NCB FINANCIAL GROUP LIMITED

Financial Results

For The Six Months Ended March 31, 2020

KEY RESULTS

$9.6B	$1.6T	$133.6B	$4.00	1.66%	13.63%
Net Profit	Total Assets	Equity	EPS	Return on Assets	Return on Equity

Second Quarter 2020 Report to Shareholders

April 30, 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 six months ended March 31, 2020.

NCBFG reports a net profit of $13.4 billion for the first six months of the 2020 financial year. Net profit attributable to our stockholders was $9.6 billion, a 23% or $2.9 billion decline from the prior year. The prior year's results included a one off-gain of $3.3 billion from the disposal of our interest in an associate company. Excluding this gain, net profit would have increased by $408 million or 4% over the prior year.

Global financial markets have been severely impacted by the novel coronavirus (Covid-19). This unprecedented economic downturn also affected the performance of the Group during the month of March 2020. The main areas impacted so far by the economic downturn were the fair valuation of investment securities, which resulted in losses on investment activities for the quarter and loan provisioning.

We continue to focus on executing our strategic initiatives, which are concentrated on strengthening our core business lines and delivering innovative digital solutions to our growing customer base. We are focussed on fast tracking our digital solutions given the heightened safety and social distancing requirements by offering our customers alternate electronic channels to transact business. We will continue to adjust our operations as required to serve our various stakeholders more effectively.

For more information, contact:

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Group Financial Performance

Our core performance showed improvement in some areas; however, we experienced impacts from the effects of the Covid-19 pandemic on investment activities and fee & commission income in the March quarter. The operating profit for the six months was $13.1 billion, a 24% uplift over the prior year which was significantly due to the inclusion of six months of Guardian Holdings Limited's (GHL's) results in the current period with no comparable results in the prior year; given that the majority stake in GHL was acquired in May 2019. The improved operating profit was supported by revenues growing by $18.3 billion; this was partially offset by a $15.8 billion increase in expenses.

Banking and Investment Activities

The net result from banking and investment activities grew by 22% or $7.3 billion to $40.0 billion, mainly due to:

- Net interest income increasing by 40% or $8.0 billion, primarily due to the consolidation of GHL's results. There was also growth in our loan portfolio, which accounted for 15% of the increase in interest income.
- Net fee and commission income growing by 39% or $3.2 billion over the prior year, approximately half of this increase was attributable to the consolidation of GHL with the balance due to increased transaction volumes.
- These increases were partially offset by a reduction in gain on foreign currency and investment activities of 82% or $4.9 billion primarily due to losses on equity securities and reduced foreign exchange income compared to the prior year.

Insurance Activities

The net result from insurance activities totalled $14.8 billion, an increase of $11.0 billion or 294% due to the consolidation of GHL.

Operating Expenses

Operating expenses of $41.6 billion grew by 61% or $15.8 billion; this was as a direct result of the consolidation of GHL.

Taxation

There was a tax credit of $204 million compared to a tax charge of $3.1 billion in the prior year representing a $3.3 billion decline. The tax credit was due to certain entities within the Group having significant amounts of income that was not subject to income tax compared to taxable income in the March quarter.

Consolidated Statement of Financial Position

Investment Securities and Reverse Repurchase Agreements

Investment securities, including pledged assets and reverse repurchase agreements, totalled $776 billion, an increase of 95% or $377 billion over the prior year; mainly driven by the consolidation of GHL.

Consolidated Statement of Financial Position (continued)

Loans and Advances

The Group's loans and advances, net of credit impairment losses, totalled $431 billion, an increase of $47.1 billion or 12% over the prior year. We continue to experience strong growth in our portfolio. Non-performing loans for the Group totalled $25.8 billion as at March 31, 2020 (March 31, 2019: $19.2 billion) and represented 5.8% of the gross loans compared to 5.0% as at March 31, 2019.

Deposits

Customer deposits totalled $520 billion, a notable increase of $41.6 billion or 9% over the prior year demonstrating our customers' confidence in the Group. This continues to be our largest source of funding.

Policyholders' Liabilities

Liabilities under annuity and insurance contracts increased to $376 billion at March 31, 2020 due to the consolidation of GHL.

