

Financial Results

For The Six Months Ended March 31, 2021

KEY RESULTS



\$5.89B

Net Profit



\$1.85T

Total Assets



\$162.70B

Equity



\$2.48

EPS



1.01%

Return on Assets



7.39%

Return on Equity

Second Quarter 2021 Report to Shareholders

Kingston, Jamaica - April 29, 2021

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, 2021.

NCBFG reports unaudited consolidated net profit of \$9.2 billion for the period, a decline of 31% or \$4.1 billion from the prior year. Consolidated net profit attributable to stockholders of the parent totalled \$5.9 billion, a 38% or \$3.7 billion decrease from the prior year. The performance reflects the impact of the reduced economic activity caused by the pandemic.

The Group remains resolute in focussing on the successful execution of initiatives as we advance our aspiration of becoming a world-class Caribbean financial ecosystem. Our business model positions us to benefit from numerous opportunities, which have surfaced during the pandemic. We continue to bolster our services through ongoing investments in technology, enabling us to deliver enhanced digital solutions and ensuring we emerge from the pandemic stronger and prepared for the post pandemic environment focussing on recovery and growth.

The challenges posed by the pandemic re-enforces the importance of our bold aspirations to continuously transform the Group. As we continue to pursue opportunities and execute strategic initiatives, we are poised to strengthen our regional position and remain optimistic that we will be able to thrive in the shifting economic environment.

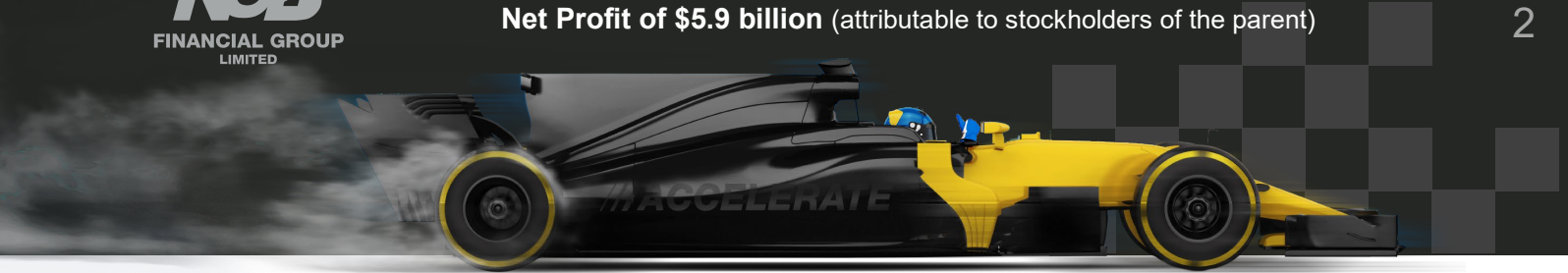
For more
information,
contact:

INVESTOR RELATIONS

Jacqueline De Lisser
Head
Group Investor Relations & Financial
Advisory
Email: DeLisserJN@jncb.com

MEDIA RELATIONS

Nichole Brackett Walters
Manager
Group Marketing & Communications
Email: BrackettWaltersNC@JNCB.com



Group Performance

There was commendable performance from our banking, investment and insurance activities, despite the reduced profitability. Operating income of \$59.8 billion represented an increase of 9% or \$5.0 billion over the prior year. The improved revenue was, however, offset by a \$5.5 billion or 13% increase in operating expenses.

Banking and Investment Activities

The net result from banking and investment activities of \$46.6 billion represented a 17% or \$6.6 billion increase when compared to the prior year's results. This performance was primarily driven by improved gains from investment activities, which rebounded to \$8.4 billion for the current six-month period. This was due to more favourable market conditions and improving securities prices.

Credit impairment provisions also benefited from an improved economic outlook compared to the previous financial year and prudent delinquency management strategies, resulting in a \$684 million or 21% reduction in expected credit losses. Our outlook was weighted towards the worse case from the prior year and reflects the adequacy of our earlier provisions.

The continued downward trend in loan rates has caused a tightening of interest spreads, resulting in our net interest income reducing slightly, in spite of the increases in our loans, securities and funding balances. Reduced retail and corporate activity has significantly impacted our fee income, specifically card issuing and acquiring, which is heavily dependent on travel, entertainment and restaurant activities. Our decision to waive fees at our electronic channels also affected this revenue source.

Insurance Activities

The net result from insurance activities totalled \$13.2 billion, a decrease of 11% or \$1.6 billion from the comparative prior year period. Net underwriting income increased by \$3.9 billion or 8% over the prior year. There were improvements in the property and casualty insurance business. The growth in net underwriting income was tempered by gross insurance benefits and claims along with insurance commission and other selling expenses increasing by 7% or \$2.5 billion and 63% or \$3.3 billion, respectively.

Operating Expenses

Operating expenses totalled \$47.1 billion, an increase of \$5.5 billion or 13% over the prior year. Staff costs of \$23.4 billion, increased by \$2.4 billion or 12% over the prior year primarily due to the annual increases in salaries, wages and allowances coupled with incentive payments within the current period related to the prior financial year. Other operating expenses increased by \$2.1 billion due to the increased technology costs required to enhance our digital platforms coupled with additional marketing expenditure as we sought to improve our customers' experience and educate them on the use of our digital channels. These increased costs outpaced the growth in revenues resulting in an increased cost to income ratio of 75.66%, up from 71.79% in the prior year.

Financial Results

For The Six Months Ended March 31, 2021

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

3



Consolidated Statement of Financial Position

Total assets increased to \$1.85 trillion, up \$235.0 billion or 15% over the prior year. The growth was mainly due to increased investment securities, amounts due from banks and net loans. This was funded by growth in our major funding sources, including deposits, repurchase agreements, securitisation arrangements and insurance contract liabilities.

