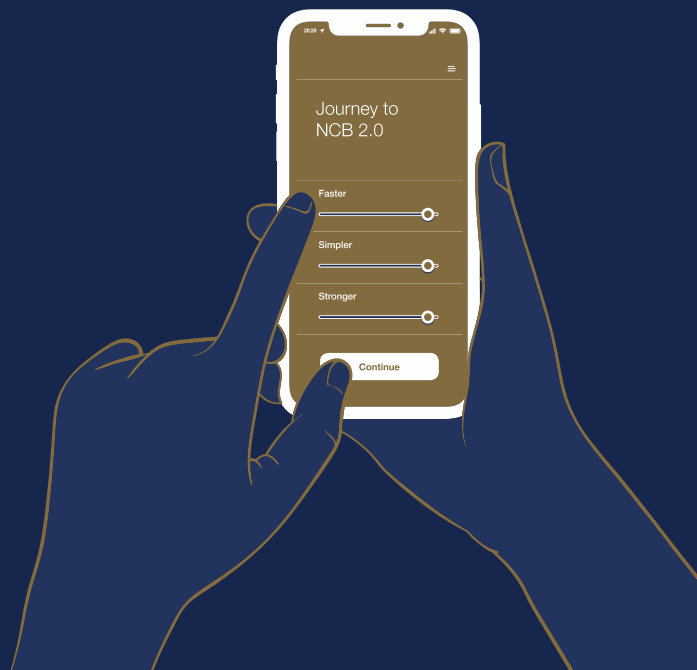


# Financial Results

For the three months ended December 31, 2018


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## KEY RESULTS

  
**\$7.4B**  
Net Profit

  
**\$940.9B**  
Total Assets

  
**\$131.5B**  
Equity

  
**\$3.03**  
EPS

  
**3.10%**  
Return on Assets

  
**22.77%**  
Return of Equity

## First Quarter 2019 Earnings Release

January 24, 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 three months ended December 31, 2018.

NCBFG reports a net profit of \$7.4 billion for the first quarter of the 2019 financial year. Net profit attributable to our stockholders was \$7.4 billion, a 1% or \$95 million decline 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 (Clarien).

We continue to transform the Group by focusing on enhancing customer experience, developing our digital capabilities by introducing value-added

technological innovations, and strengthening our financial position by improving our core businesses.

We launched an offer and take-over bid to all shareholders of Guardian Holdings Limited (GHL), to acquire up to 74,230,750 ordinary shares in GHL for US\$2.79 per share. This offer, if successful, will result in NCBFG acquiring up to 32.01% of the outstanding shares in GHL which, when combined with our existing shareholding, would represent a 62% controlling interest in GHL. The offer was launched on December 31, 2018 and is expected to close on February 7, 2019.

As we continue our regional expansion and amidst the challenging regional macro-economic environment, our continued focus on strategic priorities will enable us to continue to deliver value to our stakeholders and sustainable growth for the Group. Our financial results reflect our commitment to sustainable growth and we are confident that we have the right team and strategies to deliver on our current goals.

For more information, contact:

### INVESTOR RELATIONS

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

### MEDIA RELATIONS

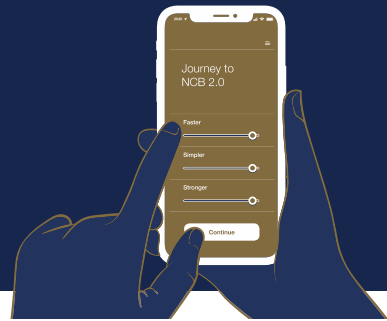
**Nichole Brackett Walters**  
Manager  
Group Marketing & Communications  
Email: [BrackettWaltersNC@JNCB.com](mailto:BrackettWaltersNC@JNCB.com)

# Financial Results

For the three months ended December 31, 2018

**Net Profit of \$7.4 billion** (attributable to stockholders of the parent)

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## Financial Performance

The net profit includes a gain of \$3.3 billion from the disposal of our equity investment in JMMB Group Limited (JMMB). In December 2018, we sold 326,277,325 shares in JMMB at a price of \$28.25 per share. Consequently, JMMB is no longer an associate company of the Group.

Effective October 1, 2018, the Group adopted IFRS 9 – Financial Instruments, which addresses the classification, measurement and de-recognition of financial assets and liabilities and introduces a new impairment model for financial assets. IFRS 9 replaces IAS 39 and 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. Details on the impact can be found in note 2 of the financial statements.

## Operating Income

Operating income for the quarter was \$20.7 billion, a 24% or \$4.0 billion improvement over the prior year.

- Net interest income increased by \$2.3 billion or 30% over the prior year. Clarien's net interest income totalled \$1.5 billion while in the prior year's December 2017 quarter there were no comparable results. The increase was also fuelled by a 22% growth in National Commercial Bank Jamaica Limited's (NCBJ's) loan portfolio which resulted in a 16% rise in interest income from loans for that entity.
- Gain on foreign currency and investment activities grew by 34% or \$1.1 billion, primarily due to higher exchange income resulting from the 5% appreciation of the Jamaican currency against the US dollar.
- Net fee and commission income grew by \$729 million or 20% stemming from the consolidation of Clarien, increased credit related and e-commerce fees.

## Operating Expenses

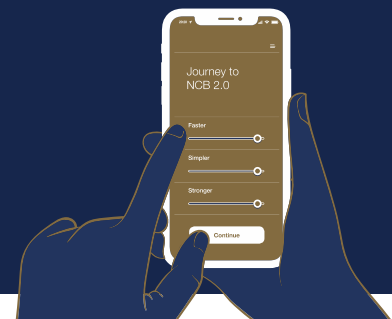
Operating expenses totalled \$15.9 billion for the quarter, increasing by 21% or \$2.7 billion over the prior year. The consolidation of Clarien accounted for \$1.7 billion of this increase. The results included \$1.2 billion in impairment losses, \$1.0 billion related to loan facilities and \$132 million for investment securities held. The results also include \$1.6 billion in asset tax expenses for all regulated non-insurance entities within the Group, representing an increase of \$193 million over the prior year. There were also increased depreciation and amortisation costs related to our digital investments and amortisation of acquired intangibles following the acquisition of Clarien. The increased costs were partially offset by a 65% or \$1.2 billion decline in policyholders' and annuitants' benefits and reserves. Despite the increase in operating expenses the cost to income ratio for the quarter was 71.04% compared to the prior year's first quarter of 77.97%.