Total Assets, Capital and Liquidity

Total assets of $1.6 trillion increased by 66% or $639.7 billion over the prior year, due to the consolidation of GHL.

Stockholders' equity decreased by 2% or $3.0 billion to $134 billion as at March 31, 2020. This was mainly due to the decline in global bond prices.

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

Dividends

The Board of Directors, at its meeting on April 30, 2020, decided not to declare an interim dividend in the prevailing circumstances arising from the COVID-19 pandemic. The Board further determined that, subject to the occurrence of any relevant changes, the Board would be unlikely to declare interim dividends for the remainder of the financial year.

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.

Covid-19

We have been closely monitoring the developments of Covid-19 across the region and established task forces within our major subsidiaries, which are responsible for the management of the response to Covid-19 developments. We have been assessing the impact on our employees, customers, commercial partners, suppliers, communities and other stakeholders along with the projected impact on liquidity, capital and our general financial performance.

Our main priority during this time is continuing to provide an uninterrupted environment for our customers to transact business safely. We have also provided relief and assistance to our clients by introducing a few measures, which include:

- National Commercial Bank Jamaica Limited temporarily waiving some of its banking transaction fees and moving some transactions to digital channels.
- Clarien Bank deferring loan payments for three months for all residential mortgages, personal loans and commercial loans less than US$2 million. A credit card skip payment programme was also introduced for April to June 2020 with no applicable fees.
- GHL utilising electronic methods for new business and referrals, collecting premiums and reimbursing health claims as well as allowing remote access for certain transactions.

This is a difficult time for us across the region particularly in the context of the economic uncertainties. We want to assure our stakeholders that their safety and financial wellbeing are our main priorities and we are here to help them through this pandemic. We have been working to make our services as accessible as possible as well as ensuring our self-service options are easy and convenient while complying with all safety, sanitisation and hygiene protocols. As the situation continues to evolve, we are working to minimise disruptions.

We urge everyone to practise the recommended safety measures and we will continue to protect our employees and customers by minimising face-to-face interactions and offering suitable alternative channels. In this challenging time, 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

NCB FINANCIAL GROUP LIMITED

Unaudited Consolidated Income Statement

Six months ended March 31, 2020

(expressed in Jamaican dollars unless otherwise indicated)

