

# Financial Results

For The Nine Months Ended  
June 30, 2020

## KEY RESULTS

					
<b>\$14.8B</b>	<b>\$1.7T</b>	<b>\$150.9B</b>	<b>\$6.19</b>	<b>1.64%</b>	<b>13.22%</b>
Net Profit	Total Assets	Equity	EPS	Return on Assets	Return on Equity

## Third Quarter 2020 Report to Shareholders

August 4, 2020 – The Board of Directors hereby releases the following unaudited financial results for NCB Financial Group Limited (NCBFG) and its subsidiaries (the Group) for the nine months ended June 30, 2020.

NCBFG reports a net profit of \$20.3 billion for the nine months ended June 30, 2020. Net profit attributable to stockholders of the parent was \$14.8 billion, a 29% or \$6.0 billion decline from the prior year. The prior year's results included one off-gains of \$3.3 billion from the disposal of our interest in an associate company and \$2.3 billion from the revaluation of our interest in Guardian Holdings Limited (GHL). Excluding these gains, net profit attributable to stockholders would have decreased by

\$350 million or 2% from the prior year. A substantial contributor to the 2020 financial performance was the inclusion of nine months of GHL's results compared to only two months in the prior year.

During the third quarter, the economic downturn stemming from COVID-19 continued to influence the performance of the Group. The impact primarily resulted in:

- reduced securities trading activity coupled with the depreciation of the Jamaican currency resulting in reduced gains on foreign currency and investment activities;
- increased credit impairment provisions; and
- the waiver of certain digital and self-service channel user fees.

Our focus on advancing our digital capabilities should enable the Group to adjust our operations to mitigate any disruption in business.

For more  
information,  
contact:

### INVESTOR RELATIONS

**Jacqueline De Lisser**

Head

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Monitoring & Planning  
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### MEDIA RELATIONS

**Nichole Brackett Walters**

Manager

Group Marketing & Communications  
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# Financial Results

For The Nine Months Ended June 30, 2020

**Net Profit of \$14.8 billion** (attributable to stockholders of the parent)

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## Group Performance

We are encouraged by the resilience of our business segments, which led to a commendable performance for the period. This was due in part to our business transformation efforts over the years, which equipped us for the uncertain environment thereby ensuring stability in times of crisis. Operating profit for the nine months increased by 28% or \$4.9 billion over the prior year.

## ***Banking and Investment Activities***

The net result from banking and investment activities of \$58.3 billion, represented growth of 12% or \$6.2 billion, primarily resulting from:

- Net interest income improving by 28% or \$9.2 billion, mainly due to the consolidation of a full nine months of GHL's results. There was also 8% growth in interest income for our Jamaican businesses.
- Net fee and commission income increasing by 22% or \$3.0 billion over the prior year, the majority of the increase being due to the consolidation of GHL; however, there was a 10% and 9% increase in fees earned by NCB Capital Markets Limited and Clarien Group Limited, respectively. The improved fees from these entities offset the reduction in fees experienced by National Commercial Bank Jamaica Limited, which was mainly due to its drive to have customers use our digital channels along with the temporary waiver of some transaction fees to assist our customers during the pandemic.
- The reduction in gain on foreign currency and investment activities of 72% or \$6.3 billion partially offset those improvements in revenues.
- Credit impairment losses increasing by \$2.0 billion or 55% due to expected credit losses from the impact of COVID-19.

## ***Insurance Activities***

The net result from insurance activities totalled \$23.4 billion, an increase of \$16.1 billion or 222% due to the consolidation of GHL. On June 30, 2020, we began the application process to streamline the insurance business in our Jamaican insurance entities. In this regard, NCB Insurance Company Limited ("NCBIC") applied for approval from the Financial Services Commission to transfer 100% of its portfolio of insurance and annuities business to Guardian Life Limited ("GLL"). If approved, NCBIC will continue to operate its business as a Pension Fund Administrator and Investment Manager, while selling insurance products as an exclusive agent of GLL. The changes are part of our integration plans to improve efficiency and leverage economies of experience and scale which are expected to positively benefit each entity's customers and performance. Additional details on the proposed transfer can be found in note 5 of the financial statements accompanying this release.

# Financial Results

For The Nine Months Ended June 30, 2020

**Net Profit of \$14.8 billion** (attributable to stockholders of the parent)

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## Group Performance (continued)

### **Operating Expenses**

Operating expenses of \$59.7 billion, represented growth of 41% or \$17.4 billion primarily due to the consolidation of GHL. The additional expenses resulted in a cost to income ratio of 68.37%, up from 67.08% in the prior year. We continue our cost optimisation strategies to improve our efficiency.

### **Consolidated Statement of Financial Position**

Total assets increased by \$121.8 billion or 8% to \$1.7 trillion, mainly due to expansion of our investment securities and loan portfolios. Customer deposits, repurchase agreements and investment contract liabilities primarily funded the growth.

