



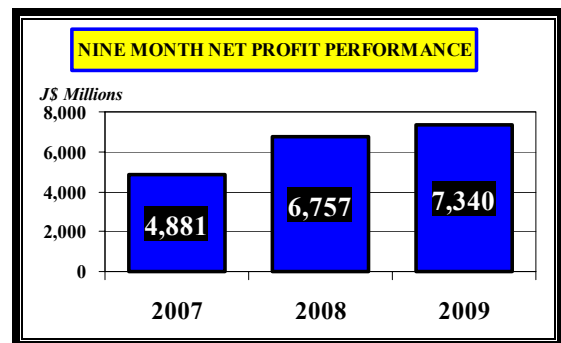
NATIONAL COMMERCIAL BANK JAMAICA LIMITED REPORTS NET PROFIT OF \$7,340 MILLION FOR THE NINE MONTHS ENDED 30 JUNE 2009.

The Board of Directors is pleased to release the following un-audited results for National Commercial Bank Jamaica Limited (NCBJ) and its subsidiaries for the nine months ended 30 June 2009.

PERFORMANCE HIGHLIGHTS

Nine Months ended June 2009 compared with Nine Months ended June 2008

- Net Profit of \$7,340 million, grew by \$583 million or 9% .
- Earnings per Stock Unit of \$2.98 increased by \$0.24 or 9% .
- Operating Revenue of \$19,807 million, improved by 9% .
- Cost to Income Ratio of 48.9% vs. 51.0%.
- Risk-Based Capital Ratio of 13.66% vs. 14.09%.
- Net Loans of \$89.0 billion, grew by 25%.
- Investment Securities of \$159.2 billion, increased by \$8,304 million or 6%.
- Customer Deposits of \$132.8 billion, increased by 11%.
- Return on Average Equity was 28.37% vs. 29.54%.
- Return on Average Assets was 3.25% vs. 3.37%.



Quarter ended June 2009 compared with Quarter ended June 2008

- Net Profit of \$2,714 million, increased by 21% or \$463 million.
- Earnings per Stock Unit grew by \$0.19 or 21% .
- Operating Revenue increased by \$694 million or 11% .
- Return on Average Equity was 30.47% vs. 27.93%.
- Return on Average Assets was 3.53% vs. 3.28%.



SEGMENT PERFORMANCE

Banking

The Banking segment's results for the nine months ended June 2009 represent an increase of \$64 million or 1% over the June 2008 period. The consistent results were mainly achieved by growth in the Corporate and Retail loan portfolios (38% and 11%, respectively), which is responsible for a 33% increase in interest income from loans.

Loans and advances totalled \$89.0 billion (net of provision for credit losses) as at 30 June 2009 growing by J\$17.9 billion over the balances as at 30 June 2008. Based on the latest Bank of Jamaica Commercial Banking Industry review (March 2009), NCBJ had the largest market share of net loans recording growth of 41% over the prior year, surpassing the industry growth of 33%.

Our net loans to total assets ratio, one of our key strategic measures, has improved from 25.41% at June 2008 to 28.57% at June 2009. Non-performing loans totalled \$2.2 billion as at June 2009 which represented 2.40% of the gross loans compared to 2.34% as at 30 June 2008. The growth in gross loans and the enhancement of our delinquency management and loan origination processes in the current economic environment have contributed to this stable ratio. Our provision coverage as at June 2009 was 152.0% compared to 154.5% at June 2008.

For the nine months ended 30 June 2009, provision for credit losses totalled \$772 million compared with \$307 million for the period ended 30 June 2008, both as a result of the portfolio growth as well as the impact of the challenging economic environment on our customers. We have responded to the challenges by implementing a number of measures to assist customers, thereby mitigating the impact on our loan portfolio.

NCBJ remains the largest commercial bank when measured by profit, assets and branch network, and we believe these advantages provide significant opportunities for continued growth.

