



**NATIONAL COMMERCIAL BANK JAMAICA LIMITED
REPORTS NET PROFIT OF \$2,383 MILLION FOR THE
QUARTER ENDED 31 DECEMBER 2008.**

The Board of Directors is pleased to release the following un-audited results for National Commercial Bank Jamaica Limited (NCBJ) and its subsidiaries for the quarter ended 31 December 2008.

PERFORMANCE HIGHLIGHTS

Quarter ended December 2008 compared with Quarter ended December 2007

- Net Profit of \$2,383 million, grew by \$524 million or 28%.
- Earnings per Stock Unit of \$0.97 increased by \$0.21 or 28%.
- Operating Revenue of \$6,307 million, a 13% increase.
- Cost to Income Ratio of 51.8% vs. 54.1%.
- Risk-Based Capital Ratio of 13.02% vs. 16.72%.
- Net Loans of \$84.1 billion, grew by 40%.
- Investment Securities of \$152.4 billion, grew by \$2.9 billion.
- Customer Deposits of \$128.1 billion, an increase of 10%.
- Return on Average Equity of 30.18% vs. 25.32%.
- Return on Average Assets of 3.29% vs. 2.90%.

Quarter ended December 2008 compared with Quarter ended September 2008

- Net Profit of \$2,383 million, grew by 23% or \$439 million.
- Earnings per Stock Unit increased by \$0.18 or 23%.
- Return on Average Equity of 30.18% vs. 24.39%
- Return on Average Assets of 3.29% vs. 2.72%.

SEGMENT PERFORMANCE

Banking

Despite difficult market conditions and increased volatility in global financial markets, the Banking segment's results reflect an increase of \$243 million or 12% over the December 2007 quarter. The improved results were driven mainly by growth in the Corporate and Retail loan portfolios and fee and commissions income:

- interest income from loans increased by 37% due to the growth in the loan portfolio.
- net fee & commission income grew by 6%.



SEGMENT PERFORMANCE (continued)

Loans and advances totalled \$84.1 billion (net of provision for credit losses) as at 31 December 2008 compared to \$60.0 billion as at 31 December 2007. Our net loans to total assets ratio, one of our key strategic measures, has improved from 23.14% at December 2007 to 29.15% at December 2008. As at 31 December 2008, non-performing loans totaled \$2.2 billion and represented 2.52% of the gross loans compared to 2.51% as at 31 December 2007. Our provision coverage as at December 2008 was 149.3% compared to 153.0% at December 2007.

NCBJ remains the largest commercial bank when measured by assets and branch network, and we believe these advantages provide significant opportunities for strong growth. Based on the latest commercial banking industry information as at September 2008 from the Bank of Jamaica, NCBJ had the #1 market share of Total Loans.

Wealth Management

Our wealth and asset management segment contributed operating profits of \$480 million for the three months ended December 2008. NCB Capital Markets Limited (NCBCM) the main contributor to this segment provided 87% of the operating profits.

NCBCM maintains a solid capital base of over \$7 billion and remains a strong, stable player in the industry.

Insurance

Our insurance segment contributed operating profits of \$340 million for the quarter ended December 2008, representing an increase of \$246 million over the corresponding quarter of the prior year. NCB Insurance Company Limited (NCBIC) is the major contributor to this segment and achieved a net profit of \$315 million, a \$223 million increase when compared to the December 2007 quarter.

Overall, our segment results reflect the careful and strategic management of customer relationships and needs, expert management of interest rate spreads and proactive and effective management of our costs.



CAPITAL

The Group's Stockholders' Equity of \$31.9 billion increased by \$1.7 billion or 6% when compared to 31 December 2007.

- The Risk-Based Capital Ratio for NCBJ was 13.02% which exceeds the minimum requirement of 10% stipulated by the Bank of Jamaica.
- The Capital to Risk Weighted Assets Ratio for NCBCM was 64.41% which exceeds the minimum requirement of 10% stipulated by the Financial Services Commission.
- NCBIC reported a Solvency Ratio of 16.0% which exceeds the minimum requirement of 10% stipulated by the Financial Services Commission.