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	CURRENT YEAR			PRIOR YEAR	
	Quarter ended March 31 2020 $'000	Quarter ended December 31 2019 $'000	Year to date March 31 2020 $'000	Quarter ended March 31 2019 $'000	Year to date March 31 2019 $'000
Operating income					
Banking and investment activities					
Interest income	20,293,847	19,806,526	40,100,373	14,892,250	28,991,649
Interest expense	(6,228,566)	(5,889,246)	(12,117,812)	(4,745,592)	(8,998,676)
Net interest income	14,065,281	13,917,280	27,982,561	10,146,658	19,992,973
Fee and commission income	6,238,838	7,675,999	13,914,837	5,226,527	10,726,394
Fee and commission expense	(1,226,565)	(1,262,082)	(2,488,647)	(1,285,243)	(2,480,544)
Net fee and commission income	5,012,273	6,413,917	11,426,190	3,941,284	8,245,850
(Loss)/gain on foreign currency and investment activities	(3,937,868)	4,984,780	1,046,912	1,778,471	5,952,938
Credit impairment losses	(1,647,343)	(1,568,836)	(3,216,179)	(729,114)	(1,884,184)
Dividend income	696,462	693,381	1,389,843	113,049	297,208
Other operating income	504,118	836,899	1,341,017	65,214	113,030
	(4,384,631)	4,946,224	561,593	1,227,620	4,478,992
Net result from banking and investment activities	**14,692,923**	**25,277,421**	**39,970,344**	**15,315,562**	**32,717,815**
Insurance activities					
Premium income	33,557,993	33,643,764	67,201,757	2,500,018	4,763,647
Insurance premium ceded to insurers	(9,439,086)	(9,928,136)	(19,367,222)	(361,899)	(481,548)
Reinsurance commission income	1,997,569	1,942,799	3,940,368	32,461	64,573
Net underwriting income	26,116,476	25,658,427	51,774,903	2,170,580	4,346,672
Policyholders' and annuitants' benefits and reserves	(18,512,050)	(13,136,693)	(31,648,743)	143,795	(473,539)
Commission and other selling expenses	(840,261)	(4,517,449)	(5,357,710)	(62,902)	(123,640)
Net result from insurance activities	**6,764,165**	**8,004,285**	**14,768,450**	**2,251,473**	**3,749,493**
Net operating income	**21,457,088**	**33,281,706**	**54,738,794**	**17,567,035**	**36,467,308**
Operating expenses					
Staff costs	10,260,713	10,653,678	20,914,391	6,222,625	13,006,491
Depreciation and amortisation	2,409,853	2,068,014	4,477,867	1,309,639	2,611,524
Other operating expenses	5,591,204	10,615,009	16,206,213	4,246,739	10,211,821
	18,261,770	**23,336,701**	**41,598,471**	**11,779,003**	**25,829,836**
Operating profit	**3,195,318**	**9,945,005**	**13,140,323**	**5,788,032**	**10,637,472**
Share of profit/(loss) of associates	214,896	(201,675)	13,221	812,319	1,631,178
Gain on disposal of associate	-	-	-	-	3,291,544
Profit before taxation	**3,410,214**	**9,743,330**	**13,153,544**	**6,600,351**	**15,560,194**
Taxation	2,178,834	(1,974,976)	203,858	(1,588,752)	(3,145,825)
NET PROFIT	**5,589,048**	**7,768,354**	**13,357,402**	**5,011,599**	**12,414,369**
Attributable to:					
Stockholders of parent	3,671,178	5,901,327	9,572,505	5,010,840	12,456,041
Non-controlling interest	1,917,870	1,867,027	3,784,897	759	(41,672)
	5,589,048	**7,768,354**	**13,357,402**	**5,011,599**	**12,414,369**
Earnings per stock unit Basic and diluted (expressed in $)	**1.54**	**2.46**	**4.00**	**2.04**	**5.07**

NCB FINANCIAL GROUP LIMITED

Unaudited Consolidated Statement of Comprehensive Income

Six months ended March 31, 2020

(expressed in Jamaican dollars unless otherwise indicated)

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	Quarter ended March 31 2020 $'000	Quarter ended December 31 2019 $'000	Year to date March 31 2020 $'000	Quarter ended March 31 2019 $'000	Year to date March 31 2019 $'000
Net Profit	**5,589,048**	**7,768,354**	**13,357,402**	**5,011,599**	**12,414,369**
Other comprehensive income, net of tax-					
Items that will not be reclassified to profit or loss					
Remeasurements of post-employment benefit obligations	254,434	(124,999)	129,435	(51,428)	(120,121)
Share of other comprehensive income of associate companies	-	-	-	169,019	169,019
	254,434	(124,999)	129,435	117,591	48,898
Items that may be subsequently reclassified to profit or loss					
Currency translation (losses)/gains	(1,343,154)	1,099,392	(243,762)	(2,197,465)	(2,242,249)
Share of other comprehensive income of associate companies	-	-	-	473,254	75,727
Unrealised (losses)/gains on securities designated as fair value through other comprehensive income (FVOCI)	(14,851,260)	(719,403)	(15,570,663)	2,274,749	2,898,002
Realised fair value gains on securities designated as FVOCI	(469,279)	(1,229,060)	(1,698,339)	(385,209)	(615,777)
Expected credit losses on debt instruments at FVOCI	(172,724)	(7,339)	(180,063)	-	-
	(16,836,417)	(856,410)	(17,692,827)	165,329	115,703
Total other comprehensive income	(16,581,983)	(981,409)	(17,563,392)	282,920	164,601
TOTAL COMPREHENSIVE INCOME	**(10,992,935)**	**6,786,945**	**(4,205,990)**	**5,294,519**	**12,578,970**
Total comprehensive income attributable to:					
Stockholders of the parent	(10,825,957)	4,201,342	(6,624,615)	5,309,581	12,987,764
Non-controlling interest	(166,978)	2,585,603	2,418,625	(15,062)	(408,794)
	(10,992,935)	**6,786,945**	**(4,205,990)**	**5,294,519**	**12,578,970**

