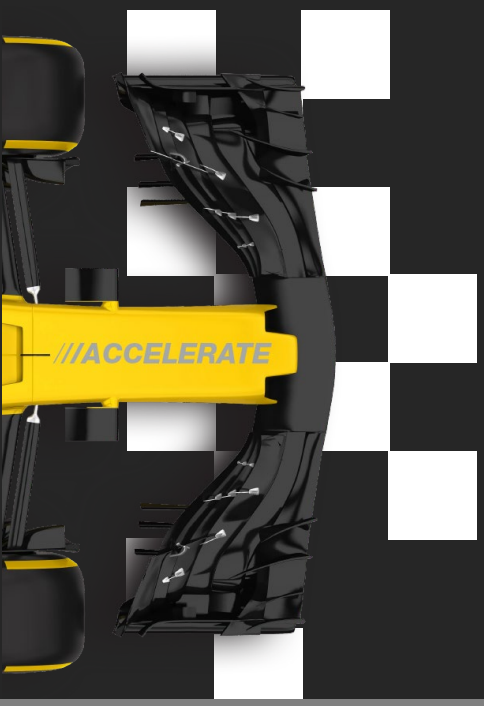

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NCB FINANCIAL GROUP LIMITED

Financial Results

For The Quarter Ended December 31, 2020

KEY RESULTS

$3.92B	$1.80T	$164.98B	$1.66	1.30%	9.76%
Net Profit	Total Assets	Equity	EPS	Return on Assets	Return on Equity

First Quarter 2021 Report to Shareholders

Kingston, Jamaica - February 4, 2021

The Board of Directors is pleased to release the following financial results for NCB Financial Group Limited (NCBFG) and its subsidiaries (the Group) for the quarter ended December 31, 2020.

NCBFG reports unaudited consolidated net profit of $5.9 billion for the first quarter of the 2020/2021 financial year, a decline of 25% or $1.9 billion from the prior year. Consolidated net profit attributable to stockholders of the parent totalled $3.9 billion, a 34% or $2.0 billion decrease from the prior year. The Group is executing initiatives to achieve its aspiration of becoming a world-class Caribbean financial ecosystem. As part of this transformation journey we have defined the new "NCB Mindset", equipping us to navigate the challenging environment and charting a path for a renewed organisation dedicated to our purpose:

- empowering people,
- unlocking dreams, and
- building communities.

Our strategy positions us to become a digital-first, customer-oriented, high-performing financial services conglomerate. Notwithstanding the COVID-19 pandemic we have made significant strides in improving customer experience, improving core business segments and advancing our technological capabilities. We have designed our strategic initiatives to accelerate growth within each business segment and expect this will strengthen the Group's performance.

For more information, contact:

INVESTOR RELATIONS
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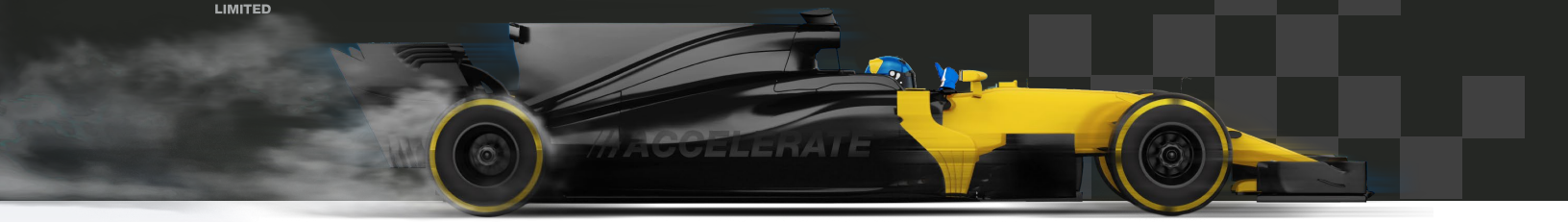
NATIONAL COMMERCIAL BANK JAMAICA LIMITED | CLARIEN | Guardian Group



Group Performance

Compared to the profitability of the prior year, the Group's performance for the period declined on account of relatively flat revenues coupled with a 9% increase in operating expenses. These factors led to a 17% or $1.7 billion decrease in operating profits to $8.2 billion for the quarter.

