Annual Report 2006

Contents

Our Vision & CORE VALUES

Vision

To make NCB, financially and operationally the strongest and most dominant financial institution in the Caribbean and one that follows international best in class governance practices.

Core Values

1. We hold a deep and abiding respect for each customer, every colleague in our companies, and all our shareholders
2. We commit to find the new, practical and innovative ways to make the term "excellent service" more relevant to each customer - every day
3. We commit to the relentless renewal of our enterprise through the constant training of our people at all levels
4. In our merit-based culture, individual reward and recognition will be a result of measured performance
5. We treat all competitors as noble, but we will compete fairly and vigourously to win.

BUILDING A BETTER JAMAICA

Notice of ANNUAL GENERAL MEETING

NOTICE is hereby given that the Annual General Meeting of National Commercial Bank Jamaica Limited will be held at the **Jamaica Conference Centre, 14 - 20 Port Royal Street,** in the parish of Kingston on Thursday, **January 25, 2007 at 3:00 p.m.** to consider and if thought fit pass the following resolutions:

ORDINARY BUSINESS

ORDINARY RESOLUTIONS

1. Audited Accounts

"**THAT** the Audited Accounts for the year ended September 30, 2006 and the Reports of the Directors and Auditors, circulated with the Notice convening the Meeting, be and are hereby adopted."

2. Election of Directors

(a) Article 97 of the Company's Articles of Association provides that one-third of the Board (except the Managing Director and Deputy Managing Director) or, if the number of members of the board is not three or a multiple of three, then the number nearest to one-third shall retire from office at each Annual General Meeting. The Directors retiring under this Article are **The Right Hon. Edward Zacca, O.J., P.C., Mr. Michael Anthony Lee-Chin, Mr. Herbert Ignatius Phillipps,** and **Dr. Nigel Andrew Lincoln Clarke** and being eligible, offer themselves for re-election.

The proposed resolutions are therefore as follows:

(i) **"THAT** Director, **THE RIGHT HON. JUSTICE EDWARD ZACCA, O.J., P.C.** retiring pursuant to Article 97 of the Articles of Association be and is hereby re-elected."

(ii) "**THAT** Director, **MR. MICHAEL ANTHONY LEE-CHIN**, retiring pursuant to Article 97 of the Articles of Association be and is hereby re-elected."

(iii) "**THAT** Director, **MR. HERBERT IGNATIUS PHILLIPPS**, retiring pursuant to Article 97 of the Articles of Association be and is hereby re-elected."

(iv) "**THAT** Director, **DR. NIGEL ANDREW LINCOLN CLARKE,** retiring pursuant to Article 97 of the Articles of Association be and is hereby re-elected."

(b) **MR. DENNIS GEORGE COHEN** was appointed a Director of the Company on April 01, 2006. Under Article 103 of the Company's Articles of Association, his appointment expires on the date of this Meeting and being eligible he offers himself for re-election.

The proposed resolution is therefore as follows:

"**THAT** Director, **MR. DENNIS GEORGE COHEN**, retiring pursuant to Article 103 of the Articles of Association be and is hereby re-elected."

3. Directors' Remuneration

(a) "**THAT** the Directors be and are hereby empowered to fix the remuneration of the Executive Directors."

(b) "**THAT** the total remuneration of all of the Directors combined, other than the Executive Directors, for the financial year of the Company ending September 30, 2007, BE AND IS HEREBY fixed at $18,030,000, which remuneration may include such share incentive scheme for directors, as may be determined by the Board.

4. Appointment of Auditors and their Remuneration

"**THAT** Messrs. PricewaterhouseCoopers, having signified their willingness to serve, continue in office as Auditors of the Company until the conclusion of the next Annual General Meeting, at a remuneration to be agreed with the Directors."

5. Resolutions in respect of any other business which can be transacted at an Annual General Meeting.

A Member of the Company, entitled to attend and vote, is entitled to appoint a Proxy to attend and vote in his stead, and a Proxy need not be a member.

If you are unable to attend the Meeting, a Form of Proxy is enclosed for your convenience. When completed, this Form should be deposited with the Secretary, at the Registered Office of the Company, "The Atrium", 32 Trafalgar Road, Kingston 10, Jamaica, not less than **48 hours** before the time appointed for the Meeting. The Proxy Form should bear stamp duty of **$100.00**, before being signed. The stamp duty may be paid by adhesive stamps, which are to be cancelled by the person signing the Proxy.

DATED this **14th** day of **DECEMBER 2006**

BY ORDER OF THE BOARD

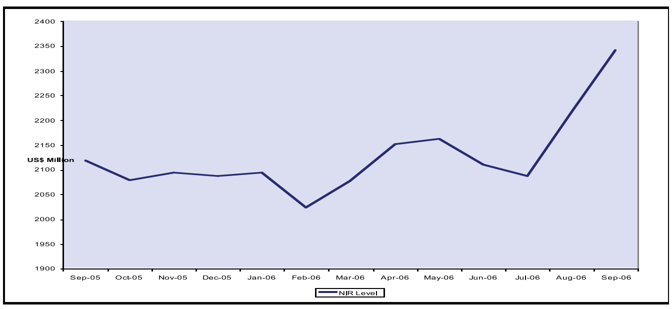
Jennifer Dewdney Kelly (Mrs.)
COMPANY SECRETARY

MACRO-ECONOMIC OVERVIEW

During the Group's 2006 Financial Year, the Jamaican economy continued to show resilience to shocks that had adversely affected economic performance. The cement shortage was one such shock which had a profound negative impact on the construction industry (with negative GDP growth in three consecutive quarters) and had disrupted normal operations of a number of satellite industries in the economy. Notwithstanding, the overall economy experienced relatively strong growth, estimated to be 2.4% for the period January to June 2006. The growth impetus emanated from both the services and goods producing sectors which were estimated to have grown by 2.9% and 1.1%, respectively.

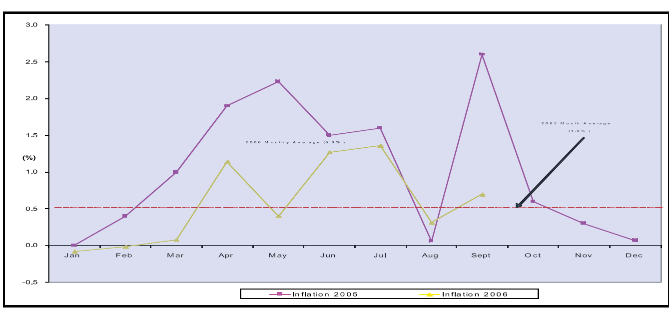
The performance of the economy was supported by a relatively stable foreign exchange market which had depreciated mildly by 2.3% between January and September 2006, despite the ongoing instability in the international price of oil. Additionally, buoyant foreign inflows from remittances estimated at US$1, 406 million, tourism estimated at US$1,425 million as well as exports estimated at US$811.6 million contributed significantly to the relatively stable environment in the foreign exchange market. Despite these inflows, there were intermittent upsurges in demand due to broker and end user transactions. The Central Bank, with a Net International Reserve of over US$2,342.0 million, intervened in the market by selling USD to satisfy the heightened end user demand. Against this background, relative stability was maintained in the market.

Net International Reserves (NIR) Level



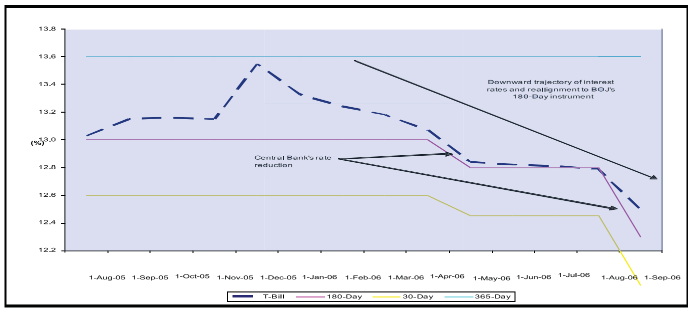
The mild depreciation resulted in a lower level of adjustment of domestic prices, consequently overall inflationary impulses were lower than anticipated and created an environment that was supportive of the loosening of the Central Bank's monetary policy stance. Between January and September 2006, inflation was 5.5%, 6.3 percentage points lower than the 11.8% recorded for the similar period of 2005. This resulted in lower purchasing power erosion for consumers, a more stable economic environment for planning as well as an overall lower inflation expectation, hinged on the high probability of a return to single digit inflation for the calendar 2006 year.

Inflation Trajectory



Buoyed by these developments, the Central Bank took the opportunity to eliminate its special deposit requirement which was imposed in 2003 during the near currency crisis to help stabilize the financial market, as well as, removed from offer its longer term 270-day and 365-day instruments. The former action resulted in an injection of J$1.6 billion into the financial system while the latter action forced investors to invest in instruments with alternative maturity length. The Central Bank also reduced the interest rate on its entire spectrum of open market operation instruments on three (3) separate occasions, effecting total reductions of up to 0.7 percentage points. Market interest rates (as measured by the Treasury Bill rates), responded to the Central Bank's actions as investors reduced their required rate of return by 1.06 percentage points. Consequently, market rates as at end September were 12.49%, the lowest rates have been in over 2 decades.

Movements in Selected Interest Rates



On the fiscal side, the Government was able to maintain its commitment to fiscal prudence that it had given during the tabling of the 2005/2006 Budget. Expenditure for the period spanning April to September 2006, showed significant tightening, being J$7.0 billion lower than the budgeted J$120.9 billion. The performance was as a result of lower expenditure in all areas (especially on capital projects) with the exception of Interest expense. On the revenue side, despite the government making strides in its revenue collection strategies, revenue intake over the six-month period under-performed the targeted amount of J$99.9billion by J$2.7 billion. The performance was within the context of lower intake from PAYE, Grants and Capital revenues. Despite the revenue shortfall, there was an improvement in the fiscal deficit relative to the budgeted amount, the deficit and loan amortization was financed by loan receipts.

The overall positive economic news was underscored by the affirmation of Jamaica's rating by the international rating firms, Standard & Poor's and Moody's. Both companies cited the Jamaican government's commitment to fiscal discipline and debt reduction, improving growth prospects underpinned by high foreign direct investments and political stability as the country's major strengths. However, they noted the risks as being the government's high debt burden, limited fiscal flexibility and the country's vulnerability to shocks.

Consumer and business confidence in the economy was also reflective of the overall positive and improving economic climate. Consumer confidence remained near record levels during the January to September period, however, business confidence was less optimistic but was still relatively high. The confidence and exuberance was not reflected in the equities market, which registered a decline of 18, 314 points or 17.5% and had an average price depreciation of 12.9% over the period.

GROUP FINANCIAL HIGHLIGHTS

FIVE YEAR STATISTICAL REVIEW

	2006 (J$'000)	2005 Restated (J$'000)	2004 Restated (J$'000)	2003 Restated (J$'000)	2002 Restated (J$'000)
Net Profit	5,486,625	4,468,542	2,978,045	2,830,499	1,478,407
Net Interest Income	11,778,136	10,713,444	9,603,098	6,757,882	4,282,614
Other Operating Income	6,194,634	5,815,035	3,398,973	4,271,679	2,349,312
Total Operating Income	17,972,770	16,528,479	13,002,371	11,029,561	6,631,926
Gross Operating Income	30,000,519	27,460,769	25,229,969	22,156,406	14,264,469
Operating Expenses	11,160,201	10,522,418	9,448,180	7,540,203	4,920,249
Total Assets	223,138,804	190,341,294	177,038,140	145,481,000	115,220,390
Net Loans	42,219,840	36,064,342	34,024,628	26,400,147	15,282,721
Customer Deposits	99,026,503	85,067,749	79,862,280	69,688,968	63,365,179
Dividends Paid	1,751,402	1,184,046	1,332,052	1,258,049	340,413
Paid Up Capital	2,460,720	2,460,720	2,460,720	2,460,720	2,460,720
Net Worth	24,589,987	21,213,463	17,145,002	12,664,241	11,971,477
PROFITABILITY RATIOS					
Return on Average Equity	23.96%	23.30%	19.98%	22.98%	12.93%
Return on Average Capital	222.97%	181.59%	121.02%	115.03%	66.68%
Return On Average Total Assets	2.65%	2.43%	1.85%	2.17%	1.34%
Cost to Income Ratio	59.87%	62.40%	69.42%	66.49%	76.79%
CAPITAL RATIOS					
Risk Based Capital Adequacy Ratio (Bank only) *	17.28%	19.08%	15.77%	21.01%	29.64%
Net Worth to Total Assets	11.02%	11.14%	9.68%	8.71%	10.39%
ASSET QUALITY RATIOS					
Net Loans to Total Assets	18.92%	18.95%	19.22%	18.15%	13.26%
Non-Perf. Loans to Total Loans	3.66%	4.27%	4.08%	5.26%	8.84%
Provision Coverage	144.72%	135.42%	154.27%	148.77%	134.74%
LIQUIDITY RATIOS					
Net Loans to Customer Deposit Ratio	42.63%	42.39%	42.60%	37.88%	24.12%
Net Loans to Borrowed Funds	51.92%	53.60%	62.10%	63.48%	74.45%
Liquid Assets to Total Deposits	42.35%	38.25%	38.42%	27.56%	22.82%
MARKET STATISTICS					
Share Price at Year End (JSE)	J$ 18.21	J$ 18.00	J$ 25.20	J$ 13.30	J$ 5.70
Share Price at Year End (TTSE)	TT$1.65	TT$1.90	TT$2.50		
Earnings per Share	$2.23	$1.82	$1.21	$1.15	$0.60
Price Earnings Ratio	8.17	9.91	20.82	11.56	9.49
Dividends Paid per Share	0.71	0.48	0.54	0.51	0.16
Dividend Yield	3.91%	2.67%	2.15%	3.84%	2.81%
Dividend Payout Ratio	31.92%	26.50%	44.73%	44.45%	23.03%
JSE Index at Year End	86,195.99	103,332.61	99,819.82	57,769.14	39,219.55
Inflation Rate (Year over Year)	6.49%	19.02%	10.46%	13.12%	5.91%

* This ratio represents the Bank's capital base to risk adjusted assets as prescribed by the Bank of Jamaica regulations. Risk weights are assigned to both on and off balance sheet items in determining the risk adjusted assets. The capital base is determined using Tier I capital (which consists of permanent statutory capital) and Tier II capital (which primarily consists of the general provision), and adjusted for prescribed deductions. Under these regulations, the overall minimum capital to be maintained in relation to risk assets is 10%.

Chairman's STATEMENT

MY FELLOW STAKEHOLDERS,

NCB's excellent performance this year reflects the commitment of each member of staff and the solid stewardship of our Board of Directors. I want to thank them all for their contribution. Last year, the Board challenged Patrick Hylton and his team to continue the growth that has characterized the organization over the last few years. This year's performance is solid evidence of their entrepreneurial spirit and the success that resulted from their rising to that challenge.

During the 2006 Financial Year there was relative stability and improvement in key economic indicators such as inflation and the exchange rate, while interest rates continued to edge downward. These factors underpin the success of the financial services sector, which, during 2006 continued to be highly competitive and dynamic, particularly in the area of wealth management. Our company continued to thrive only through keen focus on emerging core revenue opportunities, aggressive strategies to improve product and service delivery and an unwavering commitment to the development of our intellectual capital through training and organizational learning for our employees.

It was a year in which we concentrated on increasing the value of our company while balancing the need to ensure that our customers benefited from our financial strength, innovation and expertise. A review of the 2006 results indicates that we have delivered. However, there is still much to do. You can rest assured that our company will not become complacent, and that we will apply increased rigour towards becoming the first choice for financial services in Jamaica and the region.

No other institution offers a broader spectrum of financial products and services, which can be accessed through a multiplicity of channels, supported by service-driven professionals at all levels.

No other institution embraces innovation as we do, ensuring that our customers have the benefit of world-class offerings and best practices which allow them greater convenience and a wealth of choices.

No other institution has demonstrated its enduring commitment to Jamaica by investing in programmes which provide educational advancement and community development for thousands of Jamaicans, young and old.

March 2007 will mark five years since AIC assumed controlling interest in NCB. In this time I have proudly participated in charting a path of growth that has been achieved primarily through the capabilities of our employees, the loyalty of our customers and the philosophy of living our social mission to serve the communities in which we operate. I continue to have tremendous faith in our company, in our nation and its people. I thank all those who have contributed to our milestone achievement and pledge on behalf of the Board of Directors, our resolve to further solidify the image of NCB as a role model of true Jamaican success.

Michael Lee-Chin
Chairman

BOARD OF DIRECTORS

Seated (Left to Right)

Hon. Noel Hylton O.J., Hon. LL.D., C.D., J.P.
Chairman & President/
Chief Executive Officer,
Port Authority of Jamaica

Sandra Glasgow M.B.A., B.Sc.
Senior Vice President, Corporate Services,
University of Technology Jamaica

Aylmer Desmond Blades
Chairman & Managing Director, Musson (Jamaica) Limited

Back Row (Standing Left to Right)

Nigel Clarke D. Phil, M.Sc., B.Sc.
Chief Operating Officer,
Musson Group of Companies

Patrick Hylton C.D., B.B.A., A.C.I.B.
Group Managing Director, NCB Jamaica Limited

Donovan Lewis
Chairman, Ideal Group of Companies

Alvin Wint D.B.A., M.B.A., B.Sc.
Professor, International Business, University of the West Indies, Mona.

Thalia Lyn B.A.
Chief Executive Officer, Island Grill (Quick Service Restaurants)

Wayne Chen LL.B
Chief Executive Officer, Super Plus Food Stores
Chairman, NCB Insurance Company Ltd., West Indies Trust Company Ltd., CVM-TV Limited, NCB (Cayman)

The Rt. Honourable Edward Zacca O.J., P.C.
Retired Chief Justice

Michael Lee-Chin B.Sc.
Chairman, NCB Jamaica Limited
Chairman AIC Limited

Herb Phillipps Jnr., C.M.A., M.B.A., B.C.
Chief Executive Officer, HIPNET INC.

Dennis Cohen, F.CA, F.C.CA,B.Sc.
Deputy Group Managing Director, NCB Jamaica Limited

Michael Lee-Chin, B.Sc.
Chairman

Michael Lee-Chin is the Chairman of AIC Limited, the largest privately owned Mutual Fund Management company in Canada.

Mr. Lee-Chin is listed by Forbes Magazine as one the world's 500 wealthiest people. He has received several prestigious awards in the areas of business and community service including the 2004 International Humanitarian Award from the American Friends of Jamaica.

Aylmer Desmond Blades

Desmond Blades is Chairman and Managing Director of Musson (Jamaica) Limited, in addition to chairing other companies including T. Geddes Grant (Distributors) Limited, Lannaman's Holdings Limited, Stanley Motta Limited, Seprod Limited, Industrial Sales and Jamaica Detergents Limited. Other directorships include Facey Commodity Company Limited, Allied Stores Limited and Jamaica Feeds Limited. Mr. Blades also chairs the Credit Committee of the Board of NCB Jamaica Limited.

Wayne Chen, LL.B.

Wayne Chen is the Chief Executive Officer of Super Plus Food Stores, the largest retailer in Jamaica.

Mr. Chen is the Chairman of NCB Insurance Company Limited, West Indies Trust Company Limited, NCB (Cayman) Limited and CVM Television Ltd.

Nigel Clarke D.Phil., M.Sc., B.Sc,

Nigel Clarke is Chief Operating Officer of the Musson Group of Companies and is a director of Musson (Jamaica) Limited; Seprod Limited, Facey Commodity Company Limited and several other companies within the Musson Group. Dr. Clarke serves on the board of directors of NCB Capital Markets Limited and is a trustee of the NCB and Seprod Pension Funds. In addition, he is a Vice President of the Private Sector Organisation of Jamaica and a member of the Board of Governors of Munro College.

Dennis Cohen,F.CA, F.C.CA, B.Sc.
Deputy Group Managing Director

Mr. Cohen joined the NCB Group in 2004 as Group Chief Financial Officer and later assumed the role of Group Chief Relationship Officer. In April 2006 he was appointed Deputy Group Managing Director. Prior to joining NCB, Mr. Cohen gained invaluable experience at Citibank NA Jamaica where he served in a number of roles including Country Treasurer and head of Citibank's Relationship Management Group.

Mr. Cohen serves as a resource person for accounting issues relating to the financial sector. He is a director of NCB (Cayman) Limited, NCB Capital Markets Limited, NCB Insurance Company Limited, West Indies Trust Company Limited, Mutual Security Insurance Brokers Limited and United General Insurance Company Limited.

Sandra Glasgow, M.B.A, B.Sc.

Sandra Glasgow is the Senior Vice President, Corporate Services at the University of Technology, Jamaica.

She is the Chairman of the Board of Directors of the HEART Trust/National Training Agency and also serves as a member of the Boards of Directors of the National Export-Import Bank of Jamaica (EX-1M)and the Grace Kennedy Foundation. She has been a member of the Board of Governors of the World Association for Cooperative Education Inc. (WACE), since 1995.

Hon. Noel Hylton,
O.J., Hon LL.D. C.D., J.P.

Noel Hylton is the Chairman and President /Chief Executive Officer of The Port Authority of Jamaica.

Mr. Hylton chairs the Police Service Commission and serves on various boards including Jamaica Promotions Corporation (JAMPRO) and Air Jamaica Limited.

Patrick Hylton, C.D., B.B.A., A.C.I.B.
Group Managing Director

Patrick Hylton was appointed the Group Managing Director in December 2004, two years after joining NCB.

The wealth of his experience in all facets of the financial services industry led to him being named the Managing Director of FINSAC for five (5) years, where he had responsibility for the re-structuring and divestment of intervened financial institutions and the acquired assets, leading to the rehabilitation of the Jamaican Financial Sector in th mid 1990's.

He is the Vice President of the Jamaica Bankers Association and in addition to being a Director of NCB, Mr. Hylton sits on several boards including Jamaica Promotions Corporation (JAMPRO) and the Caribbean Information and Credit Ratings Services (CariCRIS).

Donovan Lewis

Donovan Lewis is the founder of the Ideal Group of Companies which includes: Ideal Finance Corporation Limited, Ideal Portfolio Services Company Limited, Ideal Betting Company Limited and Donwis Limited.

Mr. Lewis is Chairman of the NCB Staff Pension Fund and serves on the Audit Committee of the Board of NCB Jamaica Limited. He is a Director of AIC (Barbados) Limited, NCB (Cayman Limited) and United General Insurance Company Limited.

Thalia Lyn, B.A.

Mrs. Lyn founded and is presently CEO of the Island Grill chain of quick service restaurants, which has earned her innumerable awards in the field of entrepreneurship.

Mrs. Lyn is a Director of Jamaica Macaroni Factory, Patta Kake Bakers, Consolidated Bakeries, Port Royal Patties and Telegens Limited. She is Chairman of the NCB Foundation, and a Director of Mustard Seed Communities, St. Patrick's Foundation and United Way. In 2004 she was appointed Honorary Consul General of the Kingdom of Thailand.

Herb Phillipps Jnr., C.M.A., MBA, B.C.

Herb Phillipps is a certified Management Accountant with over 35 years experience in banking, mutual funds management, investment, finance and auditing, Mr. Phillipps has worked both in Canada and the United States with Canada's largest bank.

Mr. Phillipps is Founder and CEO of HIPNET Inc and a consultant to the AIC Group in Canada.

Alvin G. Wint, D.B.A., MBA, BSc.

Alvin G. Wint is Professor of International Business in the Department of Management Studies at UWI, Mona, where he served as head from 1997 to 2003. He holds a Doctorate in International Business from Harvard University. Professor Wint has written extensively in the areas of international investment policy and international competition. He has served as a consultant to the World Bank, Counselor to the Multilateral Investment Guarantee Agency and Expert Resource Person to the United Nations. He currently serves as Chairman of the Board of Directors of the Statistical Institute of Jamaica, and sits on the board of directors of Jamaica Producers Group, in addition to his service on the boards of several companies within the NCB Group.

The Rt. Hon. Edward Zacca, O.J. P.C.

Edward Zacca is one of Jamaica's legal luminaries and has had innumerable achievements in the area of Law. He was called to the Bar in 1954 and subsequently served as the Chief Justice of Jamaica from 1985 - 1996. Since 1984 he has presided over the Cayman Islands Court of Appeal and served as a member of the Judicial Committee of the United Kingdom Privy Council since 1992.

CORPORATE GOVERNANCE

National Commercial Bank Jamaica Limited has adopted Principles and Guidelines on Corporate Governance to guide the Bank and its subsidiaries ("The Bank") in the execution of its responsibilities.

The Bank has a code of business conduct which speaks to conformity with the law, ethics, proper use of assets, confidentiality, reporting requirements and avoidance of conflicts of interest. Members of staff and Directors are expected to be conversant with the said code and adhere to its tenets strictly. This code will also guide the governance of the Bank.

In adhering to the essential Principles of Good Corporate Governance we shall endeavour to:

- Lay a solid foundation for management and oversight
- Structure the Board to add value
- Promote ethical and responsible decision-making
- Safeguard integrity in financial reporting
- Make timely and balanced disclosure
- Respect the rights of shareholders
- Recognise and manage risk
- Encourage enhanced performance
- Remunerate fairly and responsibly
- Recognise the legitimate interests of stakeholders
- Ensure the quality and independence of the external and internal audit processes.

Board Responsibilities

To implement the aforementioned Principles, the Board will guide and monitor the business and affairs of the Bank to ensure that the interests of all its stakeholders are protected. The Board is therefore responsible for:

- General corporate governance of the Bank, which shall include supervising legal and regulatory compliance ensuring the adherence to high ethical standards, and realizing the Core Values of the Bank;
- Planning the general strategy and direction of the Bank, including formulating, monitoring and reviewing strategic, financial and operational plans;
- The appointment of the Managing Director and Deputy Managing Director, including the delegation of powers to these individuals within authorised discretionary levels.

In order to achieve these responsibilities the Board shall reserve to it and exercise the following powers:

- Reviewing the Bank's strategic plan annually;
- Approving the annual budgets;
- Reviewing financial results;
- Implementing and reviewing succession plans;
- Dealing with all matters which are not delegated to the Managing Director;
- Ensuring the identification and effective management of areas of significant business risk;
- Determining the terms and conditions of appointment and removal of the Managing Director;
- Establishing Board Committees wherever this would enhance its effectiveness in fundamental/strategic areas;
- Establishing targets for and evaluating the performance of the Managing Director;
- Reviewing Management compensation annually which shall be based on comparisons with industry norms;
- Reviewing Board compensation annually. Executive directors will not be entitled to separate compensation for their service to the Board;
- Evaluating the effectiveness of the Board;
- Delegating responsibility to a standing or ad-hoc Committee where necessary or appropriate.

Board Composition

- There should be a balance of independence, skills, knowledge, experience, and perspectives among Directors to allow the Board to work effectively;
- The appointment and retirement of Directors shall be governed firstly by the Articles of Association of the Bank and thereafter by any standards or criteria imposed by the Board or the Bank's regulators.

Board Disclosure of Interest

- Directors taking on other directorships shall disclose this to the Board;
- Where directors have interests that conflict with issues under discussion by the Board those directors should declare this and leave the meeting.

Independence

- A Director will meet the formal criteria for independence where he or she does not represent a substantial shareholding and where he or she is not a close relative of a significant shareholder or where he or she does not have an employment relationship with the Bank or its parent companies;
- All Directors of the Bank shall act independently and bring an independent mind to bear on matters coming before the Board;
- Directors shall notify the Board of any changes in status which will affect their independence, and once so notified the Board will conduct its own reevaluation of the said director's independence;

- The Board will ensure that it has access to professional advice, both inside and outside of the Bank in order for it to perform its duties.

Of the 13 Directors, 7 are independent.

Directors and Board Meetings

- The Board shall normally meet once every month and otherwise as required with the management;
- Directors shall attend Board and committee meetings and prior to such meetings review the relevant preparatory material;
- The non-management Board members may periodically meet in executive sessions in order to review appropriate topics;
- The Board shall conduct the orientation of new Board Members and ensure the continual training and professional development of all Board Members;
- Every Director is entitled to receive Notice of Meetings of Directors in accordance with the Articles of Association;
- The quorum for any meeting of the Board of Directors is 7;
- Non-directors inclusive of management may be invited by the Chairman to be present at Board Meetings;
- Directors are expected to attend annual general meetings of the Bank;
- The Board believes that confidentiality is essential to the deliberative process and therefore information and deliberation in Board and Committee meetings shall not be disclosed.

Committees

While the Board recognises that it is responsible as a whole for the oversight of management on behalf of the stakeholders, in order to do so more effectively the Board has established the following standing committees to assist in the execution of its responsibilities:

- Asset and Liability Committee;
- Audit Committee;
- Corporate Governance Committee;
- Credit Committee;
- Executive Committee;
- Investment Committee;
- Risk Management Committee;
- Search & Compensation Committee;
- Share Trading Policy Committee;
- Strategic Planning Committee.

Each Committee has its own terms of reference.

Each Committee will generally report to the Board at the next scheduled Board Meeting after a Committee's meeting by providing copies of the minutes of the said Committee meeting to the Board. Each Committee shall be afforded an opportunity to present to the Board Meeting on any pertinent issues arising from the execution of its responsibilities.

The Board will annually review the membership of each Committee, and make any necessary changes based on committee requirements, director availability, interest, and experience as well as any legal or regulatory qualifications that may be applicable to the specific committees.

TERMS OF REFERENCE FOR AUDIT COMMITTEE

(Meetings are held quarterly)
(Quorum: 2)

Membership

The Audit Committee shall consist of at least three and no more than six members of the Board of Directors. All members of the Committee shall be non-executive and the majority independent. The Chairman and members are appointed by the Company's Board. Each member of the Committee shall be financially literate, as defined by applicable regulation and the Board of Directors. At least one member shall have expertise in financial reporting.

Prof. Alvin G. Wint, Chair
Dr. Nigel Clarke
Mrs. Sandra Glasgow
Mr. Donovan Lewis
Mr. Herbert Phillipps Jnr.

Mr. Ian Dawkins, Group Chief Internal Auditor - Secretary

By Invitation:

Group Managing Director
Deputy Group Managing Director
Group Chief Financial Officer
2 representatives from the Bank's Auditors
Such other General Manager/person as the Committee may from time to time see fit to invite.

In accordance with the requirements of the recently amended Stock Exchange Listing Agreement that the majority of Committee members should be identified by the Board as independent, the Board has identified the following directors as independent:

Prof. Alvin Wint
Dr. Nigel Clarke
Mrs. Sandra Glasgow

Functions

The Audit Committee assists the Board in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control over financial reporting, the audit process and the company's process for monitoring compliance with laws and regulations and the Code of Conduct.

The Committee reviews the company's financial statements, prior to same being referred for the Board's approval, and liaises as necessary, with the external auditors.

The Audit Committee has authority to conduct or authorise investigations into any matters within its scope of responsibility.

The Committee meets at least four times a year with authority to convene additional meetings as circumstances require.