# Financial Results

For the three months ended December 31, 2018

**Net Profit of \$7.4 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 \$373.5 billion, an increase of \$50.9 billion or 16% over the prior year. The growth was driven by our Jamaican portfolio (corporate, retail, SME and credit card receivables) which increased by 22% or \$50.4 billion. Non-performing loans totalled \$18.5 billion as at December 31, 2018 (December 31, 2017: \$15.0 billion) and represented 4.9% of the gross loans compared to 4.6% as at December 31, 2017. Our underwriting and delinquency management processes remain proactive and robust in monitoring and responding to market changes.

## Deposits

Customer deposits totalled \$460.7 billion, an increase of 7% or \$29.5 billion. Compared to December 2017, we experienced strong growth in our deposit base which is an indication of the confidence our customers have placed in the Group. Deposits were our main source of funding, accounting for 59% of total funding at the end of December 2018.

## Capital

Stockholders' equity of \$131.5 billion grew by \$10.0 billion or 8%. 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	December 31, 2018	December 31, 2017
<b>National Commercial Bank Jamaica Limited</b>	Regulatory capital to risk weighted assets ratio [Minimum requirement – 12.5%]	<b>12.5%</b>	13.4%
<b>NCB Capital Markets Limited</b>	Regulatory capital to risk weighted assets ratio [Minimum requirement – 10.0%]	<b>16.0%</b>	16.5%
<b>NCB Insurance Company Limited</b>	Minimum continuing capital and surplus requirements ratio [Minimum requirement – 150.0%]	<b>369.4%</b>	418.4%
<b>Advantage General Insurance Company Limited</b>	Available assets to required assets (Minimum capital test) [Minimum requirement – 250.0%]	<b>517.3%</b>	425.7%
<b>NCB (Cayman) Limited</b>	Regulatory capital to risk weighted assets ratio [Minimum requirement – 12.0%]	<b>25.5%</b>	25.6%
<b>NCB Global Finance Limited</b>	Regulatory capital to risk weighted assets ratio [Minimum requirement – 12.0%]	<b>26.8%</b>	35.2%
<b>Clarien Bank Limited*</b>	Regulatory capital to risk weighted assets ratio	<b>*</b>	<b>*</b>

\* 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

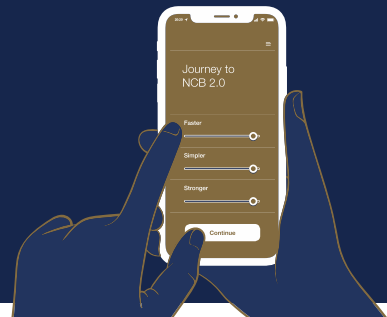
The Board of Directors, at its meeting on January 24, 2019, declared an interim dividend of \$0.90 per ordinary stock unit. The dividend is payable on February 22, 2019 to stockholders on record as at February 8, 2019.

# Financial Results

For the three months ended December 31, 2018

**Net Profit of \$7.4 billion** (attributable to stockholders of the parent)

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## Awards

During the quarter entities within the Group received the awards noted below. These accolades provide independent validation of the performance and successes of the Group.

- Jamaica Stock Exchange (JSE) 14<sup>th</sup> Annual Best Practices Awards:
  - **Governor General's Award for Excellence 2017** – NCBFG
  - **Best Practices – Annual Report Award 2017** – NCBFG
  - **Corporate Disclosure & Investor Relations Award 2017** – NCBFG
  - **JSE/PSOJ Best Practices Award for Corporate Governance** – NCBFG
  - **Chairman's Award – Top Member Dealer 2017** - NCB Capital Markets Ltd. (NCBCM)
  - **Member-Dealers Award 2017 – Expansion of Investors & Listed Companies Base** – NCBCM
- Global Finance – **Best FX Bank 2019** – Jamaica – NCBJ
- Global Finance – **Safest Bank Award 2018 – Jamaica** - NCBJ
- International Banker – **Best Commercial Bank - 2018** – NCBJ
- International Banker – **Best Innovation in Retail Banking - 2018** – NCBJ
- Latin Finance – **Bank of the Year 2018 – Jamaica** - NCBJ
- The Banker – **Bank of the Year 2018 – Jamaica** - NCBJ
- Capital Finance – **Best Wealth Management Caribbean 2018, CFI Award** – NCBCM

## Corporate Social Responsibility

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.

### Ethics

NCBFG continues to uphold high ethical standards and practices as a critical part of business operations. These standards are supported by employment practices and disciplinary procedures, such as the Code of Ethics and Code of Business Conduct, which apply to all employees and the Board of Directors.

### Employment Practices

#### NCB Pinnacle Awards

On November 24, 2018 the Group held the 17<sup>th</sup> staging of its reward and recognition programme, honouring top performers for the 2018 financial year, across various categories including sales and service.

### Stakeholder Engagement

#### NCB Online Dispute Portal

Designed to simplify the dispute resolution process, customers can now create and track disputes for transactions on their credit cards. The portal also allows cardholders to temporarily block and unblock credit cards, request replacement for lost, stolen or cards not received and update contact details with the use of their RSA Token.

### Stakeholder Engagement (continued)

#### NCB Credit Card Origination Lab

The Credit Card Origination Lab was created to simplify the credit card application process for customers through digitising the process end to end. In October 2018, pre-approved customers were the first to benefit from the solution which has served over 400 customers since its launch.

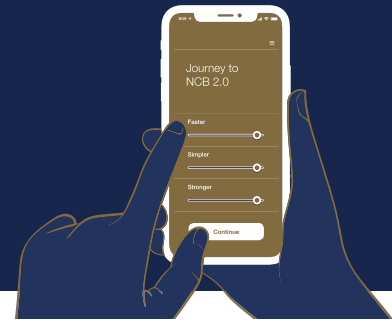
#### Cocktails & Conversation with the Chairman

Chairman of the Group, the Honourable Michael Lee-Chin, O.J., invited select clients to a series of financial talks aimed at encouraging them to understand and execute on strategies to achieve intergenerational wealth. Held on December 11 & 12, 2018 in Kingston and Montego Bay, respectively, the evening offered an up-close and candid conversation, punctuated with financial gems, with Jamaica's own self-made billionaire. Guests were also able to get insights to investment and off-shore banking opportunities from subsidiaries NCB Capital Markets Limited and NCB (Cayman) Limited.