### **Investment Securities and Reverse Repurchase Agreements**

Investment securities, including pledged assets and reverse repurchase agreements, totalled \$854.9 billion, an increase of 10% or \$75.4 billion over the prior year.

### **Loans and Advances**

The Group's loans and advances, net of credit impairment losses, totalled \$445.4 billion, an increase of \$33.6 billion or 8% over the prior year. As a result of the slowdown in the economy, we have offered moratoriums to our customers as we note the challenging times and the importance of accessing financial assistance due to unplanned expenses or a change to their circumstances. We have also offered new interest free short-term loans/facilities and encourage customers requiring additional assistance to avail of our Pay Day Loan facility. We continue to closely monitor the Group's non-performing loans, which totalled \$22.8 billion as at June 30, 2020, an increase of \$3.8 billion over the prior year. This represented 5.0% of the gross loans compared to 4.5% as at June 30, 2019.

### **Deposits**

Customer deposits, our largest source of funding, totalled \$545.7 billion, an increase of \$36.7 billion or 7% over the prior year. The strong growth demonstrates our customers' confidence in the Group.

### **Policyholders' Liabilities**

Liabilities under annuity and insurance contracts increased to \$389.8 billion at June 30, 2020, up \$7.6 billion or 2% over the prior year.

### **Capital and Liquidity**

Equity attributable to stockholders of the parent increased by 10% or \$13.9 billion to \$150.9 billion as at June 30, 2020. The growth in equity was mainly attributable to increased retained earnings.

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



# Financial Results

For The Nine Months Ended June 30, 2020

**Net Profit of \$14.8 billion** (attributable to stockholders of the parent)

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## Dividends

The Board of Directors, at its meeting on August 4, 2020, did not declare an interim dividend.

## Corporate Social Responsibility (CSR)

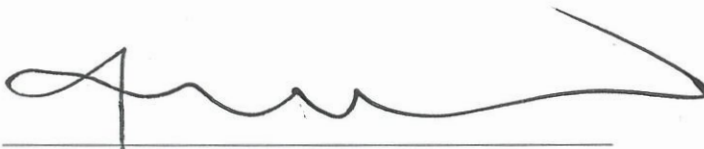
Our CSR policy focuses on four main areas: community outreach, ethics, employment practices and effective stakeholder engagement. The Group is committed to engaging in activities that will balance the long-term viability of our business with social and environmental accountability while recognising its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

### **Nation Building**

- NCBFG is keen on supporting democracy and a fair and transparent electoral process, which will ultimately contribute to nation building and as such, we have contributed equally to each of the two major Jamaican political parties.
- Our Foundations - N.C.B. Foundation, Guardian Group Foundation and Clarien Foundation - continued voluntary and outreach work in areas such as health, education and community development, reaching a wide cross-section of persons across the region.

We continue to urge everyone to practise the recommended safety measures and we will continue to protect our employees and customers by minimising face-to-face interactions by offering suitable alternative channels. We are grateful to the persons at the front line of this crisis 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

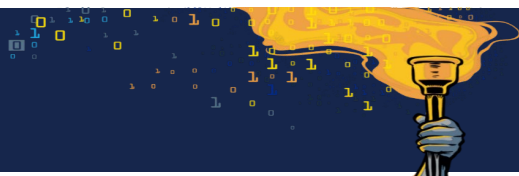
Patrick Hylton, President and Group Chief Executive Officer

## Unaudited Consolidated Income Statement

Nine months ended June 30, 2020

(expressed in Jamaican dollars unless otherwise indicated)