FELLOW STAKEHOLDERS:

In our last Annual Report to you, we outlined five strategic objectives which the management of your company has set out to achieve over the next five years, starting in 2006. These are to:-

1. **Recruit, develop and retain high quality and EMPOWERED EMPLOYEES**
2. **EXCEED CUSTOMER EXPECTATIONS consistently in our chosen segments and markets**
3. **EFFICIENTLY RUN OUR BUSINESS across all delivery channels, with the use of superior business processes and IT systems**
4. **EXPAND REVENUES by increasing our range of profitable financial service offerings, locally and overseas**
5. **ENGAGE IN NATION BUILDING.**

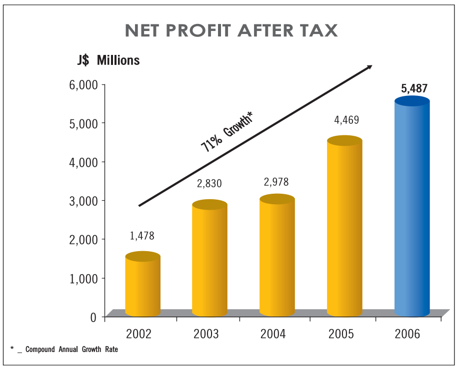
We dubbed these as the 5 E's and during the 2006 Financial Year I was very proud to lead the 2,000 plus NCB employees as they worked tirelessly within the context of these objectives, in our branches, subsidiaries and support units right across the organization. The collective effort led us to record another year of impressive growth, even while we faced intense external competition as well as challenges from pursuing ongoing improvements towards internal efficiency and service delivery. Our profits rose by 23% to $5.5B as a result of continued growth in operating income and tight cost control. We are confident about our strategy and have continued to concentrate our efforts on delivering superior performance.

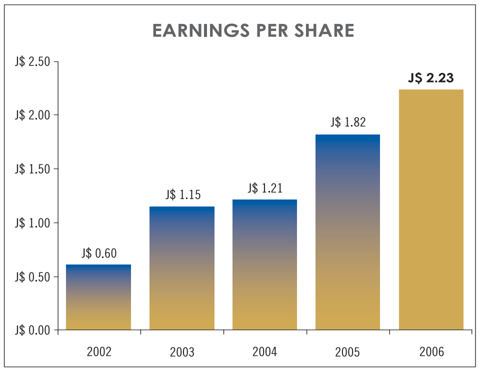
Group Managing Director's REPORT

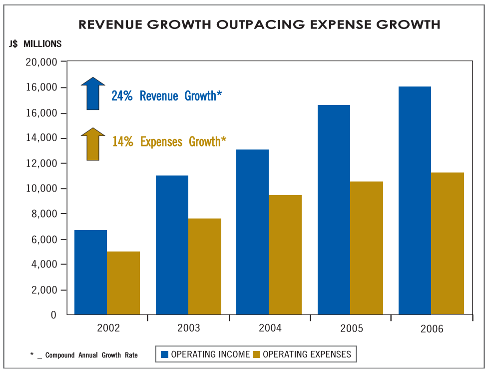
FINANCIAL REVIEW

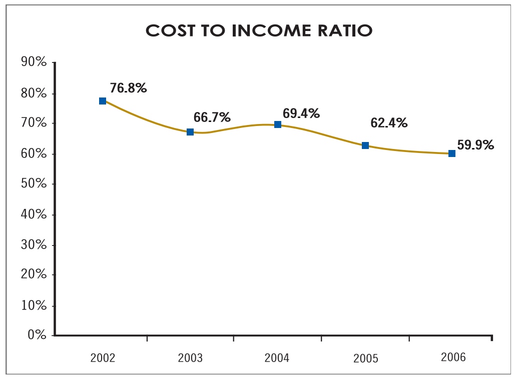
OVERALL PERFORMANCE

We generated record profit in the 2006 financial year by focusing on the right things: empowering employees, exceeding customer expectations, running our business efficiently and expanding revenues. We improved our overall financial performance, recording a 23% increase in net profits which rose to J$5.5 billion. These results highlight the benefits of our continuous strategy to be customer centric, improve core revenues, ensure operational efficiency throughout the Group and diligently focus on prudent risk management procedures.



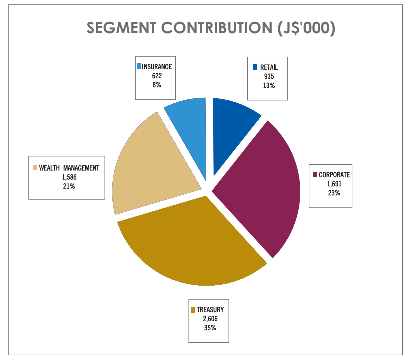


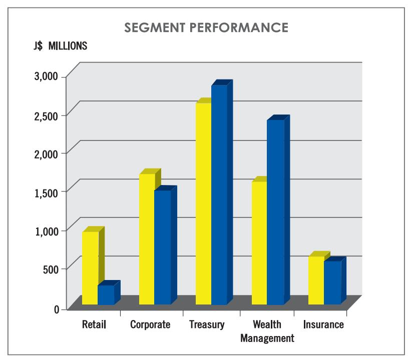




CORE OPERATIONS

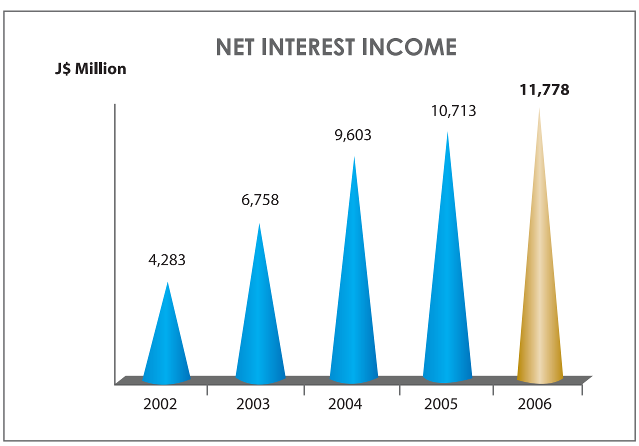
We have leveraged our strengths and our brokerage and insurances businesses have capitalised on the opportunities provided by our extensive network. Our skilled relationship managers and financial advisors continue to provide products and services that exceed our customers' expectations. Our diversified business mix provides a steady revenue stream in a challenging environment with banking operations contributing over 67% of external operating income. In line with our strategy to grow core revenue, the Retail Banking division now contributes 13% of the group's operating profit, a whopping 333% increase when compared with its 2005 contribution of 3%, while our Corporate Banking division's contribution to group operating profit rose to 23%, compared with its 2005 contribution of 20%. Our Treasury & Correspondent Banking division skilfully managed the Bank's investment portfolio and funding needs and the reduction in the contribution from the group operating profit from 38% in 2005 to 35% in 2006 is a reflection of our efforts focused on retail and corporate segments, our core banking businesses. Our Insurance segment also improved its contribution to the group's operating profits, moving from 7% to 8%. The 2005 revenue for the Wealth Management segment include a loan recovery of $610M which was a one-off transaction. When contributions from core activities for 2005 and 2006 are compared, the Wealth Management segment is reporting a 13% increase over prior year's profit.





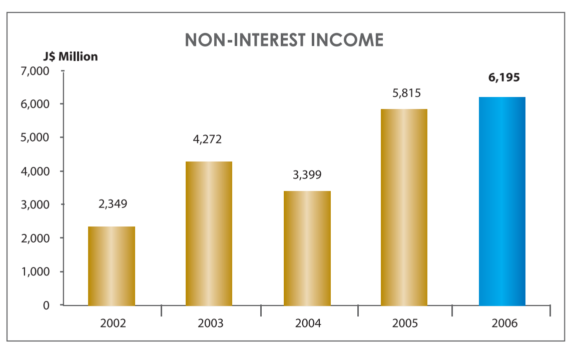
NET INTEREST INCOME

During the 2006 financial year, the Group's net interest income increased by J$1.1 billion or 10% primarily due to expert management of our interest rate gaps. This was complemented by a continuous increases in the Group's total earning assets, which closed the year at J$326 or 18% over the prior year.



NET INTEREST INCOME

Other income which comprises mainly our fee & commission income and trading income, grew to J$6,195 million or 7% above the previous year's earnings. The major source of growth relates to the increase in our gross fee and commission income which closed the financial year at J$4.0 billion or 34% better than the gross fee and commission income achieved during the 2005 Financial Year. Net trading income also performed admirably during the 2006 Financial Year, increasing by J$30 million over the performance during the 2005 Financial Year.



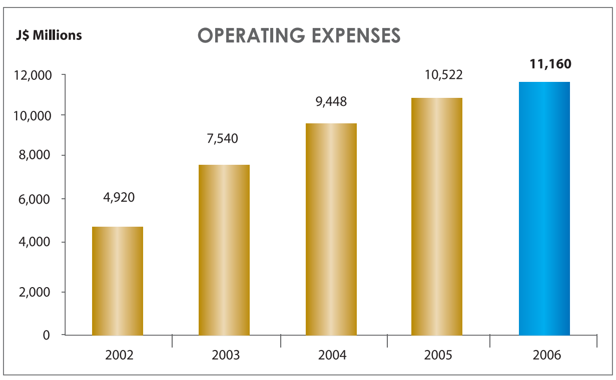
OPERATING EXPENSES

The Group's productivity ratio improved to end the financial year at a record low of 60%, highlighting the emphasis placed on cost control during the financial year.

Staff costs, which account for 53% of total operating expenses, increased by J$291 million or 5% over the 2005/2006 financial year. The award of a 10% salary increase related to the financial year ending September 2006 contributed significantly to the increase in staff costs but this was partially negated by a J$232 million reduction in the termination benefits when compared to the benefits paid during the 2004/2005 financial year. The net profit per employee was J$2.1 million, an increase of 23% over the per capita profit in 2004/2005.

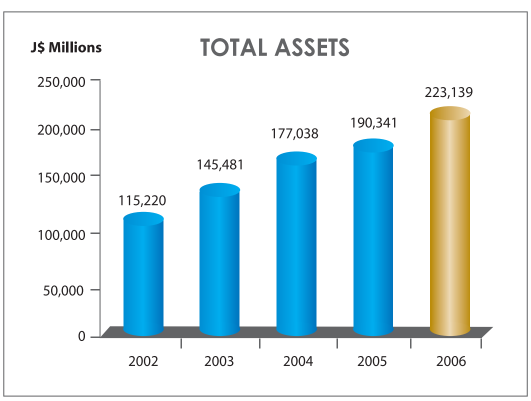
Our loan loss provision of J$156 million for the 2006 Financial Year was $184 million higher than the J$28 million net recovery during the 2004/2005 financial year. As at September 30, 2006, NCB's non-performing loans represent 3.7% of gross loans compared to 4.3% as at September 30, 2005.

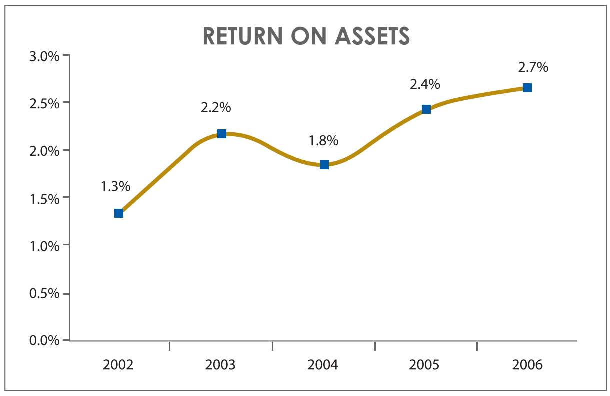
During the 2006 Financial Year, the NCB Group recognised an impairment loss of J$244 million related to its investment in Supreme Ventures Limited. This investment was as a result of an underwriting commitment on the initial public offering for that company. The difference between the cost and the fair value of the investment as at 30 September 2006 was booked as an impairment loss.



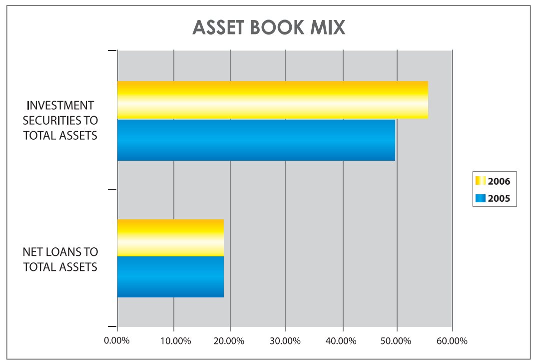
ASSET PERFORMANCE

The total asset base of the Group increased by J$33 billion or 17%, moving from J$190.3 billion as at September 30, 2005 to close at J$223.1 billion. The asset growth was funded mainly by increases in customer deposits, repurchase agreements, securitisation agreements and retained earnings.

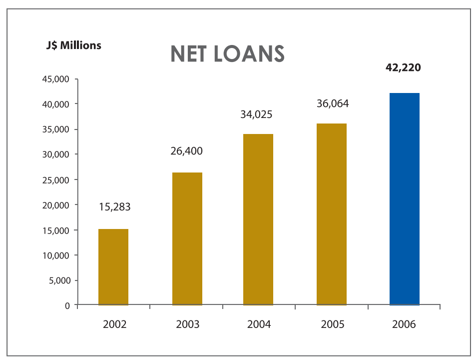


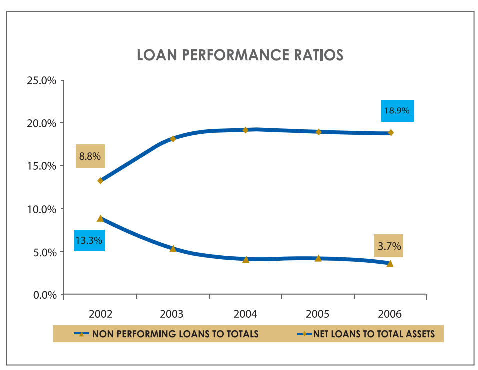


The major increases in the asset base of the Bank were from Investment Securities which grew by 30% to J$123.8 billion while Reverse Repurchase Agreements decreased by 19% to close the financial year at J$23.0 billion. These securities are held primarily to meet the Bank's statutory liquidity requirements and also to maintain the operating liquidity levels required to ensure the Bank is able to effectively respond to market swings.

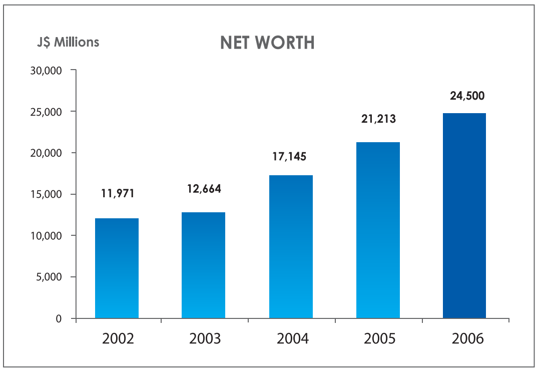


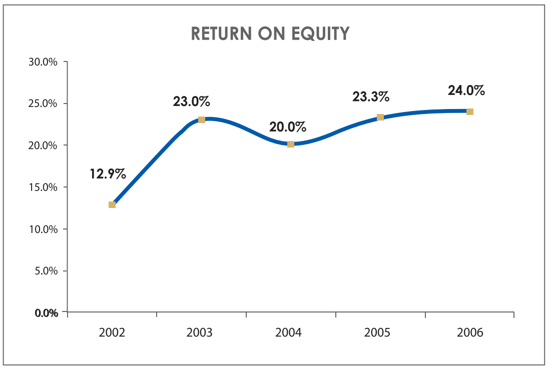
Loans & Advances increased by J$6.2 billion or 17% and the aggregate amount of non-performing loans amounted to J$1.61 billion compared to J$1.60 billion as at September 30, 2005.





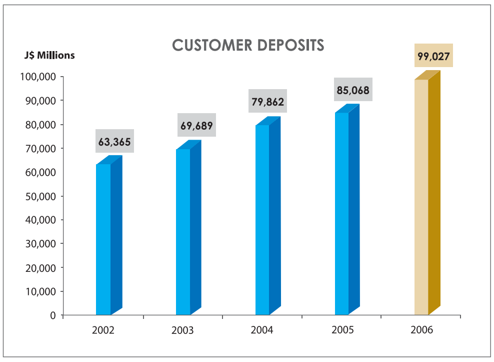
Provisions for loan losses are considered adequate and are continually evaluated due to the uncertainty of market conditions. The provision for credit losses of J$2.3 billion represented 145% of non-performing loans, compared to 135% as at September 2005. The difference between the statutory provision for credit losses and the International Financial Reporting Standards (IFRS) provision is credited to a non-distributable reserve - Loan Loss Reserve. The balance in the Loan Loss Reserve was J$253 million as at the end of the 2006 financial year. The Bank's provisioning policy is in compliance with Bank of Jamaica regulations.





FUNDING

Despite the availability of alternate investment options to our customers, including Government of Jamaica securities and corporate paper, we achieved a 16% increase in our customer deposits at 30 September 2006; we closed the year with customer deposits of $99 billion. This growth in our deposits underscores the continued public confidence exhibited in the Bank. We will continue to focus our efforts on garnering more deposits while ensuring that we also provide alternative investment opportunities through our subsidiaries.



During the 2006 Financial Year, we were able to further diversify our funding mix by raising an additional J$10.6 billion through our credit card and diversified payment rights securitization arrangements.

Despite the falling interest rate environment, policyholders' liabilities increased significantly by J$2.9 billion or 32% to close the 2006 Financial Year at J$12.0 billion.

CAPITAL

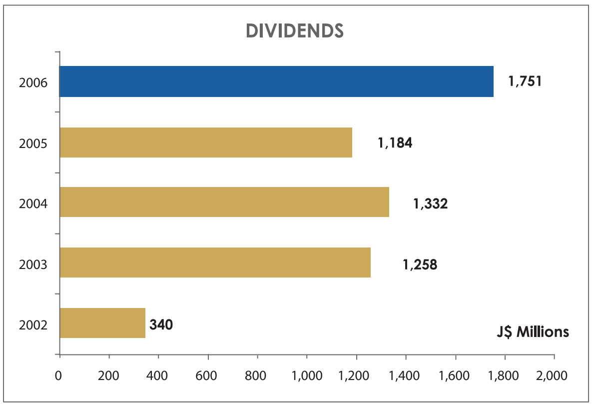
The Group's total stockholders equity as at the end of the 2006 Financial Year was J$24.6 billion, an increase of J$3.4 billion or 16% when compared to the stockholders' equity as at September 30, 2005. National Commercial Bank is well capitalized as evidenced by the international benchmark of capital adequacy; the Risk-based Capital Ratio was 17% at September 30, 2006 and exceeds the recommended ratio of 10%. The Bank's statutory capital base as at September 30, 2006 was J$13.4 billion.

DIVIDEND POLICY

We have maintained quarterly dividends payments in line with the earnings trend, while ensuring that sufficient capital is maintained to protect customer deposits and manage the growth of the banks' business. The dividend payout ratio, which is computed as the gross dividends paid, expressed as a percentage of the net profit after tax was 31.9% compared to 26.5% for the 2005 financial year.

Dividends per share rose to J$0.71 in 2006, a 48% increase over the 2005 Financial Year level of J$0.48. Total dividends paid to stockholders in this 2006 Financial Year totaled $1.8 billion, which was an increase of J$567 million over the previous year's gross payout.

The share price as at September 30, 2006 was J$18.21 per share and this resulted in a dividend yield of 3.90%.



On December 15, 2005, the NCB Board of Directors approved the following dividend policy of the bank:

"The Board of Directors will declare, at its discretion, dividends to shareholders. These dividends will be paid from the realized earnings of NCB Ja. Ltd. The dividends will be subject to a maximum of 50% of the ordinary realized profit earned each year and will be applied after taking account of all transfers. In the event that the payout is less than 50% in any one year, the Board of Directors reserves the right to increase future distributions proportionately.

Further, the Board, at its discretion, may distribute to its shareholders the full amount of any and all realized gains arising from non-recurring or extraordinary transactions."

RISK MANAGEMENT

Our business exposes us to certain types of risk including credit risk, market risk, liquidity risk and operational risk. NCB's risk governance framework has been structured around the main objective of preserving and maximising shareholder value. Our risk management strategy is supported by four main components: our business units; our independent risk management function; internal audit and compliance units; and our risk committees.

Our business units are responsible for identifying, acknowledging, quantifying, mitigating and managing all risks. We believe that our management processes, structure and policies allow us to place the ownership and accountability of risk with the business units, since they are intimate with the changing nature of risks and best able to act on our behalf in managing and mitigating those risks.

Our risk management function proactively works with the business units and senior management to ensure we have a continuous, strategic focus on key risks and emerging trends which may change our risk oversight. All business units are managed within the approved risk limits set by the risk management function which has an objective view of our risk-taking activities.

The Internal Audit Division is an independent and objective unit within the Group, providing a reasonable assessment of our internal control environment which includes our management systems, risk governance, and policies and procedures. The reviews carried out by the Internal Audit Division are designed to provide assurance that resources are safeguarded, and that managerial information is complete, accurate and reliable. The Compliance Unit has responsibility for ensuring our actions comply with our business policies and procedures and applicable laws and regulations.

The risk committees provide a mechanism to bring together the many perspectives of our management team to discuss risk issues, monitor risk-taking activities and to evaluate specific transactions and exposures. All risk committees ultimately report to the Board of Directors and they are charged with monitoring the direction and trend of risks relative to business strategies, market conditions and other external factors.

[The various types of risk are defined within the risk notes of the Financial Statements]

BANKING

RETAIL BANKING

Our retail banking segment recorded impressive growth in profitability due to expanded product offerings, improved fee management and increased emphasis on the Small & Medium Enterprise (SME) customer segment, while driving initiatives to contain costs and to improve service delivery.

Retail Lending

There was a 43.5% growth in the retail loan portfolio arising from new and revised product offerings such as the NCB Special Summer Loan, NCB Salary Advantage Auto Loan, NCB Merchant Advance and NCB Business Grow. The loans to the SME segment accounted for a major portion of the portfolio increase.

The Bank successfully implemented a US$5M guarantee facility with the USAID which enabled the design and introduction of a special credit facility for businesses called the NCB SME Development Access Facility.

Deposits

In the area of deposits, a 7.4% growth was achieved in the Jamaican dollar current, savings and foreign currency portfolios due to increased emphasis on bundled packages that offered value-added services to account holders. Going forward, we will intensify our efforts to drive the volume of deposits in key customer segments through unique product offerings, especially as interest rates continue to trend downwards.

Electronic Banking

We continued to expand our electronic banking services during the 2006 Financial Year. The number of NCB ABMs increased by twenty-five (25) and NCB dominated with its share of transaction volumes across the Multilink network for local financial institutions.

Our internet banking and telephone banking (IVR) services continued to provide customers with convenient 24-hour access and the ability to save on banking fees by doing routine transactions online or via telephone instead of in branches.

We also made further progress in expanding our e-Commerce service offering to major collection agencies such as the Inland Revenue and Customs departments of the Government. Through our e-Commerce platform, online payment of taxes and duties are facilitated. Institutions such as the University of the West Indies also benefited from the introduction of the NCB e-Commerce solution which enables students to pay tuition fees online.

Card Services

During the 2006 Financial Year, our product innovation was demonstrated with the introduction of the mobile Point-of-Sale machine that allows merchants to collect payments for goods and services more easily and cost-effectively. We increased our card merchant base by over 10% and in doing so, we maintained NCB's leading market share in the number of POS machines. NCB has the enviable position of offering merchants the only machine (UNISOL) that accepts ALL major credit cards, including NCB's proprietary card, Keycard.

A major business development was the design and launch of the first credit card receivables securitization loan product in Jamaica – the NCB Merchant Advance. With this facility, merchants who have NCB POS machines can access unsecured loans for working capital or business expansion at competitive rates and flexible repayment terms.

In the area of Card Issuing, our business performance improved commendably arising from our concentrated efforts to expand the NCB cardholder base and to improve the benefits and features on existing cards such as the NCB Lovebird Keycard. We now proudly serve over 85,000 cardholders.

International Business

The Bank signaled its intention to strategically increase its share of the Jamaican Diaspora market with the establishment of an International Business Division during the 2006 Financial Year. Through appropriate leveraging of the NCB brand, banking, investment and remittance services are being positioned to meet the needs of Jamaicans living overseas. We expect to see continued growth in this area in keeping with our overall objective to widen NCB's presence outside of Jamaica.

NCB CAYMAN

NCB (Cayman) Limited, situated in Georgetown, Grand Cayman is the offshore banking subsidiary of National Commercial Bank Jamaica Limited. The subsidiary's core business lines include banking and incorporation of Cayman Islands companies.

Net income increased by 36% to a record US$1.6 million (J$96 million) while the cost/income ratio decreased from 41% in 2004 to 36%.

NCB Senvia Limited, a wholly owned subsidiary of the Company, established to offer money transmission services to the many Jamaicans living and working in the Cayman Islands, has been well received by the local community and is on a path of steady growth.

TREASURY & CORRESPONDENT BANKING

The area of Treasury & Correspondent Banking continued to be a significant contributor to the Group's revenues during the financial year under review, executing responsibilities for liquidity and derivative management, correspondent banking relationships and foreign currency trading services. In March 2006, we successfully raised US$100 Million overseas via the securitization of Diversified Payment Rights, which increased our source of funds for lending and investing purposes and established NCB credit in the international capital markets.

In the area of foreign currency trading, NCB's role as a dominant player remained evident as we worked to ensure our customers benefited from timely foreign currency transactions and deals to meet various needs at competitive prices . As a result of our consistently high performance in this area, NCB was named the "Best Foreign Exchange Bank" in Jamaica by the international publication, Global Finance.

CORPORATE BANKING

Despite an intensely competitive environment, our corporate banking business remained a solid performer, contributing over $4.3B to the Group's revenues in the 2006 Financial Year. Our team of expert corporate financing professionals was successful in arranging major deals in the Tourism, Construction and Energy sectors. The Bank also sought to deepen its relationships with noted international financial institutions which facilitated better syndication of deals and structured arrangements in order to meet the needs of large corporations.

With the aim of expanding our offerings and services to customers in this segment, our IT platform was harnessed to successfully provide a Hotel Interface e-business solution for the Half Moon Bay. This solution negates the need for a POS machine to accept payments by hotel guests, adding to increased efficiency and less administration. This, coupled with a committed business partnership spanning a number of years, resulted in the hotel presenting us with a Corporate Partner Award for 2006.

BUSINESS SUPPORT

NETWORK OPERATIONS & INFORMATION TECHNOLOGY

In the area of Information Technology, we embarked on an extensive restructuring exercise in order to improve operating systems development, information security and technical support for critical online applications. These initiatives were designed to help improve our Disaster Recovery capabilities. Our operating system stability and the uptime for core business applications continue to receive our priority attention.

The Bank led the industry in terms of scope, rules and procedures for the new payment system evolving under the new Automated Clearing House (ACH) system. The value-added that we brought to the project resulted in the Bank of Jamaica requesting NCB to lead the working group on retail payment systems reform that will be a significant portion of the national payment system.

The implementation of cash management forecasting tools enabled us to improve efficiency and reduce costs.

INFRASTRUCTURE IMPROVEMENTS

Being the main gateway for distribution of the Group's products and services, we continued our focus on improving the working environment and physical layout in our branches and two major refurbishing projects completed in the year were at our branches located at Lucea and at University of the West Indies.

With the aim to integrate all learning and development initiatives, the Staff Training Centre was remodeled to achieve this goal. There was also the construction of a new learning area to facilitate the delivery of programmes to stimulate learning and early childhood development at the Augusta Payne Nursery.

TRAINING & HUMAN RESOURCES

In order to achieve the objective of ensuring effective development of our employees, the division with responsibility for training and human resources embarked on first enhancing their internal competencies and thereafter launching a successful re-branding campaign – Changing the Face of HR – which focused on repositioning the division from an administrative function to that of a strategic business partner. A first step in this direction was the development of a HR Customer Value Chart which established a guiding philosophy for service delivery.

Major initiatives during the period under review included a comprehensive review of existing policies, the development of new policies on diversity and sexual harassment and a data clean of employee records.

A Memorandum of Understanding (MOU) was executed with the International Labour Office and the United States Agency for International Development (ILO/USAID) for a workplace HIV/AID's Education Programme; aspects of this MOU have been implemented, with others being pursued.

A virtual learning community where employees can now learn and share knowledge was created in 2006. This resulted in the successful launch and operationalization of the NCB eCampus which incorporates e-library, e-books and e-learning. Whilst the offerings of NCB's Institute of Leadership and Organisational Development (ILOD) continued, a comprehensive review of its structure and modus operandi was undertaken with resulting recommendations to amend the structure for strategic alignment to the business needs.

The application of technology solutions during the past year resulted in the achievement of cost reduction in the area of accommodation, traveling and stationery associated with training and this ultimately resulted in improved efficiency.

As we recognized the potential impact of employee morale and loyalty on the business performance, we continued to scan the global landscape to identify opportunities to introduce best practices, policies and programmes aligned to our vision of being the Employer of First Choice.

COMPLIANCE & RISK MANAGEMENT

We lifted the level of awareness of Anti-Money Laundering/Counter Financing of Terrorism (AML/CFT) matters and AML/CFT Policy requirements. Training was conducted for employees on these topics and this resulted in approximately 90% of employees completing the on-line AML/CFT Quarterly Refresher Training in September 2006.

As the area of delinquency management became increasingly more difficult, new strategies were developed and initiatives undertaken to extract the necessary compliance as they became necessary.

NCB CAPITAL MARKETS LIMITED

The past financial year was marked by several rewarding milestones for NCB Capital Markets. In July 2006, the company was listed on the Jamaica Stock Exchange after a successful issue of Preference shares. Structured and managed by our in-house Corporate Finance team, the offer raised more than $300 million and was oversubscribed by 16%, indicating that our fellow Jamaicans have great confidence in the future of the company.

We are also very pleased to report that NCB Capital Markets ended the 2006 Financial Year with an after tax profit of $1.2 billion. While this is $678.85 million less that than the $1.9 billion posted last year, it is an admirable performance whithin the context of falling interest rates, aggressive competition from both traditional and non-traditional sources and a weak equity market. Excluding the one-off gain from a loan recovery in the previous year and the impairment loss in the current year, the core profits for this year reflect an increase of $175.1 million or 13.4%. This performance is a reflection of the Company's ability to adapt to the current declining interest rate environment by growing other income streams and contracting expenses.

Additionally, we are extremely proud to hold the enviable position of leading stockbroker on the Jamaica Stock Exchange indicated by volume and value - a position we have relinquished only once in 6 years.

Operating Expenses

There was an aggressive drive to control expenses, resulting in a 32% reduction of this cost. However, total operating expenses closed the year at $135.6 million, 16.4% higher than the previous year, due mainly to a provision of $244.3 million for the impairment of the investment in Supreme Ventures Limited (SVL). The SVL shares were acquired by the Company in February 2006 under an underwriting commitment, when SVL's public offer was under-subscribed in January 2006.

Strategic Formula

Our performance is indicative of a solid business model and effective execution of our strategic formula of

(People + Processes) 2 + Customer = Stakeholder Value.