DIVIDENDS

On 22 January 2009, the Board declared an interim dividend of \$0.28 per ordinary stock unit. The dividend is payable on 19 February 2009 for stockholders on record as at 06 February 2009.

AWARDS

We are extremely pleased to advise our shareholders that for the first time, NCBJ was awarded the **“2008 Bank of the Year in Jamaica”** by the Financial Times' Banker Magazine. The recognition of being named Bank of the Year by the world's longest running international banking title is testament to our strong management and prudent risk approach. We also dominated the annual Jamaica Stock Exchange Best Practice Awards in December 2008; NCBJ won the **Best Practices Corporate Disclosure & Investor Relations** award, the **Governor General's Award for Excellence** (shared) and placed third for the **Best Practices Annual Report** award; and NCBCM won second place for **Best Practices Corporate Disclosure & Investor Relations**.

COMMUNITY RELATIONS

The Group continued to make good on its pledge to be a leading corporate citizen by targeting those areas that are important to nation building. Over \$15 million in donations were made during the quarter specifically in the areas of Education, Sports, Entrepreneurship and Community Development.

EDUCATION

In October, the N.C.B. Foundation, in collaboration with the Government of Jamaica, sponsored the Olympic “Pass the Torch” school tours. The school tours saw our triumphant Olympic athletes visit 10 schools across the island to give inspirational messages to over 15,000 students who were in attendance. The athletes spoke of self-empowerment, working hard for success, pride in oneself, and making choices that will transform dreams into reality.



COMMUNITY RELATIONS (continued)

EDUCATION (continued)

In November, we paid the 2009 CXC/CSEC Principles of Business and Principles of Accounts examination fee for 4,200 students; these fees amounted to \$5.5 million. This fee sponsorship programme targets schools with students that are adequately prepared to sit these examinations but need financial assistance.

COMMUNITY DEVELOPMENT

The N.C.B. Foundation partnered with the Digicel Rising Stars competition and worked with its top five finalists to develop projects that would positively impact their communities. The project involved the upgrading of the Flankers' Community Centre IT Lab, and the Remnant ECI Basic School located in Little London, Westmoreland.

We wish to express our deep appreciation to our staff members for their commitment and dedication to excellence in their work and for their enthusiastic involvement in the Group's philanthropic pursuits. We also wish to express our sincere gratitude to our customers for their loyalty and continued support.

A handwritten signature in black ink, consisting of a series of loops and a long, sweeping tail that ends in a sharp point. The signature is written above a solid horizontal line.

ON BEHALF OF THE BOARD

National Commercial Bank Jamaica Limited

Consolidated Profit & Loss Account

Quarter ended 31 December 2008

(expressed in Jamaican dollars unless otherwise indicated)

	CURRENT YEAR			PRIOR YEAR		
	Quarter Ended		Quarter Ended	Quarter Ended		Quarter Ended
	31 Dec 2008		30 Sept 2008	31 Dec 2007		31 Dec 2007
	\$'000		\$'000	\$'000		\$'000
Operating Income						
Interest income from loans	3,230,222		3,080,800	2,366,135		
Interest income from securities	4,847,729		4,893,984	4,520,074		
Total interest income	8,077,951		7,974,784	6,886,209		
Interest expense	(3,979,039)		(3,754,926)	(3,251,066)		
Net interest income	4,098,912		4,219,858	3,635,143		
Fee and commission income	1,547,304		1,669,590	1,429,810		
Fee and commission expense	(309,172)		(344,409)	(261,277)		
Net fee and commission income	1,238,132		1,325,181	1,168,533		
Gain on foreign currency and investment activities	854,535		958,771	667,214		
Dividend income	22,788		6,210	26,205		
Insurance premium income	78,543		102,133	96,911		
Other operating income	14,161		(8,692)	9,311		
	970,027		1,058,422	799,641		
	6,307,071		6,603,461	5,603,317		
Operating Expenses						
Staff costs	2,027,728		1,872,159	1,823,988		
Provision for credit losses	207,398		161,255	129,731		
Depreciation and amortisation	155,098		176,585	190,830		
Impairment losses	-		1,229,610	-		
Other operating expenses	1,087,157		1,092,868	1,015,776		
	3,477,381		4,532,477	3,160,325		
Operating Profit	2,829,690		2,070,984	2,442,992		
Share of profits of associate	11,550		26,395	28,523		
Profit before Taxation	2,841,240		2,097,379	2,471,515		
Taxation	(458,150)		(153,662)	(612,450)		
NET PROFIT	2,383,090		1,943,717	1,859,065		
Earnings per stock unit (expressed in \$ per share)	\$ 0.97		\$ 0.80	\$ 0.76		

