

The Board of Directors is pleased to release the following unaudited financial results for National Commercial Bank Jamaica Limited (NCBJ) and its subsidiaries for the quarter ended December 31, 2011.

## **PERFORMANCE HIGHLIGHTS**

### **Quarter ended December 2011 compared with quarter ended December 2010**

- Net profit of \$2.8 billion, a decrease of \$237 million or 7.9%.
- Earnings per stock unit of \$1.12 declined by \$0.10 or 7.9%.
- Cost to income ratio increased to 56.2% from 52.8%.
- Total assets of \$360.5 billion, increased by 5.6% or \$19.1 billion.
- Return on average total assets decreased to 3.1% from 3.6%.
- Net Loans of \$101.2 billion, grew by 14.3% or \$12.7 billion.
- Customer Deposits of \$155.3 billion, increased by 9.1% or \$13.0 billion.
- Total stockholders' equity of \$62.6 billion, increased by 21.7% or \$11.2 billion.
- Return on average stockholders' equity decreased to 17.9% from 24.0%.
- Risk-based capital adequacy ratio decreased to 15.1% from 15.5%.

## **FINANCIAL PERFORMANCE**

Operating income decreased by \$135 million or 1.6%, for the quarter ended December 31, 2011, when compared with the quarter ended December 31, 2010, mainly as a result of:

- Insurance premium income, which decreased by \$558 million, or 66.5%, due to lower levels of annuities being booked when compared to the prior year.
- Net interest income, which decreased by \$66 million, or 1.2%, due mainly to lower yields earned on our investment securities and loan portfolios.

These decreases were partially offset, by:

- Gain on foreign currency and investment activities, which increased by \$274 million, or 37.5%, due to gains from investment activities and foreign exchange gains from translation and dealing activities.
- Net fee and commission income, which increased by \$195 million or 12.2%, mainly due to increased fees arising from growth in the Retail and SME and Corporate Banking loan portfolios.

Operating expenses increased by \$268 million or 5.6%, for the quarter ended December 31, 2011, over the quarter ended December 31, 2010, mainly as a result of:

- Staff costs, which increased by \$434 million, or 19.0%, due to the negotiated salary increase for the 2011/12 financial year, and increased staff benefits paid during the quarter which relate to the 2010/2011 financial year. In addition to staff costs, there was an increase in consulting fees, associated with the implementation of a number of revenue and efficiency related projects across the group.

These increases were partially offset by the reduction in benefits and changes under annuity and insurance contracts, due to a reduction in annuities sold during the quarter ended December 31, 2011 when compared to the prior year.

## **FINANCIAL PERFORMANCE (continued)**

Loans and advances, which totalled \$101.2 billion (net of provision for credit losses) as at December 31, 2011, grew by \$12.7 billion or 14.3% compared to the loan portfolio as at December 31, 2010. Non-performing loans totalled \$7.4 billion as at December 31, 2011 (\$3.4 billion as at December 31, 2010) and represented 7.2% of the gross loans compared to 3.8% as at December 31, 2010. The increase in the non-performing loan ratio was driven by a large loan which became non-performing in March 2011. Our regulatory provision coverage as at December 31, 2011 was 115.8% of non-performing loans compared to 132.5% at December 31, 2010.

Customer deposits, which totalled \$155.3 billion as at December 31, 2011, grew by \$13.0 billion or 9.1% compared to the deposit portfolio as at December 31, 2010.

As reported by the Bank of Jamaica, at September 30, 2011, NCBJ held the largest market share in loans (36.9%) and deposits (39.1%) in the commercial banking industry.

## **SEGMENT PERFORMANCE**

The Retail & SME, Payments Services, Corporate Banking, and Treasury & Correspondent Banking segments which comprise the commercial banking activities, reported combined operating profits of \$2.2 billion for the quarter ended December 31, 2011; this represents a decrease of \$292 million or 11.7% from the prior year.