- **People**
  We continue to invest in developing a team of highly qualified, proficient employees who are committed to the satisfaction of our clients and the enhancement of our company. This commitment remains for the upcoming financial year as we recognize that our greatest assets are happy, well-trained employees.

- **Processes**
  By streamlining our operational processes, we were able to contain our costs, and improve our efficiencies, contributing significantly to the 32% reduction in costs previously mentioned.

- **Customer**
  We focused on fine tuning our sales/customer service model. Client Relations Officers (CROs) were deployed across 22 locations island-wide,

Emphasis will also be placed on developing products and services that are geared towards helping our growing client base meet their wealth objectives and identifying lucrative sources of diversifying our income streams. We also anticipate strong demand for our Corporate Finance Services, as companies become more open and aware of the fund raising opportunities in the capital markets.

Financial Highlights October 2005 – September 2006

	2006 (billions)	2005 (billions)
Total Funds under Management	$52.2	$47.2
Profits after tax	$1.235	$1.914
Capital Base	$6.799	$5.531

WEST INDIES TRUST COMPANY LIMITED

The 2006 Financial Year has been one of growth and development for the pension services offered by the West Indies Trust Company Limited. With a shifting regulatory environment, new opportunities have arisen in addition to new challenges. In the final analysis, our pension services emerged from 2005/06 in a stronger position than that which obtained in 2004/05.

A major success for the year was the implementation of Phase I & and the almost complete Phase II of the Pension Administration system, PX3000 which has begun to enable the Company to raise the standard of the service delivered. Coupled with the implementation of a new pension administration system the

Company embarked on a major pension administration, investment management and accounting review and re-engineering exercise. With the recommendations which will arise from the Pensions Process Review project, it is expected that further efficiencies will be created which includes the implementation of a new Investment Management System.

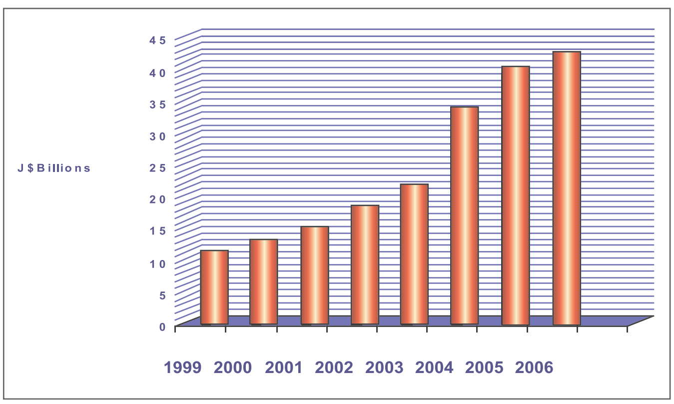
Client Services

In order to increase transparency and clearly separate the functions of the company from the functions of the Trustees, WITCo served notice to the sponsors of the relevant schemes of its intention to cease operating as Corporate Trustee.

Improvements in the customer service delivery process were vigorously pursued in 2005/06. Significantly the company was able to establish a meeting schedule with its Trustees with the aim of improving the flow of information from the company to the schemes. It is expected that this will create a stronger relationship.

WITCO continued to consolidate its position in the competitive pensions industry achieving a growth in assets under management of 15%, and fund value of $43.52 billion by year end. This performance was achieved against the background of the continued decline in rates in the fixed income market and a less than robust stock market performance and the loss of $2.6 billion in funds under management due to wind-up of one of our Pension Schemes. With an astute Business Development Team this was mitigated to a large degree by the acquisition of new business at a valu of $1.7 billion.

VALUE OF ASSETS MANAGED AT SEPTEMBER 2006



This was due to WITCO's successful leveraging of its strength in the segregated pension funds market to attract new business and also the prowess of the investment management team which successfully out performed all bench marks established for the various asset classes.

The Client Management Team continued to focus on improvement in the customer experience with the implementation an expanded trustee meeting schedule and an improved membership education program. This resulted in a higher level of awareness of pension issues among our stakeholders and facilitated the transition into the new governance and regulatory regime arising from the passage of the pension regulations in March 2006.

A Pension Education Seminar titled *Pension Trusteeship: How to successfully manage your role in a regulatory environment* hosted by WITCO in February 2006 was attended by over 250 trustees, plan members and industry players. Key note presenter was Robin Ellison a leading Pension Attorney from the UK supported by presentations from the Financial Services Commission (FSC) and other local pension experts.

The transition planning team at West Indies Trust Company intensified their activities during the year, working extensively with the trustees, plan members and the regulators to complete the registration process for trustees and pension funds. As a consequence all of our Clients' applications were submitted to the FSC by the deadline date of September 29, 2006.

NCB INSURANCE COMPANY LIMITED

NCB Insurance Company Limited had a successful financial year. For the twelve month period ending September 2006 the Company's Total Income grew 39% from $1.5 billion to $2.1 billion. Net Profit after Tax surpassed prior year by 103% (before IFRS4 restatement), total assets grew 39% to $13.9 billion and investments grew 34% to $12.3 billion. Return on Average Equity was 34% and Return on Asset 3.49%. The Company's Minimum Continuing Capital Surplus Ratio, the test of solvency of the Insurance Industry, moved from 378% to 561% far surpassing the regulatory benchmark standard of 150%.

	Actual $'000	Re-Stated Prior Year $'000	Growth Over Prior Year
Total Income	2,138,926	1,534,225	39%
Profit After Tax	422,761	*391,318	8%
Risk Premium Income	385,495	23,912	1512%
Net Investment Income	1,574,640	1,351,752	16.5%
Return on Equity	34.12%		
Return on Assets	3.49%	4.30%	
MCCSR	561%	378%	

*The 2004-05 Profit after Tax was $208 Million before the IFRS 4 adjustment

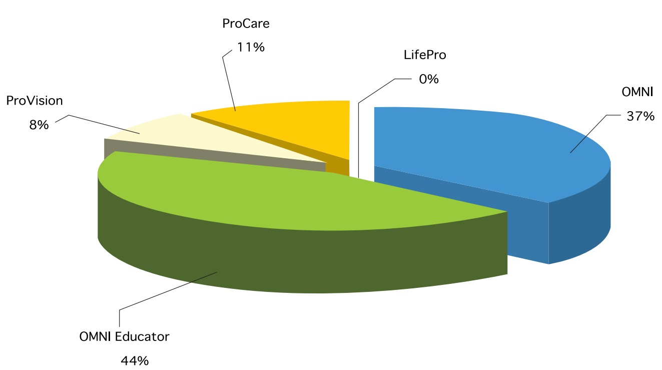
The growth in Premium Income from $23 Million in 2005 to $385 Million in 2006 reflected the outstanding performance of new products and the Company's success in diversifying its revenue streams. With this diversification, the Company's income will become less vulnerable to falling interest rates. OMNI the flagship product of NCB insurance was the major contributor to the Company's earnings from Net Investment Income. In spite of the challenges selling OMNI in an environment of falling interest rates, the Company increased its Net Investment Income by 16.5%.

INDIVIDUAL LIFE SALES

The Company recorded an increase of 37% in new individual premium sales achieving $2.6 billion from $1.9 billion in prior year. 10,581 new policies were sold, an increase of 35% over the previous year. OMNI, Jamaica's favourite financial product accounted for 81% of new policy sales.

Our recently introduced ProVISION and ProCARE products accounted for 19% of the new policy sales of the Company.

NCBIC Product Mix - No. of Policies Sold
Year-to-Date (October 2005 - September 2006)

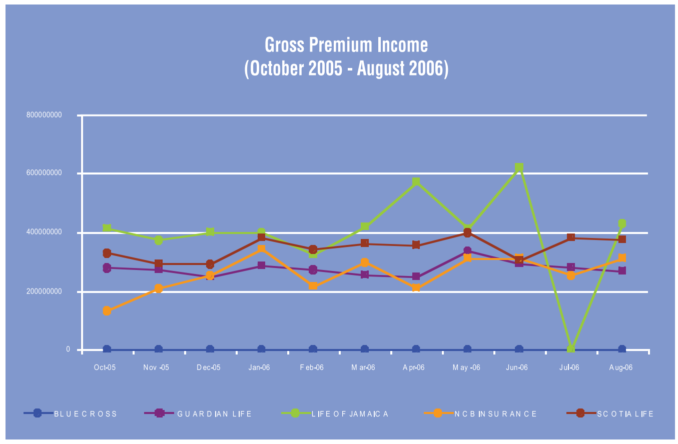


EXPANDED SALES CAPACITY

Over the year NCB Insurance doubled its complement of Insurance Advisors resulting in a seventy seven (77) member sales team, and established six (6) Regional Sales Centres, the launching pad of the expansion of the distribution channel and future growth in the sale of insurance products.

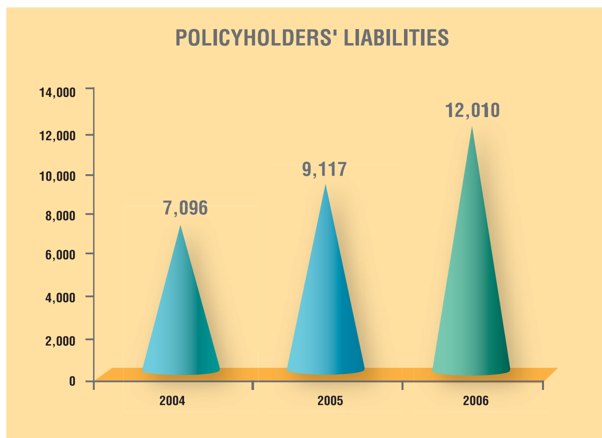
MARKET SHARE

There was a positive growth in movement of NCB Insurance's market share in Gross Premium Income, one of the key performance indicators within the insurance industry for the period October 2005 to September 2006



Relative to its Bancassurance competitor, OMNI's Gross Premium Income market share grew from 29% in October 2005 to 43% at September 2006. Relative to the major players in the Insurance Industry the Company had a 39% rate of growth for the period January – September 2006 over the previous period.

Customer Satisfaction with the Company was demonstrated by the $2.9 billion growth in our Policyholders' Liabilities.

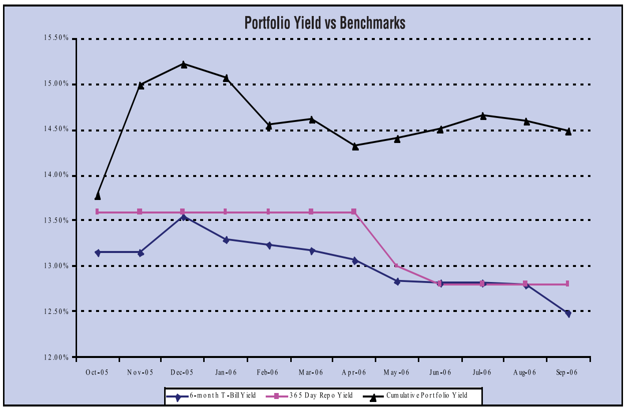


ENTRY INTO THE CORPORATE PENSIONS MARKET

Following the passage of the New Pensions' Act and Regulations, NCB Insurance applied for Administrator and Investment Manager Licenses with the Financial Services Commission and prepared for establishing itself in the Pensions' Market.

INVESTMENTS

Interest rates in the market continued to trend downwards, resulting in a negative impact on the Company's portfolio yield. As at September 30, 2006, the portfolio yield stood at 13.57%, 212 basis points below the September 2005 yield of 15.69%. The yield, however, remained above the benchmark Six-Month Weighted Average Treasury Bill Yield (12.49% - September 2006).



PEOPLE

The Balanced Score Card concept was successfully achieved at the senior levels in the organization and assisted greatly with the significant progress in the integration of the pension and insurance lines of business of the NCB Group. Employees of both business lines were introduced to change management programs, the integration plans and enjoyed joint management, staff meetings and socials.

NCB JAMAICA (NOMINEES) LIMITED

The financial year of 2005/06 was an encouraging and profitable year for NCB Jamaica (Nominees) Limited as the company realized a net profit of J$25 million, an increase of 21% over the previous fiscal year.

As one of the leaders in the Registrar business, the company acts as Registrar and Transfer Agents to several major listed companies on the Jamaica Stock Exchange as well as Paying Agent for one Private company. NCB Jamaica (Nominees) Limited also offers sub-registrar services to overseas based companies, cross listed on the local Stock Exchange.

The company continues to operate in a strong competitive environment and have embarked on initiatives designed to position and define its relevance in the Registrar business. The objective is to increase the number of companies under management, as well as broadening the scope of its service offerings.

With the implementation of the ACH2 system by the parent company, The National Commercial Bank, the Company will improve its operational efficiency, as same day electronic dividend payments to shareholders' accounts held with other banks will be facilitated.

NCB Jamaica (Nominees) Limited will be forging synergies within the Group to further boost its profitability and effectiveness amidst increased competition.

ENGAGING IN NATION BUILDING

Throughout the 2006 Financial Year, NCB remained committed to its nation building efforts by continuing to undertake initiatives that involved working with communities and various organizations on matters of social and economic development within the country. In this regard, NCB continued to embrace projects that help to enrich the lives of Jamaicans.

We were humbled by the fact that approximately 80% of respondents to our Annual Customer Viewpoint Survey thought that NCB's public image was either "good" or "excellent".

EDUCATION

Under the Jamaican Education Initiative (JEI), the Bank paid over $17M in examinations fees for the island's students who sat Principles of Accounts and Principles of Business in 2006. This sponsorship ended in December 2005 and was one of several programmes to which NCB was committed for the last two years. Some of the other JEI programmes that promoted educational advancement for young people throughout the year, included the award of scholarships valued at $20M to tertiary students and the hosting of Student Reading Workshops and Teacher Examination Preparation Seminars across the island. The Bank sought to foster awareness of Arts & Culture in Education, primarily with the sponsorship of the Mona Academic Conference and 'Tit Bits of Jamaican History and Things Jamaican', a publication by the JAMAL Foundation. The UWI Literary Symposium also received significant support from NCB. The Bank thanks all Keycard holders whose purchases allow us to fund the Jamaican Education Initiative.

Arising from our relentless support for Education, we also focused on helping to alleviate some of the difficulties faced by schools throughout the year. This included addressing transportation challenges by contributing funds to bolster the efforts of Ferncourt High School and the St. Hugh's High School for Girls to obtain school buses.

Through our donation to St. Patrick's Foundation Education Fund the Bank participated in funding a multi-school-feeding programme, assisted with the payment of school fees and the purchasing of books and school materials for inner-city children. For a second year, NCB supported Operation Hope's summer camp held in July, for the children of the Jones Town inner-city community.

COMMUNITY DEVELOPMENT

Thousands of vulnerable Jamaicans rely on the Jamaica Red Cross for the self-less and invaluable humanitarian services that they provide. In light of this, the Jamaica Red Cross received funding from NCB to aid disaster relief preparation for the agency's state of readiness during the 2006 hurricane season.

Additionally, the Bank strengthened its ties with local service clubs such as the Lions Club of Mona, Kiwanis Club of Kingston, and the Rotary Club of Mandeville by supporting their fundraising efforts to help in carrying out various community projects.

SPORTS

As part of NCB's consistent drive to sustain the development of sports locally, the Jamaica Paralympic Team, a delegation of physically challenged athletes, benefited from financial support that allowed them to attend the International Paralympic Committee World Athletics Championships held in the Netherlands in September. NCB also renewed its sponsorship of the High School Relays at the Jamaica International Invitational Meet, held at the National Stadium in April. Our sponsorship of US$20,000 provided tremendous exposure for young athletes who were showcased amongst top international track stars.

Community sports development received a boost as well, as the Bank sponsored the Reno Football Club and provided funds to the Portmore Football League, which facilitated the purchase of footballs. The NCB Knockout Cricket Competition, held in St. Elizabeth and the NCB Youth Cricket Camp held in St. Thomas were some of the rural sporting initiatives endorsed by the Bank.

ENTREPRENEURSHIP

Our sponsorship of the Jamaica Observer's Business Leader Awards earlier this year, highlighted the organization's endorsement of entrepreneurship by participating in the honor given to the most outstanding business leaders. For this event, the Bank decided to forgo the distribution of customary tokens at the Awards Banquet and instead invited each Business Leader Nominee to select a charity of their choice to receive a donation. On behalf of the nominees, NCB later donated over $350,000 to the Committee for Helping the Indigent, The Jamaica Foundation for Children, The Salvation Army – Eastern Jamaica, Denham Town Comprehensive High, West Haven Children's Home, Missionaries of the Poor and The Jamaica Association on Mental Retardation.

In order to lend support to economic activity and demonstrate support of our customers, NCB also participated in a number of events including: JMA/JEA Expo, The Jamaican Diaspora Conference, Children's Expo, The Jamaica Employers' Federation Conference, Moses Encore and the National Spelling Bee competition, among others.

At the close of another successful financial year, we reflect proudly on our commitment to not only do well, but to do good. NCB thanks its employees and customers for their support as we strive to fulfill this purpose, which will help to build a better Jamaica for us all.

Patrick Hylton
Group Managing Director

CORPORATE SOCIAL RESPONSIBILITY

The core principles of NCB's Corporate Social Responsibility Policy represent the primary beliefs on which the operations of this Company are established.

1. Ensuring that NCB will enjoy long-term success – providing appropriate benefits for employees, investors, consumers, our communities and other stakeholders.
2. Ensuring competitive performance and profitability through responsible business practices.
3. Commitment to the general principles of sustainable development which emphasize the integration of economic, social, environmental and ethical goals in business activities and aims.
4. Rigorously managing, measuring and evaluating our progress against our values and policies in addressing our impact on Jamaica – its economy, society and environment.

The scope of NCB's CSR Policy focuses on four main areas:

1. ETHICS

Ethical standards and practices are governed by the NCB Code of Business Conduct. Commitment to ethical behaviour is widely communicated in an explicit statement and rigorously upheld. NCB expects all its employees to display the attributes of decency, fairness and honesty.

2. EMPLOYMENT PRACTICES

The Company's human resource management practices promote personal and professional employee development, diversity at all levels and empowerment. Employees are recognized as valid partners with the right to fair labour practices, competitive wages and benefits as well as a safe, harassment free, family friendly work environment.

3. COMMUNITY OUTREACH

The Company fosters an open relationship that is sensitive to community culture and plays a proactive, co-operative and collaborative role to make the communities in which we operate better places to live and conduct business.

4. STAKEHOLDERS

Our efforts and resources will be targeted on those areas where we can make the most significant impact. Consequently, we make the following commitment:

1. Customers:	Preferred Choice
2. Employees:	Employer of First Choice
3. Communities:	Responsible Citizen
4. Investors/Shareholders:	Top Tier Performer
5. Government/Regulators:	Excellent Corporate Governance
6. Media:	Information Facilitator
7. Suppliers:	Fair Business Practices

The Company will engage its various stakeholder groups through communication and dialogue and stakeholder relationships will be conducted with integrity, fairness and confidentiality.

COMMUNITY OUTREACH

It is our intention that the communities in which we operate should benefit directly from our presence through wealth and job creation and investment of time and resources in initiatives geared towards nation building where these involve but are not limited to Education, skills acquisition, sustainable development and the building of self reliance. We will respond in a timely and appropriate manner to requests for outreach assistance in our communities. We believe that involvement in social issues will foster partnerships that benefit both the community and the Company.

Social Partnerships

NCB has set clear parameters with regards to the charities that it will support favoring projects and causes reflective of our corporate values and priorities. We will accomplish this by:

i) Forging relationships with those charitable organisations whose objectives are in alignment with the general nature of the Company's activities, values and image ensuring protection and husbandry of our brand;

ii) Empowering our employees to become more involved in their communities and providing incentives for them via a volunteerism scheme;

iii) Where appropriate, providing our employees with the opportunity to engage in activities that will benefit the community.

Environmental Impact

As a leading financial institution, we recognize our role in managing the impact of our actions on our environment and our responsibility to communicate and demonstrate good environmental practices inside and outside of the Company. We will:

i) Seek to integrate the identification and management of environmental issues in our every-day business practices;

ii) Give full consideration to the management of our key environmental impacts;

iii) Meet the relevant legal requirements on environmental issues to ensure that any adverse effects on the environment are prevented or minimized;

iv) Ensure that all our employees are aware of our environmental practices and inform them of their individual roles and responsibilities towards the environment. All employees will be encouraged to consider environmental issues as a part of their roles.

v) Ensure in the selection of key suppliers that we consider their approach to the environment and ask them to comply with the applicable environmental laws. We will not knowingly conduct business with those companies that fail to demonstrate respect for the environment;

vi) Review (periodically or at least annually) the environmental initiatives throughout the Company and, if required, will both update environmental practices and set goals for the future;

vii) Strive to ensure that environmental improvements go hand-in-hand with reduced costs and increased efficiency;

viii) Where appropriate, use our position as a financial institution/organisation to promote good environmental practice through our products and services.

Patrick Hylton, C.D., B.B.A., A.C.I.B
Group Managing Director

Jennifer Dewdney Kelly, B.A. (Law)
Group Chief Compliance Officer
and Company Secretary

Dennis Cohen, F.C.A., F.C.C.A., B.Sc.
Deputy Group Managing Director

Ingrid Chambers, E.M.B.A., B.Sc.
Managing Director, NCB Insurance Company Limited
NCB Jamaica (Nominees) Limited
West Indies Trust Company Limited

Minish Parikh, M.Sc., C.A.I.I.B., B.Sc.
Chief Operating Officer

Yvonne Clarke, F.C.A., F.C.C.A., M.B.A.
Chief Internal Auditor

Rickert Allen, Chartered MCIPD, M.Sc., B.A.
General Manager -
Training and Human Resources

Grace McKoy, M.B.A., LL.M., C.L.E., LL.B.
General Counsel

Septimus "Bob" Blake
General Manager, Treasury and
Correspondent Banking

Marjorie Seeberan, M.B.A., B.Sc.
General Manager,
Corporate Banking

Courtney Campbell, M.B.A., A.C.I.B., B.Sc.
General Manager,
Retail Banking

Christopher Williams, M.B.A., B.Sc.
Managing Director
NCB Capital Markets Limited

Ian Dawkins
Chief Internal Auditor

Ingrid Stephens, E.M.B.A., B.Sc.
Assistant General Manager,
eBusiness & Merchant Services

N. Christian "Chris" Stokes, M.B.A., B.Sc.
General Manager,
International Business

Sheree Martin, M.B.A., B.A.
Assistant General Manager -
Group Corporate Communications

Desmond Handy
Senior Assistant General Manager,
Credit & Risk Management

Alison Wynter, J.P., C.F.A., F.C.C.A., M.B.A., M.Sc., B.A.
General Manager,
Credit & Risk Management

Ffrench Campbell, E.M.B.A., B.Sc.
Senior Assistant General Manager - Projects,
Administration and Services

Janice McKenley, F.C.A., F.C.C.A., M.B.A., B.Sc.
General Manager,
Financial Control Division

Srikanth Srinivasan, M.B.A., B.Sc. (Tech.)
General Manager, Information Technology

Kerry O'Sullivan, M.B.A., B.Sc.
Senior Assistant General Manager,
Network Operations

Alison Taffe, B.Sc.
Assistant General Manager
Centralized Operations

Paulette Henry, Ph.D.
Chief Marketing Research
& Planning Officer

2006

Financial Statements

& Notes to the Financial Statements

DIRECTORS' REPORT

The directors submit herewith the Consolidated Profit and Loss Account of National Commercial Bank Jamaica Limited and its subsidiaries for the year ended 30 September 2006, together with the Consolidated Balance Sheet as at that date:

Operating Results

	$'000
Gross operating revenue	30,000,519
Profit before taxation	6,930,554
Taxation	(1,443,929)
Net profit	5,486,625

Dividends

The following dividends were paid during the year:

- $0.20 per ordinary stock unit was paid in November 2005
- $0.10 per ordinary stock unit was paid in December 2005
- $0.13 per ordinary stock unit was paid in February 2006
- $0.14 per ordinary stock unit was paid in May 2006
- $0.14 per ordinary stock unit was paid in August 2006

Directors

The Board of Directors comprises:

Mr. Michael A. Lee-Chin	-	Chairman
Mr. Patrick A.A. Hylton	-	Group Managing Director
Mr. Dennis Cohen	-	Deputy Group Managing Director (Appointed 1 April 2006)
Mr. Aylmer Desmond Blades		
Mr. Wayne C. Chen		
Dr. Nigel Andrew Lincoln Clarke		
Mrs. Sandra A.C. Glasgow		
Hon. Noel A.A. Hylton, OJ, CD, Hon. LL D		
Mr. Donovan Anthony Lewis		
Mrs. Thalia Lyn		
Mr. Herbert I. Phillipps (Jr.)		
Professor Alvin G. Wint		
Rt. Hon. Justice Edward Zacca, OJ, PC		
Mrs. Jennifer Dewdney-Kelly	-	Company Secretary

Mr. Kris S.A.C Astaphan resigned on 30 November 2005

DIRECTORS' REPORT (Continued)
30 September 2006

Pursuant to Article 97 of the Company's Articles of Association, one third of the Directors (or the number nearest to one third) other than the Managing Director and Deputy Managing Director will retire at the Annual General Meeting and shall then be eligible for re-election. Pursuant to Article 103 of the Company's Articles of Association, any Director appointed by the Board, either to fill a casual vacancy, or as an addition to the existing Board will retire at the Annual General Meeting and shall then be eligible for re-election.

Auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office and offer themselves for re-appointment.

On behalf of the Board

Jennifer Dewdney-Kelly
Secretary

PRICEWATERHOUSECOOPERS

PricewaterhouseCo
opers
Scotiabank Centre
Duke Street
Box 372
Kingston Jamaica
Telephone:

9 November 2006

To the Members of

National Commercial Bank Jamaica Limited

Auditors' Report

We have audited the accompanying consolidated balance sheet of National Commercial Bank Jamaica Limited ("the Bank") and its subsidiaries ("the Group") as at 30 September 2006 and the related consolidated profit and loss account, statements of changes in shareholders' equity and cash flows for the year then ended, and the accompanying balance sheet of the Bank standing alone as at 30 September 2006, and the related profit and loss account, cash flows and changes in shareholders' equity for the year then ended. We have received all the information and explanations which we considered necessary. These financial statements set out on pages 30 to 117 are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, proper accounting records have been kept and the financial statements, which are in agreement therewith, give a true and fair view of the financial position of the Group and the Bank as at 30 September 2006, and of the results of operations, changes in equity and cash flows of the Group and the Bank for the year then ended, so far as concerns the members of the Bank, in accordance with International Financial Reporting Standards and comply with the provisions of the Jamaican Companies Act.

PricewaterhouseCoopers.