Banking and Investment Activities

The net result from banking and investment activities of $25.2 billion represented a slight decline of $94 million when compared to the prior year's first quarter results. Interest earning portfolio growth led to a 5% or $1.0 billion rise in interest income; however, interest expenses increased by $1.1 billion or 20% resulting in a 1% or $111 million decrease in net interest income. Income earned from net fees and commissions decreased by 8% or $544 million, primarily as a result of the reduced transaction volumes in our payments services business segment stemming from the general economic downturn and our continued encouragement of the use of lower cost self-service and digital options. These reductions in revenues were partially offset by improved gains from foreign currency and investment activities due to improving fixed income and equity market conditions. Credit impairment provisions also declined by 26% or $401 million as we continued to proactively work with our customers to manage their debt portfolios. Over the past few months, our prudent approach to credit impairment provisioning resulted in additional allowances for the expected economic impact due to the COVID-19 pandemic; however, as the economy moves towards recovery there have been lower levels of credit provisioning.

Insurance Activities

The net result from insurance activities totalled $8.6 billion, an increase of $587 million or 7% over the comparative prior year period. Net underwriting income improved by $2.2 billion or 8% over the prior year. There were improvements in the life, health and pension segment's premium income as well as growth in the property and casualty insurance business mainly in the Dutch Caribbean. The growth in net underwriting income was tempered by gross insurance benefits and claims increasing by 9% or $1.4 billion.

We remain optimistic about the opportunities within our business segments and continue our integration and optimisation activities within the Group.

Operating Expenses

Operating expenses totalled $25.6 billion, an increase of $2.2 billion or 9% over the prior year. Staff costs, the single largest operating expense of the Group, was the main contributor to the increase, growing by $1.7 billion or 16% over the prior year primarily due to the annual increases in salaries, wages and allowances coupled with incentive payments within the current period related to the prior financial year. The flat revenues and increased costs led to a cost to income ratio of 73.13%, up from 66.97% in the prior year.

Consolidated Statement of Financial Position

Total assets increased to $1.8 trillion, up $186.9 billion or 12% over the prior year. The growth was mainly due to increases in investment securities, amounts due from banks and net loans. This was funded primarily by growth in deposits, liabilities under annuity and insurance contracts, repurchase agreements and securitisation arrangements.

Investment Securities and Reverse Repurchase Agreements

Investment securities, including pledged assets and reverse repurchase agreements, totalled $861.5 billion, an increase of 9% or $70.4 billion over the prior year. This continues to be the Group's largest earning asset portfolio.

Loans and Advances

The Group's loans and advances, net of credit impairment losses, totalled $461.3 billion, an increase of $22.9 billion or 5% over the prior year. Non-performing loans totalled $28.5 billion as at December 31, 2020, an increase of $3.7 billion or 15% over the prior year. This represented 6.0% of the gross loans, up from 5.5% in the prior year.

Deposits

Deposits, our largest source of funding, totalled $581.7 billion, an increase of $82.6 billion or 17% over the prior year. This increase across most of our customer segments reflects customers' confidence in the Group.

Policyholders' Liabilities

Liabilities under annuity and insurance contracts increased to $405.4 billion at December 31, 2020, up $25.9 billion or 7% over the prior year.

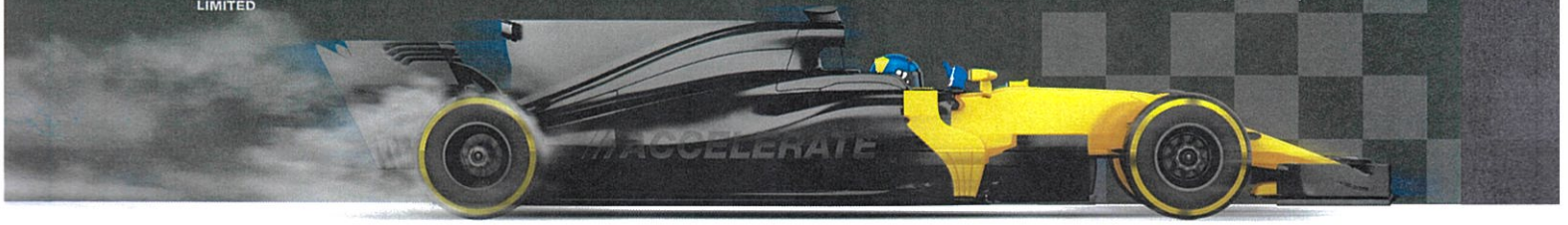
Capital and Liquidity

Equity attributable to stockholders of the parent increased by 11% or $17.0 billion to $165.0 billion as at December 31, 2020. The growth in equity was mainly attributable to increased retained earnings and fair value reserves.

