



**FINANCIAL GROUP
LIMITED**

Financial Results

For The Nine Months Ended June 30, 2017

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



Net Profit
\$14.7B



Total Assets
\$665.0B



Equity
\$111.7B



EPS
\$5.98



Return on Assets
3.08%



Return on Equity
18.27%

THIRD QUARTER 2017 EARNINGS RELEASE

July 27, 2017 – The Board of Directors is pleased to announce that NCB Financial Group Limited (NCBFG) and its subsidiaries (the Group) achieved net profit of \$14.7 billion for the nine months ended June 30, 2017, an increase of 48% over the prior year’s nine months profit of \$9.9 billion.

Our nine months results signify the highest net profit performance for the Group, exceeding the full year results for the 2016 financial year. This accomplishment was as a result of a relentless focus on our strategic themes along with solid execution. The diversification within the group, business momentum, combined with efficient growth strategies and cost containment measures have allowed us to deliver these strong financial results.

Our focus on reimagining banking, financial services and the customer experience is at the core of our digital transformation strategy and will be more relevant to our results as we continue execution under the **NCB 2.0 by 2020: Faster | Simpler | Stronger** strategic plan. As we continue to invest in our core business segments we expect to improve revenue growth and operational efficiency.

For more information, contact:

INVESTOR RELATIONS

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Dividends

The Board of Directors, at its meeting on July 27, 2017, declared an interim dividend of \$0.60 per ordinary stock unit. The dividend is payable on August 29, 2017 for stockholders on record as at August 15, 2017.

Financial Results Highlights

The nine months results reflect a \$4.8 billion increase over the prior year's net profit. The third quarter's profit before tax of \$6.7 billion was relatively flat compared with the 2nd quarter's results; however the net profit performance declined by 10%, resulting from a one-off deferred tax credit in the March quarter which reduced the overall taxation expense for that period.

	Nine months ended June 30, 2017	Nine months ended June 30, 2016	YoY ¹ Change	Quarter ended June 30, 2017	Quarter ended March 31, 2017	QoQ ² Change
Net profit (\$'M)	14,717	9,937	48%	5,256	5,871	(10%)
Earnings per stock unit (\$)	5.98	4.04	48%	2.14	2.39	(10%)
Cost to income ratio (%)	62.2%	65.1%		58.0%	59.5%	
Total assets (\$M)	665,010	584,800	14%	665,010	639,166	4%
Return on average total assets (%)	3.1%	2.4%		3.2%	3.7%	
Equity (\$M)	111,683	96,523	16%	111,683	106,413	5%
Return on average equity (%)	18.3%	14.3%		19.3%	22.5%	
Net loans (\$M)	212,038	180,077	18%	212,038	207,290	2%
Customer deposits (\$M)	293,534	255,990	15%	293,534	274,008	7%

Financial Performance

Operating Income

Operating income increased by \$6.2 billion or 16% over the prior year, to \$44.2 billion. The improved revenues were primarily driven by:

- Net fee & commission income growing by 31% or \$2.4 billion. The growth stemmed from our continued focus on sale effectiveness, improving the penetration into our Investment Banking services, and growing the Unit Trust portfolios, coupled with increases in pension management fees. Additionally, our focus on providing our customers with non-branch channel and digital options has led to volume growth in point of sale and e-commerce transactions.
- Gains on foreign currency and investment activities growing by \$2.5 billion or 80%.
- Net interest income increasing by 5% or \$1.2 billion, as a result of growth in the loan portfolio.

¹ YoY – Year over Year

² QoQ – Quarter over Quarter

Operating Expenses

Operating expenses of \$28.0 billion grew by 9% or \$2.3 billion over the prior year, driven by:

- Staff costs increasing by \$1.9 billion or 18% mainly as a result of the negotiated increases in salaries, wages, allowances & benefits.
- Other operating expenses growing by \$1.1 billion or 11% primarily as a result of increased asset tax charges, property and ABM maintenance expenses and professional fees resulting from the execution of strategic initiatives.

As we continue our cost optimisation efforts to align costs to strategy and examine expenses across the organisation we expect to see each business segment better equipped to deliver on its objectives.

Share of Profit of Associates

Share of profit of associates grew by \$1.8 billion mainly as a result of the acquisition of the 29.99% shareholding in Guardian Holdings Limited.

Financial Position Performance

Loans and advances

The Group's loans and advances, net of provision for credit losses, increased by \$32.0 billion or 18% to \$212.0 billion at June 30, 2017. The growth was primarily driven by a 23% increase in the Retail Banking portfolio. Non-performing loans totalled \$5.6 billion as at June 30, 2017 (June 30, 2016: \$8.8 billion) and represented 2.6% of the gross loans compared to 4.8% as at June 30, 2016, demonstrating improving credit and asset quality. The regulatory provision coverage at June 30, 2017 was 143.7% compared to 122.8% at June 2016.

Deposits

Customer deposits of \$293.5 billion continued to be our largest source of funding, increasing by \$37.5 billion or 15% over the prior year. This was driven by growth in all our deposit portfolios, as our commercial banking segment continues to deepen existing and acquire new customer relationships.