National Commercial Bank Jamaica Limited

Consolidated Balance Sheet

31 December 2008


(expressed in Jamaican dollars unless otherwise indicated)

	31 December 2008 \$'000	30 September 2008 \$'000	31 December 2007 \$'000
ASSETS			
Cash and balances at Bank of Jamaica	16,700,871	15,442,828	15,091,859
Due from other banks	14,364,739	15,207,522	17,400,329
Investment securities at fair value through profit or loss	499,887	916,906	1,258,750
Reverse repurchase agreements	9,418,376	12,578,633	8,218,259
Loans and advances, net of provision for credit losses	84,147,682	82,169,396	60,011,016
Investment securities	151,877,530	153,654,776	148,170,494
Investments in associate	2,192,957	2,181,407	2,063,445
Investment property	13,000	13,000	13,000
Property, plant and equipment	3,780,729	3,830,313	3,907,584
Deferred income tax assets	2,177,569	1,679,056	209,389
Intangible asset - computer software	260,885	282,264	241,654
Retirement benefit asset	13,077	13,077	11,627
Income tax recoverable	1,312,328	1,157,799	755,890
Other assets	1,488,544	1,325,792	1,342,324
Customers' liability - letters of credit and undertaking	377,354	700,628	590,928
Total Assets	288,625,528	291,153,397	259,286,548

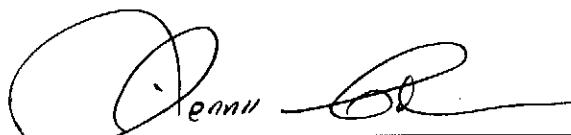
National Commercial Bank Jamaica Limited
Consolidated Balance Sheet
31 December 2008
(expressed in Jamaican dollars unless otherwise indicated)

	31 December 2008 \$'000	30 September 2008 \$'000	31 December 2007 \$'000
LIABILITIES			
Due to other banks	7,562,348	10,038,502	4,558,047
Customer deposits	128,061,428	126,099,896	116,397,467
Derivative financial instruments	175,553	104,754	112,190
Promissory notes and certificates of participation	3,153	4,626	91,986
Repurchase agreements	64,532,365	69,619,957	55,897,148
Obligations under securitisation arrangements	28,560,380	26,259,740	26,495,152
Other borrowed funds	5,426,420	5,522,891	5,319,156
Income tax payable	709,576	489,559	1,082
Deferred income tax liabilities	95,994	112,006	342,664
Policyholders' liabilities	17,135,580	16,533,984	14,919,323
Provision for litigation	66,000	39,000	39,000
Retirement benefit obligations	371,151	354,321	307,049
Other liabilities	3,685,308	3,960,871	4,026,002
Liability - letters of credit and undertaking	377,354	700,628	590,928
Total Liabilities	256,762,610	259,840,735	229,097,194
STOCKHOLDERS' EQUITY			
Share capital	6,465,731	6,465,731	6,465,731
Shares held by NCB Employee Share Scheme	(3,388)	(3,388)	(3,867)
Fair value and other reserves	(2,405,062)	(1,556,733)	2,036,205
Loan loss reserve	794,666	697,061	287,642
Banking reserve fund	3,823,659	3,663,000	2,607,000
Retained earnings reserve	8,875,761	8,875,761	6,375,761
Retained earnings	14,311,551	13,171,230	12,420,882
Total Stockholders' Equity	31,862,918	31,312,662	30,189,354
Total Equity and Liabilities	288,625,528	291,153,397	259,286,548