# Financial Results

For the three months ended December 31, 2018  
**Net Profit of \$7.4 billion** (attributable to stockholders of the parent)

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## Corporate Social Responsibility (continued)

### Stakeholder Engagement (continued)

#### CWWA Conference

Caribbean Water and Wastewater Association (CWWA) staged its 27<sup>th</sup> annual conference in Montego Bay Jamaica in October 2018, which saw over 400 persons from water treatment and management industries in attendance. Staged over a week, the conference offered opportunities to explore financing through NCBCM.

#### NCB Dream Home Website

Buying a home is a big step and our new mortgage site is ready to help customers with every small step. This first release of the site, available at <https://myhome.jncb.com/>

### Stakeholder Engagement (continued)

provides future homeowners with:




- An overview of our simpler 6 step process to owning a home.
- Mortgage & budget calculators.
- Special rates and product features.
- Recommended valuers and land surveyors.
- Easier approval process.
- Checklist based on your employment status (employed and self-employed).
- Videos and content to support the entire home buying journey.

### Community Outreach/Philanthropy

#### TVJ's Junior Schools' Challenge Quiz

NCB Insurance Company Limited (NCBIC) was once again a main sponsor of TVJ's Junior Schools' Challenge Quiz which saw the grand finals taking place in early December 2018. NCBIC continues to encourage the growth and development of our children through sponsorship of educational programmes of this nature.

N.C.B. Foundation (NCBF), the philanthropic arm of the Group, is presently financed with 1% of the prior year 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 \$19 million** committed  **Over 1,400** man-hours spent by Volunteer Corps on project execution  **Over 125,000** lives impacted

### Education

**We did it!** The Principal – Mrs McNeil (right) and enthusiastic students of Pembroke Hall Primary School share a photo-op with the YCDI Ambassadors and NCB Team members after concluding their 'Hour of Code' in observance of Computer Science Week which is a global initiative.

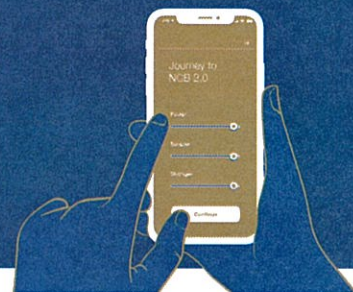


### Education (continued)

NCBF partnered with Youth Can Do I.T. (YCDI) in observance of **Computer Science Week** in December 2018 which is celebrated internationally to execute the '**Hour of Code**'. This initiative is a global movement conceptualised to teach everyone that they have the ability to create solutions with code.

Students from two of our adopted schools – **Pembroke Hall Primary** and **St. Aloysius Primary** participated in interactive and fun sessions led by the YCDI Ambassador and NCB staff members in their respective computer labs. Upon completion, all the participating students were awarded with tokens for their excellent display of talent and knowledge gained.



**Corporate Social Responsibility (continued)**

### Philanthropy (continued)

## Community Development & Sports

450 students from more than 100 schools island-wide participated in the 2018 Advanced M.V.P. Grassroots Athletics Training Camps. Student-athletes between 12 and 18 years participated in the camps, which took place in each of Jamaica's three counties: the Montego Bay Sports Complex, in Cornwall, the G.C. Foster College in Spanish Town for Middlesex and in Surrey at the National Stadium in Kingston.

Through a renewed three-year partnership with the M.V.P. Track & Field Club, the Group stands as the designated financial partner of the programme which bolsters nation-building through youth development and sports.



Wayne Hunter, NCB Branch Manager, Fairview (center) congratulates Malik Issacs of the Mannings School who was awarded the NCB Boy of the Camp at the Cornwall-leg held in Montego Bay, and Judeen Aird of Petersfield High School, who took home the NCB Girl of the Camp award.

## Youth Leadership & Entrepreneurship

In recognition of the paradigm shift in traditional fields of studies and career paths, NCBF continues to support non-traditional subject areas, such as Textiles, Clothing and Fashion, to the benefit of hundreds of students who wish to pursue careers in those fields.

NCBF donated sewing machines to the Home Economics Department at the Queen's School, which provided students with more resources to complete assignments on time and maintain their 100% pass rate in CSEC Textiles, Clothing and Fashion to advance in tertiary studies or in the world of work/entrepreneurship.



(L-R) Jannet Nevins, a Textiles, Clothing and Fashion teacher at the Queen's School in Kingston shows Maxine McKenzie, NCB Branch Manager Half-Way-Tree the ropes. She and her student demonstrate the best way to pin fabric before running it through the sewing machine. The school recently installed its two new NCBF-donated sewing machines.

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

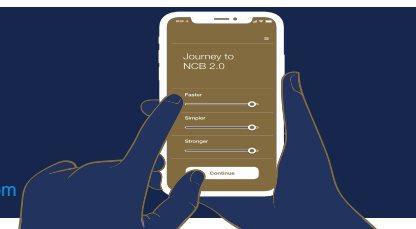


# Unaudited Consolidated Income Statement

Quarter ended December 31, 2018

(expressed in Jamaican dollars unless otherwise indicated)

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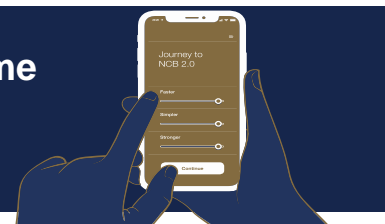