Wealth Management

Our wealth and asset management segment contributed operating profits of \$1.5 billion for the nine month period ended June 2009. NCB Capital Markets Limited (NCBCM) the main contributor to this segment provided 85% of the operating profits. The result for this segment reflects a 14% reduction from the 2008 period due mainly to a decline in the results of NCBCM. NCBCM continues to strategically position itself to capitalise on market opportunities, while making other internal adjustments to minimise the negative impact of the current economic environment on its operations.



Insurance

Our insurance segment contributed operating profits of \$1.3 billion for the nine months ended June 2009, representing an increase of 158% or \$772 million over the corresponding period of the prior year. NCB Insurance Company Limited (NCBIC), the major contributor to this segment achieved a net profit of \$1.2 billion, increasing by \$722 million when compared to June 2008.

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

We remain committed to and continue to pursue our strategic objectives and most importantly to keeping our organisation strong for all our stakeholders.

This strength is reflected in our capital position as follows:

CAPITAL

The Group's Stockholders' Equity of \$37.7 billion increased by \$5.2 billion or 16% when compared to 30 June 2008.

- The Risk-Based Capital Ratio for NCBJ was 13.66% which exceeds the minimum requirement of 10% stipulated by the Bank of Jamaica.
- The Capital to Risk Weighted Assets Ratio for NCBCM was 58.32% which exceeds the minimum requirement of 10% stipulated by the Financial Services Commission.
- The Solvency Ratio for NCBIC was 19.6% which exceeds the minimum requirement of 10% stipulated by the Financial Services Commission.

DIVIDENDS

On 23 July 2009, the Board declared an interim dividend of \$0.10 per ordinary stock unit. The dividend is payable on 24 August 2009 for stockholders on record as at 10 August 2009.

AWARDS

During the June 2009 quarter, NCBJ was the recipient of World Finance's "Most Innovative Bank" Award. Jamaica was listed among 36 countries whose financial institutions were being recognised by World Finance, a leading London-based financial magazine. The World Finance Awards identify industry leaders, individuals, teams and organisations that represent the benchmark of achievement and best practice in the financial and business world.



COMMUNITY RELATIONS

In pursuit of our objective of Engaging in Nation Building, we donated over \$11 million during the quarter in support of projects in the areas of Education, Health, Sports, Entrepreneurship and Community Development.

Education

We donated over half a million dollars directly to education-related activities during the quarter. Among the institutions that benefited were the Portland High School, Mount Nebo Basic School in Manchester, St. Vincent Strambi Catholic High School in St. Elizabeth and the Byndloss Early Childhood Education Centre in St. Catherine.

Youth Leadership

We continue to support initiatives that empower young people and encourage them to become agents of change in their communities. \$1.4M was committed to various youth-led initiatives, including the Ministry of Education Region 3 Browns' Town Math Camp, Caribbean District of Optimist Club Essay Competition and the Caribbean Community Teaching Workshop.

Community Development

We also donated to nine charities during the quarter and supported over 50 community based projects across the island. The charities included the Clifton Boys Home, Sir John Golding Rehabilitation Centre, Mustard Seed Communities, SOS Children Villages, Garland Children's Home, St. Patrick's Foundation, Windsor Lodge, and the Jamaica Christian Boys Home. In addition, the Jamaica Red Cross received financial assistance and The Rotary Club of Santa Cruz benefited from a donation towards a medical ambulance for its community.

Sports Development

The N.C.B Foundation has incorporated sports development in its areas of focus with the aim of encouraging academic development of our youth through sports. We have committed \$6.5M for sports development programmes at the public and private sector levels. The Foundation has renewed its partnership with both the MVP Track Club and the Jamaica Amateur Athletics Association (JAAA) as they pursue their respective mandates to provide development support for aspiring local athletes.



COMMUNITY RELATIONS (continued)

We wish to express our deep appreciation to our staff members for their commitment and dedication to excellence in their work and for their enthusiastic involvement in the Group's philanthropic pursuits. We also wish to express our sincere gratitude to our customers for their loyalty, confidence and continued support during these times when making a difference matters most.

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke at the end. Below the signature is a solid horizontal line.