Approved for issue by the Board of Directors on 22 January 2009 and signed on its behalf by:



Director



Director

National Commercial Bank Jamaica Limited

Consolidated Statement of Changes in Stockholders' Equity

Quarter Ended 31 December 2008

(expressed in Jamaican dollars unless otherwise indicated)

	Share Capital	Shares Held by Share Scheme	Fair Value and Other Reserves	Loan Loss Reserve	Banking Reserve Fund	Retained Earnings Reserve	Retained Earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 October 2007	6,465,731	(3,867)	1,595,550	231,235	2,607,000	4,519,761	13,138,616	28,554,026
Currency translation differences	-	-	2,400	-	-	-	-	2,400
Unrealised gains on available-for-sale investments, net of taxes	-	-	512,671	-	-	-	-	512,671
Realised fair value gains transferred to Consolidated Profit and Loss Account	-	-	(74,416)	-	-	-	-	(74,416)
Net gains not recognised in Consolidated Profit and Loss Account	-	-	440,655	-	-	-	-	440,655
Net profit	-	-	-	-	-	-	1,859,065	1,859,065
Dividends paid	-	-	-	-	-	-	(664,392)	(664,392)
Transfer to Loan Loss Reserve	-	-	-	56,407	-	-	(56,407)	-
Transfer to Retained Earnings Reserve	-	-	-	-	-	1,856,000	(1,856,000)	-
Balance at 31 December 2007	6,465,731	(3,867)	2,036,205	287,642	2,607,000	6,375,761	12,420,882	30,189,354
Balance as at 1 October 2008	6,465,731	(3,388)	(1,556,733)	697,061	3,663,000	8,875,761	13,171,230	31,312,662
Currency translation differences	-	-	142,237	-	-	-	-	142,237
Unrealised losses on available-for-sale investments, net of taxes	-	-	(1,037,625)	-	-	-	-	(1,037,625)
Realised fair value losses transferred to Consolidated Profit and Loss Account	-	-	47,059	-	-	-	-	47,059
Net losses not recognised in Consolidated Profit and Loss Account	-	-	(848,329)	-	-	-	-	(848,329)
Net profit	-	-	-	-	-	-	2,383,090	2,383,090
Dividends paid	-	-	-	-	-	-	(984,505)	(984,505)
Transfer to Loan Loss Reserve	-	-	-	97,605	-	-	(97,605)	-
Transfer to Banking Reserve Fund	-	-	-	-	160,659	-	(160,659)	-
Balance at 31 December 2008	6,465,731	(3,388)	(2,405,062)	794,666	3,823,659	8,875,761	14,311,551	31,862,918

National Commercial Bank Jamaica Limited

Consolidated Statement of Cash Flows

Quarter ended 31 December 2008

(expressed in Jamaican dollars unless otherwise indicated)

	31 December 2008 \$'000	31 December 2007 \$'000
Cash Flows from Operating Activities		
Net profit	2,383,090	1,859,065
Changes in operating assets and liabilities	(1,678,283)	2,858,108
Other adjustments to reconcile net profit	2,761,068	593,332
Net cash provided by operating activities	<u>3,465,875</u>	<u>5,310,505</u>
Cash Flows from Investing Activities		
Acquisition of property, plant and equipment	(78,888)	(272,453)
Acquisition of intangible asset - computer software	(10,525)	(4,975)
Proceeds from disposal of property, plant and equipment	6,801	6,274
Investment securities, net	(10,332,146)	(4,848,326)
Net cash used in investing activities	<u>(10,414,758)</u>	<u>(5,119,480)</u>
Cash Flows from Financing Activities		
Repayments under securitisation arrangements	(537,367)	-
Other borrowed funds	(62,372)	365,820
Dividends paid	(984,505)	(664,392)
Net cash used in financing activities	<u>(1,584,244)</u>	<u>(298,572)</u>
Effect of exchange rate changes on cash and cash equivalents	623,653	(70,705)
Net decrease in cash and cash equivalents	(7,909,474)	(178,252)
Cash and cash equivalents at beginning of period	18,990,303	27,513,688
Cash and cash equivalents at end of period	<u>11,080,829</u>	<u>27,335,436</u>
Comprising:		
Cash and balances at Bank of Jamaica	3,647,679	4,489,414
Due from other banks	14,364,739	17,400,329
Investment securities	630,759	10,003,740
Due to other banks	(7,562,348)	(4,558,047)
	<u>11,080,829</u>	<u>27,335,436</u>