Capital

Stockholders' equity increased to \$111.7 billion from \$96.5 billion at June 30, 2016. The Group's capital position remains strong and the key regulatory ratios of our regulated entities meet or exceed the minimum regulatory requirements as shown in the table on the following page.



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Financial Results For The Nine Months Ended June 30, 2017 Net Profit of \$14.7 billion

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Financial Position Performance (continued)

Capital (continued)

Company	Key Regulatory Ratios	June 30, 2017	June 30, 2016
National Commercial Bank Jamaica Limited	Regulatory capital to risk weighted assets ratio [Minimum requirement – 12.5%]	12.5%	12.5%
NCB Capital Markets Limited*	Regulatory capital to risk weighted assets ratio [Minimum requirement – 10.0%]	19.4%	39.2%
NCB Insurance Company Limited	Minimum continuing capital and surplus requirements ratio [Minimum requirement – 150.0%]	438.3%	483.7%
Advantage General Insurance Company Limited	Available assets to required assets (Minimum capital test) [Minimum requirement – 250.0%]	390.6%	354.9%
NCB (Cayman) Limited	Regulatory capital to risk weighted assets ratio [Minimum requirement – 12.0%]	22.5%	18.8%
NCB Global Finance Limited	Regulatory capital to risk weighted assets ratio [Minimum requirement – 12.0%]	31.8%	28.5%

* The decline in the ratio was related to a significant transaction which was completed during the quarter.

Corporate Social Responsibility

The NCB Financial Group is committed to engaging in those actions that will ensure its continued viability while recognising its role as a corporate leader in the region. Our policy focuses on four main areas; community outreach, ethics, employment practices and stakeholders, with an aim to balance the long-term viability of our business with social and environmental accountability.

Community Outreach

The N.C.B. Foundation (NCBF) financed by 0.50% of the Bank's prior year profits and 0.50% of prior year personal Keycard sales under the Jamaican Education Initiative (JEI), committed over \$36 million for the quarter to support initiatives aligned with the Foundation's three areas of focus. Our support of education addresses numeracy and literacy indicators, student enrolment declines and the rising cost of education. Youth leadership & entrepreneurship continues to develop future leaders and contributors to the Jamaican economy and community & sports development is used as a tool for unification and social changes.

During the period, N.C.B. Foundation was the recipient of the following awards:

- Manchester Chamber of Commerce (MCOC) Business Award, in recognition of NCBFG's significant contribution to education in the parish of Manchester and surrounding communities.
- Jamaica Environment Trust – Manatee Sponsor Award, presented by the Jamaica Environment Trust in recognition of our support of the School's Environment Programme (SEP). The programme is the largest school's environmental programme over its 19 year history.

Corporate Social Responsibility (continued)

Education

Noting the alignment of the McIntyre-Nettleford Scholarship with the N.C.B. Foundation's educational mandate and focus, the organisation approved a request to be one of two lead donors to the scholarship fund. Our commitment of USD\$50,000 will be used as an initial endowment fund to enable two scholarships annually to study at Oxford University, England.



Thalia Lyn - Chairman, N.C.B. Foundation (left) signs a mock cheque signalling the Foundation's donation to the McIntyre-Nettleford Scholarship to be offered by the University of the West Indies. Lyn is supported by Karen Young - Branch Manager, NCB UWI Branch and receiving the cheque is Professor Sir Hilary Beckles - Vice Chancellor, UWI.

Community & Sports Development

Our support was extended through our donation of equipment to several health centres and hospitals across the island. The most significant contribution made during the period was through a joint partnership (NCBJ and N.C.B. Foundation) to University Hospital of the West Indies (UHWI) which received \$30 million to increase the number of specialised beds in the Intensive Care Unit (ICU); improving considerably, the health facility's service delivery to the nation.

As part of our Labour Day activities, an investment of over \$4.5 million was made for the refurbishment of three police stations - Vineyard Town, Summit and Alligator Pond.

Community & Sports Development (continued)



At a recent tour of the UHWI ICU, Dr Carl Bruce, Senior Director – Clinical Services at UHWI, exhibits the features of the new specialised beds to representatives of the NCB Financial Group: (l-r) Nichole Brackett-Walters, Manager – Group Marketing and Communications; Patrick Hylton, President and CEO, NCB Financial Group and Nadeen Matthews, Chief Digital and Marketing Officer and CEO, N.C.B. Foundation. Also paying keen attention is Kevin Allen (2nd right), CEO of UHWI.



Following a hard day's work, the volunteers at the Vineyard Town Police Station shares a photo-op with Commissioner Quallo (kneeling 4th left), who joined the team on Labour Day. In addition, works were carried out simultaneously by other team members at the Summit and Alligator Pond Police Station.

Corporate Social Responsibility (continued)

Ethics

NCBFG continues to uphold good ethical standards and practices as a critical part of its business operations. These standards are supported by the policies and procedures governed by our Group HR & Facilities Division. This includes employment practices and disciplinary procedures, such as the Code of Business Conduct which applies to all employees.

Governance

Under our governance framework, NCBFG adopted a Board Charter and a Securities Trading Policy. These were largely in the form used by National Commercial Bank Jamaica Limited (NCBJ), prior to the implementation of the scheme of arrangement. Additionally, NCBFG appointed members to the following committees - Audit, Corporate Governance and Nomination, Compensation and Human Resource and Group Risk.