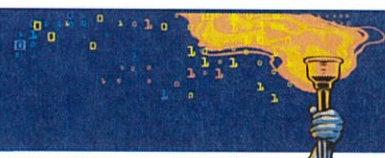
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	CURRENT YEAR			PRIOR YEAR	
	Quarter ended	Quarter ended	Year to date	Quarter ended	Year to date
	June 30	March 31	June 30	June 30	June 30
	2020	2020	2020	2019	2019
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Operating income</b>					
<b>Banking and investment activities</b>					
Interest income	19,565,174	20,293,847	59,665,547	17,690,188	46,681,837
Interest expense	(6,003,635)	(6,228,566)	(18,121,447)	(5,319,854)	(14,318,530)
Net interest income	13,561,539	14,065,281	41,544,100	12,370,334	32,363,307
Fee and commission income	5,760,920	6,238,838	19,675,757	6,482,316	17,208,709
Fee and commission expense	(817,631)	(1,226,565)	(3,306,278)	(1,343,314)	(3,823,858)
Net fee and commission income	4,943,289	5,012,273	16,369,479	5,139,002	13,384,851
Gain/(loss) on foreign currency and investment activities	1,400,542	(3,937,868)	2,447,454	2,792,950	8,745,888
Credit impairment losses	(2,434,604)	(1,647,343)	(5,650,782)	(1,766,133)	(3,650,317)
Dividend income	317,560	696,462	1,707,403	493,481	790,689
Other operating income	526,125	504,118	1,867,142	383,317	496,347
	(190,377)	(4,384,631)	371,217	1,903,615	6,382,607
Net result from banking and investment activities	<b>18,314,451</b>	<b>14,692,923</b>	<b>58,284,796</b>	<b>19,412,951</b>	<b>52,130,765</b>
<b>Insurance activities</b>					
Premium income	32,434,298	33,557,993	99,636,056	22,270,474	27,034,121
Insurance premium ceded to insurers	(10,560,867)	(9,439,086)	(29,928,089)	(6,224,914)	(6,706,462)
Reinsurance commission income	2,399,703	1,997,569	6,340,071	1,779,692	1,844,265
Net underwriting income	24,273,134	26,116,476	76,048,038	17,825,252	22,171,924
Policyholders' and annuitants' benefits and reserves	(11,562,454)	(18,512,050)	(43,211,197)	(11,640,835)	(12,114,375)
Commission and other selling expenses	(4,129,079)	(840,261)	(9,486,789)	(2,814,879)	(2,814,878)
Net result from insurance activities	<b>8,581,601</b>	<b>6,764,165</b>	<b>23,350,052</b>	<b>3,369,538</b>	<b>7,242,671</b>
<b>Net operating income</b>	<b>26,896,052</b>	<b>21,457,088</b>	<b>81,634,848</b>	<b>22,782,489</b>	<b>59,373,436</b>
<b>Operating expenses</b>					
Staff costs	9,014,126	10,260,713	29,928,517	8,615,091	21,621,582
Depreciation and amortisation	2,346,185	2,409,853	6,824,052	1,744,920	4,356,444
Other operating expenses	6,716,857	5,591,204	22,923,071	5,961,954	16,297,414
	<b>18,077,168</b>	<b>18,261,770</b>	<b>59,675,640</b>	<b>16,321,965</b>	<b>42,275,440</b>
<b>Operating profit</b>	<b>8,818,884</b>	<b>3,195,318</b>	<b>21,959,208</b>	<b>6,460,524</b>	<b>17,097,996</b>
Share of profit of associates	125,408	214,896	138,629	1,024,240	2,655,418
Gain on disposal of associate	-	-	-	-	3,291,544
Gain on revaluation of associate	-	-	-	2,329,179	2,329,179
<b>Profit before taxation</b>	<b>8,944,292</b>	<b>3,410,214</b>	<b>22,097,837</b>	<b>9,813,943</b>	<b>25,374,137</b>
Taxation	(1,998,897)	2,178,834	(1,795,039)	(919,662)	(4,065,487)
<b>NET PROFIT</b>	<b>6,945,395</b>	<b>5,589,048</b>	<b>20,302,798</b>	<b>8,894,281</b>	<b>21,308,650</b>
Attributable to:					
Stockholders of parent	5,205,811	3,671,178	14,778,317	8,292,686	20,748,727
Non-controlling interest	1,739,584	1,917,870	5,524,481	601,595	559,923
	<b>6,945,395</b>	<b>5,589,048</b>	<b>20,302,798</b>	<b>8,894,281</b>	<b>21,308,650</b>
<b>Earnings per stock unit</b>					
Basic and diluted (expressed in \$)	<b>2.19</b>	<b>1.54</b>	<b>6.19</b>	<b>3.42</b>	<b>8.49</b>


	Quarter ended June 30 2020 \$'000	Quarter ended March 31 2020 \$'000	Year to date June 30 2020 \$'000	Quarter ended June 30 2019 \$'000	Year to date June 30 2019 \$'000
<b>Net Profit</b>	<b>6,945,395</b>	<b>5,589,048</b>	<b>20,302,798</b>	<b>8,894,281</b>	<b>21,308,650</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	(9,649)	254,434	119,786	(22,898)	(143,019)
Share of other comprehensive income of associate companies	-	-	-	(292,136)	(123,117)
	(9,649)	254,434	119,786	(315,034)	(266,136)
<b>Items that may be subsequently reclassified to profit or loss</b>					
Currency translation gains/(losses)	4,016,537	(1,343,154)	3,772,775	1,801,361	(440,888)
Share of other comprehensive income of associate companies	-	-	-	93,292	169,019
Unrealised gains/(losses) on securities designated as fair value through other comprehensive income (FVOCI)	11,641,502	(14,851,260)	(3,929,161)	3,385,460	6,283,462
Realised fair value gains on securities designated as FVOCI	(255,768)	(469,279)	(1,954,107)	(1,189,128)	(1,804,905)
Expected credit reversals/(losses) on debt instruments at FVOCI	458,615	(172,724)	278,552	-	-
	15,860,886	(16,836,417)	(1,831,941)	4,090,985	4,206,688
<b>Total other comprehensive income</b>	<b>15,851,237</b>	<b>(16,581,983)</b>	<b>(1,712,155)</b>	<b>3,775,951</b>	<b>3,940,552</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>22,796,632</b>	<b>(10,992,935)</b>	<b>18,590,643</b>	<b>12,670,232</b>	<b>25,249,202</b>
<b>Total comprehensive income attributable to:</b>					
Stockholders of the parent	19,794,112	(10,825,957)	13,169,498	10,644,959	23,632,723
Non-controlling interest	3,002,520	(166,978)	5,421,145	2,025,273	1,616,479
	<b>22,796,632</b>	<b>(10,992,935)</b>	<b>18,590,643</b>	<b>12,670,232</b>	<b>25,249,202</b>