Chartered Accountants

Kingston, Jamaica

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Year ended 30 September 2006

	Note	2006 $'000	Restated 2005 $'000
Operating Income			
Interest income from loans		7,345,494	6,365,104
Interest income from securities		15,669,297	14,773,859
Total interest income		23,014,791	21,138,963
Interest expense		(11,236,655)	(10,425,519)
Net interest income		11,778,136	10,713,444
Fee and commission income	6	3,965,699	2,959,067
Fee and commission expense		(791,094)	(506,771)
Net fee and commission income		3,174,605	2,452,296
Net trading income	7	2,356,046	2,326,485
Dividend income		98,768	133,672
Loan provision recovered	8	-	609,716
Other operating income	9	565,215	292,866
		3,020,029	3,362,739
		17,972,770	16,528,479
Operating Expenses			
Staff costs	10	5,955,835	5,664,701
Provision for credit losses	22	155,786	(28,071)
Depreciation and amortisation		1,028,085	1,071,135
Impairment losses	11	244,257	236,359
Effect of change in valuation basis of policy contracts of life insurance subsidiary	52	-	(346,683)
Other operating expenses	9	3,776,238	3,924,977
		11,160,201	10,522,418
Operating Profit		6,812,569	6,006,061
Share of profit/(loss) of associates	24	117,985	(168,626)
Profit before Taxation	12	6,930,554	5,837,435
Taxation	14	(1,443,929)	(1,368,893)
NET PROFIT	15	5,486,625	4,468,542
Earnings per stock unit (expressed in $ per share)			
Basic and diluted	17	2.23	1.82

CONSOLIDATED BALANCE SHEET

30 September 2006

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2006 $'000	Restated 2005 $'000
ASSETS			
Cash and balances at Bank of Jamaica	18	12,039,998	12,013,681
Due from other banks	19	13,851,703	11,144,003
Investment securities at fair value through profit and loss	20	1,151,266	2,192,009
Reverse repurchase agreements	21	22,963,218	28,491,879
Loans and advances, net of provision for credit losses	22	42,219,840	36,064,342
Investment securities - available-for-sale	23	122,614,171	92,768,429
Investments in associates	24	1,992,771	1,562,322
Investment properties	25	13,000	12,000
Property, plant and equipment	26	3,754,324	3,629,271
Intangible asset - computer software	27	458,505	751,153
Retirement benefit asset	30	10,118	8,812
Deferred tax asset	29	133,047	-
Income tax recoverable		483,171	153,040
Other assets	28	1,156,084	1,214,301
Customers' liability - letters of credit and undertaking		297,588	336,052
Total Assets		223,138,804	190,341,294

CONSOLIDATED BALANCE SHEET

30 September 2006

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2006 $'000	Restated 2005 $'000
LIABILITIES			
Due to other banks	31	7,056,889	5,947,870
Customer deposits		99,026,503	85,067,749
Derivative financial instruments	32	68,965	695
Promissory notes and certificates of participation		2,290,799	3,428,264
Repurchase agreements		50,344,707	49,407,220
Obligations under securitisation arrangements	32	21,398,964	10,798,517
Other borrowed funds	33	2,523,569	1,131,642
Income tax payable		3,482	413,119
Deferred income tax liabilities	29	606,247	798,685
Policyholders' liabilities	34	12,010,182	9,117,241
Provision for litigation	35	33,907	67,573
Retirement benefit obligations	30	252,313	232,879
Other liabilities	36	2,634,702	2,380,325
Liability - letters of credit and undertaking		297,588	336,052
Total liabilities		198,548,817	169,127,831
STOCKHOLDERS' EQUITY			
Share capital	37	2,466,763	2,466,763
Shares held by NCB Employee Share Scheme	37	(3,867)	(3,867)
Share premium		4,453,752	4,453,752
Fair value and other reserves	38	1,981,827	2,343,004
Loan loss reserve	39	252,985	211,590
Banking reserve fund	40	1,963,000	1,609,000
Retained earnings reserve	41	4,519,761	3,119,761
Retained earnings		8,955,766	7,013,460
Total stockholders' equity		24,589,987	21,213,463
Total equity and liabilities		223,138,804	190,341,294

Approved for issue by the Board of Directors on 9 November 2006 and signed on its behalf by:

Patrick Hylton — Group Managing Director

Sandra Glasglow — Director

Professor Alvin Wint — Director

Jennifer Dewdney-Kelly — Secretary

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

Year ended 30 September 2006

(expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital $'000	Shares Held by Share Scheme $'000	Share Premium $'000	Fair Value and Other Reserves $'000	Loan Loss Reserve $'000	Banking Reserve Fund $'000	Retained Earnings Reserve $'000	Retained Earnings $'000	Total $'000
Balance as at 1 October 2004 - Restated	52	2,466,763	(3,867)	4,453,752	1,563,208	111,650	1,327,000	3,119,761	4,106,736	17,145,003
Currency translation differences		-	-	-	13,266	-	-	-	-	13,266
Unrealised gains on available-for-sale investments, net of taxes		-	-	-	1,437,004	-	-	-	-	1,437,004
Realised fair value gains transferred to Consolidated Profit and Loss Account		-	-	-	(759,669)	-	-	-	-	(759,669)
Share of equity movement in associates		-	-	-	89,195	-	-	-	-	89,195
Net gains not recognised in Consolidated Profit and Loss Account		-	-	-	779,796	-	-	-	-	779,796
Net profit - restated	52	-	-	-	-	-	-	-	4,468,542	4,468,542
Dividends paid		-	-	-	-	-	-	-	(1,179,878)	(1,179,878)
Transfer to Loan Loss Reserve		-	-	-	-	99,940	-	-	(99,940)	-
Transfer to Banking Reserve Fund		-	-	-	-	-	282,000	-	(282,000)	-
Balance at 30 September 2005 - Restated	52	2,466,763	(3,867)	4,453,752	2,343,004	211,590	1,609,000	3,119,761	7,013,460	21,213,463
Currency translation differences		-	-	-	34,290	-	-	-	-	34,290
Unrealised gains on available-for-sale investments, net of taxes		-	-	-	433,240	-	-	-	-	433,240
Realised fair value gains transferred to Consolidated Profit and Loss Account		-	-	-	(1,178,458)	-	-	-	-	(1,178,458)
Share of equity movement in associates		-	-	-	349,751	-	-	-	-	349,751
Net losses not recognised in Consolidated Profit and Loss Account		-	-	-	(361,177)	-	-	-	-	(361,177)
Net profit		-	-	-	-	-	-	-	5,486,625	5,486,625
Dividends paid		-	-	-	-	-	-	-	(1,748,924)	(1,748,924)
Transfer to Loan Loss Reserve		-	-	-	-	41,395	-	-	(41,395)	-
Transfer to Retained Earnings Reserve		-	-	-	-	-	-	1,400,000	(1,400,000)	-
Transfer to Banking Reserve Fund		-	-	-	-	-	354,000	-	(354,000)	-
Balance at 30 September 2006		2,466,763	(3,867)	4,453,752	1,981,827	252,985	1,963,000	4,519,761	8,955,766	24,589,987

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 30 September 2006

	Note	2006 $'000	Restated 2005 $'000
Cash Flows from Operating Activities			
Net cash provided by operating activities	42	21,045,300	10,384,161
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment		(841,130)	(870,432)
Acquisition of intangible asset - computer software		(86,729)	(177,479)
Proceeds from disposal of property, plant and equipment		51,942	36,461
Dividends received from associates		37,287	37,287
Investment securities, net		(14,718,451)	(14,291,850)
Proceeds from disposal of investment properties		-	11,500
Net cash used in investing activities		(15,557,081)	(15,254,513)
Cash Flows from Financing Activities			
Drawdowns under securitisation arrangements		12,255,011	2,790,645
Repayments under securitisation arrangements		(2,480,447)	(1,776,551)
Other borrowed funds		1,374,123	63,897
Dividends paid		(1,748,924)	(1,184,046)
Net cash provided by/(used in) financing activities		9,399,763	(106,055)
Effect of exchange rate changes on cash and cash equivalents		964,198	68,063
Net increase/(decrease) in cash and cash equivalents		15,852,180	(4,908,344)
Cash and cash equivalents at beginning of year		9,984,321	14,892,665
Cash and Cash Equivalents at End of Year		25,836,501	9,984,321
Comprising:			
Cash and balances at Bank of Jamaica	18	3,021,217	3,309,687
Due from other banks	19	13,851,703	11,144,003
Investment securities - available-for-sale	23	16,020,470	1,478,501
Due to other banks	31	(7,056,889)	(5,947,870)
		25,836,501	9,984,321

PROFIT AND LOSS ACCOUNT
Year ended 30 September 2006

	Note	2006 $'000	Restated 2005 $'000
Operating Revenue			
Interest income from loans		7,327,366	6,347,693
Interest income from securities		7,732,590	6,901,933
Total interest income		15,059,956	13,249,626
Interest expense		(5,331,922)	(4,816,354)
Net interest income		9,728,034	8,433,272
Fee and commission income	6	3,499,014	2,662,698
Fee and commission expense		(718,942)	(502,128)
Net fee and commission income		2,780,072	2,160,570
Net trading income	7	1,353,915	2,445,019
Dividend income		88,305	144,594
Other operating income		101,530	179,047
		1,543,750	2,768,660
		14,051,856	13,362,502
Operating Expenses			
Staff costs	10	5,085,496	4,963,928
Provision for credit losses	22	155,786	(28,071)
Depreciation and amortisation		974,504	1,025,210
Impairment loss	11	-	468,409
Other operating expenses		3,383,023	3,324,390
		9,598,809	9,753,866
Profit before Taxation	12	4,453,047	3,608,636
Taxation	14	(916,196)	(787,940)
NET PROFIT		3,536,851	2,820,696

BALANCE SHEET
30 September 2006

	Notes	2006 $'000	Restated 2005 $'000
ASSETS			
Cash and balances at Bank of Jamaica	18	11,431,160	11,788,930
Due from other banks	19	12,996,287	11,389,264
Reverse repurchase agreements	21	3,550,634	2,052,996
Loans and advances, net of provision for credit losses	22	41,962,572	35,827,259
Investment securities - available-for-sale	23	72,572,557	58,071,324
Investments in associates	24	543,167	543,167
Investments in subsidiaries		1,606,017	1,456,970
Property, plant and equipment	26	3,697,328	3,583,040
Intangible asset - computer software	27	418,760	699,479
Deferred tax asset	29	133,047	-
Income tax recoverable		47,905	-
Other assets	28	816,229	1,299,618
Customers' liability - letters of credit and undertaking		297,588	336,052
Total Assets		150,073,251	127,048,099

BALANCE SHEET
30 September 2006

	Notes	2006 $'000	Restated 2005 $'000
LIABILITIES			
Due to other banks	31	7,056,889	5,947,870
Customer deposits		98,790,273	85,952,322
Derivative financial instruments	32	68,965	695
Repurchase agreements		2,496,623	6,126,461
Obligations under securitisation arrangements	32	21,398,964	10,798,517
Other borrowed funds	33	2,223,569	1,131,958
Income tax payable		-	645,452
Deferred income tax liabilities	29	-	21,942
Provision for litigation	35	33,907	67,573
Retirement benefit obligations	30	252,313	232,879
Other liabilities	36	1,670,943	1,376,708
Liability - letters of credit and undertaking		297,588	336,052
Total liabilities		134,290,034	112,638,429
STOCKHOLDERS' EQUITY			
Share capital	37	2,466,763	2,466,763
Share premium		3,998,968	3,998,968
Fair value and other reserves	38	630,363	1,042,265
Loan loss reserve	39	252,985	211,590
Banking reserve fund	40	1,963,000	1,609,000
Retained earnings reserve	41	4,519,761	3,119,761
Retained earnings		1,951,377	1,961,323
Total stockholders' equity		15,783,217	14,409,670
Total equity and liabilities		150,073,251	127,048,099

Approved for issue by the Board of Directors on 9 November 2006 and signed on its behalf by:

Patrick Hylton — Group Managing Director

Sandra Glasglow — Director

Professor Alvin Wint — Director

Jennifer Dewdney-Kelly — Secretary

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
Year ended 30 September 2006

	Note	Share Capital $'000	Share Premium $'000	Fair Value and Other Reserves $'000	Loan Loss Reserve $'000	Banking Reserve Fund $'000	Retained Earnings Reserve $'000	Retained Earnings $'000	Total $'000
Balance as at 1 October 2004 - Restated	52	2,466,763	3,998,968	1,106,835	111,650	1,327,000	3,119,761	706,613	12,837,590
Unrealised gains on available-for-sale investments, net of taxes		-	-	1,038,187	-	-	-	-	1,038,187
Realised fair value gains transferred to Profit and Loss Account		-	-	(1,102,757)	-	-	-	-	(1,102,757)
Net losses not recognised in Profit and Loss Account		-	-	(64,570)	-	-	-	-	(64,570)
Net profit		-	-	-	-	-	-	2,820,696	2,820,696
Dividends paid		-	-	-	-	-	-	(1,184,046)	(1,184,046)
Transfer to Loan Loss Reserve		-	-	-	99,940	-	-	(99,940)	-
Transfer to Banking Reserve Fund		-	-	-	-	282,000	-	(282,000)	-
Balance at 30 September 2005 - Restated	52	2,466,763	3,998,968	1,042,265	211,590	1,609,000	3,119,761	1,961,323	14,409,670
Unrealised losses on available-for-sale investments, net of taxes		-	-	(50,948)	-	-	-	-	(50,948)
Realised fair value gains transferred to Profit and Loss Account		-	-	(360,954)	-	-	-	-	(360,954)
Net losses not recognised in Profit and Loss Account		-	-	(411,902)	-	-	-	-	(411,902)
Net profit		-	-	-	-	-	-	3,536,851	3,536,851
Dividends paid		-	-	-	-	-	-	(1,751,402)	(1,751,402)
Transfer to Loan Loss Reserve		-	-	-	41,395	-	-	(41,395)	-
Transfer to Retained Earnings Reserve		-	-	-	-	-	1,400,000	(1,400,000)	-
Transfer to Banking Reserve Fund		-	-	-	-	354,000	-	(354,000)	-
Balance at 30 September 2006		2,466,763	3,998,968	630,363	252,985	1,963,000	4,519,761	1,951,377	15,783,217

STATEMENT OF CASH FLOWS

Year ended 30 September 2006

	Note	2006 $'000	Restated 2005 $'000
Cash Flows from Operating Activities			
Net cash provided by operating activities	42	5,789,274	4,586,461
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment		(805,274)	(939,593)
Acquisition of intangible asset - computer software		(67,713)	(72,169)
Proceeds from disposal of property, plant and equipment		49,393	31,932
Proceeds from disposal of investment in associates		-	533,637
Investment in subsidiaries		(149,047)	-
Investment securities, net		(2,856,827)	(7,477,182)
Net cash used in investing activities		(3,829,468)	(7,923,375)
Cash Flows from Financing Activities			
Drawdowns under securitisation arrangements		12,255,011	2,790,645
Repayments under securitisation arrangements		(2,480,447)	(1,776,551)
Other borrowed funds		1,073,808	51,387
Dividends paid		(1,751,402)	(1,184,046)
Net cash provided by/(used in) financing activities		9,096,970	(118,565)
Effect of exchange rate changes on cash and cash equivalents		963,645	85,978
Net increase/(decrease) in cash and cash equivalents		12,020,421	(3,369,501)
Cash and cash equivalents at beginning of year		10,691,831	14,061,332
Cash and Cash Equivalents at End of Year		22,712,252	10,691,831
Comprising:			
Cash and balances at Bank of Jamaica	18	2,412,379	3,084,936
Due from other banks	19	12,996,287	11,389,264
Investment securities - available-for-sale	23	14,360,475	2,165,501
Due to other banks	31	(7,056,889)	(5,947,870)
		22,712,252	10,691,831

NOTES TO THE FINANCIAL STATEMENTS
30 September 2006

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 67% subsidiary of AIC (Barbados) Limited. The ultimate parent company is Portland Holdings Inc., incorporated in Canada. Portland Holdings Inc. is controlled by Mr. Michael Lee-Chin. 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	
		30 September 2006	30 September 2005
Data-Cap Processing Limited	Data Processing	100	100
Mutual Security Insurance Brokers Limited	Insurance Brokers	100	100
NCB Capital Markets Limited	Primary Dealer and Stock Broker	100	100
NCB (Cayman) Limited and its 100% subsidiary	Commercial Banking	100	100
NCB Remittance Services (Cayman) Limited (formerly NCB Senvia Limited)	Money Remittance		
NCB Insurance Company Limited	Life Insurance	100	100
NCB Remittance Services (UK) Limited (formerly Senvia Money Services (UK) Limited)	Money Remittance	100	100
N.C.B. (Investments) Limited	Money Market Trading	100	100
N.C.B. Jamaica (Nominees) Limited	Securities' Nominee	100	100
West Indies Trust Company Limited	Investment and Pension Fund Management and Trustee Services	100	100

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

The Group's associates are as follows:

	Principal Activities	Percentage Ownership by Group	
		30 September 2006	30 September 2005
Kingston Wharves Limited	Wharf Operations and Stevedoring	43.45	43.45
Dyoll Group Limited	Coffee cultivation and other activities	44.47	44.47

NOTES TO THE FINANCIAL STATEMENTS
30 September 2006

1. Identification and Principal Activities (Continued)

On 27 October 2005, NCB Insurance Company Limited (NCBIC) Environmental Health Foundation Limited and Blue Cross of Jamaica Limited signed a shareholders' agreement for NCBIC to purchase 75% of Blue Cross of Jamaica Limited. There is no effect of this proposed acquisition in the financial statements as details of the transaction have not been finalised and regulatory approval is still pending.

2. Significant Accounting Policies

(a) Basis of preparation

These financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS), and 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 and loss, derivative contracts and investment property.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The areas involving a higher degree of judgement in complexity, or areas where assumptions or estimates are significant to the financial statements, are described in Note 3.

Standards, interpretations and amendments to published standards effective in 2005

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for annual accounting periods beginning on or after 1 January 2005. The company has assessed the relevance of all such new standards, interpretations and amendments with respect to the company's operations and has adopted the following IFRSs, which are relevant to its operations. The 2005 comparative figures have been amended as required, in accordance with the relevant requirements.

-	IAS 1 (revised 2003)	Presentation of Financial Statements
-	IAS 8 (revised 2003)	Accounting Policies, Changes in Accounting Estimates and Errors
-	IAS 10 (revised 2003)	Events after the Balance Sheet Date
-	IAS 16 (revised 2003)	Property, Plant and Equipment
-	IAS 17 (revised 2003)	Leases
-	IAS 24 (revised 2003)	Related Party Disclosures
-	IAS 32 (revised 2003)	Financial Instruments: Disclosure and Presentation
-	IAS 40 (revised 2003)	Investment Property
-	IFRS 3 (issued 2004)	Business Combinations
-	IFRS 4 (issued 2004)	Insurance Contracts
-	IAS 36 (revised 2004)	Impairment of Assets
-	IAS 38 (revised 2004)	Intangible Assets
-	IAS 39 (revised 2003/2004)	Financial Instruments: Recognition and Measurement

NOTES TO THE FINANCIAL STATEMENTS
30 September 2006

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards effective in 2005 (continued)

All changes in the accounting policies have been made in accordance with the transitional provisions in the respective standards. All standards adopted by the company require retrospective application.

The adoption of IAS 1, 8, 10, 16, 17, 24, 32, 36, 38, 40 and IFRS 3 did not result in substantial changes to the company's accounting policies.

IAS 39 and IFRS 4 resulted in a substantial change to the Group's accounting policies and a restatement of balances of previous years.

The impact on opening retained earnings at 1 October 2005 from the adoption of certain of the above-mentioned standards is detailed in Note 52.

Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the company's accounting periods beginning on or after 1 January 2006 or later periods but which the company has not early adopted. The Group has assessed the relevance of all such new standards, interpretations and amendments with respect to its operations and has determined that the following may be relevant to its operations:

- **IAS 39 and IFRS 4 (Amendment), Financial Guarantee Contracts** (effective from 1 January 2006). This amendment requires issued financial guarantees, other than those previously asserted by the entity to be insurance contracts, to be initially recognised at their fair value, and subsequently measured at the higher of (a) the unamortised balance of the related fees received and deferred, and (b) the expenditure required to settle the commitment at the balance sheet date. Management is currently assessing the impact on the Group's operations.

- **IFRS 7, Financial Instruments: Disclosures, and a complementary Amendment to IAS 1, Presentation of Financial Statements - Capital Disclosures** (effective from 1 January 2007). IFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. It replaces IAS 30, Disclosures in the Financial Statements of Banks and Similar Financial Institutions, and disclosure requirements in IAS 32, Financial Instruments: Disclosure and Presentation. It is applicable to all entities that report under IFRS. The amendment to IAS 1 introduces disclosures about the level of an entity's capital and how it manages capital. Management is currently assessing the impact on the Group's operations.

- **IFRIC 4, Determining whether an Arrangement contains a Lease** (effective from 1 January 2006). IFRIC 4 requires the determination of whether an arrangement is or contains a lease to be based on the substance of the arrangement. It requires an assessment of whether: (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. Management is currently assessing the impact of IFRIC 4 on the Group's operations.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2006

2. Significant Accounting Policies (Continued)

(b) Consolidation

The consolidated financial statements comprise those of the Bank and its subsidiaries presented as a single economic entity. Intra-group transactions, balances and unrealised gains and losses are eliminated in preparing the consolidated financial statements.

(i) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the profit and loss account.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. 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 the associates at 30 June for the purposes of consolidation. Adjustments are made for significant transactions or events that occur between that date and 30 September.

The Group's share of its associates' post-acquisition profits or losses is recognised in the consolidated profit and loss account, and its share of post-acquisition movements in reserves is recognised in equity. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2006

2. Significant Accounting Policies (Continued)

(c) Segment reporting

Business segments provide products or services that are subject to risks and returns that are different from those of other business segments.

(d) Foreign currency translation

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rate.

Exchange differences resulting from the settlement of transactions at rates different from those at the dates of the transactions, and unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognised in the profit and loss account.

Exchange differences on non-monetary financial assets are a component of the change in their fair value. Depending on the classification of a non-monetary financial asset, exchange differences are either recognised in the profit and loss account, or within stockholders' equity if non-monetary financial assets are classified as available-for-sale.

Assets and liabilities of foreign subsidiaries are translated at exchange rates at the balance sheet date, while profit and loss account and cash flow items are translated at average rates over the year. Differences resulting from the use of these different exchange rates are reflected in fair value and other reserves within stockholders' equity.

(e) Revenue recognition

(i) Interest income and expense

Interest income and expense are recognised in the profit and loss account for all interest-bearing instruments on an accrual basis using the effective yield method based on the actual purchase price. Interest income includes coupons earned on fixed income investments and accrued discount on treasury bills and other discounted instruments.

Jamaican banking regulations stipulate that, where collection of interest income is considered doubtful or payment is outstanding for 90 days or more, interest should be taken into account on the cash basis. IFRS require that when loans become doubtful of collection, they are written down to their recoverable amounts and interest income is thereafter recognised based on the rate of interest that was used to discount the future cash flows for the purpose of measuring the recoverable amount. The difference between the regulatory and IFRS bases of interest recognition was assessed to be immaterial.

(ii) Fee and commission

Fee and commission income is generally recognised on an accrual basis when the service has been provided. Loan origination fees for loans which are likely to be drawn down are deferred, together with related direct costs, and recognised as an adjustment to the effective yield on the loan. Fees and commissions arising from negotiating or participating in the negotiation of a transaction for a third party are recognised on completion of the underlying transaction.

(iii) Dividend income

Dividend income is recognised when the right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS
30 September 2006

2. Significant Accounting Policies (Continued)

(f) Income taxes

Taxation expense in the profit and loss account comprises current and deferred income tax charges.

Current income tax charges are based on taxable profits for the year, which differ from the profit before tax reported because it excludes items that are taxable or deductible in other years, and items that are never taxable or deductible. The Group's liability for current tax is calculated at tax rates that have been enacted at balance sheet date.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is charged or credited in the profit and loss account, except where it relates to items charged or credited to equity, in which case, deferred tax is also dealt with in equity.

(g) Investments

Investments are classified into the following categories: investment securities at fair value through profit and loss, and available-for-sale securities. Management determines the appropriate classification of investments at the time of purchase.

Investment securities at fair value through profit and loss are those which were either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or are securities included in a portfolio in which a pattern of short-term profit-taking exists. They are initially recognised at fair value and transaction costs are expensed in the profit and loss account. They are subsequently carried at fair value. All related realised and unrealised gains and losses are included in net trading income.

Available-for-sale securities are those intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or changes in interest rates, foreign exchange rates or market prices. They are initially recognised at cost (including transaction costs), and subsequently remeasured at fair value. Unrealised gains and losses arising from changes in fair value of available-for-sale securities are recognised in stockholders' equity. When the securities are disposed of or impaired, the related accumulated unrealised gains or losses included in stockholders' equity are transferred to the profit and loss account.

The fair value of quoted investments are based on current bid prices.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant Accounting Policies (Continued)

(g) Investments (continued)

Financial assets are assessed at each balance sheet date for objective evidence of impairment. A financial asset is considered impaired if its carrying amount exceeds its estimated recoverable amount. The amount of the impairment loss for assets carried at amortised cost is calculated as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the original effective interest rate. The recoverable amount of a financial asset carried at fair value is the present value of expected future cash flows discounted at the current market interest rate for a similar financial asset.

In the case of securities classified as available-for-sale, a significant or prolonged decline in the fair value below cost is considered an indicator of impairment. Significant or prolonged are assessed based on market conditions and other indicators. If any such evidence exists for available-for-sale financial asset, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment losses previously recognised in the profit and loss, is removed from equity and recognised in the profit and loss account. Impairment losses recognised on the equity instruments are not reversed through the profit and loss account.

All purchases and sales of investment securities are recognised at settlement date.

(h) Repurchase and reverse repurchase transactions

Securities sold under agreements to repurchase (repurchase agreements) and securities purchased under agreements to resell (reverse repurchase agreements) are treated as collateralised financing transactions. The difference between the sale/purchase and repurchase/resale price is treated as interest and accrued over the life of the agreements using the effective yield method.

(i) Derivatives

Derivative instruments are initially recognised in the balance sheet at fair value on the date the contract is entered into, and subsequently are remeasured at their fair value. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Changes in the fair value of derivatives (interest rate swaps) are included in interest expense. This includes derivative transactions which, while providing effective economic hedges under the Group's risk management positions, do not qualify for hedge accounting under the specific rules in International Accounting Standard (IAS) 39.

(j) Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise balances with less than 90 days maturity from the date of acquisition including cash and balances at Bank of Jamaica (excluding statutory reserves), due from other banks, investment securities and due to other banks.

(k) Loans and advances and provisions for credit losses

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.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant Accounting Policies (Continued)

(k) Loans and advances and provisions for credit losses (continued)

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.

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 these amounts are dealt with in a non-distributable loan loss reserve as an appropriation of retained earnings.

(l) Investment property

Investment property is held for long-term rental yields and is not occupied by the Group. Investment property is treated as a long-term investment and is carried at fair value, representing open market value determined annually by external valuers. Changes in fair values are recorded in the profit and loss account.

(m) Property, plant and equipment

Land and buildings, except for investment property, are shown at deemed cost, less subsequent depreciation for buildings. All other property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses.

Land is not depreciated. Depreciation on other assets is calculated on the straight-line basis at annual rates that will write off the carrying value of each asset over the period of its expected useful life. Annual depreciation rates are as follows:

Freehold buildings	2 - 5%
Leasehold improvements	Period of lease
Computer equipment	20 - 33⅓%
Office equipment and furniture	20%
Other equipment	10%
Motor vehicles	20 - 25%
Leased assets	Shorter of period of lease or useful life of asset

NOTES TO THE FINANCIAL STATEMENTS

2. Significant Accounting Policies (Continued)

(m) Property, plant and equipment (continued)

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Gains or losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. Repairs and renewals are charged to the profit and loss account when the expenditure is incurred.

(n) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition and the fair value of the Group's share of the net identifiable assets of the acquiree. Goodwill on acquisition of associates is included in investments in associates. Goodwill is assessed annually for impairment.

(ii) Computer Software

Costs that are directly associated with acquiring identifiable and unique software products which are expected to generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. These costs are amortised using the straight-line method over their useful lives, not exceeding a period of three years. Costs associated with developing or maintaining computer software programs are recognised as an expense as incurred.

(o) Leases

(i) As Lessee

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset or the present value of minimum lease payments. Each lease payment is allocated between the liability and interest charges so as to produce a constant rate of charge on the lease obligation. The interest element of the lease payments is charged to the profit and loss account over the lease period.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

(ii) As Lessor

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease in a manner which reflects a constant periodic rate of return on the net investment in the lease.

Assets leased out under operating leases are included in property, plant and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned assets. Rental income is recognised on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant Accounting Policies (Continued)

(p) Insurance and investment contracts - classification, recognition and measurement

Classification

The Group issues contracts that transfer insurance risk or financial risk or both.

Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. As a general guideline the company defines significant insurance risk as the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur.

Investment contracts are those contracts that transfer financial risk with no significant insurance risk.

Recognition and measurement

(i) Insurance contracts

These contracts insure human life events (for example death or permanent disability) over a long duration. The accounting treatment differs according to whether the contract bears investment options or not. Under contracts that do not bear investment options, premiums are recognised as income when they become payable by the contract holder and benefits are recorded as an expense, net of reinsurance, when they are incurred.

Under contracts that bear an investment option, insurance premiums received are initially recognised directly as liabilities. These liabilities are increased by credited interest and are decreased by policy administration fees, mortality and surrender charges and any withdrawals; the resulting liability is called the Life Assurance Fund. Income consists of fees deducted for mortality, policy administration and surrenders. Interest credited to the account balances and benefit claims in excess of the account balances incurred in the period are recorded as expenses in the profit and loss account.

Insurance contract liabilities are determined by an independent actuary using the Policy Premium Method of valuation as discussed in Note 4. These liabilities are, on valuation, adjusted through the profit and loss account to reflect the valuation determined under the Policy Premium method.

(ii) Investment contracts

Under these contracts, insurance premiums are recognised directly as liabilities. These liabilities are increased by credited interest and are decreased by policy administration fees, mortality and surrenders. These liabilities are called the contract holders' account balances. Income consists of fees deducted for mortality, policy administration and surrenders. Interest credited to the account balances and benefit claims in excess of the account balances incurred in the period are recorded as expenses in the profit and loss account.

Benefits and claims payable represent the gross cost of all claims notified but not settled on the balance sheet date. Any reinsurance recoverable is shown as a receivable from reinsurer.

(q) Reinsurance contracts held

The company enters into contracts with reinsurers under which it is compensated for losses on contracts it issues and which meet the classification requirements for insurance contracts as in note 2(p). The benefits to which the company is entitled under its reinsurance contracts held are recognised as reinsurance assets.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant Accounting Policies (Continued)

(r) Receivables and payables related to insurance contracts and investment contracts

These are recognised when due and include amounts due to and from agents, brokers and insurance contract holders.

(s) Borrowings

Borrowings including those arising under securitisation arrangements are recognised initially at cost, being their issue proceeds, net of transaction costs incurred. Subsequently, borrowings are stated at amortised cost and any difference between net proceeds and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective yield method.

(t) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

(u) Employee benefits

(i) Pension plans

The Bank and its subsidiaries operate a number of retirement plans, the assets of which are generally held in separate trustee-administered funds. The pension plans are funded by payments from employees and by the relevant companies, taking into account the recommendations of independent qualified actuaries. The Group has both defined contribution and defined benefit plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate fund. The Group has no legal or constructive obligation beyond paying these contributions. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

Contributions to defined contribution plans are charged to the profit and loss account in the period to which they relate.

The asset or liability in respect of defined benefit plans is the difference between the present value of the defined benefit obligation at the balance sheet date and the fair value of plan assets, adjusted for unrecognised actuarial gains/losses and past service cost. Where a pension asset arises, the amount recognised is limited to the net total of any cumulative unrecognised net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reduction in future contributions to the plan. The pension costs are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to the profit and loss account so as to spread the regular cost over the service lives of the employees in accordance with the advice of the actuaries, who carry out a full valuation of the plans every year. The pension obligation is measured at the present value of the estimated future cash outflows using estimated discount rates based on market yields on government securities which have terms to maturity approximating the terms of the related liability.

(ii) Other retirement obligations

A portion of actuarial gains and losses is recognised in the profit and loss account if the net cumulative unrecognised actuarial gains or losses at the end of the previous reporting period exceeded 10 percent of the greater of the present value of the gross defined benefit obligation and the fair value of plan assets at that date. Any excess actuarial gains or losses are recognised in the profit and loss account over the average remaining service lives of the participating employees.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant Accounting Policies (Continued)

(u) Employee benefits (continued)

(ii) Other retirement obligations (continued)

Group companies provide post-retirement health care benefits to their retirees. The entitlement for these benefits is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment, using a methodology similar to that for defined benefit pension plans. Valuations of these obligations are carried out annually by independent qualified actuaries.

(v) Acceptances, guarantees, indemnities, letters of credit and undertakings

Where the Group and the Bank are the primary obligors under acceptances, guarantees, indemnities and letters of credit and undertakings the amounts are reported as a liability on the balance sheet. There are equal and offsetting claims against customers in the event of a call on these commitments, which are reported as an asset. Where the Group and the Bank are not the primary obligors, the amounts are disclosed in Note 50.

(w) Share capital

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, for 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.

(x) Fiduciary activities

The Group acts as trustee and in other fiduciary capacities that result in holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Group.

(y) Comparative information

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current year.

3. Critical Accounting Estimates and Judgements in Applying Accounting Policies

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Income taxes

There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

NOTES TO THE FINANCIAL STATEMENTS

3. Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

Impairment losses on loans and advances

The Group reviews its loan portfolio to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in the profit and loss account, the Group makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from loans. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the Group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Estimates of future benefit payments and premiums from long term insurance contracts

The determination of the liabilities under long-term insurance contracts represents the liability for future benefits payable by the company based on contracts for the life assurance business in force at the balance sheet date using the Policy Premium Method. These liabilities represent the amount which, together with future premiums and investment returns will, in the opinion of the actuary, be sufficient to pay future benefits relating to contracts of insurance in force, as well as meet the expenses incurred in connection with such contracts. The Policy Premium method of valuation is based on assumptions of mortality, persistency, investment income, renewal expenses and other assumptions considered appropriate to be included in the basis for the determination of the liabilities of the company under the terms of its policy contracts in force. A margin for risk or uncertainty (adverse deviations) in these assumptions is added to the liability. The assumptions are examined each year in order to determine their validity in light of current best estimates or to reflect emerging trends in the Group's experience.

4. Responsibilities of the Appointed Actuary and External Auditors

The Board of Directors pursuant to the Insurance Act appoints the Actuary. His responsibility is to carry out an annual valuation of the Group's policyholders' liabilities in accordance with accepted actuarial practice and regulatory requirements and report thereon to the policyholders and shareholders. In performing the valuation using the Policy Premium Method, the Actuary makes assumptions as to the future rates of interest, asset defaults, mortality, morbidity, claims experience, policy termination, inflation, reinsurance recoveries, expenses and other contingencies, taking into consideration the circumstances of the Group and the insurance policies in force.

The shareholders pursuant to the Companies Act appoint the external auditors. Their responsibility is to conduct an independent and objective audit of the financial statements in accordance with International Standards on Auditing and report thereon to the shareholders. In carrying out their audit, the auditors also make use of the work of the appointed Actuary and his report on the policyholders' liabilities.

NOTES TO THE FINANCIAL STATEMENTS

5. Segment Reporting

The Group is organised into the following business segments:

(a) Retail banking - This incorporates the provision of banking services to individual and small business clients.

