

The Board of Directors is pleased to release the following financial results for National Commercial Bank Jamaica Limited (NCBJ) and its subsidiaries for the financial year ended September 30, 2011.

PERFORMANCE HIGHLIGHTS

Year ended September 2011 compared with year ended September 2010

- Net profit of \$13.0 billion, an increase of \$2.0 billion or 17.69%.
- Gain on the acquisition of associates of \$1.0 billion has been included in net profit.
- Earnings per stock unit of \$5.30 grew by \$0.80 or 17.69%.
- Cost to income ratio increased to 52.36% from 51.53%.
- Return on average total assets increased to 3.76% from 3.41%.
- Total assets of \$358.8 billion, increased by 7.10% or \$23.8 billion.
- Net Loans of \$91.7 billion, grew by 6.67% or \$5.7 billion.
- Customer Deposits of \$155.8 billion, increased by 7.98% or \$11.5 billion.
- Return on average stockholders' equity decreased to 23.71% from 24.66%.
- Risk-based capital adequacy ratio decreased to 15.13% from 16.47%.

During the year, the Group acquired 29.30% of the shares of Jamaica Money Market Brokers Limited (JMMB). This acquisition, as well as the Group's 25.17% share of Kingston Properties Limited have been accounted for as associated companies.

FINANCIAL PERFORMANCE

Operating income increased by \$5.2 billion or 17.84%, for the financial year ended September 30, 2011 over the financial year ended September 30, 2010 mainly as a result of:

- Premium income, which increased by \$2.4 billion, or 492.6%, due to annuities booked.
- Gain on foreign currency and investment activities, which increased by \$2.1 billion, or 105.6%, due to gains from fixed income trading and foreign exchange gains from translation and trading.
- Net fee and commission income, which increased by \$464 million or 7.79%, mainly due to increased fees from growth in loans and transactions carried out at branches in the Retail and SME segment.

Operating expenses increased by \$3.1 billion or 18.89%, for the financial year ended September 30, 2011 over the financial year ended September 30, 2010 mainly as a result of:

- Increased costs associated with the new annuity contracts. The expenses related to the annuities increased by \$2.2 billion over the year ended September 30, 2010.
- Impairment losses on equity securities of \$262 million, an increase of \$234 million over the prior year.
- Depreciation and amortisation which increased by \$52 million, or 9.80%, due to the increased capital expenditures on information technology equipment associated with our infrastructure upgrade project.

SEGMENT PERFORMANCE

The Consumer & SME, Corporate Banking, and Treasury & Correspondent Banking segments which comprise the commercial banking activities, reported combined operating results of \$9.7 billion for the financial year ended September 30, 2011; this represents an increase of \$771 million or 8.65% over the prior year.

The Consumer & SME segment reported increased operating profits of \$3.2 billion, up by 22.37% or \$589 million over the year ended September 30, 2010. The improved results were driven mainly by growth in the loan portfolio and a change in the mix of funding.

Corporate Banking recorded a decline of \$826 million or 28.25% in its segment result when compared to the year ended September 30, 2010 and the reduction is attributed to a reduction in net interest income due to lower loan balances, as well as a reduction in interest earning loans consequent on a large loan being classified as non-performing during the year.

Our Treasury & Correspondent Banking segment achieved an increase in operating profits of \$1.0 billion or 30.07% when compared to the previous financial year, which was mainly due to an increase in gains on foreign currency and investment activities. Impairment losses on securities of \$264 million are included in this segment.

Loans and advances, which totalled \$91.7 billion (net of provision for credit losses) as at September 30, 2011, grew by \$5.7 billion or 6.67% compared to the loan portfolio as at September 30, 2010. Non-performing loans totalled \$6.7 billion as at September 30, 2011 (\$3.0 billion as at September 30, 2010) and represented 7.16% of the gross loans compared to 3.45% as at September 30, 2010. Our regulatory provision coverage as at September 30, 2011 was 115.91% of non-performing loans compared to 136.14% at September 30, 2010.

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

Our Wealth Management segment contributed operating profits of \$4.7 billion for the year ended September 30, 2011, representing an increase of \$1.1 billion or 31.48% over the prior September 2010 period. 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 \$2.4 billion for the year ended September 30, 2011; this result reflects growth of \$406 million or 20.44% over the prior year's results, due mainly to increased income from annuity premiums.