A joint session, involving directors and executives of NCBFG and NCBJ was held, in which the Group's current four year strategy was discussed. In particular, the progress made to date and the activities underway to achieve the strategic objectives were highlighted.

Employees

We take pride in fostering a positive employee climate and have robust reward and recognition programmes across the enterprise. Most recently, we hosted our Long Service Awards, recognising over 450 of our most tenured employees, who have served the organisation between 10 – 35 years.

Employees (continued)

The Group recognised the invaluable contributions by these employees who have been instrumental in the growth and development of the organisation.

Customers

Improving Customer Experience

The focus remains on maximising value for our consumers through enabling more convenient banking solutions to allow them to save money and time. We introduced NCB Quisk on our ABMs, making this Jamaica's first cardless ABM transaction. The facility allows customers to top-up or withdraw funds directly from their NCB Quisk accounts.

The Black River branch was also recently remodelled, enhancing the overall operations at this location. The upgrade included a vastly improved interior layout and renovated office space, with an expanded Bank on the Go area and the integration of Advantage General Insurance Company Limited at the location.

Fundamental to our strategy to improving customer experience is our digitisation agenda, through which we will transform the way we serve our customers. Under this agenda, we launched our first Agile Lab, which is also a first in the English speaking Caribbean. Our Agile Labs will allow us to be more proactive and responsive to customer needs, providing simple, practical solutions in faster turnaround times. While we advance our digital agenda, we are simultaneously increasing our technical and security functionalities to mitigate exposure to internet scams and fraud.

NCBFG remains committed to building the communities we serve and the nation through the work of the N.C.B. Foundation, our branches and staff. We are grateful for the support of our valued stakeholders. To our stakeholders, we say thank you for your continued loyalty, confidence and support; ***Put Your Best Life Forward.***



ON BEHALF OF THE BOARD

Patrick Hylton, President and Group Chief Executive Officer

NCB Financial Group Limited

Unaudited Consolidated Income Statement

Nine months ended June 30, 2017

(expressed in Jamaican dollars unless otherwise indicated)

	CURRENT YEAR			PRIOR YEAR	
	Quarter ended June 30 2017 \$'000	Quarter ended March 31 2017 \$'000	Year to date June 30 2017 \$'000	Quarter ended June 30 2016 \$'000	Year to date June 30 2016 \$'000
Operating income					
Interest income	10,845,703	10,567,694	31,629,909	9,769,639	29,209,412
Interest expense	(3,290,600)	(3,132,705)	(9,437,109)	(2,848,674)	(8,173,447)
Net interest income	7,555,103	7,434,989	22,192,800	6,920,965	21,035,965
Fee and commission income	4,271,379	4,306,179	12,714,117	3,428,012	9,926,622
Fee and commission expense	(814,088)	(782,119)	(2,290,939)	(674,473)	(1,944,512)
Net fee and commission income	3,457,291	3,524,060	10,423,178	2,753,539	7,982,110
Gain on foreign currency and investment activities	1,976,205	1,934,646	5,616,665	1,311,603	3,125,937
Premium income	1,914,105	1,979,385	5,633,871	1,608,903	5,730,095
Dividend income	79,862	44,206	185,711	32,623	90,319
Other operating income	66,336	29,293	163,993	47,919	100,747
	4,036,508	3,987,530	11,600,240	3,001,048	9,047,098
	15,048,902	14,946,579	44,216,218	12,675,552	38,065,173
Operating expenses					
Staff costs	4,029,886	4,307,757	12,089,576	3,295,005	10,207,794
Provision for credit losses	149,950	112,248	497,304	156,889	903,630
Policyholders' and annuitants' benefits and reserves	1,061,114	561,724	2,652,830	667,380	3,287,432
Depreciation and amortisation	616,910	562,085	1,720,034	498,256	1,382,390
Other operating expenses	3,022,513	3,463,454	11,042,651	2,935,811	9,909,129
	8,880,373	9,007,268	28,002,395	7,553,341	25,690,375
Operating profit	6,168,529	5,939,311	16,213,823	5,122,211	12,374,798
Share of profit of associates	579,673	822,275	2,222,954	131,017	389,421
Profit before taxation	6,748,202	6,761,586	18,436,777	5,253,228	12,764,219
Taxation	(1,492,575)	(890,828)	(3,719,617)	(1,311,840)	(2,827,692)
NET PROFIT	5,255,627	5,870,758	14,717,160	3,941,388	9,936,527
Earnings per stock unit (expressed in \$ per share)					
Basic and diluted	2.14	2.39	5.98	1.60	4.04

NCB Financial Group Limited
Unaudited Consolidated Statement of Comprehensive Income
Nine months ended June 30, 2017
(expresses in Jamaican dollars unless otherwise indicated)