		<b>CURRENT YEAR</b>	<b>PRIOR YEAR</b>
	<b>Note</b>	<b>Quarter ended December 31 2018 \$'000</b>	<b>Quarter ended September 30 2018 \$'000</b>
			<b>Restated Quarter ended December 31 2017 \$'000</b>
<b>Operating income</b>			
Interest income		14,099,399	14,314,044
Interest expense		(4,253,084)	(4,585,532)
Net interest income		9,846,315	9,728,512
Fee and commission income		5,531,980	5,441,675
Fee and commission expense		(1,195,301)	(1,234,925)
Net fee and commission income		4,336,679	4,206,750
Gain on foreign currency and investment activities		4,174,467	4,205,879
Premium income		2,143,981	2,147,596
Dividend income		184,159	205,264
Other operating income		47,816	91,925
		6,550,423	6,650,664
		<b>20,733,417</b>	<b>20,585,926</b>
<b>Operating expenses</b>			
Staff costs		6,783,866	7,229,282
Credit impairment losses		1,022,946	303,199
Policyholders' and annuitants' benefits and reserves		617,334	426,169
Depreciation and amortisation		1,301,885	1,010,748
Impairment losses on securities		132,124	283,883
Other operating expenses		6,025,822	4,113,410
		<b>15,883,977</b>	<b>13,366,691</b>
<b>Operating profit</b>		<b>4,849,440</b>	<b>7,219,235</b>
Negative goodwill on acquisition of subsidiary		-	-
Share of profit of associates		818,859	760,889
Gain on disposal of associate	4	3,291,544	837,480
<b>Profit before taxation</b>		<b>8,959,843</b>	<b>8,817,604</b>
Taxation		(1,557,073)	(1,186,001)
<b>NET PROFIT</b>		<b>7,402,770</b>	<b>7,631,603</b>
Attributable to:			
Stockholders of parent		7,445,201	7,296,617
Non-controlling interest		(42,431)	334,986
		7,402,770	7,631,603
Earnings per stock unit		<b>3.03</b>	<b>2.97</b>
Basic and diluted (expressed in \$)			<b>3.07</b>

## Unaudited Consolidated Statement of Comprehensive Income

Quarter ended December 31, 2018  
(expressed in Jamaican dollars unless otherwise indicated)

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	Quarter ended December 31 2018 \$'000	Quarter ended September 30 2018 \$'000	Restated Quarter ended December 31 2017 \$'000
<b>Net Profit</b>	<b>7,402,770</b>	<b>7,631,603</b>	<b>7,539,846</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	(68,693)	12,871	(119,941)
<b>Items that may be subsequently reclassified to profit or loss</b>			
Currency translation (losses)/gains	(44,784)	1,817,878	7,039
Share of other comprehensive income of associated companies	(397,527)	(1,055,025)	(5,459)
Changes in unrealised (losses)/gains on securities designated as fair value through other comprehensive income (FVOCI)	(2,204,248)	1,464,042	1,275,155
Realised gains on securities designated as FVOCI	(230,568)	(1,794,154)	(987,807)
	(2,877,127)	432,741	288,928
<b>Total other comprehensive income</b>	<b>(2,945,820)</b>	<b>445,612</b>	<b>168,987</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>4,456,950</b>	<b>8,077,215</b>	<b>7,708,833</b>
<b>Total comprehensive income attributable to:</b>			
Stockholders of the parent	4,850,682	7,523,493	7,708,833
Non-controlling interest	(393,732)	553,722	-
	<b>4,456,950</b>	<b>8,077,215</b>	<b>7,708,833</b>



# Unaudited Consolidated Statement of Financial Position

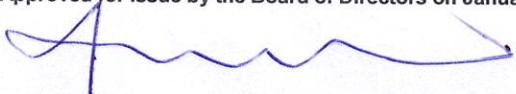
December 31, 2018  
(expressed in Jamaican dollars unless otherwise indicated)

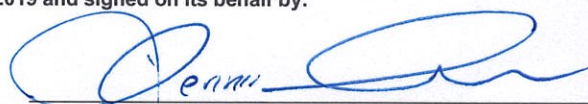
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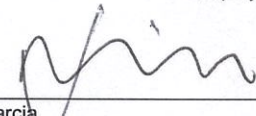
	December 31 2018 \$'000	September 30 2018 \$'000	Restated December 31 2017 \$'000
<b>ASSETS</b>			
Cash in hand and balances at Central Banks	58,543,790	74,711,396	55,289,789
Due from banks	28,087,274	48,702,014	43,175,448
Derivative financial instruments	-	233,329	198,366
Investment securities at fair value through profit or loss (FVTPL)	9,404,936	2,540,013	3,505,146
Reverse repurchase agreements	2,892,111	3,807,177	3,927,096
Loans and advances, net of credit impairment losses	373,487,028	372,634,701	322,589,014
Investment securities classified as FVOCI and amortised cost	197,414,785	211,903,094	219,786,568
Pledged assets	179,694,845	176,910,304	130,281,495
Investment in associates	30,193,997	35,125,894	37,965,984
Investment properties	1,338,221	1,366,950	1,296,667
Intangible assets	12,900,243	12,398,591	10,277,778
Property, plant and equipment	13,345,791	13,280,060	13,588,031
Deferred income tax assets	4,698,388	4,639,482	2,476,419
Income tax recoverable	1,599,973	1,613,365	1,632,559
Customers' liability - letters of credit and undertaking	2,221,586	2,305,130	2,231,675
Other assets	25,084,667	16,413,126	11,020,396
<b>Total assets</b>	<b>940,907,635</b>	<b>978,584,626</b>	<b>859,242,431</b>
<b>LIABILITIES</b>			
Due to banks	14,065,477	11,815,200	8,775,075
Customer deposits	460,660,993	484,847,790	431,203,804
Repurchase agreements	140,629,386	152,884,626	109,585,012
Obligations under securitisation arrangements	53,280,378	58,992,666	61,870,251
Derivative financial instruments	176,766	259,002	198,366
Other borrowed funds	61,076,578	65,558,639	51,646,650
Deferred income tax liabilities	235,809	910,710	2,208,349
Liabilities under annuity and insurance contracts	38,013,066	38,093,007	37,048,670
Post-employment benefit obligations	5,821,821	5,502,973	4,269,597
Liability - letters of credit and undertaking	2,221,586	2,305,130	2,231,675
Other liabilities	24,087,921	17,830,555	20,186,553
<b>Total liabilities</b>	<b>800,269,781</b>	<b>839,000,298</b>	<b>729,224,002</b>
<b>STOCKHOLDERS' EQUITY</b>			
Share capital	153,827,330	153,827,330	153,827,330
Treasury shares	(960,510)	(1,050,785)	(1,048,271)
Reserve from the scheme of arrangement	(147,034,858)	(147,034,858)	(147,034,858)
Fair value and capital reserves	2,873,797	3,535,115	9,885,495
Loan loss reserve	3,143,512	3,470,490	3,923,244
Banking reserve fund	6,598,442	6,598,442	6,567,333
Retained earnings reserve	39,250,000	39,250,000	37,625,000
Retained earnings	73,827,669	71,444,834	57,761,833
Equity attributable to shareholders of the parent	131,525,382	130,040,568	121,507,106
Non-controlling interest	9,112,472	9,543,760	8,511,323
<b>Total stockholders' equity</b>	<b>140,637,854</b>	<b>139,584,328</b>	<b>130,018,429</b>
<b>Total stockholders' equity and liabilities</b>	<b>940,907,635</b>	<b>978,584,626</b>	<b>859,242,431</b>