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

Dividends

The Board of Directors, at its meeting on February 4, 2021, did not declare an interim dividend.



Awards

At the 16th staging of the Jamaica Stock Exchange (JSE) Best Practices Awards held in December 2020, NCBFG was awarded the ***Governor General's Award for Excellence*** in the main market category. NCBFG was also awarded:

- Best Annual Report
- Best Website
- PSOJ/JSE Corporate Governance Award
- 1st runner up – Corporate Disclosure & Investor Relations

Corporate Social Responsibility (CSR)

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

We continue to protect our employees and customers, minimising face-to-face interactions by offering suitable alternative channels and urging everyone to practise the recommended safety measures. We are grateful to the persons at the front line 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
Hon. Patrick Hylton, OJ, CD, President and Group Chief Executive Officer

Unaudited Consolidated Income Statement

Quarter Ended December 31, 2020

(expressed in Jamaican dollars unless otherwise indicated)

	CURRENT YEAR	PRIOR YEAR	
	Quarter ended December 31 2020 $'000	Quarter ended September 30 2020 $'000	Quarter ended December 31 2019 $'000
Operating income			
Banking and investment activities			
Interest income	20,842,008	18,763,436	19,806,526
Interest expense	(7,026,577)	(3,917,521)	(5,879,742)
Net interest income	13,815,431	14,845,915	13,926,784
Fee and commission income	6,985,035	6,249,568	7,675,999
Fee and commission expense	(1,114,732)	(1,249,640)	(1,262,082)
Net fee and commission income	5,870,303	4,999,928	6,413,917
Gain on foreign currency and investment activities	5,412,277	2,338,727	4,984,780
Credit impairment losses	(1,167,925)	(4,634,212)	(1,568,836)
Dividend income	576,797	193,897	693,381
Other operating income	685,756	235,048	836,899
	5,506,905	(1,866,540)	4,946,224
Net result from banking and investment activities	**25,192,639**	**17,979,303**	**25,286,925**
Insurance activities			
Premium income	36,435,880	35,565,945	33,643,764
Insurance premium ceded to insurers	(12,178,151)	(12,075,517)	(9,928,136)
Reinsurance commission income	3,564,379	2,130,508	1,942,799
Net underwriting income	27,822,108	25,620,936	25,658,427
Insurance benefits and claims	(16,142,470)	(16,392,747)	(14,767,823)
Reinsurance on benefits and claims	1,869,264	3,396,744	1,631,130
Commission and other selling expenses	(4,957,862)	(3,518,994)	(4,517,449)
Net result from insurance activities	**8,591,040**	**9,105,939**	**8,004,285**
Net operating income	**33,783,679**	**27,085,242**	**33,291,210**
Operating expenses			
Staff costs	12,317,240	10,598,151	10,653,678
Depreciation and amortisation	2,290,672	2,076,976	1,992,732
Finance cost	416,410	933,371	84,786
Other operating expenses	10,536,795	8,174,867	10,615,009
	25,561,117	**21,783,365**	**23,346,205**
Operating profit	**8,222,562**	**5,301,877**	**9,945,005**
Share of (loss)/profit of associates	(67,991)	173,762	(201,675)
Profit before taxation	**8,154,571**	**5,475,639**	**9,743,330**
Taxation	(2,302,202)	1,104,975	(1,974,976)
NET PROFIT	**5,852,369**	**6,580,614**	**7,768,354**
Attributable to:			
Stockholders of parent	3,917,197	4,312,061	5,901,327
Non-controlling interest	1,935,172	2,268,553	1,867,027
	5,852,369	**6,580,614**	**7,768,354**
Earnings per stock unit Basic and diluted (expressed in $)	**1.66**	**1.82**	**2.46**

Unaudited Consolidated Statement of Comprehensive Income

Quarter Ended December 31, 2020

(expressed in Jamaican dollars unless otherwise indicated)