Investment Securities and Reverse Repurchase Agreements

Investment securities, including pledged assets and reverse repurchase agreements, totalled \$884.3 billion, an increase of 14% or \$108.5 billion over the prior year. This continues to be the Group's largest earning asset portfolio.

Loans and Advances

The Group's loans and advances, net of credit impairment losses, totalled \$477.1 billion, an increase of \$46.2 billion or 11% over the prior year. Non-performing loans totalled \$30.5 billion as at March 31, 2021, an increase of \$5.8 billion or 23% over the prior year. This represented 6.2% of gross loans, up from 5.6% in the prior year.

Deposits

Deposits, our largest source of funding, totalled \$603.3 billion, an increase of \$83.8 billion or 16% over the prior year. This increase across most of our customer segments reflects customers' confidence in the Group.

Policyholders' Liabilities

Liabilities under annuity and insurance contracts increased to \$423.1 billion at March 31, 2021, up \$37.8 billion or 10% over the prior year. This reflects continued growth in all our markets.

Capital and Liquidity

Equity attributable to stockholders of the parent increased by 22% or \$28.8 billion to \$162.7 billion as at March 31, 2021. The growth in equity was mainly attributable to increased retained earnings and fair value reserves.

All our regulated entities have met the applicable capital and liquidity regulatory requirements.

Dividends

The Board of Directors, at its meeting on April 29, 2021, declared an interim dividend of \$0.50 per ordinary stock unit. The dividend is payable on May 31, 2021 to stockholders on record as at May 14, 2021.

Financial Results

For The Six Months Ended March 31, 2021

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

4

Business Highlights

The Board of Directors of our subsidiary, Guardian Holdings Limited, approved the cross-listing of its shares on the Jamaica Stock Exchange ("JSE"), having considered that trading on the JSE has become increasingly dynamic over the years.

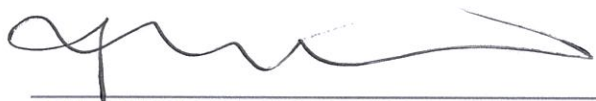
Corporate Social Responsibility (CSR)

Our CSR policy focuses on six main areas: inspired people; doing good business; creating delighted, lifelong customers; data security; community development and environmental sustainability. The Group is committed to engaging in activities that support long-term success, providing appropriate benefits for various stakeholders and ensuring compliance with all applicable rules and regulations through responsible and ethical business practices in the respective territories.

Our foundations have embraced philanthropic activities relevant to health, education and the improvement and development of the region.

We continue to protect our employees and customers, minimising face-to-face interactions by offering suitable alternative channels and urging everyone to practise the recommended safety measures. We are grateful to the persons at the front line and thank them for their continued service.

NCBFG remains committed to building the communities we serve through the work of our foundations, our subsidiaries and staff. We are grateful for the support of our valued stakeholders. Thank you for your continued loyalty, confidence and support. ***Put Your Best Life Forward.***



ON BEHALF OF THE BOARD

Hon. Patrick Hylton, OJ, CD, President and Group Chief Executive Officer


CURRENT YEAR
PRIOR YEAR
Operating income
Banking and investment activities

| | Quarter ended March 31 2021 \$'000 | Quarter ended December 31 2020 \$'000 | Year to date March 31 2021 \$'000 | Quarter ended March 31 2020 \$'000 | Year to date March 31 2020 \$'000 |
|---|---|--|--|---|--|
| Interest income | 19,376,966 | 20,842,008 | 40,218,974 | 20,293,847 | 40,100,373 |
| Interest expense | (6,087,463) | (7,026,577) | (13,114,040) | (6,220,478) | (12,100,254) |
| Net interest income | 13,289,503 | 13,815,431 | 27,104,934 | 14,073,369 | 28,000,119 |
| Fee and commission income | 6,612,265 | 6,985,035 | 13,597,300 | 6,238,838 | 13,914,837 |
| Fee and commission expense | (1,173,555) | (1,114,732) | (2,288,287) | (1,226,565) | (2,488,647) |
| Net fee and commission income | 5,438,710 | 5,870,303 | 11,309,013 | 5,012,273 | 11,426,190 |
| Gain/(loss) on foreign currency and investment activities | 3,006,888 | 5,412,277 | 8,419,165 | (3,937,868) | 1,046,912 |
| Credit impairment losses | (1,363,964) | (1,167,925) | (2,531,889) | (1,647,343) | (3,216,179) |
| Dividend income | 417,009 | 576,797 | 993,806 | 696,462 | 1,389,843 |
| Other operating income | 616,185 | 685,756 | 1,301,941 | 504,118 | 1,341,017 |

Net result from banking and investment activities

| | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 21,404,331 | 25,192,639 | 46,596,970 | 14,701,011 | 39,987,902 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|

Insurance activities

| | | | | | |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|
| Premium income | 37,124,286 | 36,435,880 | 73,560,166 | 33,557,993 | 67,201,757 |
| Insurance premium ceded to insurers | (11,763,650) | (12,178,151) | (23,941,801) | (9,439,086) | (19,367,222) |
| Reinsurance commission income | 2,527,676 | 3,564,379 | 6,092,055 | 1,997,569 | 3,940,368 |
| Net underwriting income | 27,888,312 | 27,822,108 | 55,710,420 | 26,116,476 | 51,774,903 |
| Insurance benefits and claims | (20,584,828) | (16,142,470) | (36,727,298) | (21,908,794) | (34,270,882) |
| Reinsurance on benefits and claims | 1,016,488 | 1,869,264 | 2,885,752 | 3,396,744 | 2,622,139 |
| Commission and other selling expenses | (3,749,041) | (4,957,862) | (8,706,903) | (840,261) | (5,357,710) |