CAPITAL

The Group's stockholders' equity of \$61.1 billion increased by \$12.3 billion or 25.24% when compared to 30 September 2010.

- The risk-based capital adequacy ratio (risk assessed assets as a percentage of qualifying capital) for NCBJ was 15.13% which exceeds the minimum requirement of 10% stipulated by the Bank of Jamaica (30 September 2010 – 16.47%).
- The capital to risk weighted assets ratio (risk assessed assets as a percentage of qualifying capital) for NCBCM was 35.71% which exceeds the minimum requirement of 10% stipulated by the Financial Services Commission (FSC) (30 September 2010 – 97.82%). During the 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 34.73% which exceeds the minimum requirement of 10% stipulated by the Financial Services Commission (30 September 2010 – 27.10%).

DIVIDENDS

On 03 November 2011, the Board declared an interim dividend of \$0.34 per ordinary stock unit. The dividend is payable on 01 December 2011 for stockholders on record as at 18 November 2011.

AWARDS

Our Bank was named among the world's top performing banks by The Banker Magazine. This announcement supplements the Bank's growing list of accolades, having received three other international awards in the last quarter – **The Banker's Award for Best Bank of the Year – Caricom**; **Euromoney's Award for Excellence** and **the Global Banking and Finance Award for Best Bank in Jamaica 2011**. The Banker Magazine also named NCB as the best in the Central America region, in its return on capital and return on assets categories. NCB also ranked 3rd and 14th, respectively, in the world, in return on capital and assets.

COMMUNITY RELATIONS

In pursuit of our mantra "Building a Better Jamaica", we contributed \$20 million to a number of initiatives during the quarter. Our main areas of focus were Education, Community Development, Youth Leadership and Entrepreneurship. Our contributions for the year ended 30 September 2011 totalled \$59 million and was allocated to: Education - \$36 million; Community Development - \$10 million; Youth Leadership and Entrepreneurship - \$13 million.

COMMUNITY RELATIONS (continued)

Education

During the fourth quarter, we provided grants and scholarships totaling \$17 million to over 200 students to pursue tertiary education. In partnership with Bookophilia and in recognition of Literacy Day, we donated books to 20 primary schools.

Community Development

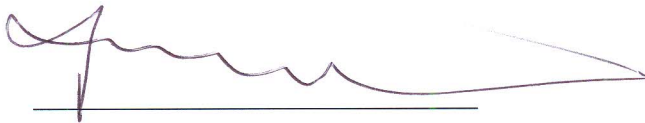
In the area of community development, we contributed to the St. Patrick's Foundation's Educational Fund which is used to assist hundreds of children from the inner-city with their back to school needs. We also provided funding and support for a number of summer camps, both educational and sporting, and other community-based organisations.

Youth Leadership & Entrepreneurship

We also supported initiatives of the Dispute Resolution Foundation, The Institute of Jamaica, the Jamaica Chamber of Commerce, Hanover Police Department and the Donald Quarrie High School. These organisations led programmes that were geared at youth development, behavioural modification, skills training, computer training, conflict resolution and leadership programmes.

Our staff members continue to be heavily involved in the activities of the NCB Foundation and we wish to express our deep appreciation to them for their enthusiastic support of these activities, as well as their continued contribution to our organisation's success.

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

Consolidated Income Statement

Year ended 30 September 2011

(expressed in Jamaican dollars unless otherwise indicated)