Approved for issue by the Board of Directors on January 24, 2019 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

	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		-	-	-	288,928	-	-	-	7,419,905	-	7,708,833
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		-	-	-	-	-	-	-	-	8,511,323	8,511,323
Transaction with owners of the Company - Dividends paid		-	-	-	-	-	-	-	(1,477,354)	-	(1,477,354)
<b>Balance at December 31, 2017, as restated</b>		153,827,330	(1,048,271)	(147,034,858)	9,885,495	3,923,244	6,567,333	37,625,000	57,761,833	8,511,323	130,018,429
<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		-	-	-	(2,525,826)	-	-	-	7,376,508	(393,732)	4,456,950
Transfer from loan loss reserve		-	-	-	-	(81,286)	-	-	81,286	-	-
Disposal of treasury shares		-	90,275	-	-	-	-	-	49,586	-	139,861
Transaction with owners of the Company - Dividends paid		-	-	-	-	-	-	-	(1,714,741)	-	(1,714,741)
<b>Balance at December 31, 2018</b>		153,827,330	(960,510)	(147,034,858)	2,873,797	3,143,512	6,598,442	39,250,000	73,827,669	9,112,472	140,637,854

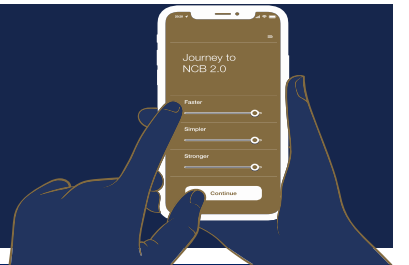
	December 31 2018 \$'000	Restated December 31 2017 \$'000
<b>Cash Flows from Operating Activities</b>		
Net profit	7,402,770	7,539,846
Adjustments to reconcile net profit to net cash provided by operating activities	(42,557,462)	(14,875,105)
Net cash used in operating activities	(35,154,692)	(7,335,259)
<b>Cash Flows from Investing Activities</b>		
Net cash acquired on purchase of subsidiary	-	1,822,570
Acquisition of property, plant and equipment	(812,831)	(1,419,728)
Acquisition of intangible asset - computer software	(1,345,887)	(633,598)
Proceeds from disposal of property, plant and equipment	1,297	146,629
Dividends received from associates	68,518	85,755
Purchases of investment securities	(60,492,691)	(82,006,823)
Sales/maturities of investment securities	61,896,942	74,914,220
Net cash used in investing activities	(684,652)	(7,090,975)
<b>Cash Flows from Financing Activities</b>		
Repayments under securitisation arrangements	(2,127,806)	(2,210,633)
Proceeds from other borrowed funds	5,987,729	19,362,642
Repayments of other borrowed funds	(7,391,531)	(5,050,710)
Purchase of treasury shares	-	(718,142)
Proceeds from disposal of treasury shares	139,861	-
Due to banks	2,424,076	(1,815,723)
Dividends paid	(1,714,741)	(1,477,354)
Net cash (used in)/provided by financing activities	(2,682,412)	8,090,080
Effect of exchange rate changes on cash and cash equivalents	4,603,872	2,837,956
Net decrease in cash and cash equivalents	(33,917,884)	(3,498,198)
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>41,252,758</b>	<b>59,439,509</b>
<b>Comprising:</b>		
Cash in hand and balances at Central Banks	15,797,404	11,625,981
Due from banks	25,964,493	43,388,700
Reverse repurchase agreements	1,757,935	3,255,575
Investment securities	7,360,231	4,972,164
Due to banks	(9,627,305)	(3,802,911)
	<b>41,252,758</b>	<b>59,439,509</b>



# Unaudited Segment Report

Quarter ended December 31, 2018

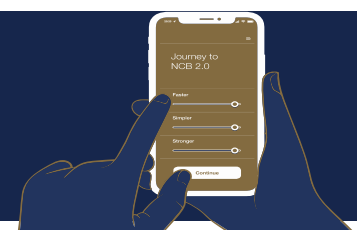
(expressed in Jamaican dollars unless otherwise indicated)