	Quarter ended December 31 2020 $'000	Quarter ended September 30 2020 $'000	Quarter ended December 31 2019 $'000
Net Profit	**5,852,369**	**6,580,614**	**7,768,354**
Other comprehensive income, net of tax-			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations	393,687	289,511	(124,999)
Other	42,290	-	-
	435,977	289,511	(124,999)
Items that may be subsequently reclassified to profit or loss			
Currency translation gains	1,115,933	1,637,005	1,099,392
Expected credit reversals/(losses) on debt instruments at fair value through other comprehensive income (FVOCI)	133,708	(181,426)	(7,339)
Unrealised gains/(losses) on securities designated as FVOCI	6,190,682	11,060,603	(719,403)
Realised gains on securities designated as FVOCI	(557,724)	(105,318)	(1,229,060)
	6,882,599	12,410,864	(856,410)
Total other comprehensive income	7,318,576	12,700,375	(981,409)
TOTAL COMPREHENSIVE INCOME	**13,170,945**	**19,280,989**	**6,786,945**
Total comprehensive income attributable to:			
Stockholders of the parent	9,700,863	13,889,808	4,201,342
Non-controlling interest	3,470,082	5,391,181	2,585,603
	13,170,945	**19,280,989**	**6,786,945**

Unaudited Consolidated Statement of Financial Position

December 31, 2020

(expressed in Jamaican dollars unless otherwise indicated)

	December 31 2020 $'000	September 30 2020 $'000	Restated December 31 2019 $'000
ASSETS			
Cash in hand and balances at Central Banks	62,140,032	74,039,589	53,863,509
Due from banks	177,517,965	178,898,210	128,301,698
Derivative financial instruments	655,669	653,735	113,409
Reverse repurchase agreements	6,151,810	9,518,854	6,700,928
Loans and advances, net of credit impairment losses	461,257,943	452,954,936	438,380,594
Investment securities	386,256,580	456,802,747	386,808,042
Pledged assets	469,088,407	401,757,217	397,558,602
Investment in associates	5,816,242	6,955,109	5,225,819
Investment properties	38,972,762	33,751,227	28,665,264
Intangible assets	52,898,628	53,018,480	50,935,786
Property, plant and equipment	30,435,651	27,530,567	23,131,934
Right-of-use assets	4,416,427	4,543,678	3,393,475
Properties for development and sale	3,039,446	2,759,044	2,373,160
Deferred income tax assets	14,765,585	14,634,857	8,516,770
Income tax recoverable	2,720,354	2,323,139	5,684,880
Reinsurance assets	24,275,124	26,532,008	26,240,508
Letters of credit and undertaking	5,667,184	3,618,540	2,467,889
Other assets	51,538,833	49,968,338	42,335,494
Total assets	**1,797,614,642**	**1,800,260,275**	**1,610,697,761**
LIABILITIES			
Due to banks	26,543,706	30,134,601	34,482,362
Customer deposits	581,744,759	573,968,886	499,143,224
Repurchase agreements	196,844,468	211,436,379	175,334,218
Obligations under securitisation arrangements	68,751,892	71,083,957	44,549,124
Derivative financial instruments	-	-	86,492
Other borrowed funds	131,106,292	125,066,336	130,905,536
Deferred income tax liabilities	13,777,028	11,244,924	17,921,075
Third party interests in mutual funds	27,312,399	27,572,914	23,951,319
Liabilities under annuity and insurance contracts	405,352,008	405,014,541	379,407,863
Segregated fund liabilities	14,839,708	14,255,178	16,549,531
Investment contract liabilities	41,813,656	41,682,306	38,117,131
Post-employment benefit obligations	9,530,613	9,731,059	9,145,933
Letters of credit and undertaking	5,667,184	3,618,540	2,467,889
Lease liabilities	4,393,981	4,597,994	3,343,628
Other liabilities	57,392,895	70,647,737	48,424,563
Total liabilities	**1,585,070,589**	**1,600,055,352**	**1,423,829,888**
STOCKHOLDERS' EQUITY			
Share capital	153,827,330	153,827,330	153,827,330
Treasury shares	(15,982,016)	(15,150,201)	(12,352,225)
Reserve from the scheme of arrangement	(147,034,858)	(147,034,858)	(147,034,858)
Fair value and capital reserves	19,099,259	12,216,660	11,583,960
Loan loss reserve	-	-	2,470,897
Statutory reserve fund	6,766,590	6,735,063	6,634,068
Retained earnings reserve	60,890,000	58,580,000	44,340,000
Retained earnings	87,417,421	86,940,684	88,532,659
Equity attributable to shareholders of the parent	164,983,726	156,114,678	148,001,831
Non-controlling interest	47,560,327	44,090,245	38,866,042
Total stockholders' equity	**212,544,053**	**200,204,923**	**186,867,873**
Total stockholders' equity and liabilities	**1,797,614,642**	**1,800,260,275**	**1,610,697,761**