Our Retail & SME segment recorded operating profits of \$106 million, down by 60.1% or \$160 million from the quarter ended December 31, 2010. The decline in the operating profits was driven mainly by increased staff costs and operating expenses associated with the implementation of a number of revenue and efficiency related projects.

Our Payment Services segment recorded operating profits of \$472 million, up by 5.3% or \$24 million over the quarter ended December 31, 2010. The improvement in the operating profits was driven mainly by increased net interest income due to the growth in the credit card portfolio over the quarter ended December 31, 2010.

Our Corporate Banking segment recorded operating profits of \$534 million, a decline of \$110 million or 17.1% in its segment result when compared to the quarter ended December 31, 2010 and the reduction is attributed to a reduction in net interest income due to a reduction in the performing loan portfolio when compared to the quarter ended December 31, 2010.

Our Treasury & Correspondent Banking segment recorded operating profits of \$1.1 billion, a decline of \$45 million or 4.0% when compared to the quarter ended December 31, 2010, which was mainly due to a reduction in net interest income due mainly to lower yields earned on our investment portfolio.

NCBJ remains the largest commercial bank in Jamaica when measured by profit, assets, branch network, capital base, and market share of loan and deposits.

## **SEGMENT PERFORMANCE (continued)**

Our Wealth Management segment contributed operating profits of \$1.2 billion for the quarter ended December 31, 2011, representing an increase of \$121 million or 11.4% over the prior December 2010 quarter. The growth over the prior year's results is due mainly to an increase in gains from investment activities.

Our Insurance and Pension Fund Management segment reported operating profits of \$527 million for the quarter ended December 31, 2011; this result reflects a decline of \$64 million or 10.9% from the prior year's results. Increases in net interest income and fee and commission income were offset by reduced earnings from annuities and increased staff costs.

## **CAPITAL**

The Group's stockholders' equity of \$62.4 billion increased by \$11.2 billion or 21.7% when compared to 31 December 2010.

- The risk-based capital adequacy ratio (risk assessed assets as a percentage of qualifying capital) for NCBJ was 15.1% which exceeds the minimum statutory requirement of 10% stipulated by the Bank of Jamaica (31 December 2010 – 15.5%).
- The capital to risk weighted assets ratio (risk assessed assets as a percentage of qualifying capital) for NCBCM was 36.6% which exceeds the minimum statutory requirement of 10% stipulated by the Financial Services Commission (FSC) (31 December 2010 – 76.8%). During the 2010/11 year, the FSC amended the methodology for the computation of this ratio.
- The solvency ratio (stockholders' equity as a percentage of total liabilities) for NCBIC was 35.8% which exceeds the minimum statutory requirement of 10% stipulated by the Financial Services Commission (31 December 2010 – 28.7%).

## **DIVIDENDS**

On 26 January 2012, the Board declared an interim dividend of \$0.38 per ordinary stock unit. The dividend is payable on 24 February 2012 for stockholders on record as at 10 February 2012.

## **AWARDS**

We are extremely pleased to report to you our shareholders that for the third consecutive year, NCBJ was awarded the "Bank of the Year in Jamaica" by the Financial Times Banker Magazine, and "Best Bank in Jamaica" by LatinFinance, for the second consecutive year. The recognition of being named Bank of the Year by these prestigious international banking publications is a testament to our strong management and prudent risk approach.

Also, at the Jamaica Stock Exchange (JSE) Best Practices Awards ceremony held in December 2011, we were the proud recipient of the PSOJ/JSE Corporate Governance Award, for the second consecutive year.

## COMMUNITY RELATIONS

In pursuit of our mantra “Building a Better Jamaica”, we contributed \$26 million to a number of initiatives during the quarter. Our main areas of focus were Education - \$18 million, Community Development - \$6 million, Youth Leadership and Entrepreneurship - \$2 million.