	June 30 2020 \$'000	September 30 2019 \$'000	June 30 2019 \$'000
<b>ASSETS</b>			
Cash in hand and balances at Central Banks	57,677,253	62,535,389	56,502,972
Due from banks	112,724,628	141,357,186	102,291,257
Derivative financial instruments	339,149	239,279	226,603
Reverse repurchase agreements	11,951,463	7,837,898	4,117,117
Loans and advances, net of credit impairment losses	445,412,890	423,102,600	411,794,968
Investment securities	454,119,593	386,185,620	566,180,652
Pledged assets	388,826,729	384,904,688	209,243,861
Investment in associates	6,154,049	5,271,465	4,851,092
Investment properties	30,314,965	28,155,110	30,793,212
Intangible assets	44,820,858	43,632,659	48,292,075
Property, plant and equipment	27,354,096	23,480,667	25,329,032
Properties for development and sale	2,556,860	2,368,042	2,015,513
Deferred income tax assets	11,690,982	8,141,066	7,447,871
Income tax recoverable	5,534,775	5,174,472	4,338,990
Reinsurance assets	27,687,835	33,779,448	29,757,232
Letters of credit and undertaking	3,871,901	2,051,519	2,646,667
Other assets	56,893,113	51,883,490	60,268,098
<b>Total assets</b>	<b>1,687,931,139</b>	<b>1,610,100,598</b>	<b>1,566,097,212</b>
<b>LIABILITIES</b>			
Due to banks	27,403,186	22,776,255	31,439,046
Customer deposits	545,677,003	504,678,536	509,017,498
Repurchase agreements	190,432,828	174,619,976	166,582,036
Obligations under securitisation arrangements	41,474,256	48,305,823	49,632,584
Derivative financial instruments	-	239,279	228,463
Other borrowed funds	123,591,187	124,953,101	122,341,205
Deferred income tax liabilities	13,632,527	18,122,796	8,953,646
Third party interests in mutual funds	25,113,427	22,138,490	21,688,517
Liabilities under annuity and insurance contracts	389,756,649	385,395,889	382,194,826
Segregated fund liabilities	14,867,526	16,549,531	-
Investment contract liabilities	55,041,961	39,257,656	39,450,276
Post-employment benefit obligations	9,759,795	9,400,738	10,733,391
Letters of credit and undertaking	3,871,901	2,051,519	2,646,667
Other liabilities	51,265,584	54,577,213	44,860,027
<b>Total liabilities</b>	<b>1,491,887,830</b>	<b>1,423,066,802</b>	<b>1,389,768,182</b>
<b>STOCKHOLDERS' EQUITY</b>			
Share capital	153,827,330	153,827,330	153,827,330
Treasury shares	(14,877,985)	(10,756,253)	(9,999,944)
Reserve from the scheme of arrangement	(147,034,858)	(147,034,858)	(147,034,858)
Fair value and capital reserves	11,327,005	13,158,946	8,711,995
Loan loss reserve	1,669,713	2,947,624	3,233,348
Statutory reserve fund	6,697,885	6,625,209	6,598,442
Retained earnings reserve	51,930,000	43,820,000	43,820,000
Retained earnings	87,346,482	84,709,206	77,876,337
<b>Equity attributable to stockholders of the parent</b>	<b>150,885,572</b>	<b>147,297,204</b>	<b>137,032,650</b>
Non-controlling interest	45,157,737	39,736,592	39,296,380
<b>Total stockholders' equity</b>	<b>196,043,309</b>	<b>187,033,796</b>	<b>176,329,030</b>
<b>Total stockholders' equity and liabilities</b>	<b>1,687,931,139</b>	<b>1,610,100,598</b>	<b>1,566,097,212</b>

Approved for issue by the Board of Directors on August 4, 2020 and signed on its behalf by:



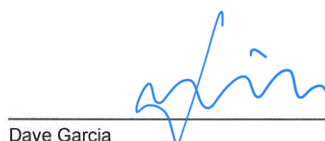
Patrick Hylon  
President and Group  
Chief Executive Officer



Dennis Cohen  
Group Chief Financial Officer and  
Deputy Chief Executive Officer