ON BEHALF OF THE BOARD

National Commercial Bank Jamaica Limited

Consolidated Profit & Loss Account

Nine months ended 30 June 2009

(expressed in Jamaican dollars unless otherwise indicated)

| | <i>CURRENT YEAR</i> | | <i>PRIOR YEAR</i> | |
|--|---------------------|-------------------|-------------------|-------------------|
| | Quarter Ended | Year to Date | Quarter Ended | Year to Date |
| | 30 Jun 09 | 30 Jun 09 | 30 Jun 08 | 30 Jun 08 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Operating Income | | | | |
| Interest income from loans | 3,255,382 | 9,810,212 | 2,591,375 | 7,396,722 |
| Interest income from securities | 5,966,281 | 16,257,899 | 4,923,691 | 14,031,067 |
| Total interest income | 9,221,663 | 26,068,111 | 7,515,066 | 21,427,789 |
| Interest expense | (4,373,920) | (12,408,666) | (3,308,405) | (9,821,343) |
| Net interest income | 4,847,743 | 13,659,445 | 4,206,661 | 11,606,446 |
| Fee and commission income | 1,528,098 | 4,567,408 | 1,491,056 | 4,321,060 |
| Fee and commission expense | (360,257) | (1,024,282) | (315,788) | (883,990) |
| Net fee and commission income | 1,167,841 | 3,543,126 | 1,175,268 | 3,437,070 |
| Gain on foreign currency and investment activities | 625,377 | 2,128,172 | 597,265 | 2,607,921 |
| Dividend income | 41,355 | 88,196 | 28,569 | 66,673 |
| Insurance premium income | 74,187 | 266,174 | 85,758 | 296,621 |
| Other operating income | 92,442 | 122,347 | 61,471 | 101,866 |
| | 833,361 | 2,604,889 | 773,063 | 3,073,081 |
| | 6,848,945 | 19,807,460 | 6,154,992 | 18,116,597 |
| Operating Expenses | | | | |
| Staff costs | 1,883,764 | 5,990,477 | 1,798,760 | 5,409,145 |
| Provision for credit losses | 294,781 | 772,264 | 93,131 | 307,032 |
| Depreciation and amortisation | 147,502 | 450,595 | 173,654 | 549,351 |
| Other operating expenses | 945,124 | 3,240,762 | 1,184,013 | 3,278,145 |
| | 3,271,171 | 10,454,098 | 3,249,558 | 9,543,673 |
| Operating Profit | 3,577,774 | 9,353,362 | 2,905,434 | 8,572,924 |
| Share of (losses)/profits of associate | (58,646) | (59,321) | 50,154 | 137,706 |
| Profit before Taxation | 3,519,128 | 9,294,041 | 2,955,588 | 8,710,630 |
| Taxation | (804,743) | (1,953,866) | (704,106) | (1,953,174) |
| NET PROFIT | 2,714,385 | 7,340,175 | 2,251,482 | 6,757,456 |
| Earnings per stock unit (expressed in \$ per share) | \$ 1.10 | \$ 2.98 | \$ 0.91 | \$ 2.74 |

National Commercial Bank Jamaica Limited


Consolidated Balance Sheet

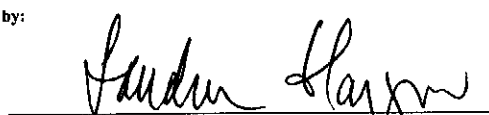
30 June 2009

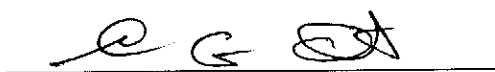
(expressed in Jamaican dollars unless otherwise indicated)