### Education

We continue to invest in the further development of our nation’s youth through the power of education, and during the period, we contributed \$9 million to our flagship educational programme, namely the NCB Foundation CXC/CSEC Principles of Accounts (POA) and Principles of Business (POB) Fee Sponsorship Programme, which gave 4,674 students island-wide the opportunity to sit the CSEC/CXC POA and POB examinations free of cost. In addition, we supported various literacy and numeracy educational programmes across the island, and provided assistance with the purchase of computers and equipment.

### Community Development

During the quarter, we contributed to the World AIDS Day initiatives and assisted with the launch of the Vineyard Town Community Development Programme and Sports Club. Other community development initiatives included support for various Christmas Treats such as those held by the St. Elizabeth Care Committee, Mustard Seed Communities, Bustamante Children’s Hospital Ward 5, Office of the Children’s Advocate and the University of Technology’s Dental Care Educational Programme.

### Youth Leadership & Entrepreneurship

We continue to support programmes that seek to encourage our nation’s youth to become change agents in their schools and communities. Among the organizations that we partnered with during the period were the Children’s Coalition of Jamaica, Youth Upliftment Through Employment (YUTE), Jamaica Youth Performing Arts Company and the UWI Debating Club.

This year, as we celebrate 175 years of service, we are thankful for the opportunity to meet the needs of our customers, shareholders, employees and other key stakeholders through the provision of financial services, while building a better Jamaica.

To our customers, we say thank you for your continued loyalty, confidence and support; together, ***We Make It Happen.***



**ON BEHALF OF THE BOARD**

# National Commercial Bank Jamaica Limited

## Unaudited Consolidated Income Statement

Quarter ended 31 December 2011

(expressed in Jamaican dollars unless otherwise indicated)

	<i>CURRENT YEAR</i>			<i>PRIOR YEAR</i>		
	Quarter Ended 31 December 2011 \$'000	Quarter Ended 30 September 2011 \$'000	Quarter Ended 31 December 2010 \$'000	Quarter Ended 30 September 2010 \$'000	Quarter Ended 31 December 2009 \$'000	Quarter Ended 31 December 2008 \$'000
<b>Operating Income</b>						
Interest income	7,547,198	7,424,322	7,816,133	7,424,322	7,816,133	7,816,133
Interest expense	(2,207,598)	(2,121,101)	(2,410,473)	(2,121,101)	(2,410,473)	(2,410,473)
Net interest income	5,339,600	5,303,221	5,405,660	5,303,221	5,405,660	5,405,660
Fee and commission income	2,036,567	1,975,682	1,834,958	1,975,682	1,834,958	1,834,958
Fee and commission expense	(244,304)	(268,577)	(237,431)	(268,577)	(237,431)	(237,431)
Net fee and commission income	1,792,263	1,707,105	1,597,527	1,707,105	1,597,527	1,597,527
Gain on foreign currency and investment activities	1,006,619	1,208,871	732,181	1,208,871	732,181	732,181
Dividend income	30,668	507	5,778	507	5,778	5,778
Premium income	281,545	204,699	839,462	204,699	839,462	839,462
Other operating income	15,275	57,410	20,386	57,410	20,386	20,386
	1,334,107	1,471,487	1,597,807	1,471,487	1,597,807	1,597,807
	<b>8,465,970</b>	<b>8,481,813</b>	<b>8,600,994</b>	<b>8,481,813</b>	<b>8,600,994</b>	<b>8,600,994</b>
<b>Operating Expenses</b>						
Staff costs	2,714,104	2,379,030	2,279,998	2,379,030	2,279,998	2,279,998
Provision for credit losses	312,507	193,672	260,523	193,672	260,523	260,523
Depreciation and amortisation	170,714	153,509	138,959	153,509	138,959	138,959
Impairment losses on securities	-	262,003	-	262,003	-	-
Other operating expenses	1,872,704	1,673,403	2,122,059	1,673,403	2,122,059	2,122,059
	<b>5,070,029</b>	<b>4,661,617</b>	<b>4,801,539</b>	<b>4,661,617</b>	<b>4,801,539</b>	<b>4,801,539</b>
<b>Operating Profit</b>	<b>3,395,941</b>	<b>3,820,196</b>	<b>3,799,455</b>	<b>3,820,196</b>	<b>3,799,455</b>	<b>3,799,455</b>
Gain on acquisition of associates	-	1,016,505	-	1,016,505	-	-
Share of profits of associates	145,421	29,314	58,284	29,314	58,284	58,284
<b>Profit before Taxation</b>	<b>3,541,362</b>	<b>4,866,015</b>	<b>3,857,739</b>	<b>4,866,015</b>	<b>3,857,739</b>	<b>3,857,739</b>
Taxation	(772,410)	(1,100,563)	(851,992)	(1,100,563)	(851,992)	(851,992)
<b>NET PROFIT</b>	<b>2,768,952</b>	<b>3,765,452</b>	<b>3,005,747</b>	<b>3,765,452</b>	<b>3,005,747</b>	<b>3,005,747</b>
<b>Earnings per stock unit</b> (expressed in \$ per share) Basic and diluted	<b>1.12</b>	<b>1.53</b>	<b>1.22</b>	<b>1.53</b>	<b>1.22</b>	<b>1.22</b>