(b) Corporate banking - This incorporates the provision of banking services to large corporate clients.

(c) Treasury - This incorporates the Bank's liquidity and investment management function, management of correspondent bank relationships, as well as foreign currency trading services.

(d) Wealth management - This incorporates stock brokerage, securities trading, investment management, pension fund management and trustee services.

(e) Insurance - This incorporates life insurance and insurance brokerage services.

Other operations of the Group include data processing, money remittance services and 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 per cent of the Group's external operating revenue, assets and capital expenditures.

NOTES TO THE FINANCIAL STATEMENTS

5. Segment Reporting (Continued)

Year ended 30 September 2006

	Banking							
	Retail	Corporate	Treasury	Wealth Management	Insurance	Other	Eliminations	Consolidated
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
External operating revenue	6,566,124	4,399,887	9,276,336	7,635,171	2,098,454	24,547	-	30,000,519
Operating revenue from other segments	5,674,663	90,074	1,354,777	100,385	78,031	47,664	(7,345,594)	-
Operating revenue	12,240,787	4,489,961	10,631,113	7,735,556	2,176,485	72,211	(7,345,594)	30,000,519
Segment result	935,448	1,690,579	2,606,419	1,586,329	622,032	13,045	67,444	7,521,296
Unallocated corporate expenses								(708,727)
Operating profit								6,812,569
Share of profits of associates								117,985
Profit before tax								6,930,554
Taxation expense								(1,443,929)
Net profit								5,486,625
Segment assets	85,248,924	24,761,975	103,595,977	60,773,507	13,683,889	470,401	(68,004,858)	220,529,815
Associates								1,992,771
Unallocated assets								616,218
Total assets								223,138,804
Segment liabilities	83,883,375	24,345,944	91,077,022	53,463,272	12,091,749	234,366	(67,156,640)	197,939,088
Unallocated liabilities								609,729
Total liabilities								198,548,817
Impairment loss	-	-	-	244,257	-	-	-	244,257
Capital expenditure	733,479	78,472	61,034	28,834	23,463	2,577	-	927,859
Depreciation and amortisation	818,687	87,649	68,171	38,057	12,576	2,945	-	1,028,085

NOTES TO THE FINANCIAL STATEMENTS

5. Segment Reporting (Continued)

Year ended 30 September 2005

	Banking							
	Retail $'000	Corporate $'000	Treasury $'000	Wealth Management $'000	Insurance $'000	Other $'000	Eliminations $'000	Consolidated $'000
External operating revenue	5,304,938	3,586,421	8,914,075	8,176,063	1,459,217	20,055	-	27,460,769
Operating revenue from other segments	5,842,928	81,331	2,245,074	144,230	101,293	47,680	(8,462,536)	-
Operating revenue	11,147,866	3,667,752	11,159,149	8,320,293	1,560,510	67,735	(8,462,536)	27,460,769
Segment result	242,364	1,464,010	2,833,616	2,377,863	543,716	11,271	(636,328)	6,836,512
Unallocated corporate expenses								(830,451)
Operating profit								6,006,061
Share of loss of associates								(168,626)
Profit before tax								5,837,435
Taxation expense								(1,368,893)
Net profit								4,468,542
Segment assets	85,818,378	19,488,711	78,663,504	55,493,510	10,113,843	293,394	(61,245,408)	188,625,932
Associates								1,562,322
Unallocated assets								153,040
Total assets								190,341,294
Segment liabilities	79,384,116	17,193,765	73,930,097	48,818,225	9,162,434	304,197	(60,876,807)	167,916,027
Unallocated liabilities								1,211,804
Total liabilities								169,127,831
Impairment loss	-	-	468,409	-	-	-	(232,050)	236,359
Capital expenditure	858,141	83,408	70,344	27,972	8,025	21	-	1,047,911
Depreciation and amortisation	885,337	91,497	77,166	10,158	5,076	1,901	-	1,071,135

NOTES TO THE FINANCIAL STATEMENTS

6. Fee and Commission Income

	The Group		The Bank	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Retail banking fees	1,060,244	755,534	1,107,350	825,997
Credit related fees	2,331,057	1,789,615	2,276,679	1,742,314
Other fees	574,398	413,918	114,985	94,387
	3,965,699	2,959,067	3,499,014	2,662,698

7. Net Trading Income

	The Group		The Bank	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Foreign exchange translation and trading	1,051,505	980,639	856,880	881,594
Fixed income - trading securities	57,332	104,093	-	-
Fixed income - available-for-sale securities	1,311,904	873,544	463,267	505,850
Equities - trading securities	(34,898)	(49,931)	-	-
Equities - available-for-sale securities	(29,797)	418,140	33,768	1,057,575
	2,356,046	2,326,485	1,353,915	2,445,019

Foreign exchange translation and trading income includes gains and losses arising from translation of assets and liabilities denominated in foreign currencies as well as those arising from foreign currency trading activity.

During the year ended 30 September 2005, gains of $798,097,000 were recognised in the Bank on the sale of equities to a subsidiary.

8. Loan Provision Recovered

This represented a second mortgage to the purchaser of a property. The mortgage was supported by a promissory note for US$7,500,000 which was issued on 29 May 1998 by a subsidiary and was repayable on 29 May 2008. The amount was provided for, in a prior year, and was fully recovered during the year ended 30 September 2005.

NOTES TO THE FINANCIAL STATEMENTS

9. Other Operating Income and Other Operating Expenses

Insurance premiums of $389,678,000 (2005 - $24,798,000) are included as part of other operating income and insurance claims of $9,619,000 (2005 - $9,238,000) was included as part of other operating expenses.

10. Staff Costs

	The Group		The Bank	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Wages and salaries	3,932,898	3,734,822	3,402,226	3,148,758
Statutory contributions	498,055	388,572	435,383	335,835
Pension costs - defined contribution plans	155,144	124,919	121,201	115,063
Pension costs - defined benefit plans (Note 30)	(566)	(372)	-	-
Allowances and benefits	703,215	577,677	637,721	666,767
Staff profit share	562,980	502,990	388,128	364,641
Termination benefits	104,109	336,093	100,837	332,864
	5,955,835	5,664,701	5,085,496	4,963,928

11. Impairment Losses

The Group has recognised impairment losses as follows:

	The Group		The Bank	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Supreme Ventures Limited	244,257	-	-	-
Dyoll Group Limited	-	236,359	-	468,409
	244,257	236,359	-	468,409

NOTES TO THE FINANCIAL STATEMENTS

11. Impairment Losses (Continued)

Supreme Ventures Limited

In January 2006, through an IPO, shareholders in Supreme Ventures Limited (SVL) offered 124,740,125 shares for sale at $4.81 each. The offer was fully underwritten by a subsidiary of the Bank, representing a total underwriting commitment of J$600 million. The offer was undersubscribed and in February 2006 the subsidiary discharged its underwriting commitment by purchasing the number of shares undersubscribed. This investment was classified as available-for-sale. On 28 February 2006, the shares of Supreme Ventures Limited were listed on the Jamaica Stock Exchange. An impairment assessment was performed and the difference between the cost of the investment and the bid price was recognised in the profit and loss account as an impairment loss.

Dyoll Group Limited

This represents the impairment loss on equity investment in Dyoll Group Limited.

Dyoll Insurance Company, a subsidiary of Dyoll Group, provided extensive property and casualty insurance coverage in the Cayman Islands. Hurricane Ivan caused substantial damage to the Cayman Islands in September 2004 and Dyoll Insurance Company suffered extensive losses as a result of the claims made by policyholders. The full extent of these claims and Dyoll Insurance Company's losses were not made available to investors in Dyoll Group, including NCB Group, until 2005.

12. Profit before Taxation

The following have been charged/(credited) in arriving at profit before taxation:

	The Group		The Bank	
	2006	**2005**	**2006**	**2005**
	$'000	**$'000**	**$'000**	**$'000**
Directors' emoluments -				
Fees	9,911	5,848	6,580	4,118
Management remuneration	60,654	28,772	54,403	28,772
Auditors' remuneration -				
Current year	26,655	24,103	15,062	14,520
Prior year	3,316	2,000	268	1,200
Loss/(gain) on disposal of property,				
plant and equipment	12,450	(11,817)	12,546	(12,409)
Operating lease rentals	102,419	72,894	99,414	69,646

NOTES TO THE FINANCIAL STATEMENTS

13. Expenses by Nature

	The Group		The Bank	
		Restated		Restated
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Staff costs	5,955,835	5,664,701	5,085,496	4,963,928
Depreciation and amortisation	1,028,085	1,071,135	974,504	1,025,210
Impairment loss	244,257	236,359	-	468,409
Provision for credit losses	155,786	(28,071)	155,786	(28,071)
Licensing and processing fees	610,614	600,542	586,011	622,609
Irrecoverable GCT	293,777	250,584	256,561	220,806
Property, maintenance, insurance and utilities	1,356,237	1,173,192	1,313,880	1,148,378
Communication, courier and transportation	519,614	290,627	486,743	278,638
Stationery and office expenses	243,720	269,688	210,486	235,958
Marketing, advertising and donations	389,340	598,519	292,397	317,557
Technical, consultancy and professional fees	261,191	662,611	172,735	431,423
Effect of change in valuation basis of policy contracts of life insurance subsidiary	-	(346,683)	-	-
Other	101,745	79,214	64,210	69,021
	11,160,201	10,522,418	9,598,809	9,753,866

NOTES TO THE FINANCIAL STATEMENTS

14. Taxation

	The Group		The Bank	
		Restated		
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Current:				
Income tax at 33⅓%	1,437,249	1,577,632	960,472	1,158,429
Premium tax at 3%	103,260	75,457	-	-
Investment income tax at 15%	66,052	62,356	-	-
Deferred tax (Note 29)	(162,632)	(346,552)	(44,276)	(370,489)
	1,443,929	1,368,893	916,196	787,940

The tax on profit differs from the theoretical amount that would arise using the basic statutory rate of 33⅓% as follows:

	The Group		The Bank	
		Restated		
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Profit before tax	6,930,554	5,837,435	4,453,047	3,608,636
Tax calculated at a tax rate of 33⅓%	2,310,185	1,945,812	1,484,349	1,202,879
Income not subject to tax or in respect of which tax has been remitted	(873,138)	(873,365)	(592,382)	(713,803)
Expenses not deductible for tax purposes	41,810	141,912	5,601	173,874
Effect of different tax regime applicable to life insurance subsidiary	(10,956)	(36,215)	-	-
Effect of share of associates' profit included net of tax	(40,711)	(37,888)	-	-
Losses in associate, not deductible	5,126	94,097	-	-
Prior year under provision	13,007	132,346	17,460	125,801
Other	(1,394)	2,194	1,168	(811)
Taxation expense	1,443,929	1,368,893	916,196	787,940

NOTES TO THE FINANCIAL STATEMENTS

15. Net Profit

	2006 $'000	Restated 2005 $'000
Dealt with in the financial statements of:		
The Bank	3,536,851	2,820,696
Subsidiaries	1,869,076	2,090,118
Associates	80,698	(442,272)
	5,486,625	4,468,542

16. Retained Earnings

	2006 $'000	Restated 2005 $'000
Reflected in the financial statements of:		
The Bank	1,951,377	1,961,323
Subsidiaries	6,606,058	4,734,504
Associates	398,331	317,633
	8,955,766	7,013,460

17. Earnings Per Stock Unit

Basic earnings per stock unit is calculated by dividing the net profit attributable to stockholders by the weighted average number of ordinary stock units in issue during the year. Diluted earnings per stock unit equals basic earnings per stock unit as there are no dilutive potential ordinary stock units.

	2006	Restated 2005
Net profit attributable to stockholders ($'000)	5,486,625	4,468,542
Weighted average number of ordinary stock units in issue ('000)	2,460,720	2,460,720
Basic and diluted earnings per stock unit ($)	2.23	1.82

NOTES TO THE FINANCIAL STATEMENTS

18. Cash and Balances at Bank of Jamaica

	The Group		The Bank	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Cash in hand and at bank	2,849,133	2,291,750	2,283,452	2,069,893
Balances with the Bank of Jamaica other than statutory reserves	172,084	1,017,937	128,927	1,015,043
Included in cash and cash equivalents	3,021,217	3,309,687	2,412,379	3,084,936
Statutory reserves with the Bank of Jamaica - interest-bearing	3,147,357	3,730,101	3,147,357	3,730,101
Statutory reserves with the Bank of Jamaica - non-interest-bearing	5,871,418	4,973,800	5,871,418	4,973,800
	12,039,992	12,013,588	11,431,154	11,788,837
Interest receivable	6	93	6	93
	12,039,998	12,013,681	11,431,160	11,788,930

Statutory reserves with the Bank of Jamaica represent the required ratio of 9% (2005 - 9%) of prescribed liabilities. They are not available for investment, lending or other use by the Group.

Since 15 January 2003, the Bank has been required by the Bank of Jamaica under section 28A of the Bank of Jamaica Act, to maintain a special deposit wholly in the form of cash, representing 5% of prescribed liabilities. The rate was reduced to 3% and 1%, effective 1 March 2005 and 16 May 2005, respectively. This special deposit earned interest at 6% per annum. Effective 1 May 2006, the Bank of Jamaica removed the special deposit requirement.

19. Due from Other Banks

	The Group		The Bank	
		Restated		Restated
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Items in course of collection from other banks	904,553	1,069,697	904,553	1,069,697
Placements with other banks	12,921,701	10,042,878	12,073,569	10,288,139
	13,826,254	11,112,575	12,978,122	11,357,836
Interest receivable	25,449	31,428	18,165	31,428
	13,851,703	11,144,003	12,996,287	11,389,264

NOTES TO THE FINANCIAL STATEMENTS

20. Investment Securities at Fair Value through Profit and Loss

	The Group	
	2006	2005
	$'000	$'000
Quoted equity securities	750,007	1,561,559
Government of Jamaica debt securities	397,852	624,194
	1,147,859	2,185,753
Interest receivable	3,407	6,256
	1,151,266	2,192,009

21. Reverse Repurchase Agreements

The Group and the Bank enter into collateralised 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 within reverse repurchase agreements is related accrued interest receivable for the Group and the Bank of $1,799,690,000 (2005 - $1,787,249,000) and $5,160,000 (2005 - $5,871,000), respectively.

At 30 September 2006, the Group and the Bank held $22,155,450,000 (2005 - $27,126,741,000) and $4,146,209,000 (2005 - $2,298,452,000), respectively of securities, mainly representing Government of Jamaica debt securities, as collateral for reverse repurchase agreements.

NOTES TO THE FINANCIAL STATEMENTS

22. Loans and Advances

	The Group		The Bank	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Gross loans and advances	43,738,021	37,690,688	43,477,269	37,450,341
Provision for credit losses	(2,062,741)	(1,966,893)	(2,059,257)	(1,963,629)
	41,675,280	35,723,795	41,418,012	35,486,712
Interest receivable	544,560	340,547	544,560	340,547
	42,219,840	36,064,342	41,962,572	35,827,259

The movement in the provision for credit losses determined under the requirements of IFRS is as follows:

	The Group		The Bank	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Balance at beginning of year	1,966,893	2,164,523	1,963,629	2,161,259
Provided during the year	922,840	587,956	922,840	587,956
Recoveries	(767,054)	(616,027)	(767,054)	(616,027)
Net charge to profit	155,786	(28,071)	155,786	(28,071)
Write-offs	(59,938)	(169,559)	(60,158)	(169,559)
Balance at end of year	2,062,741	1,966,893	2,059,257	1,963,629

The aggregate amount of non-performing loans on which interest was not being accrued amounted to $1,600,170,000 as at 30 September 2006 (2005 - $1,608,710,000).

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

	The Group		The Bank	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Specific provision	1,899,130	1,821,208	1,895,646	1,817,944
General provision	416,596	357,275	416,596	357,275
	2,315,726	2,178,483	2,312,242	2,175,219
Excess of regulatory provision over IFRS provision reflected in non-distributable loan loss reserve (Note 39)	252,985	211,590	252,985	211,590

NOTES TO THE FINANCIAL STATEMENTS

23. Investment Securities - Available-For-Sale

	The Group		The Bank	
		Restated		Restated
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Available-for-sale securities - at fair value				
Debt securities				
- Government of Jamaica	112,677,306	86,876,800	64,410,012	53,265,866
- Foreign government	32,880	-	-	-
- Corporate	4,389,624	1,206,157	4,373,198	1,080,657
- Other	677,090	433,293	577,389	402,329
Equity securities				
- Quoted	1,323,125	1,316,192	988,248	1,177,573
- Unquoted	18,255	18,255	18,255	18,255
	119,118,280	89,850,697	70,367,102	55,944,680
Interest receivable	3,495,891	2,917,732	2,205,455	2,126,644
Total	122,614,171	92,768,429	72,572,557	58,071,324

The Bank of Jamaica holds as security, Government of Jamaica Local Registered Stocks with a face value of $1,500,000,000 (2005 - $1,425,000,000) for the Group and $1,300,000,000 (2005 - $1,300,000,000) for the Bank against possible shortfalls in the operating account.

The Financial Services Commission holds as security, Government of Jamaica Local Registered Stocks with a face value of $90,000,000 (2005 - $90,000,000) for the life insurance subsidiary, in accordance with Section 8(1)(B) of the Insurance Regulations 2001.

Included in investment securities are the following amounts which are regarded as cash equivalents for purposes of the statement of cash flows:

	The Group		The Bank	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Debt securities with an original maturity of less than 90 days	16,020,470	1,478,501	14,360,475	2,165,501

NOTES TO THE FINANCIAL STATEMENTS

24. Investments in Associates

	The Group		The Bank	
		Restated		
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
At the beginning of the year	1,562,322	1,915,399	543,167	1,148,446
Disposals during the year	-	-	-	(136,870)
Share of profit/(loss)	117,985	(168,626)	-	-
Dividends received	(37,287)	(37,287)	-	-
Impairment of positive goodwill (Note 11)	-	(236,359)	-	-
Other equity movements	349,751	89,195	-	-
Provision for impairment	-	-	-	(468,409)
At end of year	1,992,771	1,562,322	543,167	543,167

The assets, liabilities, revenue and net profit/(loss) of the associates as at and for the years ended 30 June 2006 and 2005 are as follows:

	Assets	Liabilities	Revenue	Net Profit/(loss)
	$'000	$'000	$'000	$'000
2006				
Kingston Wharves Limited	6,789,173	2,299,941	1,973,351	319,512
Dyoll Group Limited	178,805	44,796	10,249	(46,864)
	6,967,978	2,344,737	1,983,600	272,648
2005				
Kingston Wharves Limited	4,806,930	1,360,512	1,834,102	307,453
Dyoll Group Limited	208,348	47,253	113,157	(679,505)
	5,015,278	1,407,765	1,947,259	(372,052)

	The Group			
	Carrying Value	Fair Value	Carrying Value	Fair Value
	2006	2006	2005	2005
	$'000	$'000	$'000	$'000
Kingston Wharves Limited	1,941,976	2,843,155	1,490,689	2,377,064
Dyoll Group Limited	50,795	14,899	71,633	249,768
	1,992,771	2,858,054	1,562,322	2,626,832

NOTES TO THE FINANCIAL STATEMENTS

24. Investments in Associates (Continued)

	The Bank			
	Carrying Value	Fair Value	Carrying Value	Fair Value
	2006	2006	2005	2005
	$'000	$'000	$'000	$'000
Kingston Wharves Limited	471,534	2,200,924	471,534	1,840,117
Dyoll Group Limited	71,633	14,899	71,633	249,768
	543,167	2,215,823	543,167	2,089,885

25. Investment Properties

	The Group	
	2006	2005
	$'000	$'000
Balance at beginning of year	12,000	21,300
Disposals	-	(11,500)
Fair value gains	1,000	2,200
Balance at end of year	13,000	12,000

The properties were valued at current market value as at 31 August 2006 by Easton Douglas & Company, qualified property appraisers and valuers.

NOTES TO THE FINANCIAL STATEMENTS

26. Property, Plant and Equipment

	The Group					
	Freehold Land and Buildings $'000	Leasehold Improvements $'000	Motor Vehicles, Furniture & Equipment $'000	Assets Capitalised Under Finance Leases $'000	Work-in-Progress $'000	Total $'000
Cost -						
At 1 October 2004	1,851,047	407,253	2,618,802	938,119	378,457	6,193,678
Additions	100,786	3,523	311,500	-	454,623	870,432
Disposals	(8,116)	(414)	(26,060)	(57,959)	(2,161)	(94,710)
Transfers	415,032	6,548	256,948	-	(678,528)	-
Reclassifications and adjustments	(24,406)	(365)	(35,318)	61,230	(5,138)	(3,997)
At 30 September 2005	2,334,343	416,545	3,125,872	941,390	147,253	6,965,403
Additions	38,297	10,114	320,309	-	472,410	841,130
Disposals	(30,618)	(310)	(9,833)	(47,532)	(27,098)	(115,391)
Transfers	54,164	11,065	186,296	3,139	(254,664)	-
Reclassifications and adjustments	(3,767)	3,310	(138,368)	135,893	-	(2,932)
At 30 September 2006	2,392,419	440,724	3,484,276	1,032,890	337,901	7,688,210
Accumulated Depreciation -						
At 1 October 2004	207,454	274,202	1,407,057	815,888	-	2,704,601
Charge for the year	38,056	52,022	553,924	63,940	-	707,942
Disposals	(1,359)	(413)	(21,747)	(49,913)	-	(73,432)
Reclassifications and adjustments	(3,162)	604	(5,897)	5,476	-	(2,979)
At 30 September 2005	240,989	326,415	1,933,337	835,391	-	3,336,132
Charge for the year	41,301	37,965	499,892	70,180	-	649,338
Disposals	(6,162)	(168)	(3,979)	(40,645)	-	(50,954)
Reclassifications and adjustments	344	(128)	(16,256)	15,410	-	(630)
At 30 September 2006	276,472	364,084	2,412,994	880,336	-	3,933,886
Net Book Value -						
30 September 2006	2,115,947	76,640	1,071,282	152,554	337,901	3,754,324
30 September 2005	2,093,354	90,130	1,192,535	105,999	147,253	3,629,271

NOTES TO THE FINANCIAL STATEMENTS

26. Property, Plant and Equipment (Continued)

	The Bank					
	Freehold Land and Buildings $'000	Leasehold Improvements $'000	Motor Vehicles, Furniture & Equipment $'000	Assets Capitalised Under Finance Leases $'000	Work-in-Progress $'000	Total $'000
Cost -						
At 1 October 2004	1,851,047	369,717	2,541,991	940,253	375,322	6,078,330
Additions	100,786	2,890	304,100	-	454,623	862,399
Disposals	(8,116)	(414)	(8,477)	(57,959)	(2,161)	(77,127)
Transfers	415,032	6,548	256,948	-	(678,528)	-
Reclassifications and adjustments	(24,406)	(1,201)	(34,961)	61,230	(5,136)	(4,474)
At 30 September 2005	2,334,343	377,540	3,059,601	943,524	144,120	6,859,128
Additions	38,297	1,414	293,153	-	472,410	805,274
Disposals	(30,618)	(310)	(6,306)	(47,532)	(27,098)	(111,864)
Transfers	54,164	11,065	186,296	3,139	(254,664)	-
Reclassifications and adjustments	(3,767)	3,310	(138,413)	135,893	-	(2,977)
At 30 September 2006	2,392,419	393,019	3,394,331	1,035,024	334,768	7,549,561
Accumulated Depreciation -						
At 1 October 2004	207,454	262,551	1,361,812	815,888	-	2,647,705
Charge for the year	38,056	45,080	542,525	63,940	-	689,601
Disposals	(1,359)	(413)	(5,968)	(49,913)	-	(57,653)
Reclassifications and adjustments	(3,162)	(186)	(5,693)	5,476	-	(3,565)
At 30 September 2005	240,989	307,032	1,892,676	835,391	-	3,276,088
Charge for the year	41,301	29,461	485,759	70,180	-	626,701
Disposals	(6,162)	(168)	(2,951)	(40,645)	-	(49,926)
Reclassifications and adjustments	344	(128)	(16,256)	15,410	-	(630)
At 30 September 2006	276,472	336,197	2,359,228	880,336	-	3,852,233
Net Book Value -						
30 September 2006	2,115,947	56,822	1,035,103	154,688	334,768	3,697,328
30 September 2005	2,093,354	70,508	1,166,925	108,133	144,120	3,583,040

NOTES TO THE FINANCIAL STATEMENTS

26. Property, Plant and Equipment (Continued)

Assets capitalised under finance leases comprise motor vehicles and computer equipment.

27. Intangible Asset - Computer Software

	The Group		The Bank	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Net book value at beginning of year	751,153	943,212	699,479	889,295
Additions	86,729	177,479	67,713	149,358
Disposals	-	(3,366)	-	-
Amortisation charge	(379,377)	(366,172)	(348,432)	(339,174)
Net book value at end of year	458,505	751,153	418,760	699,479

	The Group		The Bank	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Cost	1,739,101	1,651,703	1,595,548	1,527,167
Accumulated amortisation	(1,280,596)	(900,550)	(1,176,788)	(827,688)
Net book value	458,505	751,153	418,760	699,479

28. Other Assets

	The Group		The Bank	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Accounts receivable	1,061,329	1,085,038	722,075	1,170,355
Prepayments	94,755	129,263	94,154	129,263
	1,156,084	1,214,301	816,229	1,299,618

NOTES TO THE FINANCIAL STATEMENTS

29. Deferred Income Taxes

Deferred income taxes are calculated on all temporary differences under the liability method using a tax rate of 15% for the insurance subsidiary and 33⅓% for the Bank and all other subsidiaries.

The movement in the net deferred income tax balance is as follows:

	The Group		The Bank	
		Restated		Restated
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Net liability at beginning of year	798,685	988,126	21,942	384,964
Deferred tax (income)/expense (Note 14)	(162,632)	(346,552)	(44,276)	(370,489)
Deferred tax charged/(credit) to stockholders' equity on available-for-sale investment securities	(162,853)	157,111	(110,713)	7,467
Net liability/(asset) at end of year	473,200	798,685	(133,047)	21,942

(Assets)/liabilities recognised on the balance sheet are as follows :

	The Group 2006	The Group 2005	The Bank 2006	The Bank 2005
Deferred tax asset	(133,047)	-	(133,047)	-
Deferred tax liability	606,247	798,685	-	21,942
Net liability/(asset)	473,200	798,685	(133,047)	21,942

NOTES TO THE FINANCIAL STATEMENTS

29. Deferred Income Taxes (Continued)

Deferred income tax assets and liabilities are due to the following items:

	The Group		The Bank	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Deferred income tax assets:				
Property, plant and equipment	5,112	2,251	-	-
Investment securities at fair value through profit and loss	120,505	-	-	-
Investment securities - available-for-sale	4	17	-	-
Loan loss provisions	54,537	48,561	54,537	48,561
Pensions and other post-retirement benefits	80,732	77,626	84,104	77,626
Interest payable	287,732	292,578	-	-
Interest rate swaps	22,903	232	22,903	232
Unrealised foreign exchange loss	-	9,445	-	9,445
Other temporary differences	34,904	39,825	32,574	35,624
	606,429	470,535	194,118	171,488
Deferred income tax liabilities:				
Property, plant and equipment	31,395	62,547	29,267	60,323
Investment securities at fair value through profit and loss	-	5,124	-	-
Investment securities - available-for-sale	277,179	440,765	17,644	128,357
Obligations under securitization arrangements	-	4,750	-	4,750
Interest receivable	747,594	744,968	-	-
Unrealised foreign exchange gains	21,836	6,928	14,160	-
Other temporary differences	1,625	4,138	-	-
	1,079,629	1,269,220	61,071	193,430

The amounts shown in the balance sheet include the following:

	The Group		The Bank	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Deferred tax assets to be recovered after more than 12 months	(85,844)	(79,877)	(84,104)	(77,626)
Deferred tax liabilities to be settled after more than 12 months	31,395	62,547	29,267	60,323

Deferred income tax liabilities have not been provided for on the withholding and other taxes that would be payable on the undistributed earnings of certain subsidiaries to the extent that such earnings are permanently reinvested. Such undistributed earnings totalled $6,606,058,000 at 30 September 2006 (2005 - $4,734,504,000).

NOTES TO THE FINANCIAL STATEMENTS

30. Retirement Benefits

(Assets)/liabilities recognised on the balance sheet are as follows:

	The Group		The Bank	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Pension schemes	(10,118)	(8,812)	-	-
Other retirement benefits	252,313	232,879	252,313	232,879

Pension schemes

The Bank and its subsidiaries have established a number of pension schemes covering all permanent employees. The assets of funded plans are held independently of the Group's assets in separate trustee administered funds. Defined benefit plans are valued by independent actuaries annually using the projected unit credit method. The latest actuarial valuations were carried out as at 30 June 2006.

The amounts recognised in the balance sheet are determined as follows:

	The Group		The Bank	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Present value of funded obligations	5,723,848	4,973,811	5,711,488	4,964,412
Fair value of plan assets	(10,387,389)	(10,930,174)	(10,364,558)	(10,911,313)
	(4,663,541)	(5,956,363)	(4,653,070)	(5,946,901)
Unrecognised actuarial gains	591,566	2,443,470	591,213	2,442,820
Limitation on asset due to uncertainty of obtaining economic benefits	4,061,857	3,504,081	4,061,857	3,504,081
Asset in the balance sheet	(10,118)	(8,812)	-	-

Pension plan assets include:

- Ordinary stock units of the Bank with a fair value of $1,328,419,000 (2005 - $1,032,125,000).
- Repurchase obligations, promissory notes and lease obligations of the Group aggregating $233,293,000 (2005 - $398,295,000).
- Properties occupied by the Group with a fair value of $318,306,000 (2005 - $299,425,000).

NOTES TO THE FINANCIAL STATEMENTS

30. Retirement Benefits (Continued)

The amounts recognised in the profit and loss account are as follows:

	The Group		The Bank	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Current service cost	84	(27)	-	-
Interest cost	596,371	499,659	594,861	498,344
Expected return on plan assets	(1,072,739)	(920,680)	(1,070,579)	(919,020)
Net actuarial gains recognised	(82,058)	(73,641)	(82,058)	(73,641)
Change in limitation on asset	557,776	494,317	557,776	494,317
Total, included in staff costs (Note 10)	(566)	(372)	-	-

The actual return on plan assets was negative $133,290,000 (2005 - $1,827,726,000) and negative $135,712,000 (2005 - $1,825,432,000) for the Group and the Bank, respectively.

Movements in the amounts recognised in the balance sheet:

	The Group		The Bank	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Asset at beginning of year	(8,812)	(7,602)	-	-
Total income, as above	(566)	(372)	-	-
Contributions paid	(740)	(838)	-	-
Asset at end of year	(10,118)	(8,812)	-	-

The principal actuarial assumptions used were as follows:

	The Group		The Bank	
	2006	2005	2006	2005
Discount rate	12.0%	12.5%	12.0%	12.5%
Expected return on plan assets	10.0%	10.0%	10.0%	10.0%
Future salary increases	9.5%	9.5%	9.5%	9.5%
Future pension increases	0 - 3.5%	0 - 3.5%	3.5%	3.5%

NOTES TO THE FINANCIAL STATEMENTS

30. Retirement Benefits (Continued)

Other retirement benefits

In addition to pension benefits, the Bank and its subsidiaries offer retiree medical and life insurance benefits that contribute to the health care and life insurance coverage of employees and beneficiaries after retirement. The method of accounting and frequency of valuations are similar to those used for defined benefit pension schemes.