	Quarter ended June 30 2017 \$'000	Quarter ended March 31 2017 \$'000	Year to date June 30 2017 \$'000	Quarter ended June 30 2016 \$'000	Year to date June 30 2016 \$'000
Net Profit	5,255,627	5,870,758	14,717,160	3,941,388	9,936,527
Other comprehensive income, net of tax-					
Items that will not be reclassified to profit or loss					
Remeasurements of post-employment benefit obligations	39,619	54,309	80,722	(69,964)	(216,528)
Other	-	13,247	13,247	-	-
	39,619	67,556	93,969	(69,964)	(216,528)
Items that may be subsequently reclassified to profit or loss					
Currency translation gains/(losses)	187,616	(125,703)	109,850	514,488	607,785
Unrealised gains on available-for-sale investments	2,432,218	924,109	1,560,141	1,603,090	3,064,203
Realised fair value gains on sale and maturity of available-for-sale investments	(944,675)	(926,840)	(2,515,880)	(453,260)	(706,265)
	1,675,159	(128,434)	(845,889)	1,664,318	2,965,723
Total other comprehensive income	1,714,778	(60,878)	(751,920)	1,594,354	2,749,195
Total comprehensive income for the period	6,970,405	5,809,880	13,965,240	5,535,742	12,685,722


NCB Financial Group Limited
Unaudited Consolidated Statement of Financial Position

June 30, 2017


(expressed in Jamaican dollars unless otherwise indicated)

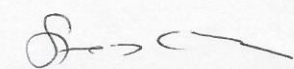
	Note	June 30 2017 S'000	September 30 2016 S'000	June 30 2016 S'000
ASSETS				
Cash in hand and balances at Central Banks		48,838,606	35,373,141	31,589,210
Due from other banks		31,684,672	43,820,550	33,727,955
Derivative financial instruments		232,826	276,429	431,375
Investment securities at fair value through profit or loss		2,684,627	2,956,990	1,632,102
Reverse repurchase agreements		1,948,310	2,810,257	2,816,301
Loans and advances, net of provision for credit losses		212,038,203	189,055,786	180,077,213
Investment securities classified as available-for-sale and loans and receivables		197,949,419	166,426,708	156,418,869
Pledged assets		105,668,525	108,414,917	120,527,697
Investment in associates		36,594,692	34,787,067	34,517,128
Investment properties		775,709	524,917	664,917
Intangible assets		4,485,446	3,445,197	3,302,472
Property, plant and equipment		9,530,600	8,439,961	8,286,309
Deferred income tax assets		810,569	179,748	146,353
Income tax recoverable		1,639,190	780,807	1,867,754
Customers' liability - letters of credit and undertaking		2,830,429	2,201,599	2,199,099
Other assets		7,298,320	8,175,359	6,595,129
Total assets		665,010,143	607,669,433	584,799,883
LIABILITIES				
Due to other banks		9,870,945	13,273,458	15,213,837
Customer deposits		293,533,956	273,965,888	255,989,595
Repurchase agreements		104,145,330	105,974,938	107,454,965
Obligations under securitisation arrangements		67,180,542	47,899,756	47,167,725
Derivative financial instruments		114,165	72,820	131,457
Other borrowed funds		22,676,524	12,061,154	9,885,170
Income tax payable		1,040,555	753,788	50,430
Deferred income tax liabilities		1,388,528	1,848,539	2,301,054
Liabilities under annuity and insurance contracts		35,600,724	35,282,653	35,734,288
Post-employment benefit obligations		3,249,782	3,131,117	3,441,718
Liability - letters of credit and undertaking		2,830,429	2,201,599	2,199,099
Other liabilities		11,695,381	8,098,413	8,708,040
Total liabilities		553,326,861	504,564,123	488,277,378
STOCKHOLDERS' EQUITY				
Share capital	4	153,827,330	153,827,330	153,827,330
Treasury shares		(219,918)	(3,388)	(3,388)
Fair value and capital reserves	4	(139,460,294)	(138,614,405)	(141,630,555)
Loan loss reserve		4,377,422	4,447,709	6,267,073
Banking reserve fund		6,539,948	6,539,948	6,527,091
Retained earnings reserve		33,450,000	29,620,000	28,510,000
Retained earnings		53,168,794	47,288,116	43,024,954
Total stockholders' equity		111,683,282	103,105,310	96,522,505
Total stockholders' equity and liabilities		665,010,143	607,669,433	584,799,883

Approved for issue by the Board of Directors on July 27, 2017 and signed on its behalf by:


 Patrick Hylton President and Group CEO


 Dennis Cohen Group CFO and Deputy CEO


 Professor Alvin Wint Director


 Stephanie Neita Assistant Company Secretary

NCB Financial Group Limited

Unaudited Consolidated Statement of Changes in Stockholders' Equity

Nine months ended June 30, 2017

(expressed in Jamaican dollars unless otherwise indicated)