# National Commercial Bank Jamaica Limited

## Unaudited Consolidated Statement of Comprehensive Income

Quarter ended 31 December 2011

(expressed in Jamaican dollars unless otherwise indicated)

	Quarter Ended 31 December 2011 \$'000	Quarter Ended 30 September 2011 \$'000	Quarter Ended 31 December 2010 \$'000
<b>Net Profit</b>	<b>2,768,952</b>	<b>3,765,452</b>	<b>3,005,747</b>
<b>Other comprehensive income, net of tax</b>			
Currency translation gains/(losses)	5,335	6,973	(67,114)
Unrealised gains/(losses) on available-for-sale investments	475,622	(243,924)	1,245,814
Realised fair value gains on sale and maturity of investments	(899,827)	(567,329)	(425,276)
Unrealised losses transferred from equity on impairment of available-for-sale equity securities	-	264,012	-
	(418,870)	(540,268)	753,424
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>2,350,082</b>	<b>3,225,184</b>	<b>3,759,171</b>



# National Commercial Bank Jamaica Limited


## Unaudited Consolidated Statement of Financial Position

31 December 2011

(expressed in Jamaican dollars unless otherwise indicated)

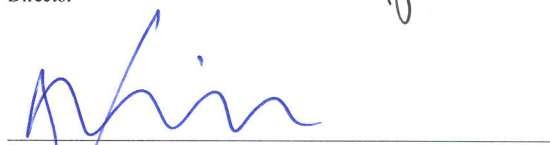
	31 December 2011 \$'000	30 September 2011 \$'000	31 December 2010 \$'000
<b>ASSETS</b>			
Cash in hand and balances at Bank of Jamaica	25,003,776	20,725,491	19,095,389
Due from other banks	15,205,419	24,812,575	17,390,783
Derivative financial instruments	-	-	24,585
Investment securities at fair value through profit or loss	1,185,926	1,785,352	856,594
Reverse repurchase agreements	1,171,926	1,697,472	1,068,793
Loans and advances, net of provision for credit losses	101,209,023	91,728,138	88,558,435
Investment securities classified as available-for-sale and loans and receivables	201,677,020	202,962,775	203,734,374
Investments in associates	5,795,587	5,847,258	2,379,007
Investment property	12,000	12,000	12,000
Intangible asset - computer software	934,035	897,862	403,114
Property, plant and equipment	4,454,251	4,322,866	4,112,233
Deferred income tax assets	26,667	26,191	26,729
Income tax recoverable	885,282	1,402,777	1,527,457
Customers' liability - letters of credit and undertaking	323,286	361,606	212,641
Other assets	2,627,387	2,184,878	2,040,237
<b>Total assets</b>	<b>360,511,585</b>	<b>358,767,241</b>	<b>341,442,371</b>
<b>LIABILITIES</b>			
Due to other banks	7,317,820	6,402,201	7,160,055
Customer deposits	155,283,946	155,800,401	142,318,047
Promissory notes and certificates of participation	-	236,434	227,182
Repurchase agreements	86,871,588	84,075,103	88,676,545
Obligations under securitisation arrangements	12,893,423	14,378,119	18,864,966
Derivative financial instruments	-	-	14,849
Other borrowed funds	4,435,096	5,271,146	5,925,424
Income tax payable	1,401	12,591	5,340
Deferred income tax liabilities	2,298,864	2,387,682	907,933