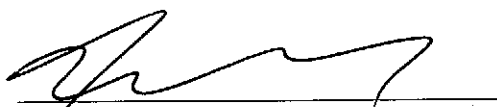
| | 30 June 2009 S'000 | 30 September 2008 S'000 | 30 June 2008 S'000 |
|--|--------------------------|-------------------------------|--------------------------|
| ASSETS | | | |
| Cash and balances at Bank of Jamaica | 22,960,049 | 15,442,828 | 16,442,423 |
| Due from other banks | 18,473,188 | 15,207,522 | 18,650,953 |
| Investment securities at fair value through profit or loss | 448,479 | 916,906 | 1,142,005 |
| Reverse repurchase agreements | 8,277,535 | 12,578,633 | 12,545,079 |
| Loans and advances, net of provision for credit losses | 88,986,558 | 82,169,396 | 70,747,114 |
| Investment securities | 158,767,862 | 153,654,776 | 149,770,692 |
| Investments in associate | 3,108,608 | 2,181,407 | 2,168,994 |
| Investment property | 13,000 | 13,000 | 13,000 |
| Property, plant and equipment | 3,721,077 | 3,830,313 | 3,971,326 |
| Deferred income tax assets | 1,841,856 | 1,679,056 | 948,754 |
| Intangible asset - computer software | 242,070 | 282,264 | 206,073 |
| Retirement benefit asset | 13,077 | 13,077 | 11,627 |
| Income tax recoverable | 2,120,581 | 1,157,799 | 741,388 |
| Other assets | 2,213,068 | 1,325,792 | 1,805,991 |
| Customers' liability - letters of credit and undertaking | 319,286 | 700,628 | 715,990 |
| Total Assets | 311,506,294 | 291,153,397 | 279,881,409 |
| LIABILITIES | | | |
| Due to other banks | 8,082,008 | 10,038,502 | 9,653,837 |
| Customer deposits | 132,762,222 | 126,099,896 | 119,208,601 |
| Derivative financial instruments | 83,464 | 104,754 | 108,004 |
| Promissory notes and certificates of participation | 139,558 | 4,626 | 4,233 |
| Repurchase agreements | 72,664,301 | 69,619,957 | 65,199,477 |
| Obligations under securitisation arrangements | 28,617,064 | 26,259,740 | 26,438,932 |
| Other borrowed funds | 7,725,055 | 5,522,891 | 6,283,121 |
| Income tax payable | 6,644 | 489,559 | 51,761 |
| Deferred income tax liabilities | 147,250 | 112,006 | 79,476 |
| Policyholders' liabilities | 18,573,261 | 16,533,984 | 15,999,339 |
| Provision for litigation | 66,000 | 39,000 | 40,300 |
| Retirement benefit obligations | 404,811 | 354,321 | 343,832 |
| Other liabilities | 4,242,946 | 3,960,871 | 3,307,462 |
| Liability - letters of credit and undertaking | 319,286 | 700,628 | 715,990 |
| Total Liabilities | 273,833,870 | 259,840,735 | 247,434,365 |
| STOCKHOLDERS' EQUITY | | | |
| Share capital | 6,465,731 | 6,465,731 | 6,465,731 |
| Shares held by NCB Employee Share Scheme | (3,388) | (3,388) | (3,867) |
| Fair value and other reserves | (617,361) | (1,556,733) | 799,747 |
| Loan loss reserve | 779,036 | 697,061 | 446,868 |
| Banking reserve fund | 4,151,168 | 3,663,000 | 2,607,000 |
| Retained earnings reserve | 8,875,761 | 8,875,761 | 6,375,761 |
| Retained earnings | 18,021,477 | 13,171,230 | 15,755,804 |
| Total Stockholders' Equity | 37,672,424 | 31,312,662 | 32,447,044 |
| Total Equity and Liabilities | 311,506,294 | 291,153,397 | 279,881,409 |

Approved for issue by the Board of Directors on 23 July 2009 and signed on its behalf by:


Director


Director


Director


Secretary

National Commercial Bank Jamaica Limited

Consolidated Statement of Changes in Stockholders' Equity

Nine months ended 30 June 2009

(expressed in Jamaican dollars unless otherwise indicated)