National Commercial Bank Jamaica Limited

Segment Report

Quarter ended 31 December 2008

	Banking			Wealth Management	Insurance	Other	Eliminations	Consolidated
	Retail	Corporate	Treasury					
	\$'000	\$'000	\$'000					
External revenue	2,953,089	1,554,073	3,164,304	2,093,750	793,279	36,787	-	10,595,282
Revenue from other segments	1,704,460	710	634,554	21,114	84,332	(9,225)	(2,435,945)	-
Total revenue	4,657,549	1,554,783	3,798,858	2,114,864	877,611	27,562	(2,435,945)	10,595,282
Segment result	542,581	662,722	1,044,928	479,732	339,938	(1,979)	24,590	3,092,512
Unallocated corporate expenses								(262,822)
Operating profit								2,829,690
Share of profit in associates								11,550
Profit before tax								2,841,240
Taxation expense								(458,150)
Net profit								2,383,090
Segment assets	117,207,928	49,963,596	125,506,591	64,702,286	19,374,746	404,924	(94,978,133)	282,181,938
Associates								2,192,957
Unallocated assets								4,250,633
Total assets								288,625,528
Segment liabilities	109,061,202	44,437,892	119,555,458	57,863,576	17,280,117	124,271	(92,689,472)	255,633,044
Unallocated liabilities								1,129,566
Total liabilities								256,762,610
Depreciation and amortisation	121,670	3,249	2,581	9,668	16,503	1,427	-	155,098

National Commercial Bank Jamaica Limited

Segment Report

Quarter ended 31 December 2007

	Banking			Wealth Management	Insurance	Other	Eliminations	Consolidated
	Retail	Corporate	Treasury					
	\$'000	\$'000	\$'000					
External revenue	2,720,818	944,838	2,945,710	1,842,355	649,287	12,652	-	9,115,660
Revenue from other segments	1,612,562	-	370,849	6,789	16,826	9,508	(2,016,534)	-
Total revenue	4,333,380	944,838	3,316,559	1,849,144	666,113	22,160	(2,016,534)	9,115,660
Segment result	848,750	342,298	816,293	563,410	94,436	2,894	98	2,668,179
Unallocated corporate expenses								(225,187)
Operating profit								2,442,992
Share of profit in associates								28,523
Profit before tax								2,471,515
Taxation expense								(612,450)
Net profit								1,859,065
Segment assets	114,995,460	31,888,487	119,618,602	56,968,942	16,856,444	460,634	(86,836,391)	253,952,178
Associates								2,063,445
Unallocated assets								3,270,925
Total assets								259,286,548
Segment liabilities	105,936,774	25,572,081	115,605,875	48,159,231	15,077,883	193,613	(84,157,622)	226,387,835
Unallocated liabilities								2,709,359
Total liabilities								229,097,194
Depreciation and amortisation	167,981	3,936	2,796	4,235	11,699	184	-	190,830

National Commercial Bank Jamaica Limited

Notes to the Financial Statements

31 December 2008

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities

National Commercial Bank Jamaica Limited (“the Bank”) is incorporated in Jamaica and licensed under the Banking Act, 1992. The Bank is a 61.79% subsidiary of AIC (Barbados) Limited. The ultimate parent company is Portland Holdings Inc., incorporated in Canada. Portland Holdings Inc. is controlled by Hon. Michael Lee-Chin, OJ. The Bank’s registered office is located at 32 Trafalgar Road, Kingston 10, Jamaica.