Liabilities under annuity and insurance contracts	23,809,459	23,564,275	21,306,838
Provision for litigation	18,477	13,000	13,000
Post-employment benefit obligations	614,066	582,491	456,177
Liability - letters of credit and undertaking	323,286	361,606	212,641
Other liabilities	4,004,513	4,555,800	3,893,838
<b>Total liabilities</b>	<b>297,871,939</b>	<b>297,640,849</b>	<b>289,982,835</b>
<b>STOCKHOLDERS' EQUITY</b>			
Share capital	6,465,731	6,465,731	6,465,731
Shares held by NCB Employee Share Scheme	(3,388)	(3,388)	(3,388)
Fair value and capital reserves	4,747,724	5,166,594	3,288,670
Loan loss reserve	5,618,209	4,922,610	1,629,876
Banking reserve fund	6,219,473	6,039,667	5,425,166
Retained earnings reserve	14,013,657	11,375,761	8,875,761
Retained earnings	25,578,240	27,159,417	25,777,720
<b>Total stockholders' equity</b>	<b>62,639,646</b>	<b>61,126,392</b>	<b>51,459,536</b>
<b>Total equity and liabilities</b>	<b>360,511,585</b>	<b>358,767,241</b>	<b>341,442,371</b>

Approved for issue by the Board of Directors on 26 January 2012 and signed on its behalf by:

  
Director

  
Director

  
Director

  
Secretary

# National Commercial Bank Jamaica Limited

Unaudited Consolidated Statement of Changes in Stockholders' Equity

Quarter ended 31 December 2011

(expressed in Jamaican dollars unless otherwise indicated)

	Share Capital	Shares Held by Share Scheme	Fair Value and Capital Reserves	Loan Loss Reserve	Banking Reserve Fund	Retained Earnings Reserve	Retained Earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance as at 1 October 2010</b>	6,465,731	(3,388)	1,457,864	1,135,012	5,200,206	8,875,761	25,676,747	48,807,933
Total comprehensive income	-	-	753,424	-	-	-	3,005,747	3,759,171
Dividends paid	-	-	-	-	-	-	(1,107,568)	(1,107,568)
Transfer to Loan Loss Reserve	-	-	-	494,864	-	-	(494,864)	-
Transfer to Banking Reserve Fund	-	-	-	-	224,960	-	(224,960)	-
Redemption of Preference Shares	-	-	1,077,382	-	-	-	(1,077,382)	-
<b>Balance at 31 December 2010</b>	6,465,731	(3,388)	3,288,670	1,629,876	5,425,166	8,875,761	25,777,720	51,459,536
<b>Balance as at 1 October 2011</b>	6,465,731	(3,388)	5,166,594	4,922,610	6,039,667	11,375,761	27,159,417	61,126,392
Total comprehensive income	-	-	(418,870)	-	-	-	2,768,952	2,350,082
Dividends paid	-	-	-	-	-	-	(836,828)	(836,828)
Transfer to Loan Loss Reserve	-	-	-	695,599	-	-	(695,599)	-
Transfer to Retained Earnings Reserve	-	-	-	-	-	2,637,896	(2,637,896)	-
Transfer to Banking Reserve Fund	-	-	-	-	179,806	-	(179,806)	-
<b>Balance at 31 December 2011</b>	6,465,731	(3,388)	4,747,724	5,618,209	6,219,473	14,013,657	25,578,240	62,639,646



# National Commercial Bank Jamaica Limited

## Unaudited Consolidated Statement of Cash Flows

Quarter ended 31 December 2011

(expressed in Jamaican dollars unless otherwise indicated)