	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	7,639,898	4,048,698	2,563,467	3,418,292	3,332,245	2,443,848	1,393,277	1,342,077	-	26,181,802
Revenue from other segments	411,997	-	103,875	1,452,382	930,788	20,851	72,665	231,901	(3,224,459)	-
<b>Total Revenue</b>	<b>8,051,895</b>	<b>4,048,698</b>	<b>2,667,342</b>	<b>4,870,674</b>	<b>4,263,033</b>	<b>2,464,699</b>	<b>1,465,942</b>	<b>1,573,978</b>	<b>(3,224,459)</b>	<b>26,181,802</b>
Interest income	6,584,178	1,484,266	2,350,731	3,131,280	2,092,826	731,072	123,828	2,157	(2,400,969)	14,099,369
Interest expense	(978,645)	(265,885)	(1,059,118)	(2,237,977)	(1,057,989)	(270,098)	-	(3,249)	1,749,482	(4,123,479)
<b>Net interest income</b>	<b>5,605,533</b>	<b>1,218,381</b>	<b>1,291,613</b>	<b>893,303</b>	<b>1,034,837</b>	<b>460,974</b>	<b>123,828</b>	<b>(1,092)</b>	<b>(651,487)</b>	<b>9,975,890</b>
Net fee and commission income	1,220,972	1,358,298	285,341	137,250	1,009,671	602,711	57,794	23,712	(868,322)	3,827,427
Gain on foreign currency and investment activities	19,568	(796)	23,848	1,518,683	832,632	74,887	42,984	114,982	1,527,594	4,154,382
Premium income	-	-	-	-	-	1,004,340	1,225,978	-	(86,337)	2,143,981
Other income	41,257	253	314	76,776	134,242	51,690	15,358	231,885	(333,590)	218,185
<b>Total operating income</b>	<b>6,887,330</b>	<b>2,576,136</b>	<b>1,601,116</b>	<b>2,626,012</b>	<b>3,011,382</b>	<b>2,194,602</b>	<b>1,465,942</b>	<b>369,487</b>	<b>(412,142)</b>	<b>20,319,865</b>
Staff costs	2,515,566	250,654	68,297	59,913	485,124	285,534	256,893	42,179	1,347,371	5,311,531
Credit impairment losses	891,843	173,086	(19,272)	(22,710)	-	-	-	-	-	1,022,947
Depreciation and amortisation	281,895	131,991	1,952	3,155	28,167	35,000	26,044	477	273,152	781,833
Policyholders' and annuitants' benefits and reserves	-	-	-	-	-	(121,151)	738,485	-	-	617,334
Impairment losses on securities	-	-	-	19,436	94,666	4,123	13,899	-	-	132,124
Other operating expense	1,374,648	841,757	299,582	698,464	731,354	301,810	203,692	7,953	(979,090)	3,480,170
<b>Total operating expense</b>	<b>5,063,952</b>	<b>1,397,488</b>	<b>350,559</b>	<b>758,258</b>	<b>1,339,311</b>	<b>505,316</b>	<b>1,239,013</b>	<b>50,609</b>	<b>641,433</b>	<b>11,345,939</b>
Operating profit before allocated cost	1,823,378	1,178,648	1,250,557	1,867,754	1,672,071	1,689,286	226,929	318,878	(1,053,575)	8,973,926
Allocated costs	(2,018,509)	(480,700)	(137,539)	(109,636)	-	-	-	-	-	(2,746,384)
<b>Operating profit</b>	<b>(195,131)</b>	<b>697,948</b>	<b>1,113,018</b>	<b>1,758,118</b>	<b>1,672,071</b>	<b>1,689,286</b>	<b>226,929</b>	<b>318,878</b>	<b>(1,053,575)</b>	<b>6,227,542</b>
Unallocated corporate expenses										(1,378,102)
Share of profit of associates										818,859
Gain on disposal of associate										3,291,544
<b>Profit before taxation</b>										8,959,843
Taxation										(1,557,073)
<b>Net Profit</b>										7,402,770
Segment assets	366,740,055	28,579,968	110,429,929	283,901,829	203,749,306	54,135,086	15,221,636	1,598,838	(159,941,370)	904,415,277
Associates										30,193,997
Unallocated assets										6,298,361
<b>Total assets</b>										940,907,635
Segment liabilities	337,172,250	18,384,728	90,869,578	255,156,788	172,558,087	35,062,715	8,507,787	203,801	(117,881,762)	800,033,972
Unallocated liabilities										235,809
<b>Total liabilities</b>										800,269,781
Capital expenditure	1,061,915	261,908	79,465	41,871	393,465	115,850	176,636	27,608	-	2,158,718



	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	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)	-
<b>Total Revenue</b>	<b>5,778,242</b>	<b>3,446,760</b>	<b>1,816,892</b>	<b>5,098,860</b>	<b>3,420,313</b>	<b>2,735,876</b>	<b>1,405,349</b>	<b>730,474</b>	<b>(3,133,676)</b>	<b>21,299,090</b>
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)
<b>Net interest income</b>	<b>3,862,738</b>	<b>898,136</b>	<b>828,965</b>	<b>734,482</b>	<b>1,118,860</b>	<b>561,854</b>	<b>186,070</b>	<b>2,196</b>	<b>(638,020)</b>	<b>7,555,281</b>
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
<b>Total operating income</b>	<b>5,127,276</b>	<b>2,158,708</b>	<b>1,005,127</b>	<b>2,398,146</b>	<b>2,166,871</b>	<b>2,488,603</b>	<b>1,405,349</b>	<b>89,772</b>	<b>(615,117)</b>	<b>16,224,735</b>
Staff costs	2,610,674	231,978	93,357	43,888	415,398	229,838	214,210	20,536	597,611	4,457,490
Credit impairment 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
<b>Total operating expense</b>	<b>3,786,018</b>	<b>950,672</b>	<b>295,234</b>	<b>752,970</b>	<b>964,714</b>	<b>1,181,388</b>	<b>1,513,252</b>	<b>18,761</b>	<b>682,178</b>	<b>10,145,187</b>
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)
<b>Operating profit</b>	<b>(221,875)</b>	<b>809,659</b>	<b>569,593</b>	<b>1,547,451</b>	<b>1,202,157</b>	<b>1,307,215</b>	<b>(107,903)</b>	<b>71,011</b>	<b>(1,297,295)</b>	<b>3,880,013</b>
Unallocated corporate expenses										(347,457)
Negative goodwill on acquisition of subsidiary										4,392,149
Share of profit of associates										509,121
<b>Profit before taxation</b>										<b>8,433,826</b>
Taxation										(893,980)
<b>Net Profit</b>										<b>7,539,846</b>
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	(131,624,906)	816,167,552
Associates										37,965,984
Unallocated assets										5,108,895
<b>Total assets</b>										<b>859,242,431</b>
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	(91,924,363)	727,015,653
Unallocated liabilities										2,208,349
<b>Total liabilities</b>										<b>729,224,002</b>
Capital expenditure	974,033	256,578	74,806	79,632	325,748	162,243	142,038	38,248	-	2,053,326



## 1. Identification and Principal Activities

NCB Financial Group Limited ("the Company") is incorporated and domiciled in Jamaica. The Company is 53.02% (2017 - 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, O.J., Chairman of the Company.