	CURRENT YEAR		PRIOR YEAR	
	Quarter ended 30 Sept 2011 \$'000	Year ended 30 Sept 2011 \$'000	Quarter ended 30 Sept 2010 \$'000	Year ended 30 Sept 2010 \$'000
Operating Income				
Interest income	7,424,322	30,191,938	7,795,886	33,304,294
Interest expense	(2,121,101)	(9,041,078)	(2,691,019)	(12,654,651)
Net interest income	5,303,221	21,150,860	5,104,867	20,649,643
Fee and commission income	1,975,682	7,497,876	1,731,780	6,900,930
Fee and commission expense	(268,577)	(1,078,430)	(204,985)	(945,145)
Net fee and commission income	1,707,105	6,419,446	1,526,795	5,955,785
Gain on foreign currency and investment activities	1,208,871	4,035,443	722,364	1,962,633
Dividend income	507	11,830	13,326	77,331
Premium income	204,699	2,921,919	104,720	493,057
Other operating income	57,410	132,698	138,738	284,906
	1,471,487	7,101,890	979,148	2,817,927
	8,481,813	34,672,196	7,610,810	29,423,355
Operating Expenses				
Staff costs	2,379,030	9,240,116	2,114,876	9,252,662
Provision for credit losses	193,672	768,881	289,196	947,962
Depreciation and amortisation	153,509	580,132	128,983	528,333
Impairment losses on securities	262,003	262,003	27,520	27,520
Other operating expenses	1,673,403	8,333,326	1,504,080	5,379,478
	4,661,617	19,184,458	4,064,655	16,135,955
Operating Profit	3,820,196	15,487,738	3,546,155	13,287,400
Gain on acquisition of associates	1,016,505	1,016,505	-	-
Share of profit of associate	29,314	234,979	65,261	200,713
Profit before Taxation	4,866,015	16,739,222	3,611,416	13,488,113
Taxation	(1,100,563)	(3,704,793)	(618,545)	(2,413,315)
NET PROFIT	3,765,452	13,034,429	2,992,871	11,074,798
Earnings per stock unit (expressed in \$ per share)				
Basic and diluted	1.53	5.30	1.22	4.50

National Commercial Bank Jamaica Limited

Consolidated Statement of Comprehensive Income

Year ended 30 September 2011

(expressed in Jamaican dollars unless otherwise indicated)

	CURRENT YEAR		PRIOR YEAR	
	Quarter ended 30 Sept 2011 \$'000	Year ended 30 Sept 2011 \$'000	Quarter ended 30 Sept 2010 \$'000	Year ended 30 Sept 2010 \$'000
Net profit	3,765,452	13,034,429	2,992,871	11,074,798
Other Comprehensive Income, net of tax –				
Currency translation gains/(losses)	6,973	2,691	9,578	(57,956)
Unrealised gains on available-for-sale investments	1,842,580	6,671,264	530,822	2,000,245
Realised fair value gains on sale and maturity of investments	(2,389,821)	(4,042,607)	(115,821)	(548,702)
	(540,268)	2,631,348	424,579	1,393,587
TOTAL COMPREHENSIVE INCOME	3,225,184	15,665,777	3,417,450	12,468,385

National Commercial Bank Jamaica Limited

Consolidated Statement of Financial Position

30 September 2011

(expressed in Jamaican dollars unless otherwise indicated)

	2011	2010
	\$'000	\$'000
ASSETS		
Cash in hand and balances at Bank of Jamaica	20,725,491	19,472,761
Due from other banks	24,812,575	17,048,849
Derivative financial instruments	-	12,864
Investment securities at fair value through profit or loss	1,785,352	698,711
Reverse repurchase agreements	1,697,472	1,143,581
Loans and advances, net of provision for credit losses	91,728,138	85,995,102
Investment securities classified as available-for-sale and loans and receivables	202,962,775	199,434,273
Investment in associates	5,847,258	2,320,723
Investment property	12,000	12,000
Intangible asset – computer software	897,862	359,980
Property, plant and equipment	4,322,866	4,114,155
Deferred income tax assets	26,191	119,794
Income tax recoverable	1,402,777	1,855,938
Customers' liability - letters of credit and undertaking	361,606	291,106
Other assets	2,184,878	2,090,174
Total Assets	358,767,241	334,970,011

National Commercial Bank Jamaica Limited

Consolidated Statement of Financial Position

30 September 2011

(expressed in Jamaican dollars unless otherwise indicated)