	31 December 2011 \$'000	31 December 2010 \$'000
<b>Cash Flows from Operating Activities</b>		
<b>Net profit</b>	2,768,952	3,005,747
Changes in operating assets and liabilities	(7,897,123)	(881,035)
Other adjustments to reconcile net profit	(239,739)	101,604
Net cash (used in)/provided by operating activities	<u>(5,367,910)</u>	<u>2,226,316</u>
<b>Cash Flows from Investing Activities</b>		
Acquisition of property, plant and equipment	(251,990)	(116,361)
Acquisition of intangible asset - computer software	(88,225)	(74,911)
Proceeds from disposal of property, plant and equipment	1,715	9,539
Purchases of investment securities	(70,003,173)	(85,107,316)
Sales/maturities of investment securities	68,213,435	77,345,785
Dividends received from associate	84,374	-
Net cash used in investing activities	<u>(2,043,864)</u>	<u>(7,943,264)</u>
<b>Cash Flows from Financing Activities</b>		
Repayments under securitisation arrangements	(1,573,145)	(1,497,932)
Proceeds from other borrowed funds	546,183	96,821
Repayments of other borrowed funds	(1,359,756)	(703,546)
Dividends paid	(836,828)	(1,107,568)
Net cash used in financing activities	<u>(3,223,546)</u>	<u>(3,212,225)</u>
Effect of exchange rate changes on cash and cash equivalents	154,239	(214,202)
Net decrease in cash and cash equivalents	(10,481,081)	(9,143,375)
Cash and cash equivalents at beginning of period	38,423,142	40,727,035
<b>Cash and cash equivalents at end of period</b>	<b><u>27,942,061</u></b>	<b><u>31,583,660</u></b>
<b>Comprising:</b>		
Cash in hand and balances at Bank of Jamaica	8,786,322	3,984,350
Due from other banks	15,205,419	17,390,783
Investment securities	11,268,140	17,368,582
Due to other banks	(7,317,820)	(7,160,055)
	<b><u>27,942,061</u></b>	<b><u>31,583,660</u></b>