| | Share Capital | Shares Held by Fair Value and Share Scheme Other Reserves | Loan Loss Reserve | Banking Reserve Fund | Retained Earnings Reserve | Retained Earnings | Total | |
|--|---------------|---|-------------------|----------------------|---------------------------|-------------------|-------------|-------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | |
| Balance as at 1 October 2007 | 6,465,731 | (3,867) | 1,595,550 | 231,235 | 2,607,000 | 4,519,761 | 13,138,616 | 28,554,026 |
| Currency translation differences | - | - | 34,436 | - | - | - | - | 34,436 |
| Unrealised losses on available-for-sale investments, net of taxes | - | - | (559,041) | - | - | - | - | (559,041) |
| Realised fair value gains transferred to Consolidated Profit and Loss Account, net of taxes | - | - | (281,548) | - | - | - | - | (281,548) |
| Share of equity movement in associates | - | - | 10,350 | - | - | - | - | 10,350 |
| Net losses not recognised in Consolidated Profit and Loss Account | - | - | (795,803) | - | - | - | - | (795,803) |
| Net profit | - | - | - | - | - | - | 6,757,456 | 6,757,456 |
| Dividends paid | - | - | - | - | - | - | (2,068,635) | (2,068,635) |
| Transfer to Loan Loss Reserve | - | - | - | 215,633 | - | - | (215,633) | - |
| Transfer to Retained Earnings Reserve | - | - | - | - | - | 1,856,000 | (1,856,000) | - |
| Balance at 30 June 2008 | 6,465,731 | (3,867) | 799,747 | 446,868 | 2,607,000 | 6,375,761 | 15,755,804 | 32,447,044 |
| Balance as at 1 October 2008 | 6,465,731 | (3,388) | (1,556,733) | 697,061 | 3,663,000 | 8,875,761 | 13,171,230 | 31,312,662 |
| Currency translation differences | - | - | 246,595 | - | - | - | - | 246,595 |
| Unrealised losses on available-for-sale investments, net of taxes | - | - | (462,529) | - | - | - | - | (462,529) |
| Realised fair value losses transferred to Consolidated Profit and Loss Account, net of taxes | - | - | 159,463 | - | - | - | - | 159,463 |
| Share of equity movement in associate | - | - | 995,844 | - | - | - | - | 995,844 |
| Net gains not recognised in Consolidated Profit and Loss Account | - | - | 939,372 | - | - | - | - | 939,372 |
| Net profit | - | - | - | - | - | - | 7,340,175 | 7,340,175 |
| Dividends paid | - | - | - | - | - | - | (1,919,785) | (1,919,785) |
| Transfer to Loan Loss Reserve | - | - | - | 81,975 | - | - | (81,975) | - |
| Transfer to Banking Reserve Fund | - | - | - | - | 488,168 | - | (488,168) | - |
| Balance at 30 June 2009 | 6,465,731 | (3,388) | (617,361) | 779,036 | 4,151,168 | 8,875,761 | 18,021,477 | 37,672,424 |

National Commercial Bank Jamaica Limited

Consolidated Statement of Cash Flows

Nine months ended 30 June 2009

(expressed in Jamaican dollars unless otherwise indicated)

| | 30 June 2009 \$'000 | 30 June 2008 \$'000 |
|--|------------------------------------|------------------------------------|
| Cash Flows from Operating Activities | | |
| Net profit | 7,340,175 | 6,757,456 |
| Changes in operating assets and liabilities | 2,954,907 | (1,042,546) |
| Other adjustments to reconcile net profit | 6,715,826 | (306,074) |
| Net cash provided by operating activities | <u>17,010,908</u> | <u>5,408,836</u> |
| Cash Flows from Investing Activities | | |
| Acquisition of property, plant and equipment | (283,646) | (611,581) |
| Acquisition of intangible asset - computer software | (45,098) | (62,650) |
| Proceeds from disposal of property, plant and equipment | 98,930 | 17,979 |
| Investment securities, net | (7,596,347) | (12,464,965) |
| Dividends received from associate | 9,322 | 13,983 |
| Net cash used in investing activities | <u>(7,816,839)</u> | <u>(13,107,234)</u> |
| Cash Flows from Financing Activities | | |
| Repayments under securitisation arrangements | (3,356,673) | (481,031) |
| Other borrowed funds | 2,226,299 | 1,316,741 |
| Dividends paid | (1,919,785) | (2,068,635) |
| Net cash used in financing activities | <u>(3,050,159)</u> | <u>(1,232,925)</u> |
| Effect of exchange rate changes on cash and cash equivalents | 3,457,744 | 340,852 |
| Net increase/(decrease) in cash and cash equivalents | 9,601,654 | (8,590,471) |
| Cash and cash equivalents at beginning of period | 18,990,303 | 27,513,688 |
| Cash and cash equivalents at end of period | <u>28,591,957</u> | <u>18,923,217</u> |
| Comprising: | | |
| Cash and balances at Bank of Jamaica | 6,055,568 | 5,173,618 |
| Due from other banks | 18,473,188 | 18,650,953 |
| Debt securities with an original maturity of less than 90 days | 12,145,209 | 4,752,483 |
| Due to other banks | (8,082,008) | (9,653,837) |
| | <u>28,591,957</u> | <u>18,923,217</u> |