	2011 \$'000	2010 \$'000
LIABILITIES		
Due to other banks	6,402,201	3,708,232
Customer deposits	155,800,401	144,283,158
Promissory notes and certificates of participation	236,434	223,154
Repurchase agreements	84,075,103	85,292,763
Obligations under securitisation arrangements	14,378,119	20,456,162
Derivative financial instruments	-	25,930
Other borrowed funds	5,271,146	6,575,623
Income tax payable	12,591	3,095
Deferred income tax liabilities	2,387,682	104,332
Liabilities under annuity and insurance contracts	23,564,275	20,405,624
Provision for litigation	13,000	13,300
Post-employment benefit obligations	582,491	445,873
Liability – letters of credit and undertaking	361,606	291,106
Other liabilities	4,555,800	4,333,726
Total liabilities	<u>297,640,849</u>	<u>286,162,078</u>
STOCKHOLDERS' EQUITY		
Share capital	6,465,731	6,465,731
Shares held by NCB Employee Share Scheme	(3,388)	(3,388)
Fair value and capital reserves	5,166,594	1,457,864
Loan loss reserve	4,922,610	1,135,012
Banking reserve fund	6,039,667	5,200,206
Retained earnings reserve	11,375,761	8,875,761
Retained earnings	27,159,417	25,676,747
Total stockholders' equity	<u>61,126,392</u>	<u>48,807,933</u>
Total equity and liabilities	<u>358,767,241</u>	<u>334,970,011</u>

Approved for issue by the Board of Directors on 3 November 2011 and signed on its behalf by:



Patrick Hylton Group Managing Director



Dennis Cohen Deputy Group Managing Director



Professor Alvin Wint Director



Dave Garcia Company Secretary

National Commercial Bank Jamaica Limited

Consolidated Statement of Changes in Stockholders' Equity

Year ended 30 September 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
Balance at 30 September 2009	6,465,731	(3,388)	64,277	744,159	4,362,102	8,875,761	20,507,304	41,015,946
Total comprehensive income	-	-	1,393,587	-	-	-	11,074,798	12,468,385
Dividends paid	-	-	-	-	-	-	(4,676,398)	(4,676,398)
Transfer to Loan Loss Reserve	-	-	-	390,853	-	-	(390,853)	-
Transfer to Banking Reserve Fund	-	-	-	-	838,104	-	(838,104)	-
Balance at 30 September 2010	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	-	-	2,631,348	-	-	-	13,034,429	15,665,777
Dividends paid	-	-	-	-	-	-	(3,347,318)	(3,347,318)
Transfer to Loan Loss Reserve	-	-	-	3,787,598	-	-	(3,787,598)	-
Transfer to Retained Earnings Reserve	-	-	-	-	-	2,500,000	(2,500,000)	-
Redemption of Preference Shares	-	-	1,077,382	-	-	-	(1,077,382)	-
Transfer to Banking Reserve Fund	-	-	-	-	839,461	-	(839,461)	-
Balance at 30 September 2011	6,465,731	(3,388)	5,166,594	4,922,610	6,039,667	11,375,761	27,159,417	61,126,392

National Commercial Bank Jamaica Limited

Consolidated Statement of Cash Flows

Year ended 30 September 2011

(expressed in Jamaican dollars unless otherwise indicated)

	2011 \$'000	2010 \$'000
Cash Flows from Operating Activities		
Net profit	13,034,429	11,074,798
Changes in operating assets and liabilities	5,626,938	32,356,673
Other adjustments to reconcile profit	1,391,369	11,766
Net cash provided by operating activities	<u>20,052,736</u>	<u>43,443,237</u>
Cash Flows from Investing Activities		
Acquisition of property, plant and equipment	(672,300)	(582,657)
Acquisition of intangible asset – computer software	(688,160)	(200,007)
Investment in associates	(2,318,753)	-
Proceeds from disposal of property, plant and equipment	27,982	40,096
Dividends received from associate	41,948	13,984
Purchases of investment securities	(319,755,348)	(272,767,320)
Sales/maturities of investment securities	311,783,862	264,637,388
Net cash used in investing activities	<u>(11,580,769)</u>	<u>(8,858,516)</u>
Cash Flows from Financing Activities		
Repayments under securitisation arrangements	(6,087,083)	(5,992,336)
Repayments of other borrowed funds	(2,759,485)	(1,482,249)
Proceeds from other borrowed funds	1,456,516	833,568
Dividends paid	(3,347,318)	(4,676,398)
Net cash used in financing activities	<u>(10,737,370)</u>	<u>(11,317,415)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(38,490)</u>	<u>(1,134,505)</u>
Net increase in cash and cash equivalents	(2,303,893)	22,132,801
Cash and cash equivalents at beginning of year	<u>40,727,035</u>	<u>18,594,234</u>
Cash and Cash Equivalents at End of Year	<u><u>38,423,142</u></u>	<u><u>40,727,035</u></u>
Comprising:		
Cash in hand and balances at Bank of Jamaica	4,656,845	4,388,167
Due from other banks	24,812,575	17,048,849
Investment securities	15,355,923	22,998,251
Due to other banks	(6,402,201)	(3,708,232)
	<u>38,423,142</u>	<u>40,727,035</u>