NCB FINANCIAL GROUP LIMITED

Unaudited Consolidated Statement of Financial Position

March 31, 2020

(expressed in Jamaican dollars unless otherwise indicated)

	March 31 2020 $'000	September 30 2019 $'000	March 31 2019 $'000
ASSETS			
Cash in hand and balances at Central Banks	69,567,185	62,535,389	54,851,833
Due from banks	121,720,570	141,357,186	45,340,690
Derivative financial instruments	362,567	239,279	201,873
Reverse repurchase agreements	7,774,395	7,837,898	5,625,192
Loans and advances, net of credit impairment losses	430,838,818	423,102,600	383,721,553
Investment securities	373,646,641	386,185,620	207,677,398
Pledged assets	394,381,489	384,904,688	185,444,116
Investment in associates	5,587,027	5,271,465	29,742,011
Investment properties	28,598,285	28,155,110	1,328,067
Intangible assets	44,784,045	43,632,659	12,829,110
Property, plant and equipment	27,041,405	23,480,667	13,240,983
Properties for development and sale	2,401,070	2,368,042	-
Deferred income tax assets	10,768,218	8,141,066	5,249,472
Income tax recoverable	5,486,799	5,174,472	1,747,209
Reinsurance assets	26,083,582	33,779,448	-
Letters of credit and undertaking	2,853,402	2,051,519	1,906,307
Other assets	58,683,290	51,883,490	21,926,470
Total assets	**1,610,578,788**	**1,610,100,598**	**970,832,284**
LIABILITIES			
Due to banks	34,480,953	22,776,255	14,829,483
Customer deposits	519,501,785	504,678,536	477,923,879
Repurchase agreements	171,269,455	174,619,976	153,822,459
Obligations under securitisation arrangements	42,735,247	48,305,823	50,039,964
Derivative financial instruments	88,326	239,279	201,873
Other borrowed funds	129,891,371	124,953,101	60,718,972
Deferred income tax liabilities	10,324,248	18,122,796	1,813,498
Third party interests in mutual funds	22,522,214	22,138,490	-
Liabilities under annuity and insurance contracts	376,046,854	385,395,889	37,227,851
Segregated fund liabilities	16,549,531	16,549,531	-
Investment contract liabilities	53,365,049	39,257,656	-
Post-employment benefit obligations	9,461,495	9,400,738	6,167,919
Letters of credit and undertaking	2,853,402	2,051,519	1,906,307
Other liabilities	45,721,967	54,577,213	20,464,677
Total liabilities	**1,434,811,897**	**1,423,066,802**	**825,116,882**
STOCKHOLDERS' EQUITY			
Share capital	153,827,330	153,827,330	153,827,330
Treasury shares	(12,352,225)	(10,756,253)	(1,604,331)
Reserve from the scheme of arrangement	(147,034,858)	(147,034,858)	(147,034,858)
Fair value and capital reserves	(3,167,609)	13,158,946	5,447,561
Loan loss reserve	2,234,923	2,947,624	3,172,116
Statutory reserve fund	6,697,885	6,625,209	6,598,442
Retained earnings reserve	46,560,000	43,820,000	40,350,000
Retained earnings	86,846,228	84,709,206	75,861,732
Equity attributable to shareholders of the parent	133,611,674	147,297,204	136,617,992
Non-controlling interest	42,155,217	39,736,592	9,097,410
Total stockholders' equity	**175,766,891**	**187,033,796**	**145,715,402**
Total stockholders' equity and liabilities	**1,610,578,788**	**1,610,100,598**	**970,832,284**

Approved for issue by the Board of Directors on April 30, 2020 and signed on its behalf by:

Patrick Hylton — President and Group Chief Executive Officer

Dennis Cohen — Group Chief Financial Officer and Deputy Chief Executive Officer

Professor Alvin Wint — Lead Independent Director

Dave Garcia — Corporate Secretary

Unaudited Consolidated Statement of Changes in Stockholders' Equity

Six months ended March 31, 2020
(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, 2018	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	-	-	-	47,938	-	-	-	12,939,826	(408,794)	12,578,970
Transfer from loan loss reserve	-	-	-	-	(52,682)	-	-	52,682	-	-
Transfer to retained earnings reserve	-	-	-	-	-	-	1,100,000	(1,100,000)	-	-
Disposal of treasury shares	-	468,604	-	-	-	-	-	(141,192)	-	327,412
Purchase of treasury shares	-	(1,022,150)	-	-	-	-	-	-	-	(1,022,150)
Transaction with owners of the Company -										
Dividends paid	-	-	-	-	-	-	-	(3,924,614)	-	(3,924,614)
Balance at March 31, 2019	153,827,330	(1,604,331)	(147,034,858)	5,447,561	3,172,116	6,598,442	40,350,000	75,861,732	9,097,410	145,715,402
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	84,709,206	39,736,592	187,033,796
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)	-	-
Purchase of treasury shares	-	(1,645,799)	-	-	-	-	-	-	-	(1,645,799)
Disposal 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	86,846,228	42,155,217	175,766,891

NCB FINANCIAL GROUP LIMITED

Unaudited Consolidated Statement of Cash Flows

Six months ended March 31, 2020

(expressed in Jamaican dollars unless otherwise indicated)

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	March 31 2020 $'000	March 31 2019 $'000
Cash Flows from Operating Activities		
Net profit	13,357,402	12,414,369
Adjustments to reconcile net profit to net cash used in operating activities	(356,680)	(24,278,746)
Net cash provided by/(used in) operating activities	13,000,722	(11,864,377)
Cash Flows from Investing Activities		
Acquisition of property, plant and equipment	(2,111,286)	(1,277,535)
Acquisition of intangible asset - computer software	(3,325,261)	(2,068,085)
Proceeds from disposal of property, plant and equipment	12,414	93,952
Dividend received from associates	-	680,869
Purchases of investment securities	(222,724,992)	(134,318,183)
Sales/maturities of investment securities	196,752,397	142,567,366
Net cash (used in)/provided by investing activities	(31,396,728)	5,678,384
Cash Flows from Financing Activities		
Repayments under securitisation arrangements	(4,520,638)	(4,359,336)
Proceeds from other borrowed funds	7,585,142	12,907,047
Repayments of other borrowed funds	(8,581,315)	(14,908,877)
Purchase of treasury shares	(1,645,799)	(1,022,150)
Proceeds from disposal of treasury shares	49,827	327,412
Due to banks	3,207,387	9,465,557
Dividends paid	(5,415,116)	(3,924,614)
Net cash used in financing activities	(9,320,512)	(1,514,961)
Effect of exchange rate changes on cash and cash equivalents	(934,253)	1,746,846
Net decrease in cash and cash equivalents	(28,650,771)	(5,954,108)
Cash and cash equivalents at beginning of period	156,858,541	75,170,642
Cash and cash equivalents at end of period	**128,207,770**	**69,216,534**
Comprising:		
Cash in hand and balances at Central Banks	28,208,462	15,261,930
Due from banks	117,391,037	43,306,737
Reverse repurchase agreements	2,576,666	3,891,565
Investment securities	3,661,863	10,108,940
Due to banks	(23,630,258)	(3,352,638)
	128,207,770	**69,216,534**

NCB FINANCIAL GROUP LIMITED

Unaudited Segment Report

Six months ended March 31, 2020

(expressed in Jamaican dollars unless otherwise indicated)