Approved for issue by the Board of Directors on February 4, 2021 and signed on its behalf by:

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

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

Professor Alvin Wint, CD — Lead Independent Director

Dave Garcia — Corporate Secretary

Unaudited Consolidated Statement of Changes in Stockholders' Equity

Quarter ended December 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, 2019	153,827,330	(10,756,253)	(147,034,858)	13,158,946	2,947,624	6,625,209	43,820,000	84,709,206	39,736,592	187,033,796
Impact of revised Purchase Price Allocation on aqcusition of majority stake in Guardian Holdings Limited	-	-	-	-	-	-	-	292,975	(3,456,153)	(3,163,178)
Balance as at October 1, 2019	153,827,330	(10,756,253)	(147,034,858)	13,158,946	2,947,624	6,625,209	43,820,000	85,002,181	36,280,439	183,870,618
Total comprehensive income	-	-	-	(1,574,986)	-	-	-	5,776,328	2,585,603	6,786,945
Transfer from loan loss reserve	-	-	-	-	(476,727)	-	-	476,727	-	-
Transfer to statutory reserve	-	-	-	-	-	8,859	-	(8,859)	-	-
Transfer to retained earnings reserve	-	-	-	-	-	-	520,000	(520,000)	-	-
Disposal of treasury shares	-	(1,645,799)	-	-	-	-	-	-	-	(1,645,799)
Purchase of treasury shares	-	49,827	-	-	-	-	-	(49,827)	-	-
Transaction with owners of the Company -										
Dividends paid	-	-	-	-	-	-	-	(2,143,891)	-	(2,143,891)
Balance at December 31, 2019	153,827,330	(12,352,225)	(147,034,858)	11,583,960	2,470,897	6,634,068	44,340,000	88,532,659	38,866,042	186,867,873
Balance as at October 1, 2020	153,827,330	(15,150,201)	(147,034,858)	12,216,660	-	6,735,063	58,580,000	86,940,684	44,090,245	200,204,923
Total comprehensive income	-	-	-	6,882,599	-	-	-	2,818,264	3,470,082	13,170,945
Transfer to statutory reserve	-	-	-	-	-	31,527	-	(31,527)	-	-
Transfer to retained earnings reserve	-	-	-	-	-	-	2,310,000	(2,310,000)	-	-
Purchase of treasury shares	-	(831,815)	-	-	-	-	-	-	-	(831,815)
Balance at December 31, 2020	153,827,330	(15,982,016)	(147,034,858)	19,099,259	-	6,766,590	60,890,000	87,417,421	47,560,327	212,544,053

Unaudited Consolidated Statement of Cash Flows

Quarter ended December 31, 2020

(expressed in Jamaican dollars unless otherwise indicated)

	December 31 2020 $'000	December 31 2019 $'000
Cash Flows from Operating Activities		
Net profit	5,852,369	7,768,354
Adjustments to reconcile net profit to net cash used in operating activities	(32,586,018)	(19,350,006)
Net cash used in operating activities	(26,733,649)	(11,581,652)
Cash Flows from Investing Activities		
Acquisition of property, plant and equipment	(751,066)	(1,422,527)
Acquisition of intangible asset - computer software	(1,129,511)	(2,414,577)
Proceeds from disposal of property, plant and equipment	1,499	11,858
Purchase of investment property	(788,719)	-
Purchases of investment securities	(103,181,654)	(109,672,932)
Sales/maturities of investment securities	119,616,438	100,845,736
Net cash provided by/(used in) investing activities	13,766,987	(12,652,442)
Cash Flows from Financing Activities		
Repayments under securitisation arrangements	(1,413,020)	(2,249,941)
Proceeds from other borrowed funds	9,832,197	10,838,349
Repayments of other borrowed funds	(3,621,810)	(4,536,371)
Purchase of treasury shares	(831,815)	(1,645,799)
Due to banks	(1,942,200)	7,098,376
Dividends paid	-	(2,143,891)
Net cash provided by financing activities	2,023,352	7,360,723
Effect of exchange rate changes on cash and cash equivalents	(963,654)	(1,345,499)
Net decrease in cash and cash equivalents	(11,906,964)	(18,218,870)
Cash and cash equivalents at beginning of period	201,165,403	156,858,541
Cash and cash equivalents at end of period	**189,258,439**	**138,639,671**
Comprising:		
Cash in hand and balances at Central Banks	26,147,358	17,021,192
Due from banks	174,358,891	125,290,747
Reverse repurchase agreements	3,842,083	1,547,470
Investment securities	1,675,892	14,570,812
Due to banks	(16,765,785)	(19,790,550)
	189,258,439	**138,639,671**