Net result from insurance activities

| | | | | | |
|--|------------------|------------------|-------------------|------------------|-------------------|
| | 4,570,931 | 8,591,040 | 13,161,971 | 6,764,165 | 14,768,450 |
|--|------------------|------------------|-------------------|------------------|-------------------|

Net operating income

| | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 25,975,262 | 33,783,679 | 59,758,941 | 21,465,176 | 54,756,352 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|

Operating expenses

| | | | | | |
|-------------------------------|------------|------------|------------|------------|------------|
| Staff costs | 11,039,714 | 12,317,240 | 23,356,954 | 10,260,713 | 20,914,391 |
| Depreciation and amortisation | 2,324,674 | 2,290,672 | 4,615,346 | 2,334,125 | 4,326,824 |
| Finance cost | 434,482 | 416,410 | 850,892 | 83,816 | 168,601 |
| Other operating expenses | 7,770,161 | 10,536,795 | 18,306,956 | 5,591,204 | 16,206,213 |

| | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 21,569,031 | 25,561,117 | 47,130,148 | 18,269,858 | 41,616,029 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|

Operating profit

| | | | | | |
|--|------------------|------------------|-------------------|------------------|-------------------|
| | 4,406,231 | 8,222,562 | 12,628,793 | 3,195,318 | 13,140,323 |
|--|------------------|------------------|-------------------|------------------|-------------------|

Share of profit/(loss) of associates

| | | | | | |
|--|---------|----------|--------|---------|--------|
| | 118,698 | (67,991) | 50,707 | 214,896 | 13,221 |
|--|---------|----------|--------|---------|--------|

Profit before taxation

| | | | | | |
|--|------------------|------------------|-------------------|------------------|-------------------|
| | 4,524,929 | 8,154,571 | 12,679,500 | 3,410,214 | 13,153,544 |
|--|------------------|------------------|-------------------|------------------|-------------------|

Taxation

| | | | | | |
|--|-------------|-------------|-------------|-----------|---------|
| | (1,135,889) | (2,302,202) | (3,438,091) | 2,178,834 | 203,858 |
|--|-------------|-------------|-------------|-----------|---------|

NET PROFIT

| | | | | | |
|--|------------------|------------------|------------------|------------------|-------------------|
| | 3,389,040 | 5,852,369 | 9,241,409 | 5,589,048 | 13,357,402 |
|--|------------------|------------------|------------------|------------------|-------------------|

Attributable to:

| | | | | | |
|--------------------------|-----------|-----------|-----------|-----------|-----------|
| Stockholders of parent | 1,972,457 | 3,917,197 | 5,889,655 | 3,671,178 | 9,572,505 |
| Non-controlling interest | 1,416,582 | 1,935,172 | 3,351,754 | 1,917,870 | 3,784,897 |

| | | | | | |
|--|------------------|------------------|------------------|------------------|-------------------|
| | 3,389,040 | 5,852,369 | 9,241,409 | 5,589,048 | 13,357,402 |
|--|------------------|------------------|------------------|------------------|-------------------|

Earnings per stock unit
Basic and diluted (expressed in \$)

| | | | | | |
|--|-------------|-------------|-------------|-------------|-------------|
| | 0.82 | 1.66 | 2.48 | 1.54 | 4.00 |
|--|-------------|-------------|-------------|-------------|-------------|

| | Quarter ended March 31 2021 \$'000 | Quarter ended December 31 2020 \$'000 | Year to date March 31 2021 \$'000 | Quarter ended March 31 2020 \$'000 | Year to date March 31 2020 \$'000 |
|---|---|--|--|---|--|
| Net Profit | 3,389,040 | 5,852,369 | 9,241,409 | 5,589,048 | 13,357,402 |
| Other comprehensive income, net of tax- | | | | | |
| Items that will not be reclassified to profit or loss | | | | | |
| Remeasurements of post-employment benefit obligations | 23,634 | 393,687 | 417,321 | 254,434 | 129,435 |
| Other | (42,290) | 42,290 | - | - | - |
| | (18,656) | 435,977 | 417,321 | 254,434 | 129,435 |
| Items that may be subsequently reclassified to profit or loss | | | | | |
| Currency translation (losses)/gains | (690,977) | 1,115,933 | 424,956 | (1,343,154) | (243,762) |
| Expected credit reversals/(losses) on debt instruments at fair value through other comprehensive income (FVOCI) | 9,976 | 133,708 | 143,684 | (172,724) | (180,063) |
| Unrealised (losses)/gains on securities designated as FVOCI | (3,618,103) | 6,190,682 | 2,572,579 | (14,851,260) | (15,570,663) |
| Realised gains on securities designated as FVOCI | (2,636,436) | (557,724) | (3,194,160) | (469,279) | (1,698,339) |
| | (6,935,539) | 6,882,599 | (52,941) | (16,836,417) | (17,692,827) |
| Total other comprehensive (loss)/income | (6,954,195) | 7,318,576 | 364,380 | (16,581,983) | (17,563,392) |
| TOTAL COMPREHENSIVE (LOSS)/INCOME | (3,565,156) | 13,170,945 | 9,605,789 | (10,992,935) | (4,205,990) |
| Total comprehensive income attributable to: | | | | | |
| Stockholders of the parent | (2,285,051) | 9,700,863 | 7,415,811 | (10,825,957) | (6,624,615) |
| Non-controlling interest | (1,280,104) | 3,470,082 | 2,189,978 | (166,978) | 2,418,625 |
| | (3,565,156) | 13,170,945 | 9,605,789 | (10,992,935) | (4,205,990) |