National Commercial Bank Jamaica Limited

Segment Report

Nine months ended 30 June 2009

| | Banking | | | Wealth | | | Eliminations \$'000 | Consolidated \$'000 |
|--------------------------------|-------------------|---------------------|--------------------|----------------------|---------------------|-----------------|------------------------|------------------------|
| | Retail \$'000 | Corporate \$'000 | Treasury \$'000 | Management \$'000 | Insurance \$'000 | Other \$'000 | | |
| External revenue | 9,465,742 | 4,538,742 | 9,375,408 | 6,903,187 | 2,842,080 | 115,249 | - | 33,240,408 |
| Revenue from other segments | 5,473,609 | 1,475 | 1,951,463 | 105,853 | 362,538 | 19,579 | (7,914,517) | - |
| Total revenue | 14,939,351 | 4,540,217 | 11,326,871 | 7,009,040 | 3,204,618 | 134,828 | (7,914,517) | 33,240,408 |
| Segment result | 2,277,237 | 1,908,639 | 2,896,761 | 1,488,972 | 1,260,571 | 46,493 | 21,164 | 9,899,837 |
| Unallocated corporate expenses | | | | | | | | (546,475) |
| Operating profit | | | | | | | | 9,353,362 |
| Share of losses in associate | | | | | | | | (59,321) |
| Profit before tax | | | | | | | | 9,294,041 |
| Taxation expense | | | | | | | | (1,953,866) |
| Net profit | | | | | | | | 7,340,175 |
| Segment assets | 126,110,680 | 54,926,567 | 136,260,308 | 73,622,077 | 21,531,642 | 449,098 | (109,500,139) | 303,400,233 |
| Associate | | | | | | | | 3,108,608 |
| Unallocated assets | | | | | | | | 4,997,453 |
| Total assets | | | | | | | | 311,506,294 |
| Segment liabilities | 115,044,199 | 48,011,745 | 131,826,435 | 66,884,415 | 18,694,778 | 122,270 | (107,342,899) | 273,240,943 |
| Unallocated liabilities | | | | | | | | 592,927 |
| Total liabilities | | | | | | | | 273,833,870 |
| Depreciation and amortisation | 355,276 | 13,491 | 7,441 | 26,333 | 43,712 | 4,342 | - | 450,595 |