In addition to the assumptions used for pension schemes, the main actuarial assumption is a long-term increase in health costs of 10.5% per year (2005 - 10.5%).

The amounts recognised in the balance sheet are determined as follows:

	The Group and The Bank	
	2006	2005
	$'000	$'000
Present value of unfunded obligations	283,231	193,182
Unrecognised actuarial (losses)/gains	(30,918)	39,697
Liability in the balance sheet	252,313	232,879

The amounts recognised in the profit and loss account are as follows:

	The Group and The Bank	
	2006	2005
	$'000	$'000
Current service cost	11,242	11,520
Interest cost	24,608	22,479
Actuarial gains recognised	(1,300)	(1,100)
Total, included in staff costs	34,550	32,899

Movements in the amounts recognised in the balance sheet:

	The Group and The Bank	
	2006	2005
	$'000	$'000
Liability at beginning of year	232,879	209,879
Total expense, as above	34,550	32,899
Contributions paid	(15,116)	(9,899)
Liability at end of year	252,313	232,879

NOTES TO THE FINANCIAL STATEMENTS

31. Due to Other Banks

	The Group		The Bank	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Items in course of payment	1,746,378	1,325,982	1,746,378	1,325,982
Deposits from other banks	5,278,794	4,619,212	5,278,794	4,619,212
	7,025,172	5,945,194	7,025,172	5,945,194
Interest payable	31,717	2,676	31,717	2,676
	7,056,889	5,947,870	7,056,889	5,947,870

32. Obligations under Securitisation Arrangements

	The Group and The Bank	
	2006	2005
	$'000	$'000
Credit card and cash advance		
Principal outstanding - US$225 million (2005 - US$171.4 million)	14,843,250	10,756,068
Diversified payment rights		
Principal outstanding - US$100 million (2005 - Nil)	6,597,000	-
	21,440,250	10,756,068
Unamortised transaction fees	(223,344)	(78,766)
	21,216,906	10,677,302
Interest payable	182,058	121,215
Net liability	21,398,964	10,798,517

Credit Card and Cash Advance

In 2001, the Bank entered into an arrangement for the sale of Future Accounts Receivable amounting to US$125,000,000 in respect of credit card and cash advance transactions in Jamaica between Visa International Service Association and Master Card International Incorporated and cardholders holding cards issued by banks outside of Jamaica (primarily in the U.S.A.). This took the form of variable funding certificates issued by Citibank N.A. through Citicorp administered commercial paper conduits. Payments under the arrangement were due quarterly commencing in October 2001 and ending October 2006. In September 2004, the arrangement was amended to extend the scheduled final payment date from October 2006 to October 2009 and to increase the facility limit to US$200,000,000. On 14 September 2006, the arrangement was further amended to extend the scheduled final payment date from October 2009 to October 2013, additionally the facility limit was increased from US$200 million to US$225 million. A final drawdown of US$92,500,000 was made in September 2006.

Interest is calculated daily on the weighted average rate applicable to commercial paper transactions administered by the respective conduits. The rate approximates one month US dollar LIBOR plus 135 basis points.

NOTES TO THE FINANCIAL STATEMENTS

32. Obligations Under Securitisation Arrangements (Continued)

	The Group & The Bank			
	Carrying Value 2006 $'000	Fair Value 2006 $'000	Carrying Value 2005 $'000	Fair Value 2005 $'000
Obligations under credit card and cash advance securitisation arrangements	21,398,964	21,622,308	10,798,517	10,877,283

Derivative Financial Instrument

Related to this arrangement, the Bank also entered into two interest rate swap agreements effective October 2001 with Citibank N.A. as follows:

Swap 1 - The Bank pays 4.33% per annum fixed and receives three month US dollar LIBOR on a notional amount of US$45,000,000 every quarter commencing January 2002 and ended July 2006.

Swap 2 - The Bank pays 3.78% per annum fixed and receives three month US dollar LIBOR on a notional amount of US$45,000,000 every quarter commencing January 2002 and ended July 2006.

In June 2006, the Bank entered into an additional swap with Citibank N.A.

Swap 3 - The Bank pays 5.65% per annum fixed and receives three month US dollar LIBOR on a notional amount of US$75,000,000 every quarter commencing September 2006 and ending June 2011.

The fair value of the interest rate swap at 30 September 2006 is negative $68,965,000 (US$1,045,000) (2005 - negative $695,000 (US$11,000)).

Diversified Payment Rights

On 22 March 2006, the Bank raised US$100,000,000 in structured financing backed by the securitization of Diversified Payment Rights arising under its existing and future US dollar Payment Advice and Payment Order (MT100 Series) and US dollar remittances.

Interest is due and payable on a quarterly basis calculated at three month US dollar LIBOR plus 180 basis points beginning 15 June 2006. Principal repayments will be due quarterly commencing on 15 June 2008 and ending 15 March 2013.

NOTES TO THE FINANCIAL STATEMENTS

33. Other Borrowed Funds

	The Group		The Bank	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Preference shares	300,000	-	-	-
International Finance Corporation (IFC)	989,550	-	989,550	-
Development Bank of Jamaica	976,899	912,005	976,899	912,005
Student loan funds	-	21,266	-	21,266
European Investment Bank	88,166	75,758	88,166	75,758
Finance lease obligations	193,626	119,756	193,626	120,072
	2,548,241	1,128,785	2,248,241	1,129,101
Unamortised transaction fees (IFC)	(31,648)	-	(31,648)	-
Interest payable	6,976	2,857	6,976	2,857
	2,523,569	1,131,642	2,223,569	1,131,958

(a) On 25 July 2006, 100,000,000 11.75% cumulative redeemable preference shares of $3 each in NCB Capital Markets Limited were offered to the public and fully subscribed. The shares are redeemable at par at the Company's option but in any event no later than January 2010. The shares were subsequently listed on the Jamaica Stock Exchange on 22 September 2006.

(b) On 27 June 2005, the International Finance Corporation, the private sector arm of the World Bank Group, signed an agreement with the Bank for a US$30 million loan facility, repayable over 10 years ending 15 June 2015. Interest on the facility approximates three month US dollar LIBOR plus 275 basis points. A drawdown of US$15 million was made on 22 September 2006. This long-term financing facility will be utilised by the Bank for general corporate purposes.

(c) The loans from Development Bank of Jamaica are granted in both Jamaican dollar and US dollar currencies and are utilised by the Bank to finance customers with viable projects in agricultural, agro-industrial, manufacturing, mining and tourism sectors of the economy. The loans to customers are for terms up to 12 years and at rates of 10 - 13%.

(d) Student loan funds represent funds provided by the Government of Jamaica and various funding agencies to the Bank for the purpose of making loans to students of tertiary educational institutions. These are repayable over 7 - 10 years and attract interest at a rate of 16 -18%.

(e) The loans from European Investment Bank are granted in Euro dollar currencies and are utilised by the bank for on lending in US dollar and Jamaican dollar currencies. The loans are repayable over 8 - 10 years at a rate of 6.76%.

NOTES TO THE FINANCIAL STATEMENTS

33. Other Borrowed Funds (Continued)

(f) The finance lease obligations are as follows:

	The Group		The Bank	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Minimum lease payments				
under finance leases:				
Not later than 1 year	95,915	63,849	95,915	64,165
Later than 1 year and				
not later than 5 years	159,739	93,848	159,739	93,848
	255,654	157,697	255,654	158,013
Future finance charges	(62,028)	(37,941)	(62,028)	(37,941)
Present value of finance lease obligations	193,626	119,756	193,626	120,072

The present value of finance lease obligations are as follows:

	The Group		The Bank	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Not later than 1 year	61,693	42,071	61,693	42,387
Later than 1 year and				
not later than 5 years	131,933	77,685	131,933	77,685
	193,626	119,756	193,626	120,072

NOTES TO THE FINANCIAL STATEMENTS

34. Policyholders' Liabilities

The Board of Directors of the Group's life insurance subsidiary appoints the Actuary pursuant to the Insurance Act. His responsibility is to carry out an annual valuation of the company's policyholders' liabilities in accordance with accepted actuarial practice and regulatory requirements and report thereon to the policyholders and shareholders. In performing the valuation, the Actuary makes assumptions as to the future rates of interest, asset defaults, mortality, morbidity, claims experience, policy termination, inflation, reinsurance recoveries, expenses and other contingencies, taking into consideration the circumstances of the company and the insurance policies in force.

	The Group	
	2006	2005
	$'000	$'000
(a) Composition of policyholders' liabilities:		
Life assurance fund	12,412,946	9,460,752
Insurance risk reserve	(430,177)	(392,310)
Benefits and claims payable	12,442	34,431
Unprocessed premiums	14,971	14,368
	12,010,182	9,117,241
(b) Change in policyholders' liabilities:		
Life assurance fund:		
At the beginning of the year	9,460,752	45,139
Gross premiums	3,282,933	329,836
Premium refunds	(7,534)	-
Mortality charges transferred to profit and loss account	(27,093)	(3,059)
Fees transferred to profit and loss account	(145,700)	(17,124)
Claims and benefits	(1,253,712)	(135,052)
Interest credited	1,103,300	84,740
Investment contracts reclassified as insurance contracts	-	9,156,272
At the end of the year	12,412,946	9,460,752

NOTES TO THE FINANCIAL STATEMENTS

34. Policyholders' Liabilities (Continued)

	The Group	
	2006	2005
	$'000	$'000
Insurance risk reserve:		
At the beginning of the year	(392,310)	(8,951)
Effect of change in assumptions:		
Base renewal expense levels	150,310	3,349
Issue of new policies	(102,968)	(37,682)
Investment returns	71,690	-
Lapse and surrender rates	(174,090)	-
Normal changes	17,191	(2,343)
Investment contracts reclassified as insurance contracts	-	(346,683)
At the end of the year	(430,177)	(392,310)
Benefits and claims payable:		
At the beginning of the year	34,431	73
Policyholders' claims and benefits	9,619	3,543
Claims relating to contracts previously treated as investment contracts	-	39,508
Benefits and claims paid	(31,608)	(8,693)
At the end of the year	12,442	34,431
Unprocessed premiums:		
At the beginning of the year	14,368	14,737
Premiums received	3,672,611	2,507,630
Premiums applied	(3,672,008)	(2,507,999)
At the end of the year	14,971	14,368

NOTES TO THE FINANCIAL STATEMENTS

35. Provision for Litigation

	The Group		The Bank	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
At beginning of year	67,573	117,000	67,573	117,000
Provided during the year	15,727	32,573	15,727	32,573
Utilised/reversed during the year	(49,393)	(82,000)	(49,393)	(82,000)
At end of year	33,907	67,573	33,907	67,573

The amounts shown in the balance sheet include the following:

	The Group		The Bank	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Non current	33,907	64,873	33,907	64,873
Current	-	2,700	-	2,700
	33,907	67,573	33,907	67,573

36. Other Liabilities

	The Group		The Bank	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Accrued liabilities	1,463,604	1,750,642	961,658	527,645
Others	1,171,098	629,683	709,285	849,063
	2,634,702	2,380,325	1,670,943	1,376,708

37. Share Capital

	2006 and 2005	
	Number of stock units	$'000
Authorised	5,750,000,000	5,750,000
Issued and Fully Paid Up -		
Ordinary stock units of $1 each	2,466,762,828	2,466,763
Ordinary stock units held by NCB Employee Share Scheme	(6,042,916)	(3,867)
Issued and outstanding	2,460,719,912	2,462,896

Pursuant to the Jamaican Companies Act 2004, the Bank has elected to retain the stock units with a nominal or par value under section 37(i).

NOTES TO THE FINANCIAL STATEMENTS

38. Fair Value and Other Reserves

	The Group		The Bank	
		Restated		Restated
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Fair value reserve - available-for-sale investments	1,059,112	1,804,330	281,895	693,797
Translation reserve	168,603	134,313	-	-
Capital reserve	308,118	308,118	348,468	348,468
Share of movement in reserves of associates	445,994	96,243	-	-
	1,981,827	2,343,004	630,363	1,042,265

Capital reserve comprises:

Realised:				
Capital gains from the scheme of arrangement	-	-	300,564	300,564
Surplus on revaluation of property, plant and equipment	92,991	92,991	-	-
Retained earnings capitalised	98,167	98,167	-	-
Unrealised:				
Surplus on revaluation of property, plant and equipment	116,960	116,960	47,904	47,904
	308,118	308,118	348,468	348,468

NOTES TO THE FINANCIAL STATEMENTS

39. Loan Loss Reserve

This is a non-distributable reserve representing the excess of the provision for credit losses determined using the Bank of Jamaica's regulatory requirements over the amount determined under IFRS (Note 22).

40. Banking Reserve Fund

This fund is maintained in accordance with the Banking Act 1992 which requires that a minimum of 15% of the net profits, as defined by the Act, of the Bank be transferred to the reserve fund until the amount of the fund is equal to 50% of the paid-up capital of the Bank and thereafter 10% of the net profits until the amount of the fund is equal to the paid-up capital of the Bank.

41. Retained Earnings Reserve

Section 2 of the Banking Act 1992 permits the transfer of any portion of the Bank's net profit to a retained earnings reserve. This reserve constitutes a part of the capital base for the purpose of determining the maximum level of deposit liabilities and lending to customers.

The deposit liabilities of the Bank and other indebtedness for borrowed money together with all interest accrued should not exceed twenty-five times its capital base.

NOTES TO THE FINANCIAL STATEMENTS

42. Cash Flows from Operating Activities

	The Group		The Bank	
		Restated		Restated
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Net profit	5,486,625	4,468,542	3,536,851	2,820,696
Adjustments to reconcile net profit to cash flow provided by operating activities:				
Depreciation of property, plant and equipment	648,708	704,963	626,072	686,036
Amortisation of intangible asset	379,377	366,172	348,432	339,174
Impairment losses	244,257	236,359	-	468,409
Share of after tax (profits)/losses of associates	(117,985)	168,626	-	-
Provision for credit losses	155,786	(28,071)	155,786	(28,071)
Interest income	(23,014,791)	(21,138,963)	(15,059,956)	(13,249,626)
Interest expense	11,236,655	10,425,519	5,331,922	4,816,354
Income tax expense	1,443,929	1,368,893	916,196	787,940
Unrealised exchange loss on securitisation arrangements	715,581	194,365	715,581	194,365
Amortisation of upfront fees on securitisation arrangements	49,459	41,107	49,459	41,107
Change in retirement benefit asset/obligation	18,128	21,790	19,434	23,000
Unrealised exchange gain on foreign currency denominated investments	(1,051,505)	(980,639)	(856,880)	(881,594)
Gain on sale of investment in associates	-	-	-	(396,767)
Loss/(gain) on disposal of property, plant and equipment and intangible asset	12,450	(11,817)	12,546	(12,409)
Fair value gains on investment properties	(1,000)	(2,200)	-	-
Fair value losses/(gains) on interest rate swap	68,270	(44,288)	68,270	(44,288)
Changes in operating assets and liabilities:				
Statutory reserves at Bank of Jamaica	(314,874)	968,752	(314,874)	968,753
Reverse repurchase agreements	4,944,391	(5,319,653)	(1,498,349)	(1,769,115)
Loans and advances	(6,090,257)	(1,777,574)	(6,087,086)	(1,746,525)
Customer deposits	13,970,813	4,509,274	12,852,441	5,860,102
Repurchase agreements	942,398	11,113,028	(3,612,459)	(1,486,357)
Promissory notes and certificates of participation	(1,120,649)	(6,401,429)	-	-
Policyholders' liabilities	2,892,941	2,155,832	-	-
Other	248,739	686,600	876,347	413,208
	11,747,446	1,725,188	(1,920,267)	(2,195,608)
Interest received	22,823,839	20,115,125	14,790,780	12,641,631
Interest paid	(11,179,656)	(10,544,148)	(5,270,573)	(5,047,334)
Income tax paid	(2,346,329)	(912,004)	(1,810,666)	(812,228)
Net cash provided by operating activities	21,045,300	10,384,161	5,789,274	4,586,461

NOTES TO THE FINANCIAL STATEMENTS

43. Related Party Transactions and Balances

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operational decisions. The volumes of related party transactions, outstanding balances at the year end and relating expense and income for the year are as follows:

The Group

	The parent and entities with significant influence over the entity		Fellow subsidiaries and associates		Directors and key management personnel (and their families)		Companies controlled by directors and related by virtue of common directorship	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Loans and advances								
Balance at 1 October	-	-	184,322	257,695	38,236	7,832	5,197,693	3,714,852
Issued during the year	-	-	-	-	415,262	44,659	1,352,798	2,025,140
Repayment during the year	-	-	(184,322)	(73,373)	(390,690)	(14,255)	(5,433,897)	(542,299)
Balance at 30 September	-	-	-	184,322	62,808	38,236	1,116,594	5,197,693
Interest income earned (loans and advances)	-	-	7,622	17,773	1,752	4,059	263,656	333,457
Investment securities								
Balance at 1 October	-	-	180,671	180,671	-	-	669,386	-
Net movement during the year	-	-	(53)	-	-	-	3,348,544	669,386
Balance at 30 September	-	-	180,618	180,671	-	-	4,017,930	669,386
Interest income earned (investment securities)	-	-	27,482	28,724	-	-	211,022	3,949
Other assets								
Balance at 1 October	129,144	173	-	-	-	-	37,336	-
Balance at 30 September	252	129,144	-	-	-	-	61,849	37,336
Fees and commissions earned	-	-	70,511	62,967	249	226	183,250	126,814
Other operating income	-	-	-	-	-	1,275	3,644	6,292

NOTES TO THE FINANCIAL STATEMENTS

43. Related Party Transactions and Balances (Continued)

The Group

	The parent and entities with significant influence over the entity 2006 $'000	The parent and entities with significant influence over the entity 2005 $'000	Fellow subsidiaries and associates 2006 $'000	Fellow subsidiaries and associates 2005 $'000	Directors and key management personnel (and their families) 2006 $'000	Directors and key management personnel (and their families) 2005 $'000	Companies controlled by directors and related by virtue of common directorship 2006 $'000	Companies controlled by directors and related by virtue of common directorship 2005 $'000
Customer deposits								
Balance at 1 October	1,063	1,392	311,379	36,727	149,298	95,631	467,770	1,483,915
Net movement during the year	172,304	(329)	272,305	274,652	(62,400)	53,667	43,446	(1,016,145)
Balance at 30 September	173,367	1,063	583,684	311,379	86,898	149,298	511,216	467,770
Interest expense (customer deposits)	2,569	1,263	8,782	3,750	1,399	2,325	9,978	48,837
Repurchase agreements								
Balance at 1 October	-	-	-	-	6,557	6,219	512,890	584,639
Encashments	-	-	-	-	2,451	338	486,873	(71,749)
Outstanding at 30 September	-	-	-	-	9,008	6,557	999,763	512,890
Interest expense (repurchase agreements)	-	-	-	-	3,106	1,268	113,553	89,812
Other liabilities								
Balance at 1 October	3,235	13,889	220,610	-	1,254	1,004	6,264	3,071
Balance at 30 September	1,037	3,235	23,235	220,610	400	1,254	11,709	6,264
Other operating expenses	39,048	63,103	117,875	225,592	1,189	638	-	-

NOTES TO THE FINANCIAL STATEMENTS

43. Related Party Transactions and Balances (Continued)

The Bank

	The parent and entities with significant influence over the entity		Subsidiaries, fellow subsidiaries and associates		Directors and key management personnel (and their families)		Companies controlled by directors and related by virtue of common directorship	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Loans and advances								
Balance at 1 October	-	-	184,322	257,695	38,236	7,832	5,197,693	3,714,852
Issued during the year	-	-	-	-	415,262	44,659	1,352,798	2,025,140
Repayment during the year	-	-	(184,322)	(73,373)	(390,690)	(14,255)	(5,433,897)	(542,299)
Balance at 30 September	-	-	-	184,322	62,808	38,236	1,116,594	5,197,693
Interest income earned (loans and advances)	-	-	7,622	17,773	1,752	4,059	263,656	333,457
Investment securities								
Balance at 1 October	-	-	-	-	-	-	640,900	-
Net movement during the year	-	-	-	-	-	-	956,720	640,900
Balance at 30 September	-	-	-	-	-	-	1,597,620	640,900
Interest income earned (investment securities)	-	-	-	-	-	-	69,967	3,634
Reverse repurchase agreements								
Balance at 1 October	-	-	687,000	-	-	-	-	-
Net movement during the year	-	-	406,880	687,000	-	-	-	-
Outstanding at 30 September	-	-	1,093,880	687,000	-	-	-	-
Interest income earned (reverse repurchase agreements)	-	-	27,332	9,915	-	-	-	-
Other assets								
Balance at 1 October	129,144	173	459,325	620,444	-	-	9,161	-
Balance at 30 September	252	129,144	229,368	459,325	-	-	25,849	9,161
Fees and commissions earned	-	-	82,252	76,245	120	158	181,337	125,723
Other operating income	-	-	34,345	33,498	-	1,275	3,644	6,292

NOTES TO THE FINANCIAL STATEMENTS

43. Related Party Transactions and Balances (Continued)

	The Bank							
	The parent and entities with significant influence over the entity		Subsidiaries, fellow subsidiaries and associates		Directors and key management personnel (and their families)		Companies controlled by directors and related by virtue of common directorship	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Customer deposits								
Balance at 1 October	1,063	1,392	3,561,139	2,480,102	149,298	95,631	467,770	1,483,915
Net movement during the year	172,304	(329)	(262,467)	1,081,037	(62,427)	53,667	43,446	(1,016,145)
Balance at 30 September	173,367	1,063	3,298,672	3,561,139	86,871	149,298	511,216	467,770
Interest expense (customer deposits)	2,569	1,263	137,394	277,662	1,399	2,325	9,978	48,837
Repurchase agreements								
Balance at 1 October	-	-	288,400	1,315,340	-	-	-	-
Net movement during the year	-	-	(218,400)	(1,026,940)	-	-	-	-
Balance at 30 September	-	-	70,000	288,400	-	-	-	-
Interest expense (repurchase agreements)	-	-	21,359	108,658	-	-	-	-
Obligations under finance leases								
Balance at 1 October	-	-	317	12,827	-	-	-	-
Net movement during the year	-	-	(317)	(12,510)	-	-	-	-
Balance at 30 September	-	-	-	317	-	-	-	-
Other liabilities								
Balance at 1 October	3,235	13,889	81,679	165,903	984	792	145	130
Balance at 30 September	1,037	3,235	41,533	81,679	302	984	1,591	145
Other operating expenses	39,048	63,103	97,585	37,832	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

43. Related Party Transactions and Balances (Continued)

	The Group		The Bank	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Key management compensation:				
Salaries and other short-term benefits	270,423	192,537	217,713	151,509
Post-employment benefits	8,278	6,729	7,453	6,031
Other long-term benefits	9,067	-	7,922	-
	287,768	199,266	233,088	157,540

No provision has been recognised in respect of loans given to related parties (2005 - Nil).

44. Financial Risk Management

By its nature, the Group's activities are principally related to the use of financial instruments. The Group accepts deposits from customers at both fixed and floating rates and for various periods and seeks to earn above average interest margins by investing these funds in high quality assets. The Group seeks to increase these margins by consolidating short-term funds and lending for longer periods at higher rates while maintaining sufficient liquidity to meet all claims that might fall due.

The Group also seeks to raise its interest margins by obtaining above average margins, net of provisions, through lending to commercial and retail borrowers with a range of credit standing. Such exposures involve not just loans and advances but also guarantees and other commitments such as letters of credit.

The Group also trades in financial instruments where it takes positions to take advantage of short-term market movements in equity and bond prices and in foreign exchange and interest rates. The Board places trading limits on the level of exposure that can be taken.

(a) Liquidity risk

The Group is exposed to daily calls on its available cash resources from overnight deposits, saving and current accounts, maturing deposits and repurchase agreements, loan draw downs, and guarantees. The Group does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. The Group's Treasury Division seeks to have available a minimum proportion of maturing funds to meet such calls. The Group's policy is to hold a high proportion of liquid assets to cover withdrawals at unexpected levels of demand.

The following tables analyse assets and liabilities of the Group and the Bank into relevant maturity groupings based on the remaining period, at balance sheet date, to the contractual maturity date.

NOTES TO THE FINANCIAL STATEMENTS

44. Financial Risk Management (Continued)

(a) Liquidity risk (continued)

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Group. It is unusual for financial institutions ever to be completely matched since business transacted is often of uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of loss.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Group and its exposure to changes in interest rates and exchange rates.

As at 30 September 2006:

	The Group					
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Total $'000
Assets						
Cash and balances at Bank of Jamaica	12,039,998	-	-	-	-	12,039,998
Due from other banks	11,192,647	283,717	2,375,339	-	-	13,851,703
Investment securities at fair value through profit and loss	45,126	126,110	116,927	154,816	708,287	1,151,266
Reverse repurchase agreements	8,184,444	3,389,117	11,389,657	-	-	22,963,218
Loans and advances net of provision for credit losses	10,416,884	1,179,616	3,979,692	15,816,009	10,827,639	42,219,840
Investment securities - available-for-sale	9,057,948	10,466,088	13,429,968	41,446,104	48,214,063	122,614,171
Investments in associates	-	-	-	-	1,992,771	1,992,771
Other	124,651	619,211	243,854	4,270,648	1,047,473	6,305,837
Total assets	51,061,698	16,063,859	31,535,437	61,687,577	62,790,233	223,138,804
Liabilities						
Due to other banks	2,820,705	877,933	3,263,092	95,159	-	7,056,889
Customer deposits	80,132,299	11,949,222	6,581,419	363,563	-	99,026,503
Derivative financial instruments	-	3,055	15,043	50,867	-	68,965
Promissory notes and certificates of participation	1,143,999	670,623	465,108	11,069	-	2,290,799
Repurchase agreements	26,758,107	13,655,075	9,896,093	2,462	32,970	50,344,707
Obligations under securitisation arrangements	-	131,831	-	12,822,144	8,444,989	21,398,964
Other borrowed funds	247	-	82,484	963,441	1,477,397	2,523,569
Other	11,305,370	1,087,861	1,277,494	732,252	1,435,444	15,838,421
Total liabilities	122,160,727	28,375,600	21,580,733	15,040,957	11,390,800	198,548,817
Net Liquidity Gap	(71,099,029)	(12,311,741)	9,954,704	46,646,620	51,399,433	24,589,987
Cumulative Liquidity Gap	(71,099,029)	(83,410,770)	(73,456,066)	(26,809,446)	24,589,987	

NOTES TO THE FINANCIAL STATEMENTS

44. Financial Risk Management (Continued)

(a) Liquidity risk (continued)

As at 30 September 2005:

	The Group					
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Total $'000
Assets						
Cash and balances at Bank of Jamaica	12,013,681	-	-	-	-	12,013,681
Due from other banks	9,251,738	45,109	1,847,156	-	-	11,144,003
Investment securities at fair value through profit and loss	3,185	975	13,078	500,325	1,674,446	2,192,009
Reverse repurchase agreements	5,085,152	3,650,396	19,756,331	-	-	28,491,879
Loans and advances net of provision for credit losses	7,674,257	2,976,820	3,598,234	13,163,290	8,651,741	36,064,342
Investment securities - available-for-sale	1,670,070	9,040,904	15,854,685	26,600,159	39,602,611	92,768,429
Investments in associates	-	-	-	-	1,562,322	1,562,322
Other	558,243	807,270	764,468	1,005,639	2,969,009	6,104,629
Total assets	36,256,326	16,521,474	41,833,952	41,269,413	54,460,129	190,341,294
Liabilities						
Due to other banks	3,218,245	-	2,729,625	-	-	5,947,870
Customer deposits	69,159,626	2,152,642	12,635,851	1,119,630	-	85,067,749
Derivative financial instruments	39	-	656	-	-	695
Promissory notes and certificates of participation	1,724,949	1,092,803	598,725	11,787	-	3,428,264
Repurchase agreements	24,211,323	12,102,263	12,115,088	977,846	700	49,407,220
Obligations under securitisation arrangements	716,815	-	1,810,552	8,271,150	-	10,798,517
Other borrowed funds	91,684	33,110	47,392	540,245	419,211	1,131,642
Other	8,617,233	2,151,364	962,842	93,710	1,520,725	13,345,874
Total liabilities	107,739,914	17,532,182	30,900,731	11,014,368	1,940,636	169,127,831
Net Liquidity Gap	(71,483,588)	(1,010,708)	10,933,221	30,255,045	52,519,493	21,213,463
Cumulative Liquidity Gap	(71,483,588)	(72,494,296)	(61,561,075)	(31,306,030)	21,213,463	

NOTES TO THE FINANCIAL STATEMENTS

44. Financial Risk Management (Continued)

(a) Liquidity risk (continued)

As at 30 September 2006:

	The Bank					
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Assets						
Cash and balances at Bank of Jamaica	11,431,160	-	-	-	-	11,431,160
Due from other banks	11,233,141	34,247	1,728,899	-	-	12,996,287
Reverse repurchase agreements	3,500,584	50,050	-	-	-	3,550,634
Loans and advances net of provision for credit losses	10,414,986	1,178,363	3,835,679	15,750,435	10,783,109	41,962,572
Investment securities - available-for-sale	9,684,158	9,718,868	3,356,613	22,168,691	27,644,227	72,572,557
Investments in subsidiaries	-	-	-	-	1,606,017	1,606,017
Investments in associates	-	-	-	-	543,167	543,167
Other	486,977	703,411	670,405	919,846	2,630,218	5,410,857
Total assets	46,751,006	11,684,939	9,591,596	38,838,972	43,206,738	150,073,251
Liabilities						
Due to other banks	2,820,704	877,933	3,262,092	96,160	-	7,056,889
Customer deposits	81,907,760	11,123,805	5,707,976	50,732	-	98,790,273
Derivative financial instruments	-	3,055	15,043	50,867	-	68,965
Repurchase agreements	1,909,787	496,327	90,509	-	-	2,496,623
Obligations under securitisation arrangements	-	133,041	12,766,930	8,498,993	-	21,398,964
Other borrowed funds	247	-	82,485	963,441	1,177,396	2,223,569
Other	35,146	786,924	457,098	120,216	855,367	2,254,751
Total liabilities	86,673,644	13,421,085	22,382,133	9,780,409	2,032,763	134,290,034
Net Liquidity Gap	(39,922,638)	(1,736,146)	(12,790,537)	29,058,563	41,173,975	15,783,217
Cumulative Liquidity Gap	(39,922,638)	(41,658,784)	(54,449,321)	(25,390,758)	15,783,217	

NOTES TO THE FINANCIAL STATEMENTS

44. Financial Risk Management (Continued)

(a) Liquidity risk (continued)

As at 30 September 2005:

	The Bank					
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Assets						
Cash and balances at Bank of Jamaica	11,788,930	-	-	-	-	11,788,930
Due from other banks	9,556,606	31,375	1,801,283	-	-	11,389,264
Reverse repurchase agreements	1,720,421	332,575	-	-	-	2,052,996
Loans and advances net of provision for credit losses	7,687,841	2,976,820	3,472,957	13,095,959	8,593,682	35,827,259
Investment securities - available-for-sale	578,344	3,229,924	13,255,323	9,675,945	31,331,788	58,071,324
Investments in subsidiaries	-	-	-	-	1,456,970	1,456,970
Investments in associates	-	-	-	-	543,167	543,167
Other	430,347	1,492,018	760,866	-	3,234,958	5,918,189
Total assets	31,762,489	8,062,712	19,290,429	22,771,904	45,160,565	127,048,099
Liabilities						
Due to other banks	3,218,245	-	2,729,625	-	-	5,947,870
Customer deposits	71,117,091	2,143,286	11,572,314	1,119,631	-	85,952,322
Derivative financial instruments	39	-	656	-	-	695
Repurchase agreements	4,637,910	330,913	215,319	942,319	-	6,126,461
Obligations under securitisation arrangements	716,815	-	1,810,553	8,271,149	-	10,798,517
Other borrowed funds	92,000	33,110	47,391	540,246	419,211	1,131,958
Other	918,967	507,158	220,295	93,711	940,475	2,680,606
Total liabilities	80,701,067	3,014,467	16,596,153	10,967,056	1,359,686	112,638,429
Net Liquidity Gap	(48,938,578)	5,048,245	2,694,276	11,804,848	43,800,879	14,409,670
Cumulative Liquidity Gap	(48,938,578)	(43,890,333)	(41,196,057)	(29,391,209)	14,409,670	

NOTES TO THE FINANCIAL STATEMENTS

44. Financial Risk Management (Continued)

(b) Interest rate risk

The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes but may decrease or create losses in the event that unexpected movements arise. The Asset and Liability Committee sets limits on the level of mismatch of interest rate repricing that may be undertaken.