National Commercial Bank Jamaica Limited

Segment Report

30 September 2011

(expressed in Jamaican dollars unless otherwise indicated)

Year ended 30 September 2011	Consumer and SME		Corporate Banking \$'000	Treasury & Correspondent Banking \$'000	Wealth Management \$'000	Insurance & Pension Fund Management \$'000	Other \$'000	Eliminations \$'000	Total \$'000
	Retail & SME \$'000	Payment Services \$'000							
	External revenue	10,004,938							
Revenue from other segments	3,594,300	2,848	8,651	1,075,116	323,217	56,253	220,511	(5,280,896)	-
Total revenue	13,599,238	4,997,617	4,020,795	10,496,857	9,699,298	6,834,921	423,874	(5,280,896)	44,791,704
Interest income	10,715,657	1,772,325	3,509,423	8,282,077	8,009,898	2,756,725	36,781	(4,892,208)	30,190,678
Interest expense	(1,768,519)	(476,113)	(1,296,408)	(5,249,945)	(3,993,074)	(1,121,144)	(621)	4,892,208	(9,013,616)
Net interest income	8,947,138	1,296,212	2,213,015	3,032,132	4,016,824	1,635,581	36,160	-	21,177,062
Net fee and commission income	2,655,566	2,133,133	480,164	159,588	134,771	745,077	197,758	(80,203)	6,425,854
Gain on foreign currency and investment activities	126,387	7,503	28,139	2,017,800	1,485,117	328,025	52,255	(12,680)	4,032,546
Premium income	-	-	-	-	-	2,953,427	-	(31,508)	2,921,919
Other operating income	68,491	4,814	2,887	35,439	56,517	6,120	35,203	(116,826)	92,645
Total operating income	11,797,582	3,441,662	2,724,205	5,244,959	5,693,229	5,668,230	321,376	(241,217)	34,650,026
Staff costs	4,064,538	236,244	228,425	128,335	427,843	435,115	120,969	(26,617)	5,614,852
Provision for credit losses	385,011	442,908	(65,121)	-	-	-	-	-	762,798
Depreciation and amortisation	136,337	58,995	5,462	5,289	9,073	50,325	22,951	-	288,432
Impairment losses on securities	-	-	-	264,013	-	-	-	(2,010)	262,003
Other operating expenses	1,998,356	540,002	157,733	245,483	583,213	2,790,416	280,638	(159,971)	6,435,870
Total operating expenses	6,584,242	1,278,149	326,499	643,120	1,020,129	3,275,856	424,558	(188,598)	13,363,955
Operating profit before allocated costs	5,213,340	2,163,513	2,397,706	4,601,839	4,673,100	2,392,374	(103,182)	(52,619)	21,286,071
Allocated costs	(3,678,146)	(474,050)	(300,611)	(245,045)	-	-	-	-	(4,697,852)
Operating profit c/fwd	1,535,194	1,689,463	2,097,095	4,356,794	4,673,100	2,392,374	(103,182)	(52,619)	16,588,219

National Commercial Bank Jamaica Limited

Segment Report

30 September 2011

(expressed in Jamaican dollars unless otherwise indicated)

Year ended 30 September 2011	Consumer and SME		Corporate Banking	Treasury & Correspondent Banking	Wealth Management	Insurance & Pension Fund Management	Other	Eliminations	Total
	Retail & SME \$'000	Payment Services \$'000							
Operating profit b/fwd	1,535,195	1,689,463	2,097,095	4,356,794	4,673,099	2,392,374	(103,182)	(52,619)	16,588,219
Unallocated corporate expenses									(1,100,481)
Gain on acquisition of associates									1,016,505
Share of profit of associate									234,979
Profit before Taxation									16,739,222
Taxation									(3,704,793)
Net Profit									13,034,429
Segment assets	132,354,077	7,094,874	40,148,636	125,621,853	102,831,645	31,904,023	1,109,722	(90,045,349)	351,019,481
Associates									5,847,258
Unallocated assets									1,900,502
Total assets									358,767,241
Segment liabilities	121,545,595	6,831,118	31,420,815	111,574,512	85,027,869	23,699,917	174,100	(85,033,350)	295,240,576
Unallocated liabilities									2,400,273
Total liabilities									297,640,849
Capital expenditure	807,294	93,814	23,585	196,183	49,152	63,256	127,144	-	1,360,428