Quarter ended December 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	7,725,862	4,415,952	3,268,554	4,104,758	6,073,777	28,184,139	20,119,247	609,843	-	74,502,132
Revenue from other segments	286,925	-	13,227	1,003,126	879,967	73,932	67,585	5,084,357	(7,409,119)	-
Total Revenue	**8,012,787**	**4,415,952**	**3,281,781**	**5,107,884**	**6,953,744**	**28,258,071**	**20,186,832**	**5,694,200**	**(7,409,119)**	**74,502,132**
Net interest income	5,946,354	1,436,846	2,086,134	660,883	1,506,346	4,369,999	255,558	(2,408,345)	-	13,853,775
Net fee and commission income	1,120,877	1,590,388	237,979	95,757	1,051,578	854,294	465,945	1,293,674	(1,385,516)	5,324,976
Gain/(loss) on foreign currency and investment activities	11,536	110	31,866	1,930,498	2,323,077	1,083,830	516,413	174,421	(659,474)	5,412,277
Net result from insurance activities	-	-	-	-	-	4,969,080	3,775,048	665	(153,753)	8,591,040
Credit impairment (losses)/reversals	(965,932)	(406,915)	97,758	(138,227)	(108,102)	77,866	318,989	(43,362)	-	(1,167,925)
Other operating income and dividend income	50,745	(217)	172	4,946	362,278	617,400	22,052	1,156,312	(56,836)	2,156,852
Total operating income	**6,163,580**	**2,620,212**	**2,453,909**	**2,553,857**	**5,135,177**	**11,972,469**	**5,354,005**	**173,365**	**(2,255,579)**	**34,170,995**
Staff costs	2,662,574	295,361	104,168	66,446	739,232	2,621,454	1,649,572	1,923,627	(96,020)	9,966,414
Depreciation and amortisation	370,901	133,914	-	133	39,673	239,155	168,323	562,040	-	1,514,139
Finance cost	68,056	1,698	8,274	5,348	14,084	50,627	39,721	116,056	-	303,864
Other operating expense	1,376,400	837,944	334,793	537,623	719,248	2,800,342	1,289,657	997,011	(993,512)	7,899,506
Total operating expense	**4,477,931**	**1,268,917**	**447,235**	**609,550**	**1,512,237**	**5,711,578**	**3,147,273**	**3,598,734**	**(1,089,532)**	**19,683,923**
Operating profit before allocated cost	1,685,649	1,351,295	2,006,674	1,944,307	3,622,940	6,260,891	2,206,732	(3,425,369)	(1,166,047)	14,487,072
Allocated costs	(2,314,748)	(691,137)	(773,328)	(173,675)	-	-	-	-	-	(3,952,888)
Operating profit	**(629,099)**	**660,158**	**1,233,346**	**1,770,632**	**3,622,940**	**6,260,891**	**2,206,732**	**(3,425,369)**	**(1,166,047)**	**10,534,184**
Unallocated corporate expenses										(2,311,622)
Share of profit of associates										(67,991)
Profit before taxation										8,154,571
Taxation										(2,302,202)
Net Profit										5,852,369
Segment assets	438,811,225	23,882,361	167,491,368	369,739,128	344,920,747	574,611,522	98,131,526	22,529,458	(265,804,874)	1,774,312,461
Associates										5,816,242
Unallocated assets										17,485,939
Total assets										1,797,614,642
Segment liabilities	379,171,531	5,191,640	133,571,690	391,623,778	291,880,340	437,817,765	61,447,151	103,372,022	(232,782,356)	1,571,293,561
Unallocated liabilities										13,777,028
Total liabilities										1,585,070,589
Capital expenditure	775,558	149,905	49,254	23,627	118,933	552,867	114,465	95,968	-	1,880,577