The Group is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The following tables summarise the Group's and the Bank's exposure to interest rate risk. Included in the tables are the Group's and the Bank's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

As at 30 September 2006:

	The Group						
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Assets							
Cash and balances at Bank of Jamaica	343,838	-	-	-	-	11,696,160	12,039,998
Due from other banks	3,746,242	283,717	2,375,339	-	-	7,446,405	13,851,703
Investment securities at fair value through profit and loss	-	243,037	-	154,816	-	753,413	1,151,266
Reverse repurchase agreements	8,439,859	3,389,117	11,134,242	-	-	-	22,963,218
Loans and advances net of provision for credit losses	34,737,337	14,398	367,714	5,648,074	1,452,317	-	42,219,840
Investment securities - available-for-sale	9,971,201	30,697,961	16,047,950	32,157,648	32,732,908	1,006,503	122,614,171
Investment in associates	-	-	-	-	-	1,992,771	1,992,771
Other	63,625	-	-	-	-	6,242,212	6,305,837
Total assets	57,302,102	34,628,230	29,925,245	37,960,538	34,185,225	29,137,464	223,138,804
Liabilities							
Due to other banks	2,820,704	877,933	3,263,092	95,160	-	-	7,056,889
Customer deposits	34,156,615	19,959,728	22,602,431	363,563	-	21,944,166	99,026,503
Derivative financial instruments	68,965	-	-	-	-	-	68,965
Promissory notes and certificates of participation	1,143,999	670,623	465,108	11,069	-	-	2,290,799
Repurchase agreements	26,758,107	13,655,075	9,896,093	2,462	32,970	-	50,344,707
Obligations under securitisation arrangements	14,901,151	6,497,813	-	-	-	-	21,398,964
Other borrowed funds	926,068	-	27,423	516,548	1,053,530	-	2,523,569
Other	12,474,671	408	1,923	191,078	-	3,170,341	15,838,421
Total liabilities	93,250,280	41,661,580	36,256,070	1,179,880	1,086,500	25,114,507	198,548,817
On balance sheet interest sensitivity gap	(35,948,178)	(7,033,350)	(6,330,825)	36,780,658	33,098,725	4,022,957	24,589,987
Cumulative interest sensitivity gap	(35,948,178)	(42,981,528)	(49,312,353)	(12,531,695)	20,567,030	24,589,987	

NOTES TO THE FINANCIAL STATEMENTS

44. Financial Risk Management (Continued)

(b) Interest rate risk (continued)

As at 30 September 2005:

	The Group						
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Assets							
Cash and balances at Bank of Jamaica	4,986,944	-	-	-	-	7,026,737	12,013,681
Due from other banks	2,727,165	45,109	1,339,321	-	-	7,032,408	11,144,003
Investment securities at fair value through profit and loss	169,991	1,645,465	376,553	-	-	-	2,192,009
Reverse repurchase agreements	4,771,493	3,462,146	20,258,240	-	-	-	28,491,879
Loans and advances net of provision for credit losses	29,993,454	12,525	264,092	4,431,543	1,362,728	-	36,064,342
Investment securities - available-for-sale	14,303,651	40,668,366	17,431,285	6,924,618	11,835,239	1,605,270	92,768,429
Investment in associates	-	-	-	-	-	1,562,322	1,562,322
Other	13,402	72,024	7,564	11,528	-	6,000,111	6,104,629
Total assets	56,966,100	45,905,635	39,677,055	11,367,689	13,197,967	23,226,848	190,341,294
Liabilities							
Due to other banks	3,218,246	-	2,729,624	-	-	-	5,947,870
Customer deposits	28,231,849	10,156,189	28,819,219	1,119,630	-	16,740,862	85,067,749
Derivative financial instruments	39	-	656	-	-	-	695
Promissory notes and certificates of participation	1,724,949	1,092,803	598,725	11,787	-	-	3,428,264
Repurchase agreements	24,211,323	12,101,263	12,059,309	1,034,623	702	-	49,407,220
Obligations under securitisation arrangements	716,815	-	1,810,552	8,271,150	-	-	10,798,517
Other borrowed funds	87,240	24,870	16,558	583,764	419,210	-	1,131,642
Other	8,156,546	325,588	1,074,444	-	67,560	3,721,736	13,345,874
Total liabilities	66,347,007	23,700,713	47,109,087	11,020,954	487,472	20,462,598	169,127,831
On balance sheet interest sensitivity gap	(9,380,907)	22,204,922	(7,432,032)	346,735	12,710,495	2,764,250	21,213,463
Cumulative interest sensitivity gap	(9,380,907)	12,824,015	5,391,983	5,738,718	18,449,213	21,213,463	

NOTES TO THE FINANCIAL STATEMENTS

44. Financial Risk Management (Continued)

(b) Interest rate risk (continued)

As at 30 September 2006:

	The Bank						
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Assets							
Cash and balances at Bank of Jamaica	115,006	-	-	-	-	11,316,154	11,431,160
Due from other banks	3,786,737	34,247	1,728,899	-	-	7,446,404	12,996,287
Reverse repurchase agreements	3,500,584	50,050	-	-	-	-	3,550,634
Loans and advances net of provision for credit losses	34,734,898	13,685	223,700	5,582,500	1,407,789	-	41,962,572
Investment securities - available-for-sale	10,597,411	29,950,741	5,974,595	12,880,235	12,163,072	1,006,503	72,572,557
Investments in subsidiaries	-	-	-	-	-	1,606,017	1,606,017
Investments in associates	-	-	-	-	-	543,167	543,167
Other	-	-	-	-	-	5,410,857	5,410,857
Total assets	52,734,636	30,048,723	7,927,194	18,462,735	13,570,861	27,329,102	150,073,251
Liabilities							
Due to other banks	2,820,704	877,933	3,263,092	95,160	-	-	7,056,889
Customer deposits	35,919,320	19,134,311	21,728,988	50,733	-	21,956,921	98,790,273
Derivative financial instruments	68,965	-	-	-	-	-	68,965
Repurchase agreements	1,909,787	496,327	90,509	-	-	-	2,496,623
Obligations under securitisation arrangements	14,901,151	6,497,813	-	-	-	-	21,398,964
Other borrowed funds	1,011,706	-	27,423	516,548	667,892	-	2,223,569
Other	34,313	408	1,923	191,078	-	2,027,029	2,254,751
Total liabilities	56,665,946	27,006,792	25,111,935	853,519	667,892	23,983,950	134,290,034
On balance sheet interest sensitivity gap	(3,931,310)	3,041,931	(17,184,741)	17,609,216	12,902,969	3,345,152	15,783,217
Cumulative interest sensitivity gap	(3,931,310)	(889,379)	(18,074,120)	(464,904)	12,438,065	15,783,217	

NOTES TO THE FINANCIAL STATEMENTS

44. Financial Risk Management (Continued)

(b) Interest rate risk (continued)

As at 30 September 2005:

	The Bank						
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Assets							
Cash and balances at Bank of Jamaica	4,730,194	-	-	-	-	7,058,736	11,788,930
Due from other banks	2,614,698	31,375	1,801,283	-	-	6,941,908	11,389,264
Reverse repurchase agreements	1,720,421	332,575	-	-	-	-	2,052,996
Loans and advances net of provision for credit losses	29,756,371	12,525	264,092	4,431,543	1,362,728	-	35,827,259
Investment securities - available-for-sale	2,814,581	25,359,571	11,335,097	5,026,345	11,942,460	1,593,270	58,071,324
Investments in subsidiaries	-	-	-	-	-	1,456,970	1,456,970
Investments in associates	-	-	-	-	-	543,167	543,167
Other	-	-	-	-	-	5,918,189	5,918,189
Total assets	41,636,265	25,736,046	13,400,472	9,457,888	13,305,188	23,512,240	127,048,099
Liabilities							
Due to other banks	3,218,246	-	2,729,624	-	-	-	5,947,870
Customer deposits	30,887,940	9,448,207	27,579,409	1,119,630	-	16,917,136	85,952,322
Derivative financial instruments	39	-	656	-	-	-	695
Repurchase agreements	4,637,910	330,913	215,319	942,319	-	-	6,126,461
Obligations under securitisation arrangements	716,815	-	1,810,552	8,271,150	-	-	10,798,517
Other borrowed funds	87,556	24,870	16,557	583,764	419,211	-	1,131,958
Other	-	-	-	-	-	2,680,606	2,680,606
Total liabilities	39,548,506	9,803,990	32,352,117	10,916,863	419,211	19,597,742	112,638,429
On balance sheet interest sensitivity gap	2,087,759	15,932,056	(18,951,645)	(1,458,975)	12,885,977	3,914,498	14,409,670
Cumulative interest sensitivity gap	2,087,759	18,019,815	(931,830)	(2,390,805)	10,495,172	14,409,670	

NOTES TO THE FINANCIAL STATEMENTS

44. Financial Risk Management (Continued)

(b) Interest rate risk (continued)

The table below summarises the effective interest rates by major currencies for financial instruments of the Group and the Bank.

As at 30 September 2006:

	The Group				The Bank			
	J$	US$	CAN$	GBP	J$	US$	CAN$	GBP
	%	%	%	%	%	%	%	%
Assets								
Cash and balances at								
Bank of Jamaica	1.2	4.5	3.4	3.9	1.0	4.5	3.4	3.9
Due from other banks	-	4.9	5.4	4.7	-	4.9	5.4	4.7
Investment securities at fair								
value through profit and								
loss - debt securities	15.1	6.7	-	-	-	-	-	-
Reverse repurchase								
agreements	12.8	6.4	-	-	10.5	6.5	-	-
Loans and advances	26.1	10.0	-	-	26.1	10.0	-	-
Investment securities								
- available-for-sale								
- debt securities	13.9	10.2	-	-	13.1	10.9	-	7.9
Liabilities								
Due to other banks	-	6.6	-	-	-	6.6	-	-
Customer deposits	5.8	2.9	1.3	1.4	4.8	2.9	1.3	1.4
Repurchase agreements	12.1	6.1	-	-	12.4	6.7	-	-
Obligations under								
securitisation arrangements	-	7.0	-	-	-	7.0	-	-
Other borrowed funds	11.8	4.9	-	-	11.6	4.8	-	-

NOTES TO THE FINANCIAL STATEMENTS

44. Financial Risk Management (Continued)

(b) Interest rate risk (continued)

As at 30 September 2005:

	The Group				The Bank			
	J$	US$	CAN$	GBP	J$	US$	CAN$	GBP
	%	%	%	%	%	%	%	%
Assets								
Cash and balances at Bank of Jamaica	6.0	1.9	1.7	3.9	6.0	1.9	1.7	3.9
Due from other banks	-	2.6	2.7	4.4	-	2.6	2.7	4.4
Investment securities at fair value through profit and loss - debt securities	15.9	8.4	-	-	-	-	-	-
Reverse repurchase agreements	14.3	6.1	-	-	11.9	5.7	-	-
Loans and advances	23.9	9.1	-	-	23.9	9.1	-	-
Investment securities - available-for-sale - debt securities	14.7	10.4	-	-	14.3	11.0	-	-
Liabilities								
Due to other banks	-	5.2	-	-	-	5.2	-	-
Customer deposits	5.3	3.2	1.3	1.4	5.3	3.1	1.4	1.4
Repurchase agreements	12.7	5.8	-	3.0	12.6	5.4	-	-
Obligations under securitisation arrangements	-	3.1	-	-	-	3.1	-	-
Other borrowed funds	11.5	3.3	-	-	11.5	3.3	-	-

(c) Currency risk

The Group takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Credit and Risk Management Division sets limits on the level of exposure by currency and in total for both overnight and intra-day positions.

The following tables summarise the exposure of the Group and the Bank to foreign currency exchange rate risk. Included in the tables are the Group's and the Bank's assets and liabilities at carrying amounts categorised by currency.

NOTES TO THE FINANCIAL STATEMENTS

44. Financial Risk Management (Continued)

(c) Currency risk (continued)

As at 30 September 2006:

	The Group					
	Jamaican $	US$	GBP	CAN$	Other	Total
	J$'000	J$'000	J$'000	J$'000	J$'000	J$'000
Assets						
Cash and balances at Bank of Jamaica	8,034,769	3,248,294	610,021	87,839	59,075	12,039,998
Due from other banks	971,065	9,175,822	3,071,958	255,825	377,033	13,851,703
Investment securities at fair value through profit and loss	820,729	310,719	-	-	19,818	1,151,266
Reverse repurchase agreements	20,588,391	2,374,827	-	-	-	22,963,218
Loans and advances net of provision for credit losses	23,444,978	18,774,862	-	-	-	42,219,840
Investment securities - available-for-sale	77,993,546	43,561,203	911,727	-	147,695	122,614,171
Investments in associates	1,992,771	-	-	-	-	1,992,771
Other	5,844,024	182,327	182,180	130	97,176	6,305,837
Total assets	139,690,273	77,628,054	4,775,886	343,794	700,797	223,138,804
Liabilities						
Due to other banks	1,642,353	5,182,905	67,978	20,971	142,682	7,056,889
Customer deposits	63,840,947	28,834,103	5,147,905	451,471	752,077	99,026,503
Derivative financial instruments	-	68,965	-	-	-	68,965
Promissory notes and certificates of participation	2,254,157	36,642	-	-	-	2,290,799
Repurchase agreements	31,027,557	19,202,541	24,733	-	89,876	50,344,707
Obligations under securitisation arrangements	-	21,398,964	-	-	-	21,398,964
Other borrowed funds	1,138,680	1,345,894	-	-	38,995	2,523,569
Retirement benefit obligations	252,313	-	-	-	-	252,313
Other	15,305,054	105,320	175,734	-	-	15,586,108
Total liabilities	115,461,061	76,175,334	5,416,350	472,442	1,023,630	198,548,817
Net position	24,229,212	1,452,720	(640,464)	(128,648)	(322,833)	24,589,987

NOTES TO THE FINANCIAL STATEMENTS

44. Financial Risk Management (Continued)

(c) Currency risk (continued)

As at 30 September 2005:

	The Group					
	Jamaican $	US$	GBP	CAN$	Other	Total
	J$'000	J$'000	J$'000	J$'000	J$'000	J$'000
Assets						
Cash and balances at						
Bank of Jamaica	7,851,508	3,513,438	503,630	78,294	66,811	12,013,681
Due from other banks	1,841,333	4,530,430	4,226,226	282,168	263,846	11,144,003
Investment securities at fair						
value through profit and loss	1,796,046	383,108	-	-	12,855	2,192,009
Reverse repurchase agreements	26,616,543	1,875,336	-	-	-	28,491,879
Loans and advances net of						
provision for credit losses	18,303,929	17,760,413	-	-	-	36,064,342
Investment securities						
- available-for-sale	62,186,302	30,244,988	-	-	337,139	92,768,429
Investments in associates	1,562,322	-	-	-	-	1,562,322
Other	3,643,590	2,238,153	154,239	20,617	48,030	6,104,629
Total assets	123,801,573	60,545,866	4,884,095	381,079	728,681	190,341,294
Liabilities						
Due to other banks	2,620,248	3,208,561	60,734	17,722	40,605	5,947,870
Customer deposits	52,008,700	27,782,571	4,539,149	514,480	222,849	85,067,749
Derivative financial instruments	-	695	-	-	-	695
Promissory notes and						
certificates of participation	3,337,248	91,016	-	-	-	3,428,264
Repurchase agreements	30,243,101	19,122,866	25,107	-	16,146	49,407,220
Obligations under						
securitisation arrangements	-	10,798,517	-	-	-	10,798,517
Other borrowed funds	919,586	136,298	-	-	75,758	1,131,642
Retirement benefit obligations	232,879	-	-	-	-	232,879
Other	10,411,827	2,529,734	141,686	178	29,570	13,112,995
Total liabilities	99,773,589	63,670,258	4,766,676	532,380	384,928	169,127,831
Net position	24,027,984	(3,124,392)	117,419	(151,301)	343,753	21,213,463

NOTES TO THE FINANCIAL STATEMENTS

44. Financial Risk Management (Continued)

(c) Currency risk (continued)

As at 30 September 2006:

	The Bank					
	Jamaican $	**US$**	**GBP**	**CAN$**	**Other**	**Total**
	J$'000	**J$'000**	**J$'000**	**J$'000**	**J$'000**	**J$'000**
Assets						
Cash and balances at Bank of Jamaica	7,642,647	3,110,651	567,746	87,501	22,615	11,431,160
Due from other banks	1,191,393	8,176,290	3,006,546	245,025	377,033	12,996,287
Reverse repurchase agreements	2,172,679	1,377,955	-	-	-	3,550,634
Loans and advances net of provision for credit losses	23,444,978	18,517,594	-	-	-	41,962,572
Investment securities - available-for-sale	46,948,490	24,671,515	911,727	-	40,825	72,572,557
Investments in subsidiaries	1,325,063	131,565	149,389	-	-	1,606,017
Investments in associates	543,167	-	-	-	-	543,167
Other	3,070,519	2,091,670	151,362	130	97,176	5,410,857
Total assets	86,338,936	58,077,240	4,786,770	332,656	537,649	150,073,251
Liabilities						
Due to other banks	1,642,352	5,182,905	67,978	20,971	142,683	7,056,889
Customer deposits	64,290,477	28,706,487	5,073,176	437,687	282,446	98,790,273
Derivative financial instruments	-	68,965	-	-	-	68,965
Repurchase agreements	904,723	1,591,900	-	-	-	2,496,623
Obligations under securitisation arrangements	-	21,398,964	-	-	-	21,398,964
Other borrowed funds	838,681	1,345,893	-	-	38,995	2,223,569
Retirement benefit obligations	252,313	-	-	-	-	252,313
Other	1,961,625	25,659	222	-	14,932	2,002,438
Total liabilities	69,890,171	58,320,773	5,141,376	458,658	479,056	134,290,034
Net position	16,448,765	(243,533)	(354,606)	(126,002)	58,593	15,783,217

NOTES TO THE FINANCIAL STATEMENTS

44. Financial Risk Management (Continued)

(c) Currency risk (continued)

As at 30 September 2005:

	The Bank					
	Jamaican $	US$	GBP	CAN$	Other	Total
	J$'000	J$'000	J$'000	J$'000	J$'000	J$'000
Assets						
Cash and balances at						
Bank of Jamaica	8,105,013	3,088,434	502,952	75,533	16,998	11,788,930
Due from other banks	2,290,096	4,384,209	4,170,098	281,014	263,847	11,389,264
Reverse repurchase agreements	1,205,871	847,125	-	-	-	2,052,996
Loans and advances net of						
provision for credit losses	18,320,943	17,506,313	3	-	-	35,827,259
Investment securities						
- available-for-sale	41,686,602	16,117,011	-	-	267,711	58,071,324
Investments in subsidiaries	1,325,063	131,565	342	-	-	1,456,970
Investments in associates	543,167	-	-	-	-	543,167
Other	3,597,534	2,098,841	153,297	20,616	47,901	5,918,189
Total assets	77,074,289	44,173,498	4,826,692	377,163	596,457	127,048,099
Liabilities						
Due to other banks	2,620,249	3,208,561	60,734	17,722	40,604	5,947,870
Customer deposits	55,351,330	25,444,080	4,457,169	509,276	190,467	85,952,322
Derivative financial instruments	-	695	-	-	-	695
Repurchase agreements	2,392,607	3,733,854	-	-	-	6,126,461
Obligations under						
securitisation arrangements	-	10,798,517	-	-	-	10,798,517
Other borrowed funds	919,902	136,298	-	-	75,758	1,131,958
Retirement benefit obligations	232,879	-	-	-	-	232,879
Other	364,417	1,928,138	138,114	171	16,887	2,447,727
Total liabilities	61,881,384	45,250,143	4,656,017	527,169	323,716	112,638,429
Net position	15,192,905	(1,076,645)	170,675	(150,006)	272,741	14,409,670

NOTES TO THE FINANCIAL STATEMENTS

44. Financial Risk Management (Continued)

(d) Market risk

The Group takes on exposure to market risks. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The Group estimates the market risk of positions held and the maximum losses expected based on a number of assumptions for various changes in market conditions. Market risk is monitored by the Credit and Risk Management Division which carries out extensive research and monitors the price movement of financial assets on the local and international markets.

(e) Credit risk

The Group takes on exposure to credit risk which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk is inherent in traditional banking products - loans, commitments to lend, and contracts to support counterparties' obligations to third parties such as letters of credit. Positions in tradeable assets such as bonds and equities also carry credit risk.

The risk is managed primarily by review of the financial status of each counterparty. The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review. The exposure to any one borrower including banks and brokers is restricted by limits covering on and off-balance sheet exposures. Actual exposures against limits are monitored daily. Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate. Exposure to credit risk is also managed in part by obtaining collateral and corporate and personal guarantees.

NOTES TO THE FINANCIAL STATEMENTS

44. Financial Risk Management (Continued)

(e) Credit risk (continued)

The following tables summarise the credit exposure of the Group and the Bank to businesses and government by sector:

	The Group				The Bank			
	Loans and advances	Letters of credit and undertaking	Total	Total	Loans and advances	Letters of credit and undertaking	Total	Total
			2006	2005			2006	2005
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Agriculture, fishing and mining	420,134	248	420,382	387,783	420,134	248	420,382	387,783
Construction and real estate	1,780,929	107,775	1,888,704	1,525,153	1,780,929	107,775	1,888,704	1,525,153
Distribution	1,948,610	13,086	1,961,696	1,714,470	1,948,610	13,086	1,961,696	1,714,470
Financial institutions	10,501	1,121	11,622	201,763	10,501	1,121	11,622	201,763
Government and public entities	11,952,859	-	11,952,859	9,699,817	11,952,859	-	11,952,859	9,699,817
Manufacturing	1,209,125	66,860	1,275,985	1,341,440	1,209,125	66,860	1,275,985	1,341,440
Personal	17,988,735	6,193	17,994,928	13,065,870	17,902,391	6,193	17,908,584	12,974,603
Professional and other services	1,873,652	63,741	1,937,393	1,899,247	1,873,652	63,741	1,937,393	1,899,247
Tourism and entertainment	5,308,521	5,643	5,314,164	6,344,733	5,308,521	5,643	5,314,164	6,344,733
Transportation storage and communication	502,803	13,565	516,368	1,665,872	502,803	13,565	516,368	1,665,872
Other	742,152	19,356	761,508	180,592	567,744	19,356	587,100	31,512
Total	43,738,021	297,588	44,035,609	38,026,740	43,477,269	297,588	43,774,857	37,786,393
Total provision	(2,062,741)	-	(2,062,741)	(1,966,893)	(2,059,257)	-	(2,059,257)	(1,963,629)
	41,675,280	297,588	41,972,868	36,059,847	41,418,012	297,588	41,715,600	35,822,764
Interest receivable	544,560	-	544,560	340,547	544,560	-	544,560	340,547
Net	42,219,840	297,588	42,517,428	36,400,394	41,962,572	297,588	42,260,160	36,163,311

NOTES TO THE FINANCIAL STATEMENTS

45. Fair Values of Financial Instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Market price is used to determine fair value where an active market (such as a recognised stock exchange) exists as it is the best evidence of the fair value of a financial instrument. However, market prices are not available for a significant number of the financial assets and liabilities held and issued by the Group. Therefore, for financial instruments where no market price is available, the fair values presented have been estimated using present value or other estimation and valuation techniques based on market conditions existing at balance sheet dates.

The values derived from applying these techniques are significantly affected by the underlying assumptions used concerning both the amounts and timing of future cash flows and the discount rates. The following methods and assumptions have been used:

(a) Investment securities at fair value through profit and loss, derivatives and other transactions undertaken for trading purposes are measured at fair value by reference to quoted market prices when available. If quoted market prices are not available, then fair values are estimated on the basis of pricing models, or discounted cash flows. Fair value is equal to the carrying amount for these items;

(b) Investment securities classified as available-for-sale are measured at fair value by reference to quoted market prices when available. If quoted market prices are not available, then fair values are estimated on the basis of pricing models or other recognised valuation techniques;

(c) The fair value of liquid assets and other assets maturing within one year (Cash and Balances at Bank of Jamaica, Due from other banks) is assumed to approximate their carrying amount. This assumption is applied to liquid assets and the short-term elements of all other financial assets and financial liabilities;

(d) The fair value of demand deposits and savings accounts with no specific maturity is assumed to be the amount payable on demand at the balance sheet date;

(e) The fair value of variable rate financial instruments is assumed to approximate their carrying amounts; and

(f) The fair value of fixed rate loans is estimated by comparing market interest rates when the loans were granted with current market rates offered on similar loans. For match-funded loans the fair value is assumed to be equal to their carrying value, as gains and losses offset each other. Changes in the credit quality of loans within the portfolio are not taken into account in determining gross fair values as the impact of credit risk is recognised separately by deducting the amount of the provisions for credit losses from both book and fair values.

The fair values of the investments in associates and obligations under securitisation arrangements are disclosed in Notes 24 and 32, respectively. The fair values for all other financial instruments approximate their carrying values.

NOTES TO THE FINANCIAL STATEMENTS

46. Banking Act

At 30 September 2006 and 30 September 2005:
The Bank was in breach of Section 13(1)(d) of the Banking Act. This section deals with unsecured lending to connected persons. These lendings represent approximately 0.002% (2005 - 0.4%) of the Bank's loans and advances.

47. Commitments

(a) Capital:
Capital expenditure contracted for at the balance sheet date but not recognised in the financial statements is as follows:

	The Group		The Bank	
	2006	**2005**	**2006**	**2005**
	$'000	**$'000**	**$'000**	**$'000**
Authorised and contracted	297,721	396,860	297,721	396,860
Authorised but not yet contracted	924,323	630,730	924,323	630,730
	1,222,044	1,027,590	1,222,044	1,027,590

(b) Operating lease:
The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	The Group		The Bank	
	2006	**2005**	**2006**	**2005**
	$'000	**$'000**	**$'000**	**$'000**
Not later than 1 year	47,724	55,079	46,945	55,079
Later than 1 year and not later than 5 years	10,644	10,543	10,644	10,543
Later than 5 years	3,220	-	3,220	-
	61,588	65,622	60,809	65,622

NOTES TO THE FINANCIAL STATEMENTS

48. Pledged Assets

	The Group		The Bank	
		Related		Related
	Asset	Liability	Asset	Liability
	$'000	$'000	$'000	$'000
Balances at Bank of Jamaica	9,061,932	-	9,018,775	-
Due from other banks	1,543,375	1,319,400	1,543,375	1,319,400
Securities	59,884,268	52,080,862	5,876,576	2,481,346
Property, plant and equipment	151,783	193,627	151,783	193,627

Assets are pledged as collateral under repurchase agreements, loans from other institutions, and security deposits relating to stock exchange membership. Statutory reserves are also held with the Bank of Jamaica. These deposits are not available to finance the Group's day-to-day operations.

49. 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 30 September 2006, the Group had financial assets under administration of approximately $30.2 billion (2005 - $28.6 billion).

50. Litigation and Contingent Liabilities

Litigation

The Bank and its subsidiaries are subject to various claims, disputes and legal proceedings, as part of the normal course of business. Provision is made for such matters when, in the opinion of management and its professional advisors, it is probable that a payment will be made by the Group, and the amount can be reasonably estimated.

In respect of claims asserted against the Group which, according to the principles outlined above, have not been provided for, management is of the opinion that such claims are either without merit, can be successfully defended or will result in exposure to the Group which is immaterial to both financial position and results of operations.

Significant matters are as follows:

(a) Suit has been filed by a customer of the Bank against the Attorney General of Jamaica, the Bank and Mr. Dunbar McFarlane. The customer is claiming damages arising out of an alleged breach of a contract between the customer and the National Insurance Fund of which Mr. Dunbar McFarlane, a former director of the Bank, was Chairman, for the sale of certain premises which were mortgaged to the Bank. The customer also claims special damages amounting to approximately $110 million. No provision has been made in the financial statements as the Bank's attorneys, are of the opinion that the plaintiff's claims against Mr. McFarlane and the Bank are unlikely to succeed.

NOTES TO THE FINANCIAL STATEMENTS

50. Litigation and Contingent Liabilities (Continued)

Litigation (continued)

(b) Suit has been filed by the Bank's Staff Association against the Bank and Trustees of the N.C.B. Pension Scheme for breach of trust in respect of matters concerning the amendment and merger of the former pension funds, as well as the management and investment of the funds of the pension scheme. No provision has been made in the financial statements as the Bank's attorneys are of the opinion that the suit against the Bank is unlikely to succeed.

(c) Suit has been filed against the Bank by a customer for breach of contract. The claim for damages is approximately $24 million. No provision has been made in these financial statements for this claim as the Bank's attorneys are of the view that the suit against the Bank is unlikely to succeed.

(d) Suit has been filed by a customer against the Bank for breach of contract, breach of trust and negligence and damages. The claim for damages includes a sum equivalent to the profit of the business foregone as a result of an inability to access a loan approved by the Bank and the cost of interim financing. No provision has been made in these financial statements for this claim as the Bank's attorneys are of the view that the suit against the Bank is unlikely to succeed.

(e) Suit has been filed by a customer against the Bank for damages suffered as a result of the Bank's negligence in the sale of property for an undervalued amount. The claim is for $31 million plus interest. Based on the advice of the Bank's attorneys, a provision has been made in the financial statements in respect of this claim.