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Six months ended March 31, 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	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	17,104,836	(21,645,576)	-
Total Revenue	**16,378,568**	**9,308,463**	**6,288,884**	**9,228,606**	**8,919,126**	**50,955,898**	**29,027,772**	**20,473,366**	**(21,645,576)**	**128,935,107**
Net interest income	11,619,181	3,157,267	3,649,280	1,859,604	3,154,507	8,539,414	452,079	(1,826,442)	(2,563,547)	28,041,343
Net fee and commission income	2,414,143	3,074,826	746,318	146,289	2,579,332	1,443,026	1,118,014	2,439,980	(3,555,118)	10,406,810
Gain/(loss) on foreign currency and investment activities	77,359	1,095	77,098	3,332,725	153,154	(3,362,383)	(496,977)	(463,987)	1,729,532	1,047,616
Net result from insurance activities	-	-	-	-	-	6,291,327	6,375,718	17,036	2,084,369	14,768,450
Credit impairment (losses)/reversals	(1,683,267)	(578,360)	30,481	(75,832)	505,324	(985,708)	131,811	444,516	(5,258)	(2,216,293)
Other operating income and dividend income	78,967	2,450	29,137	7,386	277,989	2,028,033	115,014	2,916,891	(2,412,792)	3,043,075
Total operating income	**12,506,383**	**5,657,278**	**4,532,314**	**5,270,172**	**6,670,306**	**13,953,709**	**7,695,659**	**3,527,994**	**(4,722,814)**	**55,091,001**
Staff costs	5,174,999	554,702	115,142	113,553	1,322,684	4,625,026	2,568,742	1,406,724	1,754,361	17,635,933
Depreciation and amortisation	732,211	262,611	4,041	5,310	82,444	487,286	320,819	1,171,241	(89,251)	2,976,712
Other operating expense	2,585,103	1,653,692	398,052	976,208	1,374,399	4,425,629	2,300,145	4,145,703	(7,094,562)	10,764,369
Total operating expense	**8,492,313**	**2,471,005**	**517,235**	**1,095,071**	**2,779,527**	**9,537,941**	**5,189,706**	**6,723,668**	**(5,429,452)**	**31,377,014**
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	(3,195,674)	706,638	23,713,987
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**	**(3,195,674)**	**706,638**	**16,354,466**
Unallocated corporate expenses										(3,214,143)
Share of loss 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	54,749,879	(214,965,852)	1,588,736,744
Associates										5,587,027
Unallocated assets										16,255,017
Total assets										1,610,578,788
Segment liabilities	348,151,002	11,181,277	111,976,172	324,823,725	234,184,899	387,450,147	66,615,368	87,008,725	(146,903,666)	1,424,487,649
Unallocated liabilities										10,324,248
Total liabilities										1,434,811,897
Capital expenditure	2,054,767	620,498	148,148	49,326	314,205	1,225,709	505,342	518,552	-	5,436,547

Unaudited Segment Report

Six months ended March 31, 2019

(expressed in Jamaican dollars unless otherwise indicated)

