462	898,035	376,535	386,431	9,470	64,010	5,982,675
<b>Total operating expense</b>	<b>7,810,062</b>	<b>2,095,961</b>	<b>479,750</b>	<b>930,700</b>	<b>1,722,804</b>	<b>2,291,151</b>	<b>2,715,419</b>	<b>57,530</b>	<b>1,000,408</b>	<b>19,103,785</b>
Operating profit before allocated cost	3,903,200	2,304,959	1,613,289	4,094,980	3,998,069	2,763,187	155,548	238,591	(3,413,423)	15,658,400
Allocated costs	(3,123,710)	(799,272)	(277,603)	(190,284)	-	-	-	-	-	(4,390,869)
<b>Operating profit</b>	<b>779,490</b>	<b>1,505,687</b>	<b>1,335,686</b>	<b>3,904,696</b>	<b>3,998,069</b>	<b>2,763,187</b>	<b>155,548</b>	<b>238,591</b>	<b>(3,413,423)</b>	<b>11,267,531</b>
Unallocated corporate expenses										(444,507)
Negative goodwill on acquisition of subsidiary										4,392,149
Share of profit of associates										1,478,676
<b>Profit before taxation</b>										<b>16,693,849</b>
Taxation										(2,726,629)
<b>Net Profit</b>										<b>13,967,220</b>
Segment assets	370,450,914	25,259,442	93,851,789	274,937,079	207,250,703	51,167,630	15,083,720	16,959,775	(203,768,378)	851,192,674
Associates										37,007,182
Unallocated assets										6,144,242
<b>Total assets</b>										<b>894,344,098</b>
Segment liabilities	317,133,099	12,479,996	66,627,201	290,337,712	173,902,559	33,808,907	9,023,349	265,447	(141,864,643)	761,713,627
Unallocated liabilities										1,840,033
<b>Total liabilities</b>										<b>763,553,660</b>
Capital expenditure	1,571,485	457,296	144,404	117,098	506,227	270,583	287,319	55,426	-	3,409,838



## 1. Identification and Principal Activities

NCB Financial Group Limited ("the Company") is incorporated and domiciled in Jamaica. The Company is 53.02% (March 31, 2018 - 51.83%) 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.

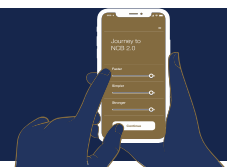
The Company's ordinary stock units are listed on the Jamaica Stock Exchange and the Trinidad and Tobago Stock Exchange.

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 Company and its Subsidiaries	
		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.



## 1. Identification and Principal Activities (continued)

The Group's associates are as follows:

	Principal Activities	Percentage Ownership
Dyoll Group Limited	In Liquidation	44.47
Elite Diagnostic Limited	Medical Imaging Services	18.69
Guardian Holdings Limited	Life Insurance, Investment and Pension Fund Management Services	29.99
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.

With the exception of the Group's shareholding in JMMB Group Limited which was disposed of during the current year (March 31, 2018 - 26.30%), the Group's shareholdings in its associates were the same as at March 31, 2018.

## 2. Basis of preparation

The condensed consolidated interim financial statements (interim financial statements) for the six months ended March 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, 2018 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 9, 'Financial Instruments'

Effective October 1, 2018, the Group adopted IFRS 9, 'Financial Instruments', which replaced IAS 39. The Group has applied the new rules under the modified retrospective treatment allowed under the standard, with the practical expedients permitted. The modified retrospective treatment does not require the restatement of prior periods, therefore comparatives for the prior year were not restated and are therefore in accordance with IAS 39.

Under IFRS 9, financial assets are required to be classified into three measurement categories: (i) those to be measured subsequently at amortised cost, (ii) those to be measured subsequently at fair value through other comprehensive income (FVOCI) and (iii) those to be measured subsequently at fair value through profit or loss (FVTPL). Classification of debt instruments under IFRS 9 is driven by the entity's business model for managing the financial assets and the contractual characteristics of the financial assets. All equity instruments are measured at fair value under IFRS 9. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity is required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.

IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces a new impairment model for financial assets.