# National Commercial Bank Jamaica Limited

## Unaudited Segment Report

Quarter ended 31 December 2011

	Consumer & SME			Treasury & Correspondent Banking	Wealth Management	Insurance & Pension Fund Management	Other	Eliminations	Consolidated
	Retail & SME	Payment Services	Corporate Banking						
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
External revenue	2,709,004	1,330,759	973,993	2,307,909	2,264,556	1,280,128	51,523	-	10,917,872
Revenue from other segments	788,353	-	468	250,255	129,339	14,844	49,570	(1,232,829)	-
<b>Total revenue</b>	<b>3,497,357</b>	<b>1,330,759</b>	<b>974,461</b>	<b>2,558,164</b>	<b>2,393,895</b>	<b>1,294,972</b>	<b>101,093</b>	<b>(1,232,829)</b>	<b>10,917,872</b>
Interest income	2,801,540	500,164	784,432	1,836,973	1,998,521	701,609	8,758	(1,085,068)	7,546,929
Interest expense	(413,376)	(136,554)	(249,908)	(1,234,538)	(979,355)	(271,264)	(894)	1,085,068	(2,200,821)
<b>Net interest income</b>	<b>2,388,164</b>	<b>363,610</b>	<b>534,524</b>	<b>602,435</b>	<b>1,019,166</b>	<b>430,345</b>	<b>7,864</b>	<b>-</b>	<b>5,346,108</b>
Net fee and commission income	720,419	581,475	182,317	49,654	30,378	214,728	51,821	(40,397)	1,790,395
Gain on foreign currency and investment activities	32,433	1,786	5,758	561,171	360,792	87,509	(614)	(46,708)	1,002,127
Premium income	-	-	-	-	-	289,764	-	(8,219)	281,545
Other income	15,383	1,808	1,074	109,743	3,513	1,390	10,622	(106,306)	37,227
<b>Total operating income</b>	<b>3,156,399</b>	<b>948,679</b>	<b>723,673</b>	<b>1,323,003</b>	<b>1,413,849</b>	<b>1,023,736</b>	<b>69,693</b>	<b>(201,630)</b>	<b>8,457,402</b>
Staff costs	1,195,728	42,640	60,832	54,351	115,856	145,195	36,200	(7,021)	1,643,781
Provision for credit losses	207,845	113,695	(8,944)	-	-	-	-	-	312,596
Depreciation and amortisation	34,116	14,193	1,242	8,686	1,512	9,044	7,053	-	75,846
Other operating expenses	591,488	160,598	39,654	97,358	107,275	342,083	70,879	(63,527)	1,345,808
<b>Total operating expense</b>	<b>2,029,177</b>	<b>331,126</b>	<b>92,784</b>	<b>160,395</b>	<b>224,643</b>	<b>496,322</b>	<b>114,132</b>	<b>(70,548)</b>	<b>3,378,031</b>
Operating profit before allocated costs	1,127,222	617,553	630,889	1,162,608	1,189,206	527,414	(44,439)	(131,082)	5,079,371
Allocated costs	(1,020,963)	(145,883)	(97,240)	(75,896)	-	-	-	-	(1,339,982)
<b>Operating profit</b>	<b>106,259</b>	<b>471,670</b>	<b>533,649</b>	<b>1,086,712</b>	<b>1,189,206</b>	<b>527,414</b>	<b>(44,439)</b>	<b>(131,082)</b>	<b>3,739,389</b>
Unallocated corporate expenses									(343,448)
Share of profit of associates									145,421
<b>Profit before taxation</b>									3,541,362
Taxation									(772,410)
<b>Net Profit</b>									2,768,952
Segment assets	136,217,524	7,332,832	46,457,248	121,168,292	101,222,116	32,809,544	1,012,143	(93,816,963)	352,402,736
Associates									5,795,587
Unallocated assets									2,313,262
<b>Total assets</b>									360,511,585
Segment liabilities	123,079,180	6,782,176	34,224,839	114,176,961	84,941,981	23,916,980	224,634	(92,200,468)	295,146,284
Unallocated liabilities									2,725,655
<b>Total liabilities</b>									297,871,939
Capital expenditure	161,932	51,644	10,045	91,645	9,422	9,341	6,186	-	340,215