The Bank is listed on the Jamaica Stock Exchange and the Trinidad and Tobago Stock Exchange.

The Bank’s subsidiaries, which together with the Bank are referred to as “the Group”, are as follows:

	Principal Activities	Percentage Ownership by Group	
		31 December 2008	31 December 2007
Data-Cap Processing Limited	Security Services	100	100
Mutual Security Insurance Brokers Limited	Insurance Brokerage Services	100	100
NCB Capital Markets Limited	Primary Dealer and Stock Brokerage Services	100	100
NCB (Cayman) Limited	Commercial Banking	100	100
NCB Remittance Services (Cayman) Limited	Money Remittance Services	100	100
NCB Capital Markets (Cayman) Limited	Securities Dealer	100	100
NCB Insurance Company Limited	Life Insurance, Investment and Pension Fund Management Services	100	100
N.C.B. (Investments) Limited	Money Market Trading	100	100
N.C.B. Jamaica (Nominees) Limited	Registrar Services	100	100
NCB Remittance Services (Jamaica) Limited	Money Remittance Services	100	100
NCB Remittance Services (UK) Limited	Money Remittance Services	100	100
West Indies Trust Company Limited	Trust and Estate Management Services	100	100

All subsidiaries are incorporated in Jamaica with the exception of NCB (Cayman) Limited, NCB Remittance Services (Cayman) Limited and NCB Capital Markets (Cayman) Limited, which are incorporated in the Cayman Islands, and NCB Remittance Services (UK) Limited, which is incorporated in the United Kingdom.

The Group’s associates are as follows:

	Principal Activities	Percentage ownership by Group	
		31 December 2008	31 December 2007
Kingston Wharves Limited	Wharf Operations and Stevedoring	43.45	43.45
Dyoll Group Limited	Coffee cultivation and other activities	44.47	44.47

National Commercial Bank Jamaica Limited

Notes to the Consolidated Financial Statements

31 December 2008

2. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS). The consolidated 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.

There have been no changes in accounting policies since the most recent audited accounts as at 30 September 2008.

Where necessary, comparative figures for 31 December 2007 have been reclassified to conform with changes in presentation in the current period.

All amounts are stated in Jamaican dollars unless otherwise indicated.

3. Reverse Repurchase Agreements

Securities purchased under agreements to resell (reverse repurchase agreements) are treated as collateralised financing transactions. The difference between the purchase and resale price is treated as interest and accrued over the life of the agreements using the effective yield method. The Group enters into reverse repurchase agreements which may result in credit exposure in the event that the counterparty to the transaction is unable to fulfill its contractual obligations. Included in reverse repurchase agreements is related accrued interest receivable of \$679,759,000 (31 December 2007 - \$200,258,000).

At 31 December 2008, the Group held \$9,462,404,000 (31 December 2007 - \$8,345,884,000) of securities, mainly representing Government of Jamaica debt securities, as collateral for reverse repurchase agreements.

4. Loans and Advances

Loans and advances are recognised when cash is advanced to borrowers. They are initially recorded at cost, which is the cash given to originate the loan including any origination fees and transaction costs, and subsequently measured at amortised cost using the effective interest rate method.

A provision for credit losses is established if there is objective evidence that a loan is impaired. A loan is considered impaired when management determines that it is probable that all amounts due according to the original contractual terms will not be collected. When a loan has been identified as impaired, the carrying amount of the loan is reduced by recording specific provisions for credit losses to its estimated recoverable amount, which is the present value of expected future cash flows including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of the loan.

The provision for credit losses also covers situations where there is objective evidence that probable losses are present in components of the loan portfolio at the balance sheet date. These have been estimated based upon historical patterns of losses in each component, the credit ratings allocated to the borrowers and the current economic climate in which the borrowers operate.

For non-performing and impaired loans the accrual of interest income based on the original terms of the loan is discontinued. Jamaican banking regulations require that interest on non-performing loans be taken into account on the cash basis. IFRS require that interest income on non-performing loans be accrued, to the extent collectible, and that the increase in the present value of impaired loans due to the passage of time be reported as interest income. The difference between the Jamaican regulatory basis and IFRS was assessed to be immaterial.