National Commercial Bank Jamaica Limited

Segment Report

30 September 2011

(expressed in Jamaican dollars unless otherwise indicated)

Year ended 30 September 2010	Consumer and SME		Corporate Banking	Treasury & Correspondent Banking	Wealth Management	Insurance & Pension Fund Management	Other	Eliminations	Total
	Retail & SME	Payment Services							
	\$'000	\$'000							
External revenue	8,624,291	4,640,778	5,275,433	10,299,153	9,497,058	4,491,205	195,233	-	43,023,151
Revenue from other segments	5,334,155	15,024	1,602	1,260,334	476,522	121,330	251,787	(7,460,754)	-
Total revenue	13,958,446	4,655,802	5,277,035	11,559,487	9,973,580	4,612,535	447,020	(7,460,754)	43,023,151
Interest income	11,448,916	1,502,274	4,917,704	10,106,648	9,070,586	3,303,992	52,464	(7,099,521)	33,303,063
Interest expense	(2,934,322)	(574,514)	(1,714,701)	(7,390,795)	(5,450,290)	(1,581,441)	(71,743)	7,099,521	(12,618,285)
Net interest income	8,514,594	927,760	3,203,003	2,715,853	3,620,296	1,722,551	(19,279)	-	20,684,778
Net fee and commission income	2,352,453	2,206,120	329,464	164,466	97,520	732,112	174,709	(89,944)	5,966,900
Gain on foreign currency and investment activities	117,581	8,595	21,907	991,099	758,332	47,800	23,455	(22,069)	1,946,700
Premium income	-	-	-	-	-	493,057	-	-	493,057
Other operating income	73,953	11,883	2,416	43,180	54,646	35,574	45,363	(117,797)	149,218
Total operating income	11,058,581	3,154,358	3,556,790	3,914,598	4,530,794	3,031,094	224,248	(229,810)	29,240,653
Staff costs	4,175,738	171,566	224,145	100,973	453,922	445,434	97,341	-	5,669,119
Provision for credit losses	472,414	504,409	(83,009)	1,452	-	-	-	-	895,266
Depreciation and amortisation	150,383	70,956	4,990	4,409	13,838	36,558	23,762	-	304,896
Impairment losses on securities	-	-	-	-	27,520	-	-	-	27,520
Other operating expenses	1,346,981	470,141	135,143	182,611	481,212	562,820	251,883	(183,305)	3,247,486
Total operating expenses	6,145,516	1,217,072	281,269	289,445	976,492	1,044,812	372,986	(183,305)	10,144,287
Operating profit before allocated costs	4,913,065	1,937,286	3,275,521	3,625,153	3,554,302	1,986,282	(148,738)	(46,505)	19,096,366
Allocated costs	(3,626,523)	(588,603)	(352,556)	(275,572)	-	-	-	-	(4,843,254)
Operating profit c/fwd	1,286,542	1,348,683	2,922,965	3,349,581	3,554,302	1,986,282	(148,738)	(46,505)	14,253,112

National Commercial Bank Jamaica Limited

Segment Report

30 September 2011

(expressed in Jamaican dollars unless otherwise indicated)

Year ended 30 September 2010	Consumer and SME			Treasury & Correspondent Banking	Wealth Management	Insurance & Pension Fund Management		Other	Eliminations	Total
	Retail & SME \$'000	Payment Services \$'000	Corporate Banking \$'000			\$'000	\$'000			
Operating profit b/fwd	1,286,542	1,348,683	2,922,965	3,349,581	3,554,302	1,986,282	(148,738)	(46,505)	14,253,112	
Unallocated corporate expenses									(965,712)	
Share of profit of associate									200,713	
Profit before Taxation									13,488,113	
Taxation									(2,413,315)	
Net Profit									11,074,798	
Segment assets	116,695,028	7,466,906	46,140,396	134,564,133	93,861,623	25,603,109	917,540	(94,413,609)	330,835,126	
Associate									2,320,723	
Unallocated assets									1,814,162	
Total assets									334,970,011	
Segment liabilities	109,279,435	6,410,093	36,694,537	122,724,878	81,657,683	20,728,562	164,874	(92,168,983)	285,491,079	
Unallocated liabilities									670,999	
Total liabilities									286,162,078	
Capital expenditure	583,773	49,965	19,568	39,141	33,212	44,596	12,409	-	782,664	