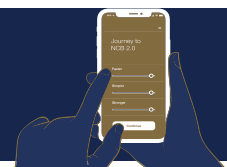
### Classification and measurement

#### Debt instruments

The standard introduces new requirements to determine the measurement basis of financial assets, involving the cash flow characteristics of assets and the business models under which they are managed. Based on these conditions for classification, majority of Group's debt instruments which were classified as available-for-sale were reclassified as measured at FVOCI. Certain debt instruments which were classified as loans and receivables were reclassified as measured at FVOCI and some were reclassified as measured at amortised cost. Some debt instruments which were classified as available-for-sale and loans and receivables have failed to meet the 'solely payments, principal and interest' (SPPI) requirement for the amortised cost classification under IFRS 9. As a result, those instruments were reclassified as FVTPL and the related fair value gains/(losses) were transferred from the fair value reserve to retained earnings on October 1, 2018.

#### Equity instruments

The Group had previously classified some of its equity instruments as available for sale. With the adoption of IFRS 9, the Group has decided to measure all equity instruments at FVTPL. The change has resulted in the related fair value gains/(losses) being transferred from the fair value reserve to retained earnings for instruments measured at FVTPL on October 1, 2018.



## 2. Basis of preparation (continued)

### IFRS 9, 'Financial Instruments' (continued)

#### Classification and measurement (continued)

##### Financial liabilities

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules are unchanged from IAS 39 'Financial Instruments: Recognition and Measurement'.

##### Impairment

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than incurred credit losses as previously required under IAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under IFRS 15 'Revenue from Contracts with Customers', lease receivables, loan commitments and certain financial guarantee contracts. Impairment provisions does not apply to financial assets classified as FVTPL.

The IFRS 9 Impairment model uses a three stage approach based on the extent of credit deterioration since origination:

Stage 1 – 12 month ECL applies to all financial assets that have not experienced a significant increase in credit risk (SICR) since origination and are not credit impaired. The ECL is computed by using the respective probabilities of defaults (PD) occurring over the next 12 months. For those assets with a remaining maturity of less than 12 months, a PD is used that corresponds to remaining maturity. This Stage 1 approach is different from the previous approach which estimates a collective allowance to recognise losses that have been incurred but not reported on performing loans.

Stage 2 – When a financial asset experiences a SICR subsequent to origination but is not credit impaired, it is considered to be in Stage 2. This requires the computation of ECL based on PD occurring over the remaining estimated life of the financial asset. Provisions are higher in this stage because of an increase in risk and the impact of a longer time horizon being considered compared to 12 months in Stage 1.

Stage 3 – Financial assets that have objective evidence of impairment are included in this stage. Similar to Stage 2, the allowance for credit losses will capture the lifetime ECL.

Some of the key concepts in IFRS 9 that have the most significant impact and require a high level of judgement include: (i) assessment of significant increase in credit risk; (ii) macroeconomic factors, forward looking information, including multiple scenarios; (iii) expected life; and (iv) definition of default and write-off.

The Group's financial statements have been adjusted as at October 1, 2018 to reflect the cumulative retrospective impact of the initial adoption of IFRS 9. The effect of the adoption on the statement of financial position as at October 1, 2018 was as follows:

	As previously stated September 30 2018	IFRS 9 initial adoption adjustments October 1 2018	Opening position October 1 2018
	\$'000	\$'000	\$'000
<b>ASSETS</b>			
Cash in hand and balances at Central Banks	74,711,396	-	74,711,396
Due from banks	48,702,014	-	48,702,014
Derivative financial instruments	233,329	(233,329)	-
Investment securities at fair value through profit or loss (FVTPL)	2,540,013	7,261,180	9,801,193
Reverse repurchase agreements	3,807,177	-	3,807,177
Loans and advances, net of credit impairment losses	372,634,701	(341,300)	372,293,401
Investment securities classified as available-for-sale and loans and receivable	211,903,094	(211,903,094)	-
Investment securities classified as FVOCI and amortised cost	-	205,224,014	205,224,014
Pledged assets	176,910,304	-	176,910,304
Investment in associates	35,125,894	(1,340,904)	33,784,990
Investment properties	1,366,950	-	1,366,950
Intangible assets	12,398,591	-	12,398,591
Property, plant and equipment	13,280,060	-	13,280,060
Deferred income tax assets	4,639,482	(146,750)	4,492,732
Income tax recoverable	1,613,365	-	1,613,365
Customers' liability - letters of credit and undertaking	2,305,130	-	2,305,130
Other assets	16,413,126	-	16,413,126
<b>Total assets</b>	<b>978,584,626</b>	<b>(1,480,183)</b>	<b>977,104,443</b>