| | March 31 2021 \$'000 | September 30 2020 \$'000 | Restated March 31 2020 \$'000 |
|--|----------------------------|--------------------------------|--|
| ASSETS | | | |
| Cash in hand and balances at Central Banks | 69,840,344 | 74,039,589 | 69,567,185 |
| Due from banks | 170,506,564 | 178,898,210 | 121,720,570 |
| Derivative financial instruments | 880,887 | 653,735 | 362,567 |
| Reverse repurchase agreements | 7,633,467 | 9,518,854 | 7,774,395 |
| Loans and advances, net of credit impairment losses | 477,060,194 | 452,954,936 | 430,838,818 |
| Investment securities | 639,365,664 | 456,802,747 | 373,646,641 |
| Pledged assets | 237,257,056 | 401,757,217 | 394,381,489 |
| Investment in associates | 6,047,848 | 6,955,109 | 5,861,013 |
| Investment properties | 35,507,871 | 33,751,227 | 28,598,285 |
| Intangible assets | 52,888,631 | 53,018,480 | 50,709,063 |
| Property, plant and equipment | 27,303,341 | 27,530,567 | 23,553,467 |
| Right-of-use assets | 4,544,326 | 4,543,678 | 3,487,938 |
| Properties for development and sale | 2,858,399 | 2,759,044 | 2,401,070 |
| Deferred income tax assets | 12,680,273 | 14,634,857 | 10,768,218 |
| Income tax recoverable | 8,231,786 | 2,323,139 | 5,486,799 |
| Reinsurance assets | 27,174,819 | 26,532,008 | 26,083,582 |
| Letters of credit and undertaking | 4,153,189 | 3,618,540 | 2,853,402 |
| Other assets | 67,844,649 | 49,968,338 | 58,683,290 |
| Total assets | 1,851,779,308 | 1,800,260,275 | 1,616,777,792 |
| LIABILITIES | | | |
| Due to banks | 25,504,102 | 30,134,601 | 34,480,953 |
| Customer deposits | 603,270,333 | 573,968,886 | 519,501,785 |
| Repurchase agreements | 213,706,330 | 211,436,379 | 171,269,455 |
| Obligations under securitisation arrangements | 67,728,339 | 71,083,957 | 42,735,247 |
| Derivative financial instruments | 2,602 | - | 88,326 |
| Other borrowed funds | 134,992,243 | 125,066,336 | 126,507,919 |
| Deferred income tax liabilities | 12,969,618 | 11,244,924 | 10,467,012 |
| Third party interests in mutual funds | 29,318,973 | 27,572,914 | 22,522,214 |
| Liabilities under annuity and insurance contracts | 423,055,852 | 405,014,541 | 385,266,272 |
| Segregated fund liabilities | 15,235,107 | 14,255,178 | 16,549,531 |
| Investment contract liabilities | 42,688,928 | 41,682,306 | 53,365,049 |
| Post-employment benefit obligations | 9,689,383 | 9,731,059 | 9,461,495 |
| Letters of credit and undertaking | 4,153,189 | 3,618,540 | 2,853,402 |
| Lease liabilities | 4,509,542 | 4,597,994 | 3,383,452 |
| Other liabilities | 55,975,869 | 70,647,737 | 45,721,967 |
| Total liabilities | 1,642,800,410 | 1,600,055,352 | 1,444,174,079 |
| STOCKHOLDERS' EQUITY | | | |
| Share capital | 153,827,330 | 153,827,330 | 153,827,330 |
| Treasury shares | (15,982,016) | (15,150,201) | (12,352,225) |
| Reserve from the scheme of arrangement | (147,034,858) | (147,034,858) | (147,034,858) |
| Fair value and capital reserves | 13,325,496 | 12,216,660 | (3,167,609) |
| Loan loss reserve | - | - | 2,234,923 |
| Statutory reserve fund | 6,765,932 | 6,735,063 | 6,697,885 |
| Retained earnings reserve | 62,270,000 | 58,580,000 | 46,560,000 |
| Retained earnings | 89,526,791 | 86,940,684 | 87,139,203 |
| Equity attributable to shareholders of the parent | 162,698,675 | 156,114,678 | 133,904,649 |
| Non-controlling interest | 46,280,223 | 44,090,245 | 38,699,064 |
| Total stockholders' equity | 208,978,898 | 200,204,923 | 172,603,713 |
| Total stockholders' equity and liabilities | 1,851,779,308 | 1,800,260,275 | 1,616,777,792 |

Approved for issue by the Board of Directors on April 29, 2021 and signed on its behalf by:



Hon. Patrick Hylton, OJ, CD

 President and Group
 Chief Executive Officer



Dennis Cohen

 Group Chief Financial Officer and
 Deputy Chief Executive Officer



Professor Alvin Wint, CD

Lead Independent Director



Dave Garcia

Corporate Secretary

Unaudited Consolidated Statement of Changes in Stockholders' Equity

Six months ended March 31, 2021

(expressed in Jamaican dollars unless otherwise indicated)