Six months ended March 31, 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	14,889,160	8,273,065	4,928,936	7,485,148	6,545,046	4,590,995	3,224,103	972,986	-	50,909,439
Revenue from other segments	888,052	-	181,392	2,754,183	1,183,847	42,107	140,226	364,531	(5,554,338)	-
Total Revenue	**15,777,212**	**8,273,065**	**5,110,328**	**10,239,331**	**7,728,893**	**4,633,102**	**3,364,329**	**1,337,517**	**(5,554,338)**	**50,909,439**
Net interest income	11,563,304	2,536,295	2,561,093	1,732,952	1,991,733	1,029,322	237,667	(1,228)	(1,412,155)	20,238,983
Net fee and commission income	2,376,060	2,737,407	444,621	262,624	1,535,172	1,151,223	114,372	48,042	(1,653,072)	7,016,449
Gain/(loss) on foreign currency and investment activities	87,279	(1,249)	43,814	3,024,999	1,374,973	(127,289)	46,379	(443,069)	1,947,101	5,952,938
Net result from insurance activities	-	-	-	-	-	2,992,535	987,527	-	(171,502)	3,808,560
Credit impairment (losses)/reversals	(1,573,512)	(393,938)	49,361	(80,130)	111,830	(669)	2,874	-	-	(1,884,184)
Other operating income and dividend income	111,979	232	661	76,797	237,747	73,160	17,642	364,532	(503,062)	379,688
Total operating income	**12,565,110**	**4,878,747**	**3,099,550**	**5,017,242**	**5,251,455**	**5,118,282**	**1,406,461**	**(31,723)**	**(1,792,690)**	**35,512,434**
Staff costs	4,690,668	530,816	162,037	124,232	912,649	528,378	526,576	72,474	2,134,270	9,682,100
Depreciation and amortisation	562,933	272,606	3,805	6,447	54,762	70,779	45,486	954	535,466	1,553,238
Other operating expense	2,439,034	1,320,137	349,184	803,673	1,017,785	633,432	437,031	18,277	(2,001,866)	5,016,687
Total operating expense	**7,692,635**	**2,123,559**	**515,026**	**934,352**	**1,985,196**	**1,232,589**	**1,009,093**	**91,705**	**667,870**	**16,252,025**
Operating profit before allocated cost	4,872,475	2,755,188	2,584,524	4,082,890	3,266,259	3,885,693	397,368	(123,428)	(2,460,560)	19,260,409
Allocated costs	(4,231,159)	(1,000,250)	(295,408)	(238,371)	-	-	-	-	-	(5,765,188)
Operating profit	**641,316**	**1,754,938**	**2,289,116**	**3,844,519**	**3,266,259**	**3,885,693**	**397,368**	**(123,428)**	**(2,460,560)**	**13,495,221**
Unallocated corporate expenses										(2,857,749)
Share of profit of associates										1,631,178
Gain on disposal of associate										3,291,544
Profit before taxation										15,560,194
Taxation										(3,145,825)
Net Profit										**12,414,369**
Segment assets	377,237,896	27,942,696	118,174,132	291,195,430	219,417,892	53,862,919	15,683,019	1,057,059	(170,477,451)	934,093,592
Associates										29,742,011
Unallocated assets										6,996,681
Total assets										970,832,284
Segment liabilities	344,668,280	14,907,550	94,523,165	269,212,158	184,320,615	33,325,435	8,878,032	5,512,724	(132,044,575)	823,303,384
Unallocated liabilities										1,813,498
Total liabilities										825,116,882
Capital expenditure	1,659,137	558,221	139,117	60,843	329,348	346,639	217,701	34,614	-	3,345,620

1. Identification and Principal Activities

NCB Financial Group Limited ("the Company") is a financial holding company, incorporated and domiciled in Jamaica. The Company is 52.46% (March 31, 2019 - 53.02%) 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, 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 Corona Virus (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 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 has had an initial impact for the quarter ended March 31, 2020, resulting in losses on foreign currency and investment activities, credit impairment losses, reduction in fee and commission income and decreases in 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.

Interest/Ownership of Stock Units by Directors of NCB Financial Group Limited as at March 31, 2020

Directors [1.]	Total	Direct	Connected Parties
Robert Almeida	66,045,231	171,750	65,873,481
Dennis Cohen [2.]	175,377,207	36,550,749	138,826,458
Sandra Glasgow [2.]	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	1,501,273,988	35,000	1,501,238,988
Thalia Lyn, OD [2.]	139,210,362	376,784	138,833,578
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 March 31, 2020

Executives/Senior Managers	Total	Direct	Connected Parties
Dennis Cohen [1. 2.]	175,377,207	36,550,749	138,826,458
Dave Garcia	175,027	175,027	0
Patrick Hylton, CD [1.]	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 [2.]	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 March 31, 2020

Executives/Senior Managers	Total	Direct	Connected Parties
Rickert Allen [3.]	226,844	226,844	0
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
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
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.

3. Deceased - Passed away on April 11, 2020.

10 Largest Shareholders of NCB Financial Group Limited as at March 31, 2020

Name of Shareholder	Units	Percentage Ownership
AIC (Barbados) Limited	1,293,994,564	52.46%
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	47,856,031	1.94%
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	34,315,667	1.39%
Guardian Life of the Caribbean	30,206,368	1.22%

Shareholder Profile of NCB Financial Group Limited as at March 31, 2020

Number of Shareholders	Ownership of Each Shareholder	Percentage Ownership	Number of Units
One shareholder with six accounts	52.46%	52.46%	1,293,994,564
10	1 - 5%	18.93%	466,910,608
43,597	Less than 1%	28.61%	705,857,656
43,608		**100.00%**	**2,466,762,828**