National Commercial Bank Jamaica Limited

Notes to the Financial Statements

30 September 2011

(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 53.02% (2010 – 54.11%) subsidiary of AIC (Barbados) Limited. The ultimate parent company is Portland Holdings Inc., incorporated in Canada. Portland Holdings Inc. is controlled by Hon. Michael A. Lee-Chin, 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”, are as follows:

	Principal Activities	Percentage Ownership by Group	
		September 30 2011	September 30 2010
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	Dormant	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
NCB Employee Share Scheme	Dormant	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	
		September 30 2011	September 30 2010
Kingston Wharves Limited	Wharf Operations and Stevedoring	43.45	43.45
Dyoll Group Limited	In Liquidation	44.47	44.47
Jamaica Money Market Brokers Limited	Licensed Securities Dealer	29.30	-
Kingston Properties Limited	Ownership of real estate properties	25.17	-

National Commercial Bank Jamaica Limited

Notes to the Financial Statements

30 September 2011

(expressed in Jamaican dollars unless otherwise indicated)

2. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The 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.

3. New and revised standards adopted by the Group

Standards, interpretations and amendments effective during the current year

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The Group has assessed the relevance of all such new standards, interpretations and amendments and has adopted the following which are immediately relevant to its operations:

- **IAS 36 (Amendment), 'Impairment of assets'**. This amendment clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment, as defined by paragraph 5 of IFRS 8, 'Operating segments' (that is, before the aggregation of segments with similar economic characteristics). The Group currently does not have goodwill on its statement of financial position.
- **IFRS 2 (Amendment), 'Group cash-settled and share-based payment transactions'**. In addition to incorporating IFRIC 8, 'Scope of IFRS 2', and IFRIC 11, 'IFRS 2 – Group and treasury share transactions', the amendments expand on guidance in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation. The new guidance did not have a material impact on the financial statements.
- **IFRS 5 (Amendment), 'Non-current assets held for sale and discontinued operations'**. The amendment clarifies that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply, in particular paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1. The Group currently does not have non-current assets held for sale or discontinued operations.
- **IFRIC 19, 'Extinguishing financial liabilities with equity instruments'**. The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap). It requires a gain or loss to be recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished. The interpretation did not have an impact on the financial statements, as the entity has no debt for equity swap agreements.

National Commercial Bank Jamaica Limited

Notes to the Financial Statements

30 September 2011

(expressed in Jamaican dollars unless otherwise indicated)

4. Segment Reporting

The Group is organised into the following business segments:

- (a) Retail & SME – This incorporates the provision of banking services to individual and small and medium business clients and money remittance.
- (b) Payment services – This incorporates the provision of card related services
- (c) Corporate banking – This incorporates the provision of banking services to large corporate clients.
- (d) 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.
- (e) Wealth management – This incorporates stock brokerage, securities trading, investment management and other financial services provided by overseas subsidiaries.
- (f) Insurance & pension fund management– This incorporates life insurance, pension and investment management services.
- (g) 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.

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

Unallocated assets and liabilities

Unallocated assets and liabilities comprise current income tax payable and recoverable, deferred income tax assets and liabilities and assets and liabilities of support units of the Bank that are not allocated to the banking segments.

Direct allocated costs and unallocated corporate expenses

Costs incurred by the support units of the Bank are allocated to the business segments based on certain criteria determined by management. These criteria include staff complement, square footage and time spent providing the service to the business segment. The expenses that are allocated are mainly staff costs, depreciation and amortisation and other operating expenses and are treated as direct allocated costs.

Costs allocated to the banking segments are reported directly by those segments to the Group Managing Director and Board of Directors. Costs allocated to the non-banking segments are not included in the individual internal reports presented by those segments and are treated as unallocated corporate expenses.

Eliminations

Eliminations comprise inter-Group and inter-segment transactions.