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

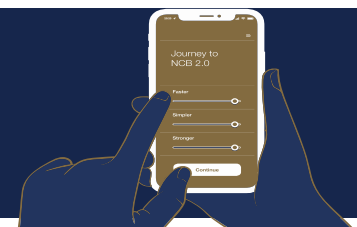
The Company's ordinary stock units are listed on the Jamaica Stock Exchange and the Trinidad and Tobago Stock Exchange.

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 quarter (December 31, 2017 - 26.30%) and the reduction of the ownership percentage in Elite Diagnostic Limited to 18.69% (December 31, 2017 - 29.61%), the Group's shareholdings in the above listed entities was the same as at December 31, 2017.

## 2. Basis of preparation

The condensed consolidated interim financial statements (interim financial statements) for the quarter ended December 31, 2018 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.

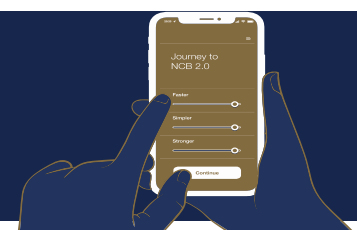
### Classification and measurement

#### 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.

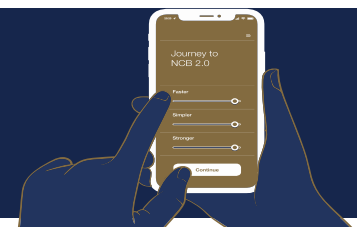
Stage 3 – Financial assets that have objective evidence of impairment are included in this stage. Similar to Stage 2, the allowance for credit losses will capture the lifetime ECL.

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 \$'000	IFRS 9 initial adoption adjustments October 1 2018 \$'000	Opening position October 1 2018 \$'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	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 \$'000	IFRS 9 initial adoption adjustments October 1 2018 \$'000	Opening position October 1 2018 \$'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'

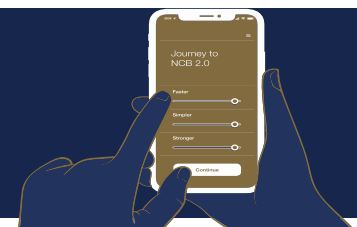
Effective October 1, 2018, the Group also adopted IFRS 15, 'Revenue from Contracts with Customers'. The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are 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. Disposal of associate interest in JMMB Group Limited

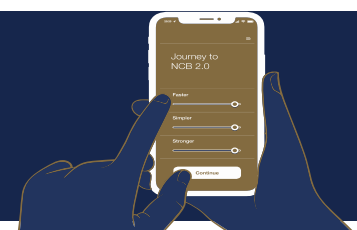
The Group disposed of 326,277,325 shares in JMMB Group Limited on December 27, 2018 at a price of \$28.25 per share, resulting in the recording of a gain on disposal of \$3.3 billion in the current quarter. JMMB Group Limited is therefore no longer an associate company of the NCB Group.

## 5. Restatement

The Group acquired 50.10% of 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 quarter ended December 31, 2017. 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 quarter ended December 31, 2017 was as follows:

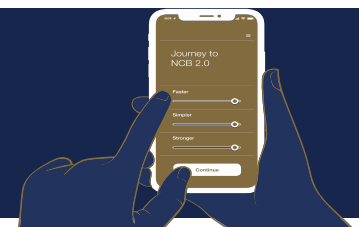
	As previously stated \$'000	Effect of restatement \$'000	As restated \$'000
<b>Operating profit</b>	<b>3,532,556</b>	-	<b>3,532,556</b>
Negative goodwill on acquisition of subsidiary	1,465,748	2,926,401	4,392,149
Share of profit of associates	509,121	-	509,121
<b>Profit before taxation</b>	<b>5,507,425</b>	<b>2,926,401</b>	<b>8,433,826</b>
Taxation	(893,980)	-	(893,980)
<b>NET PROFIT</b>	<b>4,613,445</b>	<b>2,926,401</b>	<b>7,539,846</b>
Earnings per stock unit			
Basic and diluted (expressed in \$)	<b>1.88</b>		<b>3.07</b>



## 5. Restatement (continued)

The effect of the restatement on the statement of financial position as at December 31, 2017 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	55,289,819	(30)	55,289,789
Due from banks	43,175,497	(49)	43,175,448
Derivative financial instruments	198,366	-	198,366
Investment securities at fair value through profit or loss	3,505,146	-	3,505,146
Reverse repurchase agreements	3,927,096	-	3,927,096
Loans and advances after credit impairment losses	322,360,444	228,570	322,589,014
Investment securities	219,786,523	45	219,786,568
Pledged assets	130,281,495	-	130,281,495
Investment in associates	37,965,984	-	37,965,984
Investment properties	1,221,463	75,204	1,296,667
Intangible assets	6,858,939	3,418,839	10,277,778
Property, plant and equipment	13,454,751	133,280	13,588,031
Deferred income tax assets	2,476,419	-	2,476,419
Income tax recoverable	1,632,559	-	1,632,559
Customers' liability - letters of credit and undertaking	2,231,675	-	2,231,675
Other assets	11,196,297	(175,901)	11,020,396
<b>Total assets</b>	<b>855,562,473</b>	<b>3,679,958</b>	<b>859,242,431</b>
<b>LIABILITIES</b>			
Due to banks	8,775,075	-	8,775,075
Customer deposits	431,375,333	(171,529)	431,203,804
Repurchase agreements	109,585,012	-	109,585,012
Obligations under securitisation arrangements	61,870,251	-	61,870,251
Derivative financial instruments	198,366	-	198,366
Other borrowed funds	51,646,650	-	51,646,650
Deferred income tax liabilities	2,208,349	-	2,208,349
Liabilities under annuity and insurance contracts	37,048,670	-	37,048,670
Post-employment benefit obligations	4,269,597	-	4,269,597
Liability - letters of credit and undertaking	2,231,675	-	2,231,675
Other liabilities	22,176,248	(1,989,695)	20,186,553
<b>Total liabilities</b>	<b>731,385,226</b>	<b>(2,161,224)</b>	<b>729,224,002</b>
<b>STOCKHOLDERS' EQUITY</b>			
Share capital	153,827,330	-	153,827,330
Treasury shares	(1,048,271)	-	(1,048,271)
Reserves from the scheme of arrangement	(147,034,858)	-	(147,034,858)
Fair value and capital reserves	9,885,495	-	9,885,495
Loan loss reserve	3,923,244	-	3,923,244
Banking reserve fund	6,567,333	-	6,567,333
Retained earnings reserve	37,625,000	-	37,625,000
Retained earnings	54,835,432	2,926,401	57,761,833
Equity attributable to shareholders of the parent	118,580,705	2,926,401	121,507,106
Non-controlling interest	5,596,542	2,914,781	8,511,323
<b>Total stockholders' equity</b>	<b>124,177,247</b>	<b>5,841,182</b>	<b>130,018,429</b>
<b>Total stockholders' equity and liabilities</b>	<b>855,562,473</b>	<b>3,679,958</b>	<b>859,242,431</b>