Quarter ended December 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	7,604,738	4,556,467	3,086,066	3,531,788	4,790,011	28,002,211	16,128,937	1,883,930	-	69,584,148
Revenue from other segments	512,561	-	11,115	911,665	604,804	100,041	1,231	12,809,853	(14,951,270)	-
Total Revenue	**8,117,299**	**4,556,467**	**3,097,181**	**4,443,453**	**5,394,815**	**28,102,252**	**16,130,168**	**14,693,783**	**(14,951,270)**	**69,584,148**
Net interest income	5,885,189	1,538,579	1,746,311	971,556	1,487,749	4,350,978	227,706	(41,999)	(2,217,649)	13,948,420
Net fee and commission income	1,209,544	1,634,278	396,651	64,527	1,552,875	716,458	788,520	1,176,686	(1,742,364)	5,797,175
Gain on foreign currency and investment activities	20,977	(337)	43,553	1,629,863	851,376	1,313,604	103,742	(320,806)	1,342,808	4,984,780
Net result from insurance activities	-	-	-	-	-	5,227,820	2,844,595	-	(68,130)	8,004,285
Credit impairment (losses)/reversals	(920,755)	(263,564)	68,779	285	173,768	(358,930)	161,541	(424,155)	(5,805)	(1,568,836)
Other operating income and dividend income	39,584	495	214	-	160,925	1,022,515	77,293	724,509	(512,752)	1,512,783
Total operating income	**6,234,539**	**2,909,451**	**2,255,508**	**2,666,231**	**4,226,693**	**12,272,445**	**4,203,397**	**1,114,235**	**(3,203,892)**	**32,678,607**
Staff costs	2,601,536	287,847	51,108	61,056	722,973	2,265,673	1,324,420	761,797	1,248,781	9,325,191
Depreciation and amortisation	335,488	128,118	1,738	2,422	41,460	263,192	160,619	443,136	(40,096)	1,336,077
Finance cost	-	-	-	-	123	3,253	-	-	-	3,376
Other operating expense	1,473,269	816,472	341,566	793,596	797,359	3,813,044	1,197,428	1,141,312	(2,216,530)	8,157,516
Total operating expense	**4,410,293**	**1,232,437**	**394,412**	**857,074**	**1,561,915**	**6,345,162**	**2,682,467**	**2,346,245**	**(1,007,845)**	**18,822,160**
Operating profit before allocated cost	1,824,246	1,677,014	1,861,096	1,809,157	2,664,778	5,927,283	1,520,930	(1,232,010)	(2,196,047)	13,856,447
Allocated costs	(2,153,590)	(581,145)	(543,932)	(145,014)	-	-	-	-	-	(3,423,681)
Operating profit	**(329,344)**	**1,095,869**	**1,317,164**	**1,664,143**	**2,664,778**	**5,927,283**	**1,520,930**	**(1,232,010)**	**(2,196,047)**	**10,432,766**
Unallocated corporate expenses										(487,761)
Share of profit of associates										(201,675)
Profit before taxation										9,743,330
Taxation										(1,974,976)
Net Profit										**7,768,354**
Segment assets	409,583,365	29,369,218	150,064,166	313,139,774	265,016,085	490,771,014	91,207,627	57,580,213	(213,815,370)	1,592,916,092
Associates										5,225,819
Unallocated assets										12,555,850
Total assets										1,610,697,761
Segment liabilities	351,808,673	14,711,269	120,815,748	324,239,230	219,377,429	368,874,396	62,496,504	85,155,337	(141,569,773)	1,405,908,813
Unallocated liabilities										17,921,075
Total liabilities										1,423,829,888
Capital expenditure	1,128,249	252,093	91,967	18,234	700,165	574,691	784,282	287,423	-	3,837,104

1. Identification and Principal Activities

NCB Financial Group Limited ("the Company") is a financial holding company, incorporated and domiciled in Jamaica. The Company is 51.75% (December 31, 2019 - 52.46%) owned by AIC (Barbados) Limited. The ultimate parent company is Portland Holdings Inc., incorporated in Canada. Portland Holdings Inc. is controlled by Hon. Michael A. Lee-Chin, O.J., Chairman of the Company.

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

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

2. Basis of preparation

The condensed consolidated interim financial statements (interim financial statements) for the quarter ended December 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, 2020 which have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

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

3. Segment reporting

The Group is organised into the following business segments:

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

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)

The COVID-19 pandemic has had a major impact on the global financial markets and economic costs of the outbreak have been significant with global growth contracting. Vaccine approvals towards the end of 2020 have raised hope that with widespread global distribution and vaccination, there could be a turnaround in the second half of 2021. However, renewed waves and new variants of the virus pose risks to the outlook.