Professor Alvin Wint  
Lead Independent Director



Dave Garcia  
Corporate Secretary

	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
<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	-	-	-	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	-	-	-	3,312,372	-	-	-	20,282,795	1,654,035	25,249,202
Transfer to loan loss reserve	-	-	-	-	8,550	-	-	(8,550)	-	-
Transfer to retained earnings reserve	-	-	-	-	-	-	4,570,000	(4,570,000)	-	-
Disposal of treasury shares	-	1,938,416	-	-	-	-	-	239,246	-	2,177,662
Purchase of treasury shares	-	(1,551,735)	-	-	-	-	-	-	-	(1,551,735)
On acquisition of subsidiary	-	(9,335,840)	-	-	-	-	-	-	28,136,141	18,800,301
Transaction with owners of the Company -										
Dividends paid	-	-	-	-	-	-	-	(6,102,184)	-	(6,102,184)
<b>Balance at June 30, 2019</b>	153,827,330	(9,999,944)	(147,034,858)	8,711,995	3,233,348	6,598,442	43,820,000	77,876,337	39,296,380	176,329,030
<b>Balance as at October 1, 2019</b>	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
Total comprehensive income	-	-	-	(1,831,941)	-	-	-	15,001,439	5,421,145	18,590,643
Transfer from loan loss reserve	-	-	-	-	(1,277,911)	-	-	1,277,911	-	-
Transfer to statutory reserve	-	-	-	-	-	72,676	-	(72,676)	-	-
Transfer to retained earnings reserve	-	-	-	-	-	-	8,110,000	(8,110,000)	-	-
Purchase of treasury shares	-	(4,171,559)	-	-	-	-	-	-	-	(4,171,559)
Disposal of treasury shares	-	49,827	-	-	-	-	-	(49,827)	-	-
Transaction with owners of the Company -										
Dividends paid	-	-	-	-	-	-	-	(5,409,571)	-	(5,409,571)
<b>Balance at June 30, 2020</b>	153,827,330	(14,877,985)	(147,034,858)	11,327,005	1,669,713	6,697,885	51,930,000	87,346,482	45,157,737	196,043,309



	June 30 2020 \$'000	June 30 2019 \$'000
<b>Cash Flows from Operating Activities</b>		
Net profit	20,302,798	21,308,650
Adjustments to reconcile net profit to net cash provided by/(used in) operating activities	67,108,191	(17,043,306)
Net cash provided by operating activities	87,410,989	4,265,344
<b>Cash Flows from Investing Activities</b>		
Net cash acquired on purchase of subsidiary	-	16,952,070
Acquisition of property, plant and equipment	(6,715,804)	(2,016,796)
Acquisition of intangible asset - computer software	(5,181,417)	(3,656,782)
Proceeds from disposal of property, plant and equipment	87,219	161,188
Dividend received from associates	-	680,869
Purchases of investment securities	(364,956,945)	(150,867,928)
Sales/maturities of investment securities	272,373,875	179,537,717
Net cash (used in)/provided by investing activities	(104,393,072)	40,790,338
<b>Cash Flows from Financing Activities</b>		
Repayments under securitisation arrangements	(6,812,396)	(7,616,186)
Proceeds from other borrowed funds	15,552,753	32,081,415
Repayments of other borrowed funds	(16,697,574)	(25,095,005)
Purchase of treasury shares	(4,171,559)	(1,551,735)
Proceeds from disposal of treasury shares	-	1,938,416
Due to banks	4,581,597	(7,359,861)
Dividends paid	(5,409,571)	(6,102,184)
Net cash used in financing activities	(12,956,750)	(13,705,140)
Effect of exchange rate changes on cash and cash equivalents	964,819	3,153,808
Net (decrease)/increase in cash and cash equivalents	(28,974,014)	34,504,350
Cash and cash equivalents at beginning of period	156,858,541	75,170,642
<b>Cash and cash equivalents at end of period</b>	<b>127,884,527</b>	<b>109,674,992</b>
<b>Comprising:</b>		
Cash in hand and balances at Central Banks	23,831,199	19,667,493
Due from banks	112,002,958	98,907,988
Reverse repurchase agreements	5,890,235	3,392,950
Investment securities	1,340,407	9,774,544
Due to banks	(15,180,272)	(22,067,983)
	<b>127,884,527</b>	<b>109,674,992</b>