National Commercial Bank Jamaica Limited

Segment Report

Nine months ended 30 June 2008

| | Banking | | | Wealth | | | Eliminations \$'000 | Consolidated \$'000 |
|--------------------------------|------------------|---------------------|--------------------|----------------------|---------------------|-----------------|------------------------|------------------------|
| | Retail \$'000 | Corporate \$'000 | Treasury \$'000 | Management \$'000 | Insurance \$'000 | Other \$'000 | | |
| External revenue | 8,096,273 | 3,035,495 | 9,725,188 | 5,872,191 | 2,017,073 | 75,710 | | 28,821,930 |
| Revenue from other segments | 5,294,447 | - | 892,645 | 24,038 | 82,470 | 31,036 | (6,324,636) | - |
| Total revenue | 13,390,720 | 3,035,495 | 10,617,833 | 5,896,229 | 2,099,543 | 106,746 | (6,324,636) | 28,821,930 |
| Segment result | 2,698,029 | 1,260,151 | 3,060,001 | 1,741,889 | 488,232 | 47,523 | 52,554 | 9,348,379 |
| Unallocated corporate expenses | | | | | | | | (775,455) |
| Operating profit | | | | | | | | 8,572,924 |
| Share of profit in associate | | | | | | | | 137,706 |
| Profit before tax | | | | | | | | 8,710,630 |
| Taxation expense | | | | | | | | (1,953,174) |
| Net profit | | | | | | | | 6,757,456 |
| Segment assets | 115,948,769 | 39,876,332 | 129,724,921 | 64,449,021 | 18,723,528 | 548,579 | (95,349,479) | 273,921,671 |
| Associate | | | | | | | | 2,168,994 |
| Unallocated assets | | | | | | | | 3,790,744 |
| Total assets | | | | | | | | 279,881,409 |
| Segment liabilities | 107,750,010 | 34,286,234 | 124,218,809 | 56,091,132 | 16,820,913 | 232,487 | (92,656,858) | 246,742,727 |
| Unallocated liabilities | | | | | | | | 691,638 |
| Total liabilities | | | | | | | | 247,434,365 |
| Depreciation and amortisation | 432,640 | 10,759 | 7,264 | 32,195 | 64,234 | 2,259 | - | 549,351 |

National Commercial Bank Jamaica Limited

Notes to the Financial Statements

30 June 2009

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities

National Commercial Bank Jamaica Limited (“the Bank”) is incorporated in Jamaica and licensed under the Banking Act, 1992. The Bank is a 59.29% subsidiary of AIC (Barbados) Limited. The ultimate parent company is Portland Holdings Inc., incorporated in Canada. Portland Holdings Inc. is controlled by Hon. Michael Lee-Chin, OJ. The Bank’s registered office is located at 32 Trafalgar Road, Kingston 10, Jamaica.

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

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

| | Principal Activities | Percentage Ownership by Group | |
|---|---|-------------------------------|--------------|
| | | 30 June 2009 | 30 June 2008 |
| Data-Cap Processing Limited | Security Services | 100 | 100 |
| Mutual Security Insurance Brokers Limited | Insurance Brokerage Services | 100 | 100 |
| NCB Capital Markets Limited | Primary Dealer and Stock Brokerage Services | 100 | 100 |
| NCB (Cayman) Limited | Commercial Banking | 100 | 100 |
| NCB Remittance Services (Cayman) Limited | Money Remittance Services | 100 | 100 |
| NCB Capital Markets (Cayman) Limited | Securities Dealer | 100 | 100 |
| NCB Insurance Company Limited | Life Insurance, Investment and Pension Fund Management Services | 100 | 100 |
| N.C.B. (Investments) Limited | Money Market Trading | 100 | 100 |
| N.C.B. Jamaica (Nominees) Limited | Registrar Services | 100 | 100 |
| NCB Remittance Services (Jamaica) Limited | Money Remittance Services | 100 | 100 |
| NCB Remittance Services (UK) Limited | Money Remittance Services | 100 | 100 |
| West Indies Trust Company Limited | Trust and Estate Management Services | 100 | 100 |

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

The Group’s associates are as follows:

| | Principal Activities | Percentage ownership by Group | |
|--------------------------|---|-------------------------------|--------------|
| | | 30 June 2009 | 30 June 2008 |
| Kingston Wharves Limited | Wharf Operations and Stevedoring | 43.45 | 43.45 |
| Dyoll Group Limited | Coffee cultivation and other activities | 44.47 | 44.47 |

National Commercial Bank Jamaica Limited

Notes to the Consolidated Financial Statements

30 June 2009

2. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS). The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of available-for-sale investment securities, investment securities at fair value through profit or loss, derivative contracts and investment property.

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

Where necessary, comparative figures for 30 June 2008 have been reclassified to conform with changes in presentation in the current period.

All amounts are stated in Jamaican dollars unless otherwise indicated.