The distribution of the COVID-19 vaccine in various economies and gradual improvement in regional and local economic activity, although below pre-pandemic levels, have aided in some recovery in business and investor confidence. Consequently, although regional financial markets declined in 2020, there have been signs of some resurgence in market activity, for example; in Jamaica there have been several successful capital market transactions towards the end of 2020 into 2021 and the bond market has also shown signs of recovery. This improvement in confidence, low interest rate environment, gradual improvement in company earnings and valuations should foster a year-over-year improvement in financial market activity in 2021.

While our operating environments will continue to perform below pre-pandemic levels, an expansion in advanced economies should support modest recovery in tourism, and increased global activity and travel demand should support a slow increase in oil prices, positively affecting exporters such as Trinidad and Tobago. However, these economies are not expected to recover to pre-pandemic levels until at least 2023 as forecast by international bodies such as the International Monetary Fund. Consequently, the lingering effects of COVID-19 could continue to negatively impact the Group's various business segments, which are exposed to the adverse economic effects.

The prospects for recovery support an outlook for economic growth and improved company performance in the quarters ahead as we try to take advantage of emerging opportunities while trying to mitigate the existing and emerging risks.

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

Directors [1.]	Total	Direct	Connected Parties
Robert Almeida	65,990,231	171,750	65,818,481
Dennis Cohen [2.]	176,352,112	37,580,654	138,771,458
Sandra Glasgow [2.]	139,296,258	326,150	138,970,108
Sanya Goffe	65,890,481	72,000	65,818,481
Hon. Patrick Hylton, OJ, CD	137,943,893	72,125,412	65,818,481
Adrian Lee-Chin	65,851,201	0	65,851,201
Hon. Michael Lee-Chin, OJ	1,482,493,472	146,698	1,482,346,774
Thalia Lyn, OD [2.]	139,204,204	413,984	138,790,220
Prof. Alvin Wint, CD	65,906,625	88,144	65,818,481
Dave Garcia (Corporate Secretary)	175,027	175,027	0

Interest/Ownership of Stock Units by Executives/Senior Managers of NCB Financial Group Limited as at December 31, 2020

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

Interest/Ownership of Stock Units by Executives/Senior Managers of subsidiaries of NCB Financial Group Limited as at December 31, 2020

Executives/Senior Managers	Total	Direct	Connected Parties
Gabrielle Banbury-Kelly	95,508	95,508	0
Septimus Blake	211,144	211,144	0
Brian Boothe	242,000	102,000	140,000
Danielle Cameron Duncan	92,854	92,854	0
Euton Cummings	10	10	0
Raymond Donaldson	0	0	0
Steven Gooden	124,420	124,420	0
Desmond Johnson	0	0	0
Ramon Lewis	57,215	57,215	0
Sheree Martin	6,713	6,713	0
Nadeen Matthews Blair	94,000	94,000	0
Anne McMorris Cover	8,735	8,735	0
Claudette 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	6,595	6,595	0
Tanya Watson Francis	156,323	156,323	0
Angus Young	93,000	93,000	0

1. Connected parties for all directors include shares of 65,818,481 held by subsidiaries of Guardian Holdings Limited.

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

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

Name of Shareholder	Units	Percentage Ownership
AIC (Barbados) Limited	1,276,579,279	51.75%
Sagicor PIF Equity Fund	79,833,444	3.24%
Hon. Patrick Hylton, OJ, CD	72,125,412	2.92%
NCB Insurance Agency & Fund Managers Limited WT 109	62,989,156	2.55%
Harprop Limited	46,434,102	1.88%
AIC Global Holdings Inc.	45,449,690	1.84%
Dennis Cohen	37,580,654	1.52%
Ideal Portfolio Services Company Limited	33,339,577	1.35%
SJIML A/C 3119	32,539,032	1.32%
Guardian Life of the Caribbean	30,206,368	1.22%

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

Number of Shareholders	Ownership of Each Shareholder	Percentage Ownership	Number of Units
One shareholder with five accounts	51.75%	51.75%	1,276,579,279
12	1 - 5%	21.20%	522,891,016
44,322	Less than 1%	27.05%	667,292,533
44,335		**100.00%**	**2,466,762,828**