	Share capital	Treasury shares	Fair value and capital reserves	Loan loss reserve	Banking reserve fund	Retained earnings reserve	Retained earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at October 1, 2015	153,827,330	(3,388)	(144,596,278)	5,706,122	6,518,648	20,810,000	46,131,777	88,394,211
Total comprehensive income	-	-	2,965,723	-	-	-	9,719,999	12,685,722
Dividends paid	-	-	-	-	-	-	(4,557,428)	(4,557,428)
Transfer to Banking reserve fund	-	-	-	-	8,443	-	(8,443)	-
Transfer to Loan loss reserve	-	-	-	560,951	-	-	(560,951)	-
Transfer to Retained earnings reserve	-	-	-	-	-	7,700,000	(7,700,000)	-
Balance at June 30, 2016	153,827,330	(3,388)	(141,630,555)	6,267,073	6,527,091	28,510,000	43,024,954	96,522,505
Balance at October 1, 2016	153,827,330	(3,388)	(138,614,405)	4,447,709	6,539,948	29,620,000	47,288,116	103,105,310
Total comprehensive income	-	-	(845,889)	-	-	-	14,811,129	13,965,240
Dividends paid	-	-	-	-	-	-	(5,170,738)	(5,170,738)
Transfer from Loan loss reserve	-	-	-	(70,287)	-	-	70,287	-
Transfer to Retained earnings reserve	-	-	-	-	-	3,830,000	(3,830,000)	-
Purchase of Treasury Shares	-	(216,530)	-	-	-	-	-	(216,530)
Balance at June 30, 2017	153,827,330	(219,918)	(139,460,294)	4,377,422	6,539,948	33,450,000	53,168,794	111,683,282

NCB Financial Group Limited
Unaudited Consolidated Statement of Cash Flows
Nine months ended June 30, 2017
(expressed in Jamaican dollars unless otherwise indicated)

	June 30	June 30
	2017	2016
	\$'000	\$'000
Cash Flows from Operating Activities		
Net profit	14,717,160	9,936,527
Adjustments to reconcile net profit to net cash provided by operating activities	(8,803,349)	18,230,841
Net cash provided by operating activities	<u>5,913,811</u>	<u>28,167,368</u>
Cash Flows from Investing Activities		
Acquisition of investment in associate	-	(27,952,112)
Acquisition of property, plant and equipment	(1,846,850)	(1,191,151)
Acquisition of intangible asset - computer software	(1,459,313)	(1,049,901)
Proceeds from disposal of property, plant and equipment	111,108	19,002
Dividends received from associates	688,601	158,648
Purchases of investment securities	(214,909,788)	(161,837,581)
Sales/maturities of investment securities	188,911,935	163,696,993
Net cash used in investing activities	<u>(28,504,307)</u>	<u>(28,156,102)</u>
Cash Flows from Financing Activities		
Proceeds from securitisation arrangements	18,893,926	-
Proceeds from other borrowed funds	12,423,716	2,862,145
Repayments of other borrowed funds	(1,880,659)	(1,943,227)
Due to other banks	(3,225,106)	8,964,879
Purchase of treasury shares	(216,530)	-
Dividends paid	(5,170,738)	(4,557,428)
Net cash provided by financing activities	<u>20,824,609</u>	<u>5,326,369</u>
Effect of exchange rate changes on cash and cash equivalents	210,580	2,603,011
Net (decrease)/increase in cash and cash equivalents	(1,555,307)	7,940,646
Cash and cash equivalents at beginning of period	48,633,379	28,879,720
Cash and cash equivalents at end of period	<u>47,078,072</u>	<u>36,820,366</u>
Comprising:		
Cash in hand and balances at Central Banks	12,224,681	5,308,723
Due from other banks	30,913,205	32,174,210
Reverse repurchase agreements	1,314,874	2,222,456
Investment securities	5,769,400	109,877
Due to other banks	(3,144,088)	(2,994,900)
	<u>47,078,072</u>	<u>36,820,366</u>