## 2. Basis of preparation (continued)

### IFRS 9, 'Financial Instruments' (continued)

	As previously stated September 30 2018	IFRS 9 initial adoption adjustments October 1 2018	Opening position October 1 2018
	\$'000	\$'000	\$'000
<b>LIABILITIES</b>			
Due to banks	11,815,200	-	11,815,200
Customer deposits	484,847,790	-	484,847,790
Repurchase agreements	152,884,626	-	152,884,626
Obligations under securitisation arrangements	58,992,666	-	58,992,666
Derivative financial instruments	259,002	-	259,002
Other borrowed funds	65,558,639	-	65,558,639
Deferred income tax liabilities	910,710	348,362	1,259,072
Liabilities under annuity and insurance contracts	38,093,007	-	38,093,007
Post-employment benefit obligations	5,502,973	-	5,502,973
Liability - letters of credit and undertaking	2,305,130	-	2,305,130
Other liabilities	17,830,555	-	17,830,555
<b>Total liabilities</b>	<b>839,000,298</b>	<b>348,362</b>	<b>839,348,660</b>
<b>STOCKHOLDERS' EQUITY</b>			
Share capital	153,827,330	-	153,827,330
Treasury shares	(1,050,785)	-	(1,050,785)
Reserve from the scheme of arrangement	(147,034,858)	-	(147,034,858)
Fair value and capital reserves	3,535,115	1,864,508	5,399,623
Loan loss reserve	3,470,490	(245,692)	3,224,798
Banking reserve fund	6,598,442	-	6,598,442
Retained earnings reserve	39,250,000	-	39,250,000
Retained earnings	71,444,834	(3,409,804)	68,035,030
Equity attributable to shareholders of the parent	130,040,568	(1,790,989)	128,249,579
Non-controlling interest	9,543,760	(37,556)	9,506,204
<b>Total stockholders' equity</b>	<b>139,584,328</b>	<b>(1,828,544)</b>	<b>137,755,784</b>
<b>Total stockholders' equity and liabilities</b>	<b>978,584,626</b>	<b>(1,480,183)</b>	<b>977,104,443</b>

### IFRS 15, 'Revenue from Contracts with Customers'

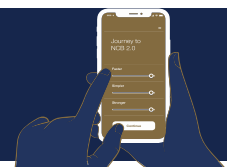
Effective October 1, 2018, the Group also adopted IFRS 15, 'Revenue from Contracts with Customers'. The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. The Group's main source of revenue is out of the scope of IFRS 15. The Group has concluded that there was no significant impact on adoption of IFRS 15.

## 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 pension 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.



## 3. Segment reporting (continued)

### 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

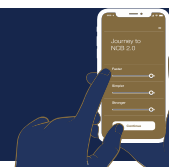
Eliminations comprise inter-company and inter-segment transactions.

## 4. Restatement

The Group acquired a 50.10% shareholding in Clarien Group Limited in December 2017. In accordance with the measurement period provisions in IFRS 3, the Group's share of net identifiable assets acquired was determined provisionally from the financial statements of Clarien as at December 31, 2017. On that basis, \$1,465,748,000 was recognised as negative goodwill on acquisition of subsidiary in the income statement for the six months ended March 31, 2018. This amount was subsequently revised to \$4,392,149,000 upon finalisation of the determination of the fair value of the net assets (including intangible assets) acquired.

The effect of the restatement on the income statement for the six months ended March 31, 2018 was as follows:

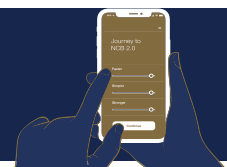
	As previously stated \$'000	Effect of restatement \$'000	As restated \$'000
<b>Operating profit</b>	<b>10,823,024</b>	-	<b>10,823,024</b>
Negative goodwill on acquisition of subsidiary	1,465,748	2,926,401	4,392,149
Share of profit of associates	1,478,676	-	1,478,676
<b>Profit before taxation</b>	<b>13,767,448</b>	<b>2,926,401</b>	<b>16,693,849</b>
Taxation	(2,726,629)	-	(2,726,629)
<b>NET PROFIT</b>	<b>11,040,819</b>	<b>2,926,401</b>	<b>13,967,220</b>
Earnings per stock unit			
Basic and diluted (expressed in \$)	<b>4.44</b>		<b>5.63</b>



#### 4. Restatement (continued)

The effect of the restatement on the statement of financial position as at March 31, 2018 was as follows:

	As previously stated \$'000	Effect of restatement \$'000	As restated \$'000
<b>ASSETS</b>			
Cash in hand and balances at Central Banks	61,796,292	(30)	61,796,262
Due from banks	56,161,232	(49)	56,161,183
Derivative financial instruments	193,455	-	193,455
Investment securities at fair value through profit or loss	1,929,215	-	1,929,215
Reverse repurchase agreements	4,024,593	-	4,024,593
Loans and advances, net of credit impairment losses	334,299,837	228,570	334,528,407
Investment securities	219,916,944	45	219,916,989
Pledged assets	134,627,465	-	134,627,465
Investment in associates	37,007,182	-	37,007,182
Investment properties	1,283,368	75,204	1,358,572
Intangible assets	7,479,425	3,418,839	10,898,264
Property, plant and equipment	13,251,468	133,280	13,384,748
Deferred income tax assets	3,379,764	-	3,379,764
Income tax recoverable	1,806,862	-	1,806,862
Customers' liability - letters of credit and undertaking	2,111,916	-	2,111,916
Other assets	11,395,122	(175,901)	11,219,221
<b>Total assets</b>	<b>890,664,140</b>	<b>3,679,958</b>	<b>894,344,098</b>
<b>LIABILITIES</b>			
Due to banks	10,236,520	-	10,236,520
Customer deposits	450,670,685	(171,529)	450,499,156
Repurchase agreements	121,298,593	-	121,298,593
Obligations under securitisation arrangements	59,985,840	-	59,985,840
Derivative financial instruments	218,511	-	218,511
Other borrowed funds	55,847,158	-	55,847,158
Income tax payable	275,535	-	275,535
Deferred income tax liabilities	1,564,498	-	1,564,498
Liabilities under annuity and insurance contracts	38,116,273	-	38,116,273
Post-employment benefit obligations	4,638,292	-	4,638,292
Liability - letters of credit and undertaking	2,111,916	-	2,111,916
Other liabilities	20,751,063	(1,989,695)	18,761,368
<b>Total liabilities</b>	<b>765,714,884</b>	<b>(2,161,224)</b>	<b>763,553,660</b>
<b>STOCKHOLDERS' EQUITY</b>			
Share capital	153,827,330	-	153,827,330
Treasury shares	(1,050,785)	-	(1,050,785)
Reserves from the scheme of arrangement	(147,034,858)	-	(147,034,858)
Fair value and capital reserves	6,316,263	-	6,316,263
Loan loss reserve	4,159,988	-	4,159,988
Banking reserve fund	6,567,333	-	6,567,333
Retained earnings reserve	38,850,000	-	38,850,000
Retained earnings	57,592,289	2,926,401	60,518,690
Equity attributable to shareholders of the parent	119,227,560	2,926,401	122,153,961
Non-controlling interest	5,721,696	2,914,781	8,636,477
<b>Total stockholders' equity</b>	<b>124,949,256</b>	<b>5,841,182</b>	<b>130,790,438</b>
<b>Total stockholders' equity and liabilities</b>	<b>890,664,140</b>	<b>3,679,958</b>	<b>894,344,098</b>



## 5. Disposal of associate interest in JMMB Group Limited

The Group disposed of 326,277,325 shares in JMMB Group Limited on December 27, 2018 at a price of \$28.25 per share, resulting in the recording of a gain on disposal of \$3.3 billion in the current period. JMMB Group Limited is therefore no longer an associate company of the NCB Group.

## 6. Offer and Take-Over Bid

On December 8, 2017, through its wholly-owned subsidiary, NCB Global Holdings Limited (NCBGH), NCBFG launched 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. The Offer, if successful, would have resulted 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 and further to February 23, 2018. As at February 23, 2018, there were terms and conditions of the Offer which remained outstanding. As such and in accordance with the provisions of the Securities Industry (Take-Over) By-Laws, 2005 NCBGH confirmed that the Offer lapsed.

The Trinidad and Tobago Securities and Exchange Commission convened a hearing (the 'Hearing') in accordance with the provisions of the Securities Act, 2012 in respect of the facts and circumstances surrounding NCBGH's equity interest in GHL and the issuance of the Offer Circular. However, that hearing was adjourned in the light of settlement negotiations that had commenced involving NCBGH and the Commission. A settlement of the proceedings was reached, and approved by an Order of the Commission made in November 2018.