Nine months ended June 30, 2020	Banking and Investment Activities					Insurance Activities				
	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	Eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
External revenue	22,080,272	13,207,781	9,108,468	10,540,901	9,031,462	74,449,568	46,777,011	6,143,967	-	191,339,430
Revenue from other segments	1,646,536	-	114,944	3,111,080	2,018,813	143,447	1,225	20,930,296	(27,966,341)	-
<b>Total Revenue</b>	<b>23,726,808</b>	<b>13,207,781</b>	<b>9,223,412</b>	<b>13,651,981</b>	<b>11,050,275</b>	<b>74,593,015</b>	<b>46,778,236</b>	<b>27,074,263</b>	<b>(27,966,341)</b>	<b>191,339,430</b>
Net interest income	17,180,334	4,807,003	5,448,237	2,585,750	4,544,632	12,963,404	668,424	(2,704,064)	(3,864,235)	41,629,485
Net fee and commission income	3,203,736	4,231,574	1,068,731	319,195	3,232,242	2,110,118	2,330,195	3,782,413	(5,322,040)	14,956,164
Gain/(loss) on foreign currency and investment activities	128,317	(2,058)	98,538	4,673,708	1,524,255	(2,122,532)	(411,133)	(238,016)	(1,208,958)	2,442,121
Net result from insurance activities	-	-	-	-	-	11,144,125	9,960,322	18,914	2,226,689	23,350,050
Credit impairment (losses)/reversals	(3,116,622)	(1,342,913)	(453,877)	(193,941)	490,889	(1,557,266)	36,845	395,085	(12,849)	(5,754,649)
Other operating income and dividend income	145,240	2,351	(425)	8,822	377,843	2,446,223	127,504	3,597,775	(3,170,501)	3,534,832
<b>Total operating income</b>	<b>17,541,005</b>	<b>7,695,957</b>	<b>6,161,204</b>	<b>7,393,534</b>	<b>10,169,861</b>	<b>24,984,072</b>	<b>12,712,157</b>	<b>4,852,107</b>	<b>(11,351,894)</b>	<b>80,158,003</b>
Staff costs	6,939,500	677,365	157,164	139,995	1,651,200	7,742,442	2,598,638	1,473,019	2,855,631	24,234,954
Depreciation and amortisation	1,163,923	394,648	6,818	8,193	111,571	937,832	324,553	1,665,577	(90,290)	4,522,825
Other operating expense	3,992,723	2,376,153	680,146	1,180,219	1,822,680	7,534,173	2,326,915	3,727,665	(8,153,955)	15,486,719
<b>Total operating expense</b>	<b>12,096,146</b>	<b>3,448,166</b>	<b>844,128</b>	<b>1,328,407</b>	<b>3,585,451</b>	<b>16,214,447</b>	<b>5,250,106</b>	<b>6,866,261</b>	<b>(5,388,614)</b>	<b>44,244,498</b>
Operating profit before allocated cost	5,444,859	4,247,791	5,317,076	6,065,127	6,584,410	8,769,625	7,462,051	(2,014,154)	(5,963,280)	35,913,505
Allocated costs	(5,493,914)	(1,625,566)	(1,930,133)	(393,214)	-	-	-	-	-	(9,442,827)
<b>Operating profit</b>	<b>(49,055)</b>	<b>2,622,225</b>	<b>3,386,943</b>	<b>5,671,913</b>	<b>6,584,410</b>	<b>8,769,625</b>	<b>7,462,051</b>	<b>(2,014,154)</b>	<b>(5,963,280)</b>	<b>26,470,678</b>
Unallocated corporate expenses										(4,511,470)
Share of profit of associates										138,629
<b>Profit before taxation</b>										22,097,837
Taxation										(1,795,039)
<b>Net Profit</b>										<b>20,302,798</b>
Segment assets	425,016,555	25,519,282	150,236,276	309,648,526	317,777,493	492,564,664	103,875,552	55,490,051	(215,577,066)	1,664,551,333
Associates										6,154,049
Unallocated assets										17,225,757
<b>Total assets</b>										<b>1,687,931,139</b>
Segment liabilities	370,141,458	5,437,008	119,425,353	330,127,074	273,944,766	374,952,687	71,289,772	89,717,945	(156,780,760)	1,478,255,303
Unallocated liabilities										13,632,527
<b>Total liabilities</b>										<b>1,491,887,830</b>
Capital expenditure	2,958,941	694,187	247,791	74,629	414,242	3,068,697	1,847,031	2,591,703	-	11,897,221