NCB Financial Group Limited

Unaudited Segment Report

Nine months ended June 30, 2017

	Consumer & SME									
	Retail & SME	Payment Services	Corporate Banking	Treasury & Correspondent Banking	Wealth, Asset Management & Investment Banking	Life Insurance & Pension Fund Management	General Insurance	Other	Eliminations	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
External revenue	13,448,547	8,511,636	5,707,364	9,164,557	8,608,525	6,180,505	4,174,502	148,630	-	55,944,266
Revenue from other segments	1,875,143	-	30,761	4,154,531	902,554	102,195	190,318	315,006	(7,570,508)	-
Total revenue	15,323,690	8,511,636	5,738,125	13,319,088	9,511,079	6,282,700	4,364,820	463,636	(7,570,508)	55,944,266
Interest income	11,739,583	3,061,668	4,538,617	9,870,763	5,705,736	2,359,754	529,814	14,377	(6,190,403)	31,629,909
Interest expense	(1,323,666)	(983,446)	(2,115,860)	(6,330,630)	(2,895,590)	(665,339)	-	(907)	4,893,954	(9,421,484)
Net interest income	10,415,917	2,078,222	2,422,757	3,540,133	2,810,146	1,694,415	529,814	13,470	(1,296,449)	22,208,425
Net fee and commission income	3,127,309	3,116,845	1,144,187	359,445	1,079,916	1,369,840	121,930	2,131	(599,834)	9,721,769
Gain on foreign currency and investment activities	134,555	20,991	42,236	2,872,130	2,278,975	154,788	131,103	132,431	(159,835)	5,607,374
Premium income	-	-	-	-	-	2,333,347	3,510,748	-	(210,224)	5,633,871
Other income	178,097	1,405	724	206,864	446,452	64,971	71,062	47,372	(666,089)	350,858
Total operating income	13,855,878	5,217,463	3,609,904	6,978,572	6,615,489	5,617,361	4,364,657	195,404	(2,932,431)	43,522,297
Staff costs	4,990,002	536,093	160,047	121,136	749,912	646,498	666,911	58,563	229,141	8,158,303
Provision for credit losses	524,109	(21,167)	(7,065)	327	1,128	-	-	-	-	497,332
Policyholders' and annuitants' benefits and reserves	-	-	-	-	-	596,276	2,057,148	-	(594)	2,652,830
Depreciation and amortisation	244,961	318,946	5,042	14,871	74,446	64,283	58,043	-	53,732	834,324
Other operating expenses	2,291,441	1,633,420	410,335	896,109	1,221,289	833,347	689,209	10,662	(2,632,367)	5,353,445
Total operating expense	8,050,513	2,467,292	568,359	1,032,443	2,046,775	2,140,404	3,471,311	69,225	(2,350,088)	17,496,234
Operating profit before allocated costs	5,805,365	2,750,171	3,041,545	5,946,129	4,568,714	3,476,957	893,346	126,179	(582,343)	26,026,063
Allocated costs	(4,213,005)	(1,005,106)	(567,069)	(271,196)	-	-	-	-	-	(6,056,376)
Operating profit	1,592,360	1,745,065	2,474,476	5,674,933	4,568,714	3,476,957	893,346	126,179	(582,343)	19,969,687
Unallocated corporate expenses										(3,755,864)
Share of profit of associates										2,222,954
Profit before taxation										18,436,777
Taxation										(3,719,617)
Net Profit										14,717,160
Segment assets	247,280,154	22,124,896	79,761,140	217,141,522	178,660,916	45,259,523	14,052,384	1,276,406	(180,564,418)	624,992,523
Associates										36,594,692
Unallocated assets										3,422,928
Total assets										665,010,143
Segment liabilities	215,255,810	11,202,048	59,437,207	222,506,154	148,368,440	28,898,637	8,037,759	809,319	(143,989,586)	550,525,788
Unallocated liabilities										2,801,073
Total liabilities										553,326,861
Capital expenditure	1,660,468	702,880	114,469	45,306	394,867	248,474	113,790	25,909	-	3,306,163

NCB Financial Group Limited
Unaudited Segment Report
Nine months ended June 30, 2016

	Consumer & SME									Consolidated
	Retail & SME	Payment Services	Corporate Banking	Treasury & Correspondent Banking	Wealth, Asset Management & Investment Banking	Life Insurance & Pension Fund Management	General Insurance	Other	Eliminations	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
External revenue	10,673,776	7,353,745	4,648,755	7,752,538	7,621,961	5,505,521	4,525,474	101,362	-	48,183,132
Revenue from other segments	2,812,485	-	26,365	2,808,575	460,639	87,192	169,857	45,023	(6,410,136)	-
Total revenue	13,486,261	7,353,745	4,675,120	10,561,113	8,082,600	5,592,713	4,695,331	146,385	(6,410,136)	48,183,132
Interest income	10,650,054	2,683,970	3,880,950	8,423,757	5,681,452	2,287,969	594,145	14,156	(5,007,221)	29,209,232
Interest expense	(1,177,643)	(857,688)	(2,063,525)	(5,393,285)	(2,778,824)	(680,928)	-	(676)	4,795,237	(8,157,332)
Net interest income	9,472,411	1,826,282	1,817,425	3,030,472	2,902,628	1,607,041	594,145	13,480	(211,984)	21,051,900
Net fee and commission income	2,604,888	2,681,444	742,659	275,933	573,307	921,102	109,691	7,838	(65,515)	7,851,347
Gain on foreign currency and investment activities	133,576	15,516	38,175	1,689,552	1,298,436	235,798	152,359	77,761	(520,400)	3,120,773
Premium income	-	-	-	-	-	2,120,327	3,798,230	-	(188,462)	5,730,095
Other income	5,458	2,043	548	164,969	523,264	27,517	40,906	46,633	(676,293)	135,045
Total operating income	12,216,333	4,525,285	2,598,807	5,160,926	5,297,635	4,911,785	4,695,331	145,712	(1,662,654)	37,889,160
Staff costs	4,378,701	409,103	167,178	129,660	659,898	554,779	724,694	53,390	(70,011)	7,007,392
Provision for credit losses	532,217	369,802	(8,323)	-	9,680	-	-	-	-	903,376
Policyholders' and annuitants' benefits and reserves	-	-	-	-	-	904,464	2,382,968	-	-	3,287,432
Depreciation and amortisation	189,402	195,053	5,245	34,869	36,880	58,153	54,788	182	53,732	628,304
Other operating expenses	2,196,712	1,310,266	417,106	710,308	983,616	538,788	574,908	10,814	(277,971)	6,464,547
Total operating expense	7,297,032	2,284,224	581,206	874,837	1,690,074	2,056,184	3,737,358	64,386	(294,250)	18,291,051
Operating profit before allocated costs	4,919,301	2,241,061	2,017,601	4,286,089	3,607,561	2,855,601	957,973	81,326	(1,368,404)	19,598,109
Allocated costs	(3,724,741)	(908,924)	(504,248)	(249,116)	-	-	-	-	-	(5,387,029)
Operating profit	1,194,560	1,332,137	1,513,353	4,036,973	3,607,561	2,855,601	957,973	81,326	(1,368,404)	14,211,080
Unallocated corporate expenses										(1,836,282)
Share of profit of associates										389,421
Profit before taxation										12,764,219
Taxation										(2,827,692)
Net Profit										9,936,527
Segment assets	200,475,627	17,561,174	73,547,560	222,405,054	152,952,743	41,326,780	13,772,765	1,230,057	(175,731,706)	547,540,054
Associates										34,517,128
Unallocated assets										2,742,701
Total assets										584,799,883
Segment liabilities	189,054,393	9,996,806	59,036,539	201,040,870	128,061,990	28,533,387	8,536,748	899,113	(139,496,289)	485,663,557
Unallocated liabilities										2,613,821
Total liabilities										488,277,378
Capital expenditure	898,667	703,637	87,271	30,462	297,471	108,014	102,111	13,419	-	2,241,052