| | Share capital | Treasury shares | Reserve from the Scheme of Arrangement | Fair value and capital reserves | Loan loss reserve | Statutory reserve fund | Retained earnings reserve | Retained earnings | Non-controlling interest | Total |
|---|---------------|-----------------|--|---------------------------------|-------------------|------------------------|---------------------------|-------------------|--------------------------|-------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Balance as at September 30, 2019 | 153,827,330 | (10,756,253) | (147,034,858) | 13,158,946 | 2,947,624 | 6,625,209 | 43,820,000 | 84,709,206 | 39,736,592 | 187,033,796 |
| Impact of revised Purchase Price Allocation on acquisition of majority stake in Guardian Holdings Limited | - | - | - | - | - | - | - | 292,975 | (3,456,153) | (3,163,178) |
| Balance as at October 1, 2019 | 153,827,330 | (10,756,253) | (147,034,858) | 13,158,946 | 2,947,624 | 6,625,209 | 43,820,000 | 85,002,181 | 36,280,439 | 183,870,618 |
| Total comprehensive income | - | - | - | (16,326,555) | - | - | - | 9,701,940 | 2,418,625 | (4,205,990) |
| Transfer from loan loss reserve | - | - | - | - | (712,701) | - | - | 712,701 | - | - |
| Transfer to statutory reserve | - | - | - | - | - | 72,676 | - | (72,676) | - | - |
| Transfer to retained earnings reserve | - | - | - | - | - | - | 2,740,000 | (2,740,000) | - | - |
| Disposal of treasury shares | - | (1,645,799) | - | - | - | - | - | - | - | (1,645,799) |
| Purchase of treasury shares | - | 49,827 | - | - | - | - | - | (49,827) | - | - |
| Transaction with owners of the Company - | | | | | | | | | | |
| Dividends paid | - | - | - | - | - | - | - | (5,415,116) | - | (5,415,116) |
| Balance at March 31, 2020 | 153,827,330 | (12,352,225) | (147,034,858) | (3,167,609) | 2,234,923 | 6,697,885 | 46,560,000 | 87,139,203 | 38,699,064 | 172,603,713 |
| Balance as at October 1, 2020 | 153,827,330 | (15,150,201) | (147,034,858) | 12,216,660 | - | 6,735,063 | 58,580,000 | 86,940,684 | 44,090,245 | 200,204,923 |
| Total comprehensive income | - | - | - | 1,108,836 | - | - | - | 6,306,976 | 2,189,978 | 9,605,790 |
| Transfer to statutory reserve | - | - | - | - | - | 30,869 | - | (30,869) | - | - |
| Transfer to retained earnings reserve | - | - | - | - | - | - | 3,690,000 | (3,690,000) | - | - |
| Purchase of treasury shares | - | (831,815) | - | - | - | - | - | - | - | (831,815) |
| Balance at March 31, 2021 | 153,827,330 | (15,982,016) | (147,034,858) | 13,325,496 | - | 6,765,932 | 62,270,000 | 89,526,791 | 46,280,223 | 208,978,898 |

Unaudited Consolidated Statement of Cash Flows

Six months ended March 31, 2021

(expressed in Jamaican dollars unless otherwise indicated)

| | March 31 2021 \$'000 | March 31 2020 \$'000 |
|--|----------------------------|----------------------------|
| Cash Flows from Operating Activities | | |
| Net profit | 9,241,409 | 13,357,402 |
| Adjustments to reconcile net profit to net cash used in operating activities | (8,623,621) | (104,370) |
| Net cash provided by operating activities | 617,788 | 13,253,032 |
| Cash Flows from Investing Activities | | |
| Acquisition of property, plant and equipment | (1,285,869) | (2,111,286) |
| Acquisition of intangible asset - computer software | (2,169,057) | (3,325,261) |
| Proceeds from disposal of property, plant and equipment | 75,222 | 12,414 |
| Purchase of investment property | (1,337,247) | - |
| Purchases of investment securities | (330,725,104) | (222,724,992) |
| Sales/maturities of investment securities | 323,370,987 | 196,752,397 |
| Net cash used in investing activities | (12,071,068) | (31,396,728) |
| Cash Flows from Financing Activities | | |
| Repayments under securitisation arrangements | (3,542,490) | (4,520,638) |
| Proceeds from other borrowed funds | 42,231,649 | 7,585,142 |
| Repayments of other borrowed funds | (33,839,093) | (8,581,315) |
| Purchase of treasury shares | (831,815) | (1,645,799) |
| Proceeds from disposal of treasury shares | - | 49,827 |
| Due to banks | (799,420) | 3,207,387 |
| Lease repayment | (468,075) | (252,310) |
| Dividends paid | - | (5,415,116) |
| Net cash provided by/(used in) financing activities | 2,750,756 | (9,572,822) |
| Effect of exchange rate changes on cash and cash equivalents | (556,981) | (934,253) |
| Net decrease in cash and cash equivalents | (9,259,505) | (28,650,771) |
| Cash and cash equivalents at beginning of period | 201,165,403 | 156,858,541 |
| Cash and cash equivalents at end of period | 191,905,898 | 128,207,770 |
| Comprising: | | |
| Cash in hand and balances at Central Banks | 32,802,883 | 28,208,462 |
| Due from banks | 167,249,768 | 117,391,037 |
| Reverse repurchase agreements | 5,917,039 | 2,576,666 |
| Investment securities | 545,545 | 3,661,863 |
| Due to banks | (14,609,337) | (23,630,258) |
| | 191,905,898 | 128,207,770 |