(f) Suit has been filed by a customer against the Bank for unlawful, wrongful and/or improper use of power in the appointment of a Receiver and Manager of the customer's business property and assets. Damages, interest and costs have been claim against the Bank. The Bank's attorneys are unable to determine the outcome of the suit and no provision has been made in the financial statements.

(g) A number of other suits claiming damages in excess of $5 million each have been filed by customers of the Bank. The sums totalled approximately $36 million. In some instances counter claims have been filed by the Bank. Provision has been made in the financial statements for certain of these claims. No provision has been made where the Bank's attorneys are of the view that the Bank has a good defence.

Acceptances, Guarantees, Indemnities and Letters of Credit

As at 30 September 2006, the Group and the Bank have made commitment for off-balance sheet financial instruments (acceptances, guarantees, indemnities and letters of credit) amounting to $3,433,210,000 (2005 - $2,756,354,000). There is an equal and offsetting claim against customers in the event of a call on these commitments.

NOTES TO THE FINANCIAL STATEMENTS

51. Dividends

At the Board of Directors meeting on 9 November 2006, a final interim dividend in respect of 2006 of $0.22 per ordinary stock unit was declared. The financial statements for the year ended 30 September 2006 do not reflect this resolution, which will be accounted for in shareholders' equity as an appropriation of retained profits in the year ending 30 September 2007.

52. Adoption of New and Revised International Financial Reporting Standards

As of 1 October 2005, the Group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and are effective for accounting periods beginning on or after 1 October 2005. The adoption of these new accounting Standards and Interpretations has resulted in changes of the Group's accounting policies in the following areas that have affected the amounts reported for the current or prior year.

(a) IAS 39: Originated debt securities traded in an active market, which were previously carried at amortised cost, are now carried at fair value. The fair value adjustment has been recognised in the fair value reserves included in capital reserves, net of deferred taxation.

(b) IFRS 4: Certain policy contracts issued by the Bank's life insurance subsidiary in 2004 which were previously accounted for as insurance contracts did not meet the definition of insurance contracts under IFRS 4 (Insurance Contracts), as they transferred primarily financial risks and did not contain significant insurance risk. In 2004 these contracts were treated as financial instruments in accordance with IAS 39 (Financial Instruments: Recognition and Measurement). The contracts were revised in 2005 and are now treated as insurance contracts under IFRS 4.

(c) IFRIC Amendment to SIC-12: The NCB Employee Share Scheme is now consolidated as required.

Reclassifications:

(i) Interest receivable and payable that were previously included in other assets and other liabilities respectively have been reclassified to investments and customer deposits, respectively.

(ii) Some of the items included in customers' liabilities under acceptances, guarantees and letters of credit that were previously shown on the balance sheet have been removed and disclosed in the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

52. Adoption of New and Revised International Financial Reporting Standards (Continued)

The financial statements for the years ended 30 September 2004 and 2005 have been restated to reflect the effects of the above changes. The financial effects for the relevant years are set out as follows:

(a) Effect on stockholders' equity as at 1 October 2004:

	The Group		
	As Previously Reported	Adjustments	As Restated
	$'000	$'000	$'000
ASSETS			
Cash and balances at Bank of Jamaica	13,986,481	-	13,986,481
Due from other banks	13,659,635	-	13,659,635
Trading securities	293,885	-	293,885
Reverse repurchase agreements	21,372,536	-	21,372,536
Loans, after provision for credit losses	34,024,628	(17,014)	34,007,614
Investment securities	77,494,225	431,694	77,925,919
Investment in associates	1,163,192	752,207	1,915,399
Investment properties	21,300	-	21,300
Property, plant and equipment	3,489,077	-	3,489,077
Intangible assets - computer software	943,212	-	943,212
Retirement benefit asset	7,602	-	7,602
Other assets	6,325,826	(764)	6,325,062
Customers' liability - letters of credit and undertaking	3,090,418	(2,185,755)	904,663
	175,872,017	(1,019,632)	174,852,385

NOTES TO THE FINANCIAL STATEMENTS

52. Adoption of New and Revised International Financial Reporting Standards (Continued)

(a) Effect on stockholders' equity as at 1 October 2004 (continued):

	The Group		
	As Previously Reported	Adjustments	As Restated
	$'000	$'000	$'000
LIABILITIES AND STOCKHOLDERS' EQUITY			
Due to other banks	6,794,790	-	6,794,790
Customer deposits	79,862,280	(454)	79,861,826
Promissory notes and certificates of participation	9,768,128	-	9,768,128
Repurchase agreements	37,496,253	-	37,496,253
Obligations under credit card and cash advance securitisation arrangements	9,427,736	-	9,427,736
Other borrowed funds	1,069,318	-	1,069,318
Income tax payable	405,854	-	405,854
Deferred tax liabilities	852,926	135,200	988,126
Policyholders' liabilities	6,912,610	183,553	7,096,163
Retirement benefit obligations	209,879	-	209,879
Other liabilities	3,687,820	(3,174)	3,684,646
Liability - letters of credit and undertaking	3,090,418	(2,185,755)	904,663
STOCKHOLDERS' EQUITY	16,294,005	850,998	17,145,003
	175,872,017	(1,019,632)	174,852,385

NOTES TO THE FINANCIAL STATEMENTS

52. Adoption of New and Revised International Financial Reporting Standards (Continued)

(a) Effect on stockholders' equity as at 1 October 2004 (continued):

	The Bank		
	As Previously Reported	Adjustments	As Restated
	$'000	$'000	$'000
ASSETS			
Cash and balances at Bank of Jamaica	13,131,337	2,562	13,133,899
Due from other banks	13,976,958	7,770	13,984,728
Reverse repurchase agreements	278,010	-	278,010
Loans, after provision for credit losses	33,801,580	199,457	34,001,037
Investment securities	48,754,521	1,916,549	50,671,070
Investment in associates	1,148,446	-	1,148,446
Investment in subsidiaries	1,456,970	-	1,456,970
Property, plant and equipment	3,430,625	-	3,430,625
Intangible assets - computer software	889,295	-	889,295
Other assets	3,256,196	(1,896,175)	1,360,021
Customers' liability - letters of credit and undertaking	3,090,418	(2,185,755)	904,663
	123,214,356	(1,955,592)	121,258,764
LIABILITIES AND STOCKHOLDERS' EQUITY			
Due to other banks	6,795,508	15,823	6,811,331
Customer deposits	79,393,594	680,491	80,074,085
Repurchase agreements	7,580,162	296,841	7,877,003
Obligations under credit card and cash advance securitisation arrangements	9,427,736	9,849	9,437,585
Other borrowed funds	1,082,144	-	1,082,144
Income tax payable	456,088	-	456,088
Deferred tax liabilities	308,243	76,721	384,964
Retirement benefit obligations	209,879	-	209,879
Other liabilities	2,186,436	(1,003,004)	1,183,432
Liability - letters of credit and undertaking	3,090,418	(2,185,755)	904,663
STOCKHOLDERS' EQUITY	12,684,148	153,442	12,837,590
	123,214,356	(1,955,592)	121,258,764

NOTES TO THE FINANCIAL STATEMENTS

52. Adoption of New and Revised International Financial Reporting Standards (Continued)

(b) Effect on stockholders' equity as at 30 September 2005:

	The Group		
	As Previously Reported	Adjustments	As Restated
	$'000	$'000	$'000
ASSETS			
Cash and balances at Bank of Jamaica	12,013,588	93	12,013,681
Due from other banks	11,112,575	31,428	11,144,003
Trading securities	2,185,753	6,256	2,192,009
Reverse repurchase agreements	26,692,189	1,799,690	28,491,879
Loans, after provision for credit losses	35,740,809	323,533	36,064,342
Investment securities	89,605,138	3,163,291	92,768,429
Investment in associates	1,562,322	-	1,562,322
Investment properties	12,000	-	12,000
Property, plant and equipment	3,629,271	-	3,629,271
Intangible assets - computer software	751,153	-	751,153
Retirement benefit asset	8,812	-	8,812
Other assets	7,169,146	(5,801,805)	1,367,341
Customers' liability - letters of credit and undertaking	3,092,406	(2,756,354)	336,052
	193,575,162	(3,233,868)	190,341,294
LIABILITIES AND STOCKHOLDERS' EQUITY			
Due to other banks	5,945,194	2,676	5,947,870
Customer deposits	84,371,554	696,195	85,067,749
Promissory notes and certificates of participation	3,366,699	61,565	3,428,264
Repurchase agreements	48,609,281	797,939	49,407,220
Obligations under securitisation arrangements	10,677,302	121,215	10,798,517
Other borrowed funds	1,128,785	2,857	1,131,642
Income tax payable	1,118,334	(705,215)	413,119
Deferred tax liabilities	726,057	72,628	798,685
Policyholders' liabilities	9,068,442	48,799	9,117,241
Retirement benefit obligations	232,879	-	232,879
Other liabilities	4,185,724	(1,737,131)	2,448,593
Liability- letters of credit and undertaking	3,092,406	(2,756,354)	336,052
STOCKHOLDERS' EQUITY	21,052,505	160,958	21,213,463
	193,575,162	(3,233,868)	190,341,294

NOTES TO THE FINANCIAL STATEMENTS

52. Adoption of New and Revised International Financial Reporting Standards (Continued)

(b) Effect on stockholders' equity as at 30 September 2005:

	The Bank		
	As Previously Reported	Adjustments	As Restated
	$'000	$'000	$'000
ASSETS			
Cash and balances at Bank of Jamaica	11,788,837	93	11,788,930
Due from other banks	11,357,836	31,428	11,389,264
Reverse repurchase agreements	2,047,125	5,871	2,052,996
Loans, after provision for credit losses	35,486,712	340,547	35,827,259
Investment securities	55,957,051	2,114,273	58,071,324
Investment in associates	543,167	-	543,167
Investment in subsidiaries	1,456,970	-	1,456,970
Property, plant and equipment	3,583,040	-	3,583,040
Intangible assets - computer software	699,479	-	699,479
Other assets	3,961,038	(2,661,420)	1,299,618
Customers' liability - letters of credit and undertaking	3,092,406	(2,756,354)	336,052
	129,973,661	(2,925,562)	127,048,099
LIABILITIES AND STOCKHOLDERS' EQUITY			
Due to other banks	5,945,194	2,676	5,947,870
Customer deposits	85,253,696	698,626	85,952,322
Repurchase agreements	6,093,805	32,656	6,126,461
Obligations under credit card and cash advance securitisation arrangements	10,677,302	121,215	10,798,517
Other borrowed funds	1,129,101	2,857	1,131,958
Income tax payable	802,289	(156,837)	645,452
Deferred tax liabilities	26,065	(4,123)	21,942
Retirement benefit obligations	232,879	-	232,879
Other liabilities	2,303,007	(858,031)	1,444,976
Liability - letters of credit and undertaking	3,092,406	(2,756,354)	336,052
STOCKHOLDERS' EQUITY	14,417,917	(8,247)	14,409,670
	129,973,661	(2,925,562)	127,048,099

NOTES TO THE FINANCIAL STATEMENTS

52. Adoption of New and Revised International Financial Reporting Standards (Continued)

(c) Reconciliation of net profit for the year ended 30 September 2005:

	The Group		
	As Previously Reported	Adjustments	As Restated
	$'000	$'000	$'000
Operating Revenue			
Interest income	20,967,032	(171,931)	21,138,963
Interest expense	(10,425,519)	-	(10,425,519)
Net interest income	10,541,513	(171,931)	10,713,444
Net fee and commission income	2,452,546	(250)	2,452,296
Net trading income	2,326,485	-	2,326,485
Dividend income	133,672	-	133,672
Loan provision recovered	609,716	-	609,716
Other operating income	466,166	(173,300)	292,866
	16,530,098	(1,619)	16,528,479
Operating Expenses			
Staff costs	5,664,701	-	5,664,701
Provision for credit losses	(28,071)	-	(28,071)
Depreciation and amortisation	1,071,135	-	1,071,135
Impairment loss on equity investment	236,359	-	236,359
Effect of change in valuation basis of policy contracts of life insurance subsidiary	(346,683)	-	(346,683)
Other operating expenses	4,108,157	(183,180)	3,924,977
	10,705,598	(183,180)	10,522,418
Operating Profit	5,824,500	181,561	6,006,061
Share of loss of associates	(168,626)	-	(168,626)
Profit before Taxation	5,655,874	181,561	5,837,435
Taxation	(1,368,893)	-	(1,368,893)
NET PROFIT	4,286,981	181,561	4,468,542

10 LARGEST SHAREHOLDERS

AS AT SEPTEMBER 30, 2006

Name of Shareholder	Units
AIC Barbados Limited	1,652,647,729 *66.99%
AIC Limited	51,888,192
United General Insurance Co. Ltd	49,430,043
West Indies Trust Company Limited A/c WT. 109	45,874,302
Trading Pooled Equity # 1- Life of Jamaica	27,223,460
Trading – Scotia Jamaica Investment Mgnt. Ltd – A/c # 542	20,537,249
Ideal Portfolio Services	0,101,877
T & T Unit Trust Corporation – Fus .	18,250,000
National Insurance Fund	17,711,712
RBTT Nominee Service Limited – A/c Capils (T &T)	16,500,000

SHAREHOLDINGS OF DIRECTORS & CONNECTED PARTIES

AS AT SEPTEMBER 30, 2006

MR. AYLMER "DESMOND" BLADES	Nil
MR. WAYNE CHEN	1,526,256
DR. NIGEL CLARKE	1,440
DENNIS G. COHEN	46,240
SANDRA GLASGOW	35,340
HON. NOEL A.A. HYLTON, O.J., C.D.	Nil
PATRICK ANDREW HYLTON	342,152
MICHAEL LEE-CHIN	1,712,446,428
DONOVAN LEWIS	21,667,744
THALIA LYN	27,620
HERBERT PHILLIPPS JNR.	Nil
PROF. ALVIN WINT	10,000
THE RT. HON. JUSTICE EDWARD J. ZACCA, OJ., PC.	50,280

SHAREHOLDINGS OF EXECUTIVES & CONNECTED PARTIES

AS AT SEPTEMBER 30, 2006

RICKERT GEORGE ALLEN	82,919
SEPTIMUS BLAKE	65,128
COURTNEY CAMPBELL	108,888
FFRENCH CAMPBELL	31,080
INGRID S.M. CHAMBERS	1,500
YVONNE CLARKE	41,291
DESMOND HANDY	148,225
DR. PAULETTE HENRY	14,150
PATRICK ANDREW HYLTON	342,152
JENNIFER DEWDNEY KELLY	33,694
SHEREE MARTIN	24,862
JANICE McKENLEY	30,777
GRACE MCKOY	1,015,613
KERRY O'SULLIVAN	41,120
MINISH PARIKH	Nil
MARJORIE SEEBERAN	35,465
INGRID STEPHENS	24,340
NELSON CHRISTIAN STOKES	6,150
ALISON NADINE TAFFE	11,751
CHRISTOPHER WILLIAMS	Nil
ALLISON WYNTER	70,012

LISTING OF SUBSIDIARIES

of National Commercial Bank Jamaica Limited

1. NCB CAPITAL MARKETS LIMITED (Incorporated in Jamaica)

NCB Capital Markets Limited (formerly Edward Gayle & Co. Ltd) is a pioneer in the Jamaican equities market, holding one of the first five seats on the Jamaican Stock Exchange. The company's vision since then has been to foster a vibrant equities market in Jamaica. This vision has evolved to encompass so much more.

Today, NCB Capital Markets Limited is one of Jamaica's most prominent wealth management companies, managing more than J$46 billion dollars on behalf of individuals and corporations.

The company has earned a reputation for accurate market research and for building profitable relationships. Currently, the NCB Capital Markets team is leading the industry in developing the emerging Corporate Finance segment.

2. NCB INSURANCE COMPANY LIMITED (Incorporated in Jamaica)

Licensed under the Insurance Act 2001 of Jamaica, NCB Insurance Company is engaged in underwriting, issuing and marketing of insurance and investment plans. The company currently offers six (6) products, including the two most popular brands in their product class; **OMNI** and the **OMNI Educator**, which are medium to long-term investment plans. In addition to these, there are four insurance products - **ProVISION** (for Accidental Injury & Death), **ProCARE** (for Critical Illness), **Group Life** (employer sponsored) and **Creditor Life** (for loan customers of NCB Ja. Ltd.). Insurance Advisors/ Customer Relationship Officers are located in NCB branches across the breadth of Jamaica.

3. N.C.B. JAMAICA (NOMINEES) LIMITED (Incorporated in Jamaica)

Providing the vital link between Shareholders and Corporations NCB Jamaica (Nominees) Limited serves as the Registrar, Sub- Registrar, Nominees, Transfer and Paying Agents for listed companies in Jamaica and the wider Caribbean. Services include maintaining share registers, paying and dispatching dividends and support for Annual General Meetings of companies.

4. NCB (CAYMAN) LIMITED (Incorporated in the Cayman Islands)

The core business of this Company is the provision of banking and financial services to overseas clients.

5. N.C.B. (INVESTMENTS) LIMITED (Incorporated in Jamaica)

This Company is presently dormant.

6. WEST INDIES TRUST COMPANY LIMITED (Incorporated in Jamaica)

The West Indies Trust Company (WITCo) is the market leader and a specialist in Segregated Pension Fund Management. The company provides employer-sponsored pension plans including pension administration and pension fund management, as well as Trust Services. As a highly customer focused institution, WITCo gives unmatched service which has been enhanced by newly installed pension administration and investment management systems. Customers are allowed participation in investment classes such as Equities, Fixed Income, Real Estate, Mortgages, Leases and Insurance Premium Financing. The Client Relationship and Investment teams are located at "The Atrium", NCB Head Office.

7. SENVIA MONEY SERVICES (UK) LIMITED (Incorporated in the U.K.)

The principal activity of the Company is the remittance of pounds sterling overseas.

8. MUTUAL SECURITY INSURANCE BROKERS LIMITED (Incorporated in Jamaica)

The principal activity of the Company is the placement of insurance on behalf of clients from which commissions are earned. At present the principal clients are National Commercial Bank Jamaica Limited and its subsidiaries. There are two other clients.

9. DATA-CAP PROCESSING LIMITED (Incorporated in Jamaica)

The Company is presently dormant.

CORPORATE DIRECTORY

Corporate Banking
Marjorie Seeberan- General Manager
Barbara Hume - Senior Assistant General Manager
Gerald Wight Jnr. – Senior Assistant General Manager
Nadienne Neita – Assistant General Manager
Brian Boothe – Assistant General Manager (Western Region)

Credit & Risk Management
Allison Wynter- General Manager
Desmond Handy – Senior Assistant General Manager
Lincoln McIntyre –Senior Assistant General Manager

eBusiness & Merchant Services
Ingrid Stephens – Assistant General Manager
Richard Kildare- Manager, Business Development& Channel Support
Claudette Rodriquez – Manager, Sales & Distribution
Claudell Robinson- Manager, Customer Care
Diane Hitchener – Manager, Finance
Everly Clarke- Manager, Marketing & Communications

Financial Control
Janice McKenley – General Manager
Josephine Bennett- Assistant General Manager
Regulatory & Taxation Accountant
Lennox Channer – Analyst, Financial Control
Malcolm Sadler- Financial Accountant

General Counsel
Grace McKoy – General Counsel
Lana Smith – Senior Legal Counsel
Lerone Earlington – Legal Counsel

Group Compliance & Company Secretary
Jennifer Dewdney-Kelly – Group Chief Compliance Officer & Company Secretary
Misheka Seymour-Senior- Assistant Company Secretary

Group Managing Director's Office
Patrick Hylton – Group Managing Director
Dennis Cohen – Deputy Group Managing Director
Yvonne Clarke – Group Chief Financial Officer
Minish Parikh – Chief Operations Officer
Pauline Beverley – Group Managing Director's Assistant

Group Marketing & Communications
Sheree Martin - Assistant General Manager
Belinda Williams – Manager, Public Relations and Corporate Affairs

Information Technology
Srikanth Srinivasan – General Manager
Wayne Lewis – Assistant General Manager, IT Services
Nicole Brown- Assistant General Manager, IT Solutions
Neil Edwards – Manager, Operations
Cecil Williams – Manager, Service Desk & Problem Management
Carlton Smith – Manager, Technology Support
Ricky Bent – Systems Manager
Heston Hutton – Manager, Enterprise Projects & Change Management
Kenneth Mitchell – Administration Manager

Internal Audit
Ian Dawkins – Chief Internal Auditor
Richard Hines- Manager, Special Investigations

International Business
Nelson Christian "Chris" Stokes – General Manager
Darcy Parkins – Manager, Remittance Services (Jamaica)
Dale Robinson – Manager, UK Representative Office
Leonard Mahipalamudali – Manager, UK Business Development
Michael Steele – Manager, Remittance Services (US)
Phillip Harrison – Manager, NCB (Cayman) Limited

Network Operations
Kerry O'Sullivan –Senior Assistant General Manager
Allison Taffe –Assistant General Manager, Centralized Operations

Projects Administration & Services
Ffrench Campbell- Senior Assistant General Manager
Stacy Hamilton – Facilities Manager

Retail Banking
Courtney Campbell – General Manager
Christopher Denny – Regional Manager, Corporate Area & St. Thomas
Norman Reid – Regional Manager, Cornwall & Manchester
Kingsley Yapp – Regional Manager, Middlesex & Portland
Bernadette Barrow – Manager, Small & Medium Enterprises
Donna Walters – Manager, Card Issuing
Sharon Williams- Manager, Personal Banking & Service Quality
Marcia Reid- Grant – Manager, Planning & Performance Management
Suzette Smellie-Tomlinson – Manager, Retail Strategy & Product Development

Training & Human Resources
Rickert Allen- General Manager
Euton Cummings- HR Business Manager
Sandra Grey – HR Relationship Manager
Andre Latty – Manager, Human Resource Development
Marcia Campbell- Manager, Employee Relations

Treasury & Correspondent Banking
Septimus " Bob" Blake – General Manager
Tanya Watson – Assistant General Manager, Fixed Income
Dwight Newman – Assistant General Manager, F/X Trading
Peter Higgins – Assistant General Manager F/X Trading
Anne McMorris – Assistant General Manager, Financial Institutions

Mutual Security Insurance Brokers Limited
Clarence Chin Fatt- Insurance Manager

NCB Capital Markets Limited
Christopher Williams- Managing Director
Debbie Dunkley – Vice President & Chief Financial Officer
Debra Lopez – Vice President, Wealth Management & Distribution
Karlene Bailey – Vice President, Investments
Janice Dacres-Jones – Assistant Vice President, Marketing & Culture
Robert Barnes – Actg. Assistant Vice President, Risk Management & Compliance

NCB Insurance Company Limited
Ingrid Chambers-Managing Director
Karen Smythe-Witter – Senior Vice President, Product Process & Development
Marcia Fletcher – Vice President, Marketing & Retail Distribution
Claudette Gordon McFarlane – Vice President, HR & Corporate Services
Andre HoLung – Vice President, Finance & Risk Compliance
Annmarie Hamilton – Vice President, Operations & Service Management
Rosemarie Henry – Vice President, Investments
Marcelle Fenton – Regional Sales Director
Rudyard Simon – Regional Sales Director
Donnovan Reid – Regional Sales Director
Antonio Spence – Regional Sales Director
Kevin Ingram – Regional Sales Director
Neil Johnson – Regional Sales Director

NCB Jamaica (Nominees) Ltd.
Ingrid Chambers- Managing Director
Colleen McDonald - Registrar

West Indies Trust Company Limited
Ingrid Chambers – Managing Director
Audrey Chin – Senior Vice President, Business Development & Client Services
Karen Smythe-Witter – Senior Vice President, Product Process & Development
Marcia Fletcher – Vice President, Marketing & Retail Distribution
Claudette Gordon McFarlane – Vice President, HR & Corporate Services
Andre HoLung – Vice President, Finance & Risk Compliance
Annmarie Hamilton – Vice President, Operations & Service Management
Rosemarie Henry – Vice President, Investments

N.C.B. Foundation
Thalia Lyn – Chairman
Sheree Martin – Chief Executive Officer
Dr. Paulette Henry - Director
Yvonne Clarke - Director
Diana Oddi - Director
Lisa Lakhan-Chen - Director
Dr. Joy Callendar - Director
Irene Walter - Director
Diana Thorburn – Director
Jennifer Dewdney-Kelly – Company Secretary
Pamella Harrison – JEI Administrator/Counsellor

NCB BRANCH LOCATIONS & MANAGEMENT

ANNOTTO BAY
P.O. Box 30
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Tel. 996-2213, 996-2219
Fax: 996-2416
Audrey McIntosh - Manager

BAYWEST
Baywest Centre, Harbour Street
Montego Bay, St. James
Tel. 952-3640
Fax: 952-7256
Andrea Allen - Officer in Charge

BLACK RIVER
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Tel. 965-2207, 965-9083
Fax: 965-2407
Andrea Arscott Allen - Manager

BROWN'S TOWN
17 Main Street
Brown's Town, St. Ann
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Fax: 975-2508
Earl Mark Leakey - Manager

CHAPELTON
40 Main Street
Chapelton, Claredon
Tel. 987-2225, 987-2395
Fax: 987-2211
Conroy Ward - Manager

CHRISTIANA
Main Street
Christiana, Manchester
Tel. 964-2235, 964-2426
Fax: 964-2454
Orlease Dennis-O'Connor - Manager

CROSS ROADS
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Fax: 926-7463
Ilyn Thompson - Manager

DUKE STREET
37 Duke Street, Kingston
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Fax: 922-4816
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Donna Solomon - Customer Relations Manager
Donna Clarke - Asst. Manager
Andrew McCalla - Asst. Manager

FALMOUTH
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Falmouth, Trelawny
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Fax: 954-3211
Lorna Deers - Manager

HAGLEY PARK ROAD
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Fax: 923-7517
Marvia Blair - Manager

HALF MOON
Half Moon Shopping Village,
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Tel. 953-9281
Fax: 953-8697
Phyllis Smith - Manager

HALF WAY TREE
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Marva Peynado - Manager
Jenny Eastwood - Customer Relations Manager
Lorna Brown - Asst. Manager

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Courtney Williams - Manager

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Junction P.O.
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Fax: 965-8638
Carlos Gordon - Manager

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Sharon Gibson - Customer Relations Manager
Jeffrey Johnson - Asst. Manager

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Fax: 985-2454
Jacqueline Mighten - Manager

LUCEA
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Fax: 956-2410
Jerome Newton - Manager

MANDEVILLE
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Fax: 962-3619
Winston Lawson - Manager

MANOR CENTRE
195 Constant Spring Road
Kingston 8
Tel. 924-1388
Fax: 755-1805
Jennifer Valentine - Manager

MANOR PARK
184 Constant Spring Road
Manor Park Plaza, Kingston 8
Tel. 924-6107-9
Fax: 925-6478
Jennifer Valentine - Manager

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Fax: 927-3580
Noel Barker - Manager

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May Pen, Claredon
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Fax: 986-2745
Leroy Harding - Manager

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Morant Bay, St. Thomas
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Fax: 982-2480
David Barnes - Manager

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Negril, Westmoreland
Tel. 957-4239/3133
Fax: 957-4118
Wayne Hunter - Manager

NEWPORT WEST
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Fax: 923-5272
Jocelyn Richards - Manager

OCHO RIOS
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Fax: 974-2366
Kay Earl - Manager
Beverley Creighton - Customer Relations Manager

OLD HARBOUR
South & West Street
Old Harbour, St. Catherine
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Fax: 983-2209
Laurie Spencer - Manager

OXFORD PLACE
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Fax: 929-4876
Glen Sheilds - Manager

PRIVATE BANKING CENTRE
32 Trafalgar Road, Kingston 10
Tel. 929-7717/8735
Fax: 929-8736
Elizabeth Thompson - Manager
Athelstan Bellamy - Asst. Manager

PORTMORE
13-14 West Trade Way, St Catherine
Tel. 988-7433-7
Fax: 988-7432
Mark Fletcher - Manager

PORT MARIA
8 Main Street
Port Maria, St. Mary
Tel. 994-2551, 994-2219
Fax: 994-2380
Cheryl Foster - Manager

RED HILLS ROAD
Red Hills Shopping Mall
105 Red Hills Road
Kingston 19
Tel. 925-3313-4
Fax: 924-5174
Avis Andrews - Manager

ST. ANN'S BAY
19-21 Main Street
St. Ann's Bay, St. Ann
Tel. 972-2490-1
Fax: 972-2462
Donald Courtney Wilson - Manager

ST. JAMES STREET
41 St. James Street
P.O. Box 318, Montego Bay,
St. James
Tel. 952-6540-9
Fax: 952-6258
Robert Brooks - Manager
Marcia O'Reggio - Customer Relations Manager
Prince Myers - Asst. Manager

SANTA CRUZ
7 Coke Drive, Santa Cruz
St. Elizabeth
Tel. 966-2204
Fax: 966-2495
Jacqueline Lucas - Manager

SAVANNA LA MAR
68 Great Georges Street
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Savanna la mar
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Fax: 955-2483
Stuart Barnes - Manager

SPANISH TOWN ROAD
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Tel. 901-2042/9929
Fax: 901-7876
Denzil McKenzie - Officer in Charge

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St. Jago Shopping Centre
P.O. Box 22, Spanish Town
St. Catherine
Tel. 984-0672-6
Fax: 984-0667
Peter Jennings - Manager

UNIVERSITY
University of the West Indies
Mona, Kingston 7
Tel. 927-1057/0463
Fax: 927-1523
Lavern Francis - Manager

WASHINGTON BOULEVARD
45 Elma Crescent, Kingston 20
Tel. 934-1081-2
Fax: 934-1381
David Dixon - Manager

WINDWARD ROAD
89-91 Windward Road
P.O. Box 25, Kingston 2
Tel. 928-1167, 928-2922
Fax: 928-5922
Delroy Morris - Officer in Charge

YALLAHS
Main Street
St. Thomas
Tel. 706-1154, 706-3701
Fax: 706-2512
Dorrian Lynch - Officer in Charge

NCB SUBSIDIARIES

MUTUAL SECURITY INSURANCE BROKERS LIMITED
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32 Trafalgar Road, Kingston 10
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Fax: 968-7725
Clarence Chin-Fatt - Manager

NCB CAPITAL MARKETS LIMITED
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Tel. 960-7018/8592
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Christopher Williams - Managing Director

NCB (CAYMAN) LIMITED
Cricket Square, Elgin Street
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Grand Cayman, B.W.I.
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Fax: (345) 949-4006
Phillip Harrison - Managing Director

NCB INSURANCE COMPANY LIMITED
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Tel. 935-2004, 935-2005
Fax: 929-7301
Ingrid Chambers - Managing Director

NCB JAMAICA (NOMINEES) LIMITED
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Fax: 968-1344
Colleen McDonald - Registrar
Ingrid Chambers - Managing Director

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England
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Fax: 121-643-8447
Dale Robinson - Managing Director

WEST INDIES TRUST COMPANY LIMITED
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Fax: 926-6674
Ingrid Chambers - Managing Director

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