NCB Financial Group Limited

Notes to the Unaudited Financial Statements

June 30, 2017

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities

NCB Financial Group Limited ("the Company") is incorporated and domiciled in Jamaica. The Company is 49.29% owned by AIC (Barbados) Limited. The ultimate parent company is Portland Holdings Inc., incorporated in Canada. Portland Holdings Inc. is controlled by Hon. Michael A. Lee-Chin, OJ, Chairman of the Company.

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

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

During March 2017, a Scheme of Arrangement became effective which resulted in a re-organisation of the Group. National Commercial Bank Jamaica Limited ("the Bank") became a wholly owned subsidiary of NCB Financial Group Limited ("the Company"). The 2,466,762,828 ordinary stock units of the Bank were acquired by the Company and the former shareholders of the Bank were issued 2,466,762,828 ordinary stock units of the Company in exchange for their shares in the Bank. Consequently, the shares of the Bank were delisted and the shares of the Company were listed on the Jamaica Stock Exchange (JSE) and Trinidad and Tobago Stock Exchange (TTSE), effective March 16, 2017. The re-organisation has been accounted for retrospectively. The comparative financial information for previous periods, has therefore been presented as if the re-organisation was in effect during those periods.

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

	Principal Activities	Percentage Ownership by the Group	
		Company	Subsidiary
National Commercial Bank Jamaica Limited	Commercial Banking	100	
Data-Cap Processing Limited	Security Services		100
Mutual Security Insurance Brokers Limited	Dormant		100
NCB Capital Markets Limited	Securities Dealer and Stock Brokerage Services		100
Advantage General Insurance Company	General Insurance		100
NCB Capital Markets (Cayman) Limited	Securities Dealer		100
NCB Global Finance Limited (formerly AIC 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	Inactive		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	Dormant		100
N.C.B. Jamaica (Nominees) Limited	Dormant		100
NCB Remittance Services (Jamaica) Limited	Dormant		100
NCB Remittance Services (UK) Limited	Money Remittance Services		100
West Indies Trust Company Limited	Trust and Estate Management Services		100
NCB Global Holdings Limited	Holding company	100	

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 Remittance 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 and NCB Capital Markets SA which is incorporated in the Dominican Republic.

The Group's associates are as follows:

	Principal Activities	Percentage Ownership by the Group	
		Company	Subsidiary
Dyoll Group Limited	In Liquidation		44.47
Elite Diagnostics Imaging Services Limited	Medical Imaging Services		29.61
Guardian Holdings Limited	Life Insurance, Investment and Pension Fund Management Services		29.99
JMMB Group Limited	Securities Dealer and Stock Brokerage Services		26.30

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

NCB Financial Group Limited

Notes to the Unaudited Financial Statements

June 30, 2017

(expressed in Jamaican dollars unless otherwise indicated)

2. Basis of preparation

The condensed consolidated financial statements for the nine months ended June 30, 2017 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended September 30, 2016 which have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Boards (IASB).

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

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

There have been no changes in accounting policies since the most recent audited accounts as at September 30, 2016.

3. Segment reporting

The Group is organised into the following business segments:

- Retail & SME– This incorporates the provision of banking services to individual and small and medium business clients and money remittance services.
- Payment services - This incorporates the provision of card related services.
- Corporate banking – This incorporates the provision of banking services to large corporate clients.
- Treasury & correspondent banking – This incorporates the Bank's liquidity and investment management function, management of correspondent bank relationships, and relationships with other financial institutions as well as foreign currency dealing activities.
- Wealth, asset management and investment banking – This incorporates stock brokerage, securities trading, investment management and other financial services provided by overseas subsidiaries.
- Life insurance & pension fund management – This incorporates life insurance, pension and investment management services.
- General insurance - This incorporates property and casualty insurance services.
- The Group's trustee services and the outstanding transactions and balances of certain inactive subsidiaries are classified as Other for segment reporting.

The Group's operations are located mainly in Jamaica. The operations of subsidiaries located overseas account for less than 10% of the Group's external operating revenue, assets and capital expenditure.