| Six months ended March 31, 2021 | Banking and Investment Activities | | | | | Insurance Activities | | | Total |
|---|-----------------------------------|------------------|--------------------------------|----------------------------------|---|---|-------------------|-----------------------------------|--------------------|
| | Consumer & SME Banking | Payment Services | Corporate & Commercial Banking | Treasury & Correspondent Banking | Wealth, Asset Management & Investment Banking | Life and Health Insurance & Pension Fund Management | General Insurance | Other & Consolidation Adjustments | |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | |
| External revenue | 14,383,028 | 8,948,626 | 5,918,545 | 8,536,816 | 11,207,929 | 58,117,815 | 38,981,066 | (1,910,418) | 144,183,407 |
| Revenue from other segments | 1,523,277 | - | 19,699 | 2,001,156 | 2,787,447 | 136,856 | 96,706 | (6,565,141) | - |
| Total Revenue | 15,906,305 | 8,948,626 | 5,938,244 | 10,537,972 | 13,995,376 | 58,254,671 | 39,077,772 | (8,475,559) | 144,183,407 |
| Net interest income | 11,813,851 | 2,883,040 | 3,586,136 | 1,588,735 | 3,133,374 | 9,227,295 | 454,276 | (5,581,773) | 27,104,934 |
| Net fee and commission income | 2,189,755 | 3,241,561 | 436,498 | 218,016 | 1,977,663 | 1,611,793 | 1,300,615 | 333,112 | 11,309,013 |
| Gain/(loss) on foreign currency and investment activities | 65,910 | (2,785) | 37,974 | 3,969,451 | 3,793,801 | 1,887,754 | 508,449 | (1,841,389) | 8,419,165 |
| Net result from insurance activities | - | - | - | - | - | 6,190,070 | 7,265,937 | (294,036) | 13,161,971 |
| Credit impairment (losses)/reversals | (2,377,977) | (554,318) | 59,343 | 102,986 | (297,811) | (55,613) | 244,280 | 347,221 | (2,531,889) |
| Other operating income and dividend income | 143,700 | 175 | 335 | 4,951 | 460,201 | 1,274,362 | 23,764 | 388,259 | 2,295,747 |
| Total operating income | 11,835,239 | 5,567,673 | 4,120,286 | 5,884,139 | 9,067,228 | 20,135,661 | 9,797,321 | (6,648,606) | 59,758,941 |
| Staff costs | 5,207,955 | 571,186 | 240,951 | 134,163 | 1,466,398 | 3,989,870 | 3,060,568 | 4,123,158 | 18,794,249 |
| Depreciation and amortisation | 716,624 | 270,437 | - | 265 | 73,189 | 529,430 | 316,189 | 1,116,470 | 3,022,604 |
| Finance cost | 172,295 | 3,822 | 7,901 | 4,602 | 28,112 | 107,821 | 82,063 | 195,110 | 601,726 |
| Other operating expense | 2,715,813 | 1,766,550 | 456,958 | 734,699 | 1,280,468 | 3,812,418 | 1,880,143 | 615,401 | 13,262,450 |
| Total operating expense | 8,812,687 | 2,611,995 | 705,810 | 873,729 | 2,848,167 | 8,439,539 | 5,338,963 | 6,050,139 | 35,681,029 |
| Operating profit before allocated cost | 3,022,552 | 2,955,678 | 3,414,476 | 5,010,410 | 6,219,061 | 11,696,122 | 4,458,358 | (12,698,745) | 24,077,912 |
| Allocated costs | (4,061,908) | (1,536,523) | (1,706,072) | (424,613) | - | - | - | - | (7,729,116) |
| Operating profit | (1,039,356) | 1,419,155 | 1,708,404 | 4,585,797 | 6,219,061 | 11,696,122 | 4,458,358 | (12,698,745) | 16,348,796 |
| Unallocated corporate expenses | | | | | | | | | (3,720,003) |
| Share of profit of associates | | | | | | | | | 50,707 |
| Profit before taxation | | | | | | | | | 12,679,500 |
| Taxation | | | | | | | | | (3,438,091) |
| Net Profit | | | | | | | | | 9,241,409 |
| Segment assets | 440,671,951 | 28,426,255 | 175,304,220 | 369,788,021 | 355,755,845 | 590,734,236 | 110,725,241 | (246,586,369) | 1,824,819,400 |
| Associates | | | | | | | | | 6,047,848 |
| Unallocated assets | | | | | | | | | 20,912,060 |
| Total assets | | | | | | | | | 1,851,779,308 |
| Segment liabilities | 385,089,230 | 7,558,675 | 130,870,065 | 406,898,941 | 304,302,647 | 449,726,724 | 72,307,963 | (126,923,624) | 1,629,830,621 |
| Unallocated liabilities | | | | | | | | | 12,969,789 |
| Total liabilities | | | | | | | | | 1,642,800,410 |
| Capital expenditure | 2,569,620 | 114,426 | 42,774 | 11,457 | 103,667 | 364,386 | 114,001 | 134,595 | 3,454,926 |