National Commercial Bank Jamaica Limited

Notes to the Consolidated Financial Statements

31 December 2008

4. Loans and Advances (Cont'd)

Write-offs are made when all or part of a loan is deemed uncollectible or is forgiven. Write-offs are charged against previously established provisions for credit losses and reduce the principal amount of a loan. Recoveries in part or in full of amounts previously written-off are credited to provision for credit losses in the profit and loss account.

Statutory and other regulatory loan loss reserve requirements that exceed IFRS provisions are dealt with in a non-distributable loan loss reserve as an appropriation of retained earnings.

The provision for credit losses determined under Bank of Jamaica regulatory requirements is as follows:

	31 Dec 2008 \$'000	31 Dec 2007 \$'000
Specific provision	2,397,739	1,766,700
General provision	820,936	595,749
Provision required by Bank of Jamaica	<u>3,218,675</u>	<u>2,362,449</u>
Provision required by IFRS	<u>2,424,009</u>	<u>2,074,807</u>
Excess of regulatory provision over IFRS provision reflected in non-distributable loan loss reserve	<u><u>794,666</u></u>	<u><u>287,642</u></u>

5. Investments in Associate

Associates are all entities over which the Group has a shareholding of between 20% and 50% of the voting rights but does not exercise any influence or control. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group uses the financial statements of Kingston Wharves Limited at 30 September 2008 for the purposes of consolidation. Adjustments are made for significant transactions or events that occur between that date and 31 December 2008. The Group's results for the three months ended 31 December 2008 do not include Dyoil Group Limited. Effective 22 March 2007, the Jamaica Stock Exchange suspended trading in the shares of Dyoil Group Ltd. as a result of its non-compliance with Stock Exchange Rules. The Group has made full provision for this investment.

National Commercial Bank Jamaica Limited

Notes to the Consolidated Financial Statements

31 December 2008

6. Share Capital

	31 Dec 2008 \$'000	31 Dec 2007 \$'000
Authorised:		
5,750,000,000 ordinary shares		
Issued and Fully Paid Up:-		
2,466,762,828 ordinary stock units	6,465,731	6,465,731
5,293,916 (2007: 6,042,916) ordinary stock units held by NCB Employee Share Scheme	<u>(3,388)</u>	<u>(3,867)</u>
Issued and outstanding	<u>6,462,343</u>	<u>6,461,864</u>

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Where the Employee Share Scheme purchases the Bank's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of taxes) is deducted from equity attributable to the Bank's equity holders until the shares are cancelled, reissued or disposed. Where the shares are subsequently sold or reissued, any consideration received, net of directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Bank's equity holders.

7. Segment Reporting

The Group is organised into the following business segments:

- o Retail banking - This incorporates the provision of banking services to individuals and small business clients.
- o Corporate banking - This incorporates the provision of banking services to large corporate clients.
- o Treasury - This incorporates the Bank's liquidity and investment activities, management of correspondent bank relationships, as well as foreign currency trading services.
- o Wealth management - This incorporates stock brokerage, securities trading, investment management, pension fund management and trustee services.
- o Insurance - This incorporates life insurance and insurance brokerage services.
- o Other operations of the Group include money remittance services, registrar and transfer agent services.

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

8. Fiduciary Activities

The Group provides custody, trustee, corporate administration, investment management and advisory services to third parties which involve the Group making allocation and purchase and sale decisions in relation to a wide range of financial instruments. Those assets that are held in a fiduciary capacity are not included in these financial statements. At 31 December 2008, the Group had financial assets under administration of approximately \$39,027,551,000 (31 December 2007 -\$37,889,976,000).

9. Acceptances, Guarantees, Indemnities and Letters of Credit

At 31 December 2008, the Group has made commitments for off-balance sheet financial instruments (acceptances, guarantees, indemnities and letters of credit) amounting to \$3,688,381,000 (31 December 2007 -\$4,963,706,000). There is an equal and offsetting claim against customers in the event of a call on these commitments.