Nine months ended June 30, 2019	Banking and Investment Activities					Insurance Activities				
	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	Eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
External revenue	22,381,775	12,736,871	7,504,638	11,401,639	9,927,987	23,478,460	15,775,195	(404,709)	-	102,801,856
Revenue from other segments	1,357,244	-	277,256	4,130,756	2,144,687	85,099	227,779	438,775	(8,661,596)	-
<b>Total Revenue</b>	<b>23,739,019</b>	<b>12,736,871</b>	<b>7,781,894</b>	<b>15,532,395</b>	<b>12,072,674</b>	<b>23,563,559</b>	<b>16,002,974</b>	<b>34,066</b>	<b>(8,661,596)</b>	<b>102,801,856</b>
Net interest income	17,284,636	3,903,549	4,019,516	2,953,698	3,273,518	4,568,669	482,791	(558,734)	(2,246,419)	33,681,224
Net fee and commission income	3,526,982	4,196,314	575,247	351,705	2,658,900	1,835,639	587,489	568,546	(2,961,857)	11,338,965
Gain/(loss) on foreign currency and investment activities	144,007	(537)	116,404	4,373,529	3,430,164	1,608,514	315,194	328,726	(1,627,753)	8,688,248
Net result from insurance activities	-	-	-	-	-	4,089,614	3,444,351	-	(291,294)	7,242,671
Credit impairment (losses)/reversals	(2,890,925)	(708,102)	(49,440)	(34,102)	53,497	41,939	(34,627)	(33,720)	707	(3,654,773)
Other operating income and dividend income	202,816	371	931	84,000	610,918	235,463	166,291	914,142	(909,856)	1,305,076
<b>Total operating income</b>	<b>18,267,516</b>	<b>7,391,595</b>	<b>4,662,658</b>	<b>7,728,830</b>	<b>10,026,997</b>	<b>12,379,838</b>	<b>4,961,489</b>	<b>1,218,960</b>	<b>(8,036,472)</b>	<b>58,601,411</b>
Staff costs	7,197,924	786,529	242,242	184,522	1,372,875	1,692,083	1,416,505	570,600	2,737,317	16,200,597
Depreciation and amortisation	835,167	416,370	6,117	9,619	96,549	220,422	163,309	983,389	-	2,730,942
Other operating expense	3,571,283	2,088,285	413,775	946,466	1,417,928	1,523,759	1,431,222	242,147	(1,224,068)	10,410,797
<b>Total operating expense</b>	<b>11,604,374</b>	<b>3,291,184</b>	<b>662,134</b>	<b>1,140,607</b>	<b>2,887,352</b>	<b>3,436,264</b>	<b>3,011,036</b>	<b>1,796,136</b>	<b>1,513,249</b>	<b>29,342,336</b>
Operating profit before allocated cost	6,663,142	4,100,411	4,000,524	6,588,223	7,139,645	8,943,574	1,950,453	(577,176)	(9,549,721)	29,259,075
Allocated costs	(6,355,827)	(1,523,244)	(458,481)	(369,863)	-	-	-	-	-	(8,707,415)
<b>Operating profit</b>	<b>307,315</b>	<b>2,577,167</b>	<b>3,542,043</b>	<b>6,218,360</b>	<b>7,139,645</b>	<b>8,943,574</b>	<b>1,950,453</b>	<b>(577,176)</b>	<b>(9,549,721)</b>	<b>20,551,660</b>
Unallocated corporate expenses										(3,453,664)
Share of profit of associates										2,655,418
Gain on disposal of associate										3,291,544
Gain on revaluation of associate										2,329,179
<b>Profit before taxation</b>										<b>25,374,137</b>
Taxation										(4,065,487)
<b>Net Profit</b>										<b>21,308,650</b>
Segment assets	415,546,759	29,454,708	123,878,978	310,124,364	261,598,539	488,629,134	111,921,888	23,732,528	(215,430,705)	1,549,456,193
Associates										4,851,092
Unallocated assets										11,789,927
<b>Total assets</b>										<b>1,566,097,212</b>
Segment liabilities	354,390,408	19,036,447	91,351,890	319,010,423	220,411,853	385,918,466	77,127,502	56,234,013	(142,675,266)	1,380,805,736
Unallocated liabilities										8,962,446
<b>Total liabilities</b>										<b>1,389,768,182</b>
Capital expenditure	2,861,350	779,406	271,014	108,654	545,045	647,738	314,063	146,308	-	5,673,578

## 1. Identification and Principal Activities

NCB Financial Group Limited ("the Company") is a financial holding company, incorporated and domiciled in Jamaica. The Company is 52.10% (June 30, 2019 - 53.09%) 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 nine months ended June 30, 2020 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, 2019 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 16, 'Leasing'

Effective October 1, 2019, the Group adopted IFRS 16 'Leasing' which replaces IAS 17. Under IAS 17, lessees were required to make a distinction between a finance lease (on statement of financial position) and an operating lease (off statement of financial position). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees.

For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. The Group has concluded that the adoption did not have a significant impact on the financial statements of the Group.

## 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 and pension remittance services.
- 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.

The Group's trustee services, property development and the outstanding transactions and balances of certain inactive subsidiaries are classified as Other for segment reporting.



#### 4. Impact of COVID-19

In March 2020, the World Health Organisation declared COVID-19 a global pandemic as the virus had rapidly spread worldwide. The impact on the global markets has been significant with amplified concerns about the escalating economic costs of the outbreak. Regionally, the stock exchange indices have declined. The Jamaica Stock Exchange index decline since the beginning of 2020 was initially sparked by investors liquidating their portfolios to prepare for large equity transactions and further exacerbated by fears among investors regarding the impact of the virus on the regional economies and the ensuing effect on publicly listed companies.