| Six months ended March 31, 2020 | Banking and Investment Activities | | | | | Insurance Activities | | | Total |
|---|-----------------------------------|------------------|--------------------------------|----------------------------------|---|---|-------------------|-----------------------------------|----------------------|
| | Consumer & SME Banking | Payment Services | Corporate & Commercial Banking | Treasury & Correspondent Banking | Wealth, Asset Management & Investment Banking | Life and Health Insurance & Pension Fund Management | General Insurance | Other & Consolidation Adjustments | |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | |
| External revenue | 15,309,781 | 9,308,463 | 6,229,977 | 7,161,110 | 7,688,419 | 50,842,284 | 29,026,543 | 3,368,530 | 128,935,107 |
| Revenue from other segments | 1,068,787 | - | 58,907 | 2,067,496 | 1,230,707 | 113,614 | 1,229 | (4,540,740) | - |
| Total Revenue | 16,378,568 | 9,308,463 | 6,288,884 | 9,228,606 | 8,919,126 | 50,955,898 | 29,027,772 | (1,172,210) | 128,935,107 |
| Net interest income | 11,622,410 | 3,157,610 | 3,650,176 | 1,860,367 | 3,154,507 | 8,540,745 | 452,079 | (4,437,775) | 28,000,119 |
| Net fee and commission income | 2,414,143 | 3,074,826 | 746,318 | 146,289 | 2,579,332 | 1,443,026 | 1,118,014 | (95,758) | 11,426,190 |
| Gain/(loss) on foreign currency and investment activities | 77,359 | 1,095 | 77,098 | 3,332,725 | 153,154 | (3,362,383) | (496,977) | 1,264,841 | 1,046,912 |
| Net result from insurance activities | - | - | - | - | - | 6,291,327 | 6,375,718 | 2,101,405 | 14,768,450 |
| Credit impairment (losses)/reversals | (1,683,267) | (578,360) | 30,481 | (75,832) | 505,324 | (985,708) | 131,811 | (560,628) | (3,216,179) |
| Other operating income and dividend income | 78,967 | 2,450 | 29,137 | 7,386 | 277,989 | 2,028,033 | 115,014 | 191,884 | 2,730,860 |
| Total operating income | 12,509,612 | 5,657,621 | 4,533,210 | 5,270,935 | 6,670,306 | 13,955,040 | 7,695,659 | (1,536,031) | 54,756,352 |
| Staff costs | 5,174,999 | 554,702 | 115,142 | 113,553 | 1,322,684 | 4,625,026 | 2,568,742 | 3,161,085 | 17,635,933 |
| Depreciation and amortisation | 703,208 | 260,461 | 11 | 276 | 81,294 | 482,618 | 320,819 | 977,219 | 2,825,907 |
| Finance cost | 32,232 | 2,493 | 4,926 | 5,796 | 1,150 | 5,999 | - | 115,800 | 168,396 |
| Other operating expense | 2,585,103 | 1,653,692 | 398,052 | 976,208 | 1,374,399 | 4,425,629 | 2,300,145 | (2,948,859) | 10,764,369 |
| Total operating expense | 8,495,542 | 2,471,348 | 518,131 | 1,095,834 | 2,779,527 | 9,539,272 | 5,189,706 | 1,305,245 | 31,394,605 |
| Operating profit before allocated cost | 4,014,070 | 3,186,273 | 4,015,079 | 4,175,101 | 3,890,779 | 4,415,768 | 2,505,953 | (2,841,276) | 23,361,747 |
| Allocated costs | (4,289,143) | (1,191,400) | (1,266,353) | (612,625) | - | - | - | - | (7,359,521) |
| Operating profit | (275,073) | 1,994,873 | 2,748,726 | 3,562,476 | 3,890,779 | 4,415,768 | 2,505,953 | (2,841,276) | 16,002,226 |
| Unallocated corporate expenses | | | | | | | | | (2,861,903) |
| Share of profit of associates | | | | | | | | | 13,221 |
| Profit before taxation | | | | | | | | | 13,153,544 |
| Taxation | | | | | | | | | 203,858 |
| Net Profit | | | | | | | | | 13,357,402 |
| Segment assets | 416,640,542 | 26,452,064 | 144,855,014 | 288,814,993 | 271,431,335 | 504,720,966 | 96,037,803 | (154,290,955) | 1,594,661,762 |
| Associates | | | | | | | | | 5,861,013 |
| Unallocated assets | | | | | | | | | 16,255,017 |
| Total assets | | | | | | | | | 1,616,777,792 |
| Segment liabilities | 348,151,002 | 11,181,277 | 111,976,172 | 324,823,725 | 234,184,899 | 387,450,147 | 66,615,368 | (50,532,759) | 1,433,849,831 |
| Unallocated liabilities | | | | | | | | | 10,324,248 |
| Total liabilities | | | | | | | | | 1,444,174,079 |
| Capital expenditure | 2,054,767 | 620,498 | 148,148 | 49,326 | 314,205 | 1,225,709 | 505,342 | 518,552 | 5,436,547 |

1. Identification and Principal Activities

NCB Financial Group Limited ("the Company") is a financial holding company, incorporated and domiciled in Jamaica. The Company is 51.73% (March 31, 2020 - 52.46%) owned by AIC (Barbados) Limited. The ultimate parent company is Portland Holdings Inc., incorporated in Canada. Portland Holdings Inc. is controlled by Hon. Michael A. Lee-Chin, O.J., Chairman of the Company.

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

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

2. Basis of preparation

The condensed consolidated interim financial statements (interim financial statements) for the six months ended March 31, 2021 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, 2020 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.

3. Segment reporting

The Group is organised into the following business segments:

- Consumer & SME banking – This incorporates the provision of banking services to individual and small and medium business clients.
- Payment services – This incorporates the provision of card related services.
- Corporate and commercial banking – This incorporates the provision of banking services to large corporate clients.
- Treasury & correspondent banking – This incorporates the Group's liquidity and investment management function, management of correspondent bank relationships, and relationships with other financial institutions as well as foreign currency dealing activities.
- Wealth, asset management and investment banking – This incorporates stock brokerage, securities trading, investment management and other financial services provided by certain overseas subsidiaries.
- Life and health insurance & pension fund management – This incorporates life and health insurance, investment and pension fund management services.
- General insurance - This incorporates property and casualty insurance services.

Other/Consolidation Adjustments - The Group's trustee services, property development and the outstanding transactions and balances of certain inactive subsidiaries and the parent company are classified as Other for segment reporting. Eliminations comprise inter-segment transactions and adjustments on consolidation of the financial statements are also included in this segment.

4. Impact of COVID-19

The global economy has begun to recover, though unevenly, from the collapse triggered by the COVID-19 pandemic in 2020. Despite the resurgence of COVID-19 cases across some countries, unprecedented fiscal support in a few large economies and the rapid roll-out of inoculation programmes in developed countries have increased the optimism around global growth. Consequently, expectations are that the recovery will spread to more countries in the second half of the year, and the International Monetary Fund is forecasting global growth of 6% in 2021. Increases in confidence, consumption, and trade will also bolster global growth.

The expansion in key economies such as the United States, Canada and the United Kingdom, will also aid recovery in tourism and other export dependent sectors across the region in the second half of the year. The rebound in tourism will be the main driver of the 4.5% (Fitch) growth forecast for Jamaica, along with a rise in service exports, employment growth and increased private consumption. Trinidad and Tobago, is also projected to improve in 2021, growing 4.8%, buoyed by an increase in private consumption and a rebound in energy sector exports as the rise in global economic activity and travel demand boost energy demand and prices.