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 the Bank that are not allocated to the banking segments.

Direct allocated costs and unallocated corporate expenses

Costs incurred by the support units of the Bank are allocated to the 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 the 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. Share Capital and Reserves

The share capital of \$153,827,330,000 is based on the JSE market capitalisation value of the Bank immediately preceding the Scheme of Arrangement. This represents the acquisition value of the Bank and therefore the consideration exchanged by the Company. The negative reserves of \$147,361,600,000 arising on the consolidation of the Group is accounted for in capital reserves, representing the difference between the market value on the date of the Scheme and the previous carrying value of the share capital.

Interest/Ownership of Stock Units by Directors in NCB Financial Group Limited as at June 30, 2017

Directors ²	Total	Direct	Connected Parties
Robert Almeida	58,734,306	195,962	58,538,344
Wayne Chen	1,313,369,966	14,044	1,313,355,922
Dennis Cohen ¹	131,577,801	86,480	131,491,321
Sandra Glasgow ¹	131,579,020	90,699	131,488,321
Sanya Goffe	58,542,684	4,340	58,538,344
Hon. Noel Hylton, OJ, CD	58,892,418	14,044	58,878,374
Patrick Hylton, CD	59,769,246	1,230,902	58,538,344
Hon. Michael Lee-Chin, OJ	1,608,681,060	2,395,900	1,606,285,160
Thalia Lyn, OD ¹	131,656,853	153,412	131,503,441
Oliver Mitchell, Jr.	58,545,644	7,300	58,538,344
Prof. Alvin Wint, CD	58,626,488	88,144	58,538,344
Dave Garcia (Company Secretary)	11,210	11,210	0

Interest/Ownership of Stock Units by Senior Managers in NCB Financial Group Limited and its subsidiaries as at June 30, 2017

Senior Managers	Total	Direct	Connected Parties
Rickert Allen	113,696	113,696	0
Karlene Bailey	3,205	3,205	0
Septimus Blake	10,050	10,050	0
Brian Boothe	0	0	0
Robert Brooks	6,209	6,209	0
Nicole Brown	58,294	58,294	0
Danielle Cameron Duncan	0	0	0
Dennis Cohen ^{1, 2}	131,577,801	86,480	131,491,321
Euton Cummings	0	0	0
Damian Duncan	0	0	0
Loren Edwards	7,100	7,100	0
Dave Garcia	11,210	11,210	0
Steven Gooden	4,293	4,293	0
Howard Gordon	0	0	0
Sandra Grey	3,832	3,832	0
Phillip Harrison	25,598	10,000	15,598
Peter Higgins	0	0	0
Andre Ho Lung	0	0	0
Patrick Hylton, CD ²	59,769,246	1,230,902	58,538,344
Kevin Ingram	37	37	0
Vernon James	0	0	0
Gabrielle Kelly	0	0	0
Winston Lawson	132,314	132,314	0
Ramon Lewis	30,000	30,000	0
Alison Lynn	36,075	36,075	0
Nadeen Matthews	10,000	10,000	0
Anne McMorris Cover	3,940	3,940	0
Garfield Palmer	0	0	0
Marva Peynado	52,338	52,338	0
Stuart Reid	89,630	89,630	0
Marcia Reid-Grant	1,250	1,250	0
Claudette Rodriquez	42,147	0	42,147
Malcolm Sadler	30,053	0	30,053
Misheca Seymour-Senior	0	0	0
Andrew Simpson	0	0	0
Mark Thompson	0	0	0
Audrey Tugwell Henry	17,540	16,640	900
Warrick Ward	0	0	0
Tanya Watson Francis	0	0	0
Mukisa Wilson Ricketts	10,000	10,000	0
Allison Wynter ¹	73,050,766	100,789	72,949,977
Angus Young	105,000	105,000	0

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

2. Connected parties for all directors include shares of 58,538,344 held by subsidiaries of Guardian Holdings Limited (GHL).

10 Largest Shareholders of NCB Financial Group Limited as at June 30, 2017

Name of Shareholder	Units	Percentage Ownership
AIC (Barbados) Limited	1,215,800,217	49.29%
Harprop Limited	222,372,000	9.01%
Sagicor PIF Equity Fund	68,547,785	2.78%
NCB Insurance Co. Ltd WT 109	62,989,156	2.55%
AIC Global Holdings Inc.	49,565,238	2.01%
SJIML A/C 3119	43,254,981	1.75%
Ideal Portfolio Services Company Limited	40,672,651	1.65%
Portland (Barbados) Limited	38,178,106	1.55%
Neon Liberty Lorikeet Master Fund LP	26,932,709	1.09%
Beta SPV Limited	21,000,000	0.85%

Shareholder Profile of NCB Financial Group Limited as at June 30, 2017

Number of Shareholders	Ownership of Each Shareholder	Percentage Ownership	Number of Units
(1) shareholder with 4 accounts	49.29%	49.29%	1,215,800,217
1	6 - 10%	9.01%	222,372,000
7	1 - 4%	13.38%	330,140,626
35,596	Less than 1%	28.32%	698,449,985
35,605		100.00%	2,466,762,828