3. Cash and balances at Bank of Jamaica

| | June 2009 | June 2008 |
|--|-------------------|-------------------|
| Cash in hand and at bank | 2,644,597 | 1,937,887 |
| Balances with the Bank of Jamaica other than statutory reserves | 3,410,971 | 3,235,731 |
| Included in cash and cash equivalents | <u>6,055,568</u> | <u>5,173,618</u> |
| Statutory reserves with the Bank of Jamaica - interest-bearing | 5,697,814 | 4,486,384 |
| Statutory reserves with the Bank of Jamaica - non-interest-bearing | 11,206,577 | 6,782,333 |
| | <u>22,959,959</u> | <u>16,442,335</u> |
| Interest Receivable | 90 | 88 |
| | <u>22,960,049</u> | <u>16,442,423</u> |

4. Loans and Advances

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

A provision for credit losses is established if there is objective evidence that a loan is impaired. A loan is considered impaired when management determines that it is probable that all amounts due according to the original contractual terms will not be collected. 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.

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

National Commercial Bank Jamaica Limited

Notes to the Consolidated Financial Statements

30 June 2009

4. Loans and Advances (Continued)

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

| | 30 June 2009 \$'000 | 30 June 2008 \$'000 |
|--|------------------------------------|------------------------------------|
| Specific provision | 2,444,965 | 1,927,091 |
| General provision | 864,238 | 701,802 |
| Provision required by Bank of Jamaica | <u>3,309,203</u> | <u>2,628,893</u> |
| Provision required by IFRS | <u>2,530,167</u> | <u>2,182,025</u> |
| Excess of regulatory provision over IFRS provision reflected in non-distributable loan loss reserve | <u>779,036</u> | <u>446,868</u> |

5. Investment Securities

Investment securities are classified into the following categories: investment securities at fair value through profit or loss, available-for-sale and loans and receivables. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Investment securities at fair value through profit or 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 gain on foreign currency and investment activities.

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.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the company intends to sell immediately or in the short term, which shall be classified as held for trading and those that the entity upon initial recognition designates as at fair value through profit or loss or that it has designated as available-for-sale.

In October 2008 the International Accounting Standards Board (IASB) issued amendments to IAS 39 (Financial Instruments: Recognition and Measurement) and IFRS 7 (Financial Instruments: Disclosures) specifically in relation to the reclassification of financial assets. These amendments permitted an entity to retrospectively reclassify certain financial assets in specific circumstances. Effective 1 October 2008, the group reclassified certain investment securities from available-for-sale to loans and receivables. Management has determined that the criteria for reclassification have been met; in particular, these investments meet the definition of loans and receivables as they are not quoted in an active market. The company has the intention and ability to hold these reclassified loans and receivables for the foreseeable future or until maturity. No such reclassifications were made in the previous financial year.

The reclassified investments are measured at amortised cost, using the fair value at the date of reclassification. The unrealized gains or losses in equity prior to reclassification will be amortised over the remaining life of the instruments using the effective interest method.

National Commercial Bank Jamaica Limited

Notes to the Consolidated Financial Statements

30 June 2009

6. Share Capital

| | 30 June 2009 \$'000 | 30 June 2008 \$'000 |
|--|------------------------------------|------------------------------------|
| Authorised: | | |
| 5,750,000,000 ordinary shares | | |
| Issued and Fully Paid Up:- | | |
| 2,466,762,828 ordinary stock units | 6,465,731 | 6,465,731 |
| 5,293,916 (2008 - 6,042,916) ordinary stock units held by NCB Employee Share Scheme | (3,388) | (3,867) |
| Issued and outstanding | <u>6,462,343</u> | <u>6,461,864</u> |

7. 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 June 2009, the Group had financial assets under administration of approximately \$39,000,000,000 (30 June 2008 -\$41,700,000,000).

8. Acceptances, Guarantees, Indemnities and Letters of Credit

At 30 June 2009, the Group has made commitments for off-balance sheet financial instruments (acceptances, guarantees, indemnities and letters of credit) amounting to \$4,037,630,000 (30 June 2008 -\$4,378,274,000). There is an equal and offsetting claim against customers in the event of a call on these commitments.