The optimism surrounding the recovery has fueled some rebound in business and investor confidence as witnessed in the 6.5% year over year growth in the Jamaica Stock Market Combined Index at the end of March 2021. Consequently, there have been further signs of recovery in the regional stock markets with several successful stock market transactions since the start of 2021. The outlook for the bond market over the medium term is positive as it is anticipated that emerging markets will benefit from demand from the United States and China. The improvement in confidence, low interest rate environment, gradual improvement in company earnings and valuations should continue to foster a year-over-year improvement in financial market activity in 2021.

While our operating environments will continue to perform below pre-pandemic levels, the prospects for recovery and economic growth are improving and should support an improvement in company performance in coming quarters. However, the continued effects of COVID-19 and remaining government imposed restrictions are downside risks that could continue to negatively impact the Group's various business segments, which are exposed to the adverse economic effects. Within this context, the Group continues to take advantage of emerging opportunities while mitigating the risks.

Interest/Ownership of Stock Units by Directors of NCB Financial Group Limited as at March 31, 2021

| Directors ^{1.} | Total | Direct | Connected Parties |
|-----------------------------------|---------------|---------------|--------------------------|
| Robert Almeida | 65,990,231 | 171,750 | 65,818,481 |
| Dennis Cohen ^{2.} | 176,352,112 | 37,580,654 | 138,771,458 |
| Sandra Glasgow ^{2.} | 139,112,734 | 142,626 | 138,970,108 |
| Sanya Goffe | 65,890,481 | 14,000 | 65,876,481 |
| Hon. Patrick Hylton, OJ, CD | 137,943,893 | 72,125,412 | 65,818,481 |
| Adrian Lee-Chin | 65,851,201 | 0 | 65,851,201 |
| Hon. Michael Lee-Chin, OJ | 1,482,062,472 | 146,698 | 1,481,915,774 |
| Thalia Lyn, OD ^{2.} | 139,204,204 | 413,984 | 138,790,220 |
| Prof. Alvin Wint, CD | 65,906,625 | 88,144 | 65,818,481 |
| Dave Garcia (Corporate Secretary) | 175,027 | 175,027 | 0 |

Interest/Ownership of Stock Units by Executives/Senior Managers of NCB Financial Group Limited as at March 31, 2021

| Executives/Senior Managers | Total | Direct | Connected Parties |
|---|--------------|---------------|--------------------------|
| Dennis Cohen ^{1.2.} | 176,352,112 | 37,580,654 | 138,771,458 |
| Dave Garcia | 175,027 | 175,027 | 0 |
| Hon. Patrick Hylton, OJ, CD ^{1.} | 137,943,893 | 72,125,412 | 65,818,481 |
| Misheca Seymour-Senior | 7,195 | 7,195 | 0 |
| Mukisa Wilson Ricketts | 87,552 | 87,552 | 0 |
| Allison Wynter ^{2.} | 73,281,214 | 191,237 | 73,089,977 |

Interest/Ownership of Stock Units by Executives/Senior Managers of subsidiaries of NCB Financial Group Limited as at March 31, 2021

| Executives/Senior Managers | Total | Direct | Connected Parties |
|-----------------------------------|--------------|---------------|--------------------------|
| Gabrielle Banbury-Kelly | 95,508 | 95,508 | 0 |
| Septimus Blake | 211,144 | 211,144 | 0 |
| Brian Boothe | 242,000 | 102,000 | 140,000 |
| Danielle Cameron Duncan | 92,854 | 92,854 | 0 |
| Euton Cummings | 10 | 10 | 0 |
| Raymond Donaldson | 0 | 0 | 0 |
| Steven Gooden | 124,420 | 124,420 | 0 |
| Desmond Johnson | 0 | 0 | 0 |
| Ramon Lewis | 57,215 | 57,215 | 0 |
| Sheree Martin | 6,713 | 6,713 | 0 |
| Nadeen Matthews Blair | 94,000 | 94,000 | 0 |
| Anne McMorris Cover | 8,735 | 8,735 | 0 |
| Claudette Rodriguez | 99,355 | 99,355 | 0 |
| Malcolm Sadler | 58,827 | 28,774 | 30,053 |
| Ravi Tewari | 0 | 0 | 0 |
| Ian Truran | 0 | 0 | 0 |
| Simona Watkis | 6,595 | 6,595 | 0 |
| Tanya Watson Francis | 156,323 | 156,323 | 0 |
| Angus Young | 93,000 | 93,000 | 0 |

1. Connected parties for all directors include shares of 65,818,481 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 March 31, 2021

| Name of Shareholder | Units | Percentage Ownership |
|---|---------------|----------------------|
| AIC (Barbados) Limited | 1,276,148,279 | 51.73% |
| Sagicor PIF Equity Fund | 79,833,444 | 3.24% |
| Hon. Patrick Hylton, OJ, CD | 72,125,412 | 2.92% |
| NCB Insurance Agency & Fund Managers Limited WT 109 | 62,989,156 | 2.55% |
| Harprop Limited | 46,434,102 | 1.88% |
| AIC Global Holdings Inc. | 45,449,690 | 1.84% |
| Dennis Cohen | 37,580,654 | 1.52% |
| Ideal Portfolio Services Company Limited | 33,311,036 | 1.35% |
| SJIML A/C 3119 | 32,539,032 | 1.32% |
| Guardian Life of the Caribbean | 30,206,368 | 1.22% |

Shareholder Profile of NCB Financial Group Limited as at March 31, 2021

| Number of Shareholders | Ownership of Each Shareholder | Percentage Ownership | Number of Units |
|-----------------------------------|-------------------------------|----------------------|----------------------|
| One shareholder with six accounts | 51.73% | 51.73% | 1,276,148,279 |
| 12 | 1 - 5% | 21.20% | 522,862,475 |
| 44,408 | Less than 1% | 27.07% | 667,752,074 |
| 44,421 | | 100.00% | 2,466,762,828 |