The impact of COVID-19 has been far reaching as it has caused significant impact on the regional economies, which are highly reliant on imports for growth and development, and on exports for income. The dislocation in sectors of the economy, such as the tourism, manufacturing, transport and logistics and other areas is expected to have a negative impact on the Group's various business segments which are exposed to the potential economic effects.

The economic downturn is having an impact on foreign currency and investment activities, credit impairment losses, fee and commission income and the carrying values of investment securities. The economic downturn is still evolving and we continue to monitor and assess the overall impact on the Group.

#### 5. Transfer of Insurance and Annuities Business of NCB Insurance Company Limited to Guardian Life Limited

NCB Financial Group Limited ("NCBFG") has begun the process of streamlining the insurance business currently offered by its competing subsidiaries - NCB Insurance Company Limited ("NCBIC") and Guardian Life Limited ("GLL"). NCBIC has submitted applications to the Financial Services Commission seeking approval for the following:

- A - The transfer of 100% of its portfolio of insurance and annuities business to Guardian Life Limited;
- B - To be licensed as a dealer under the Securities Act; and
- C - Registration of NCBIC as an insurance agent under the Insurance Act.

The applications are contingent upon each other.

If approved, these applications will allow NCBIC to discontinue its business as an insurance underwriter, retain and continue to operate its business as a Pension Fund Administrator and Investment Manager, while selling insurance products as an exclusive agent of Guardian Life Limited under a new company name. Insurance policies for existing policyholders will not be impacted, as GLL will honour the contracts being transferred on its current terms. NCBIC's carrying value of liabilities under annuity and insurance contracts totaled \$29,804,462,000 as at June 30, 2020.

**Interest/Ownership of Stock Units by Directors of NCB Financial Group Limited as at June 30, 2020**

<b>Directors <sup>1.</sup></b>	<b>Total</b>	<b>Direct</b>	<b>Connected Parties</b>
Robert Almeida	66,045,231	171,750	65,873,481
Dennis Cohen <sup>2.</sup>	175,377,207	36,550,749	138,826,458
Sandra Glasgow <sup>2.</sup>	139,207,808	326,150	138,881,658
Sanya Goffe	65,887,481	14,000	65,873,481
Patrick Hylton, CD	133,954,036	68,080,555	65,873,481
Hon. Michael Lee-Chin, OJ	1,490,930,331	35,000	1,490,895,331
Thalia Lyn, OD <sup>2.</sup>	139,214,904	376,784	138,838,120
Prof. Alvin Wint, CD	65,961,625	88,144	65,873,481
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 June 30, 2020**

<b>Executives/Senior Managers</b>	<b>Total</b>	<b>Direct</b>	<b>Connected Parties</b>
Dennis Cohen <sup>1. 2.</sup>	175,377,207	36,550,749	138,826,458
Dave Garcia	175,027	175,027	0
Patrick Hylton, CD <sup>1.</sup>	133,954,036	68,080,555	65,873,481
Misheca Seymour-Senior	7,195	7,195	0
Mukisa Wilson Ricketts	87,552	87,552	0
Allison Wynter <sup>2.</sup>	73,141,214	191,237	72,949,977

**Interest/Ownership of Stock Units by Executives/Senior Managers of subsidiaries of NCB Financial Group Limited as at June 30, 2020**

<b>Executives/Senior Managers</b>	<b>Total</b>	<b>Direct</b>	<b>Connected Parties</b>
Gabrielle Banbury-Kelly	95,508	95,508	0
Septimus Blake	211,144	211,144	0
Brian Boothe	102,000	102,000	0
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
Howard Gordon	105,051	105,051	0
Vernon James	0	0	0
Nadeen Matthews Blair	92,305	92,305	0
Anne McMorris Cover	8,735	8,735	0
Claudette Rodriquez	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	4,900	4,900	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 65,873,481 held by subsidiaries of Guardian Holdings Limited (GHL).

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

### 10 Largest Shareholders of NCB Financial Group Limited as at June 30, 2020

Name of Shareholder	Units	Percentage Ownership
AIC (Barbados) Limited	1,285,072,836	52.10%
Sagicor PIF Equity Fund	79,833,444	3.24%
Patrick Hylton	68,080,555	2.76%
NCB Insurance Co. Ltd 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	36,550,749	1.48%
SJIML A/C 3119	35,498,981	1.44%
Ideal Portfolio Services Company Limited	33,566,495	1.36%
Guardian Life of the Caribbean	30,206,368	1.22%

### Shareholder Profile of NCB Financial Group Limited as at June 30, 2020

Number of Shareholders	Ownership of Each Shareholder	Percentage Ownership	Number of Units
One shareholder with five accounts	52.10%	52.10%	1,285,072,836
10	1 - 5%	18.84%	464,739,507
43,724	Less than 1%	29.06%	716,950,485
<b>43,735</b>		<b>100.00%</b>	<b>2,466,762,828</b>