**National Commercial Bank Jamaica Limited**  
**Unaudited Segment Report**  
**Quarter ended 31 December 2010**

	Consumer & SME		Corporate Banking	Treasury & Correspondent Banking	Wealth Management	Insurance & Pension Fund Management	Other	Eliminations	Consolidated
	Retail & SME	Payment Services							
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
External revenue	2,313,238	1,216,890	1,200,690	2,491,844	2,211,293	1,786,943	28,000	-	11,248,898
Revenue from other segments	997,801	1,462	256	244,980	143,214	7,534	25,801	(1,421,048)	-
<b>Total revenue</b>	<b>3,311,039</b>	<b>1,218,352</b>	<b>1,200,946</b>	<b>2,736,824</b>	<b>2,354,507</b>	<b>1,794,477</b>	<b>53,801</b>	<b>(1,421,048)</b>	<b>11,248,898</b>
Interest income	2,611,328	412,059	1,079,646	2,299,846	2,110,500	668,601	10,021	(1,376,219)	7,815,782
Interest expense	(483,258)	(113,638)	(355,136)	(1,451,718)	(1,082,168)	(293,011)	(171)	1,376,219	(2,402,881)
<b>Net interest income</b>	<b>2,128,070</b>	<b>298,421</b>	<b>724,510</b>	<b>848,128</b>	<b>1,028,332</b>	<b>375,590</b>	<b>9,850</b>	<b>-</b>	<b>5,412,901</b>
Net fee and commission income	629,442	563,480	109,968	40,423	(8,379)	186,277	35,861	6,496	1,563,568
Gain on foreign currency and investment activities	30,382	1,787	6,228	393,705	209,591	86,675	5,205	(5,241)	728,332
Premium income	-	-	-	-	-	846,775	-	(7,313)	839,462
Other operating income	10,987	589	686	59	4,304	716	255	(3,523)	14,073
<b>Total operating income</b>	<b>2,798,881</b>	<b>864,277</b>	<b>841,392</b>	<b>1,282,315</b>	<b>1,233,848</b>	<b>1,496,033</b>	<b>51,171</b>	<b>(9,581)</b>	<b>8,558,336</b>
Staff costs	1,024,595	57,881	61,298	39,721	92,169	106,513	35,518	-	1,417,695
Provision for credit losses	128,747	99,460	26,402	-	-	-	-	-	254,609
Depreciation and amortisation	34,835	14,693	1,256	1,252	2,682	16,920	6,078	-	77,716
Other operating expenses	513,896	126,492	34,989	47,812	71,121	780,783	68,257	(4,324)	1,639,026
<b>Total operating expenses</b>	<b>1,702,073</b>	<b>298,526</b>	<b>123,945</b>	<b>88,785</b>	<b>165,972</b>	<b>904,216</b>	<b>109,853</b>	<b>(4,324)</b>	<b>3,389,046</b>
Operating profit before allocated cost	1,096,808	565,751	717,447	1,193,530	1,067,876	591,817	(58,682)	(5,257)	5,169,290
Allocated costs	(830,314)	(117,626)	(73,338)	(62,099)	-	-	-	-	(1,083,377)
<b>Operating profit</b>	<b>266,494</b>	<b>448,125</b>	<b>644,109</b>	<b>1,131,431</b>	<b>1,067,876</b>	<b>591,817</b>	<b>(58,682)</b>	<b>(5,257)</b>	<b>4,085,913</b>
Unallocated Corporate Expenses									(286,458)
Share of profit of associate									58,284
Profit before taxation									3,857,739
Taxation									(851,992)
Net Profit									3,005,747
Segment assets	116,581,883	7,525,998	46,494,893	133,599,295	96,309,297	27,357,565	923,935	(92,706,129)	336,086,737
Associates									2,379,007
Unallocated assets									2,976,627
<b>Total assets</b>									<b>341,442,371</b>
Segment liabilities	106,345,128	7,970,372	36,152,184	123,822,287	83,414,800	21,582,209	168,365	(90,456,264)	288,999,081
Unallocated liabilities									983,754
<b>Total liabilities</b>									<b>289,982,835</b>
Capital expenditure	129,077	6,008	2,281	33,089	6,082	13,173	1,562	-	191,272

# National Commercial Bank Jamaica Limited

Notes to the Unaudited Financial Statements

31 December 2011

(expressed in Jamaican dollars unless otherwise indicated)

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## 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 53.36% 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 and other consolidated entities, which together with the Bank are referred to as "the Group".

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.

## 2. Basis of preparation

The condensed consolidated interim financial statements for the three months ended 31 December 2011 has been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 30 September 2011, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Boards (IASB).

There have been no changes in accounting policies since the most recent audited accounts as at 30 September 2011.

## 3. Segment reporting

The Group is organised into the following business segments:

- Retail & SME– This incorporates the provision of banking services to individual and small and medium business clients and money remittance.
- Payment services - This incorporates the provision of card related services.
- Corporate banking – This incorporates the provision of banking services to large corporate clients.
- Treasury & correspondent banking – This incorporates the Bank’s liquidity and investment management function, management of correspondent bank relationships, and relationships with other financial institutions as well as foreign currency dealing activities.
- Wealth management – This incorporates stock brokerage, securities trading, investment management and other financial services provided by overseas subsidiaries.
- Insurance & pension fund management – This incorporates life insurance, pension and investment management services.
- The Group’s insurance brokerage services, trustee services, registrar and transfer agent services and provision of automatic banking machine services to customers are classified as Other for segment reporting.