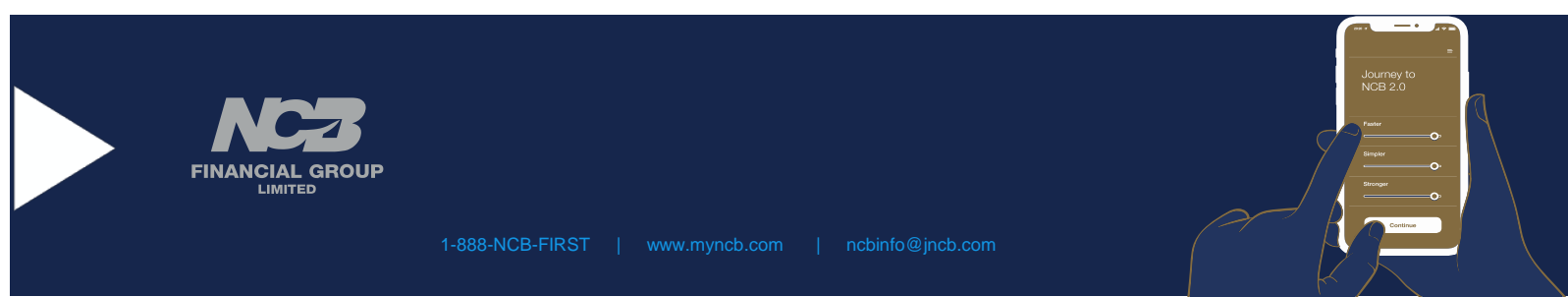
## 6. Offer and Take-Over Bid

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 a 62% controlling interest in GHL. Unless extended, the Offer period will close on February 7, 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 will be 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.





### Interest/Ownership of Stock Units by Directors of NCB Financial Group Limited as at December 31, 2018

<b>Directors <sup>1.</sup></b>	<b>Total</b>	<b>Direct</b>	<b>Connected Parties</b>
Robert Almeida	61,774,341	195,962	61,578,379
Dennis Cohen <sup>2.</sup>	142,475,082	7,943,726	134,531,356
Sandra Glasgow <sup>2.</sup>	134,646,055	117,699	134,528,356
Sanya Goffe	61,592,379	14,000	61,578,379
Patrick Hylton, CD	78,526,968	16,948,589	61,578,379
Hon. Michael Lee-Chin, OJ	1,575,705,178	2,383,882	1,573,321,296
Thalia Lyn, OD <sup>2.</sup>	134,977,590	434,114	134,543,476
Oliver Mitchell, Jr.	61,586,479	8,100	61,578,379
Prof. Alvin Wint, CD	61,666,523	88,144	61,578,379
Dave Garcia (Corporate Secretary)	99,963	99,963	0

### Interest/Ownership of Stock Units by Senior Managers in NCB Financial Group Limited and its subsidiaries as at December 31, 2018

<b>Senior Managers</b>	<b>Total</b>	<b>Direct</b>	<b>Connected Parties</b>
Rickert Allen	225,149	225,149	0
Gabrielle Banbury-Kelly	65,513	65,513	0
Septimus Blake	151,134	151,134	0
Brian Boothe	102,000	102,000	0
Danielle Cameron Duncan	65,513	65,513	0
Dennis Cohen <sup>1. 2.</sup>	142,475,082	7,943,726	134,531,356
Dave Garcia	99,963	99,963	0
Steven Gooden	93,046	93,046	0
Howard Gordon	103,356	103,356	0
Phillip Harrison	25,598	10,000	15,598
Patrick Hylton, CD <sup>1.</sup>	78,526,968	16,948,589	61,578,379
Vernon James	88,753	88,753	0
Nadeen Matthews Blair	10,000	10,000	0
Claudette Rodriquez	107,660	107,660	0
Misheca Seymour-Senior	1,500	1,500	0
Andrew Simpson	0	0	0
Mark Thompson	0	0	0
Ian Truran	0	0	0
Simona Watkis	4,900	4,900	0
Tanya Watson Francis	0	0	0
Mukisa Wilson Ricketts	10,000	10,000	0
Allison Wynter <sup>2.</sup>	73,139,519	189,542	72,949,977
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

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



### 10 Largest Shareholders of NCB Financial Group Limited as at December 31, 2018

Name of Shareholder	Units	Percentage Ownership
AIC (Barbados) Limited	1,307,805,542	53.02%
Harprop Limited	103,502,345	4.20%
Sagicor PIF Equity Fund	77,833,444	3.16%
NCB Insurance Co. Ltd WT 109	62,989,156	2.55%
AIC Global Holdings Inc.	45,449,690	1.84%
SJIML A/C 3119	43,254,981	1.75%
Ideal Portfolio Services Company Limited	40,717,157	1.65%
Portland (Barbados) Limited	33,154,085	1.34%
Neon Liberty Lorikeet Master Fund LP	28,412,089	1.15%
Beta SPV Limited	21,000,000	0.85%

### Shareholder Profile of NCB Financial Group Limited as at December 31, 2018

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
1	6 - 10%	4.20%	103,502,345
7	1 - 4%	13.44%	331,810,602
37,613	Less than 1%	29.34%	723,644,339
<b>37,622</b>		<b>100.00%</b>	<b>2,466,762,828</b>