Under the approved settlement, on December 31, 2018 NCBGH re-launched a revised take-over bid using an offer price of US\$2.79 per share. The Offer, if successful, would result in NCBFG acquiring up to 32.01% of the outstanding shares of GHL which, when combined with NCBGH's existing 29.99% shareholding in GHL, represents approximately 62% controlling interest in GHL. Unless further extended, the Offer period will close on April 30, 2019. Full acceptance of the Offer would result in a cash payment of the aggregate sum of US\$207,103,793 to the shareholders of GHL who accept the Offer. The Offer is conditional upon GHL shareholders tendering shares which would result in NCBGH acquiring more than 50.01% of the aggregate outstanding shares of GHL and obtaining regulatory and other approvals required to acquire the GHL Shares. Shares so far tendered exceed the number required.



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

<u>Directors</u> <sup>1.</sup>	<u>Total</u>	<u>Direct</u>	<u>Connected Parties</u>
Robert Almeida	61,750,129	171,750	61,578,379
Dennis Cohen <sup>2.</sup>	156,055,594	21,524,238	134,531,356
Sandra Glasgow <sup>2.</sup>	134,728,731	177,475	134,551,256
Sanya Goffe	61,592,379	14,000	61,578,379
Patrick Hylton, CD	101,161,155	39,582,776	61,578,379
Hon. Michael Lee-Chin, OJ	1,539,129,986	2,415,882	1,536,714,104
Thalia Lyn, OD <sup>2.</sup>	134,983,190	438,714	134,544,476
Oliver Mitchell, Jr.	61,586,579	8,200	61,578,379
Prof. Alvin Wint, CD	61,666,523	88,144	61,578,379
Dave Garcia (Corporate Secretary)	173,332	173,332	0

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

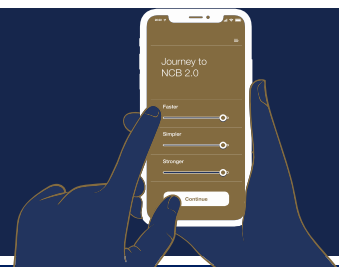
<u>Executives/Senior Managers</u>	<u>Total</u>	<u>Direct</u>	<u>Connected Parties</u>
Dennis Cohen <sup>1. 2.</sup>	156,055,594	21,524,238	134,531,356
Dave Garcia	173,332	173,332	0
Patrick Hylton, CD <sup>1.</sup>	101,161,155	39,582,776	61,578,379
Misheca Seymour-Senior	2,500	2,500	0
Mukisa Wilson Ricketts	85,857	85,857	0
Allison Wynter <sup>2.</sup>	73,139,519	189,542	72,949,977

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

<u>Executives/Senior Managers</u>	<u>Total</u>	<u>Direct</u>	<u>Connected Parties</u>
Rickert Allen	225,149	225,149	0
Gabrielle Banbury-Kelly	65,513	65,513	0
Septimus Blake	209,449	209,449	0
Brian Boothe	102,000	102,000	0
Danielle Cameron Duncan	89,464	89,464	0
Steven Gooden	122,725	122,725	0
Howard Gordon	103,356	103,356	0
Phillip Harrison	25,598	10,000	15,598
Vernon James	0	0	0
Nadeen Matthews Blair	92,305	92,305	0
Claudette Rodriguez	97,660	97,660	0
Andrew Simpson	0	0	0
Mark Thompson	0	0	0
Ian Turan	0	0	0
Simona Watkis	4,900	4,900	0
Tanya Watson Francis	154,628	154,628	0
Angus Young	135,000	135,000	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 as trustees of the N.C.B. Staff Pension Fund.



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

Name of Shareholder	Units	Percentage Ownership
AIC (Barbados) Limited	1,307,805,542	53.02%
Sagicor PIF Equity Fund	77,833,444	3.16%
Harprop Limited	66,895,153	2.71%
NCB Insurance Co. Ltd WT 109	62,989,156	2.55%
AIC Global Holdings Inc.	45,449,690	1.84%
Patrick Hylton	39,582,776	1.60%
SJIML A/C 3119	39,221,219	1.59%
Ideal Portfolio Services Company Limited	34,144,289	1.38%
Portland (Barbados) Limited	33,154,085	1.34%
Guardian Life of the Caribbean	30,206,369	1.22%

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

Number of Shareholders	Ownership of Each Shareholder	Percentage Ownership	Number of Units
(1) shareholder with 4 accounts	53.02%	53.02%	1,307,805,542
10	1 - 5%	18.56%	457,888,270
40,253	Less than 1%	28.42%	701,069,016
<b>40,264</b>		<b>100.00%</b>	<b>2,466,762,828</b>